

## **EXECUTIVE SUMMARY**

### **THE PRODUCTIVITY POTENTIAL OF 3 MILLION INFORMAL CARERS**

There is an opportunity to fundamentally change governments' policy approach to informal carers in a way that drives greater productivity in the Australian economy.

**The contribution of Australia's 3 million informal carers** was estimated to be \$77.9 billion in annual replacement care costs in 2020<sup>i</sup>. The **estimated cost of replacement care today is \$110 billion annually or 98% of the Federal Government's investment into healthcare (2024-2025)<sup>ii</sup>**. Yet, carers are often viewed by policy makers as welfare recipients rather than a critical part of the economy.

Carers are an unpaid and under-recognised workforce which must be encouraged and supported to continue to provide high quality and cost-effective care, and to participate fully in the broader economy. Carer supports align with the objectives and priority outcome areas in the National Carer Strategy, including **enhanced access to respite care and systemic recognition of carers across all levels of government and society**.

To enhance the economic contribution of informal carers, Carers Australia is recommending highly targeted investments that will increase carer participation in the paid workforce, including support for young carers, aged under 25 years, in education and transition to work.

Against a backdrop of an ageing population with higher care needs, falling birth rates<sup>iii</sup> and formal care systems that are struggling to meet demand, a highly productive informal care workforce that reduces the burden on the more expensive formal care system is more important than ever.

Informal carers already save the Federal Government billions of dollars annually. Targeted investments that maximise this fiscal dividend while enabling carers to participate more fully in the paid workforce are key to delivering a more sustainable care economy and a higher functioning and more productive labour market.

## **RATIONALE FOR CHANGE**

Informal carers are underemployed and 51% want to work more<sup>iv</sup>:

- 45% of primary carers do not participate in the workforce<sup>v</sup> due to more than 20 hours of caring responsibility per week.
- On average, women who are primary carers have superannuation balances 25-35% lower than their non-carer counterparts<sup>vi</sup>.
- Carers are 3 times more likely as other Australians to be poor or very poor<sup>vii</sup> reducing their ability participate in the economy.
- Young carers are more likely than their peers to rely on social security due to educational inequity as a result of caring<sup>viii</sup>.
- Conversely, between 2018 and 2020 (including during COVID), paid employment of primary carers rose by 6.5% due to more flexible workplace practices, while reliance on government pensions fell by 8.4% for primary carers<sup>ix</sup>.

Carers come from all walks of life and all parts of society. They do not choose to stop working or reduce their participation in the paid workforce – rather it is thrust upon them due to their caring responsibilities. A large percentage of carers are highly skilled professionals in their prime income-generating age of between 35 and 55 years. Their caring responsibilities are likely to mean an immediate reduction in their income and a lower likelihood of being self-sufficient in retirement.

Policies that encourage carers to remain in the paid workforce while caring and which support carers to return to the paid workforce when their caring responsibilities allow them to do so are beneficial to individual carers and to the broader economy. For carers, the benefits include increased financial security and agency; respite where work provides a break from caring; improved social connection to combat mental ill-health and isolation; and an improved sense of control over their lives. For the broader economy, the benefits include higher levels of workforce participation; greater utilisation of existing skills; avoidance of unnecessary skill losses; and reduced short- and longer-term government expenditures.

Carers Australia urges the Economic Reform Roundtable to:

- **Urgently address the challenges of young carers participating fully in the education system and transition to work so their future economic prosperity is not put at risk**
- **Encourage and support carers to maximise their workforce and broader economic participation**

## RECOMMENDATIONS

### 1. Urgently address the challenges of young carers participating fully in the education system and transitioning to work so their future economic prosperity is not put at risk

- Young carers be formally recognised by the Education system as an equity group, so that adequate supports are provided by schools and other educational institutions to counter current inequities.
- A longitudinal data collection on the educational and employment outcomes for young carers.
- Priority access for young carers to Workforce Australia's Transition to Work program.
- Early career workforce and training flexibility for young carers, including in apprenticeships and TAFE, including a pilot with outcomes measured at 24 months.
- Continue to assess the adequacy of the number of funded young carer bursaries.

**Outcomes:** Educational equity leading to higher workforce participation and future labour market resilience.

### 2. Support for informal carers to participate in the paid workforce

- Encourage and reward employers who hire and/or provide genuinely more flexible work arrangements for carers, using incentives such as wage subsidies and payroll tax discounts/exemptions.
- Provide carers the right to request flexible working arrangements from day one of their employment.
- Continue to invest in programs that encourage employers to offer carers flexible work arrangements<sup>x</sup>.
- Build on recent social security changes that encourage carers to take on more paid employment.
- Recognition of skills gained through caring that can transition into formal care roles/ qualifications.

**Outcomes:** A 5% increase in paid workforce participation by informal carers could deliver an \$11 billion GDP gain<sup>xi</sup> alongside improved health and retirement income outcomes, while reducing health, disability, aged care and social security related fiscal pressures.

## CONCLUSION

Re-envisioning policies relating to informal carers, so they are based on carers' significant contribution to the economy, productivity and fiscal sustainability is critical to Australia's long-term economic prosperity.

Targeted investments that enable informal carers to undertake their caring role more effectively and to fully participate in the paid workforce and broader economy will unlock dormant human capital, reduce fiscal pressures, deliver a more sustainable and efficient care economy, and help meet national productivity goals.

