Introduction

The informal care provided by families and friends is vital to the success and cohesiveness of families and societies. However, while informal care generates very large social and economic benefits, there can be substantial costs to carers and their families. The economic costs include direct expenditure associated with providing care (e.g., home modifications, medical expenditure, transport costs) and the loss of income associated with lower levels of employment, fewer hours worked or the acceptance of less-demanding, lower-paid employment.

The negative impact of caring on income can be very substantial. In Australia, as in other countries, people who have significant responsibilities