Carers Australia welcomes the opportunity to support the development of these reforms in partnership with the Treasury and the Economic Reform Roundtable.

## APPENDIX A – REFERENCES

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- <sup>i</sup> Deloitte Access Economics, 2020, [\*The Value of Informal Care\*](#)
- <sup>ii</sup> Parliament of Australia, 2024, [\*Health\*](#)
- <sup>iii</sup> Taylor, D., 2025, [\*Australia's birth rate hits rock bottom with severe consequences for the economic future\*](#)
- <sup>iv</sup> Carers Australia, 2024, [\*Carer Wellbeing Survey 2024\*](#)
- <sup>v</sup> ABS, 2022, [\*Survey Disability, Ageing and Carers 2022\*](#)
- <sup>vi</sup> KPMG, 2021, [\*The Gender Superannuation Gap – Addressing the Options\*](#)
- <sup>vii</sup> Carers Australia, 2024, [\*Carer Wellbeing Survey 2024\*](#)
- <sup>viii</sup> Australian Institute of Family Studies, 2025, [\*Young Carers\*](#)
- <sup>ix</sup> ABS, 2022, [\*Survey Disability, Ageing and Carers 2022\*](#)
- <sup>x</sup> [\*Carer Inclusive Workplace Initiative\*](#)
- <sup>xi</sup> Grattan Institute, 2020, [\*Cheaper Childcare – A practical plan to boost female workforce participation\*](#)

### Other references

- Leigh, A., 2024, [\*Returns to Education in Australia 2001 - 2022\*](#)
- Lester L., Scullin B., Lester R., Zou S., & Flatau P., 2024, [\*Evaluation of the Young Carers Program\*](#)

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## APPENDIX B – DEFINITION OF ‘CARER’

Carers Australia’s definition of a carer aligns with the Carer Recognition Act 2010:

“Section (1) For the purpose of this Act, a carer is an individual who provides personal care, support and assistance to another individual who needs it because that other individual:

- (a) has a disability; or
- (b) has a medical condition (including a terminal or chronic illness); or
- (c) has a mental illness; or
- (d) is frail and aged.

Section (2) An individual is not a carer in respect of care, support, and assistance he or she provides:

- (a) under a contract of service or a contract for the provision of services; or
- (b) in the course of doing voluntary work for a charitable, welfare or community organisation; or
- (c) as part of the requirements of a course of education or training.

Section (3) To avoid doubt, an individual is not a carer merely because he or she:

- (a) is the spouse, de facto partner, parent, child or other relative of an individual, or is the guardian of an individual; or
- (b) lives with an individual who requires care.”

Carers Australia also recognises carers who provide unpaid care for people experiencing drug and substance issues.

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## APPENDIX C – KEY CARER STATISTICS

There are three million carers in Australia, with almost two thirds caring for someone under the age of 65. Women make up 54% of all carers and nearly 67% of primary carers. 13% of carers are under the age of 25. Just over 14% of the Aboriginal and Torres Strait Islander population identify as carers and more than 27% of carers were born overseas.

Being a carer is a constrained choice that impacts many aspects of a carer's life. More information on those impacts can be found in Carers Australia's [Carer Wellbeing Survey 2024](#), which surveyed 9,000 carers, and in Carers NSW's [National Carer Survey 2024](#) which surveyed 10,000 carers.

While only 13% of Australians rely on a government pension or allowance, 40% of primary carers and 28% of non-primary carers rely on a government pension or allowance as their main source of income. In 2020, a Deloitte Access Economics report on the value of informal care, identified the economic value provided by carers in 2020 would be \$77.9 billion. The estimated earnings foregone for primary and non-primary carers at \$15.2 billion (\$11.4 billion primary carers, \$3.8 billion secondary carers). In 2022 Australian Bureau of Statistics identified that approximately three in five (60.5%) of the 5.3 million people living with disability in Australia receive assistance with at least one activity of daily living, with 71.6% receiving assistance from informal carers, with 42.2% receiving formal assistance daily.

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## APPENDIX D – ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of the three million Australians who provide unpaid care and support to family members and friends with a disability, chronic condition, mental illness or disorder, drug or alcohol problem, terminal illness, or who are frail aged.

In collaboration with our members, the peak carer organisations in each state and territory, we collectively form the National Carer Network and are an established infrastructure that represents the views of carers at the national level.

Our vision is an Australia that values and supports all carers, where all carers have the same rights, choices, and opportunities as other Australians to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment, and education.

Our carers are diverse and include those who:

- have their own care needs
- are in multiple care relationships
- have employment and/or education commitments
- are under 25 years (young carers)
- are 65 years and over
- identify as Aboriginal and/or Torres Strait Islander
- are from culturally and linguistically diverse backgrounds (CALD)
- identify as Lesbian, Gay, Bisexual, Trans and gender diverse, Intersex, Queer, Questioning and Asexual (LGBTIQA+)
- live in rural and remote Australia,
- are former carers (no longer in a caring role), and
- have a disability.

### Acknowledgment of country

Carers Australia acknowledges Aboriginal and/or Torres Strait Islander peoples and communities as the traditional custodians of the land we work on and pay our respects to Elders past and present.

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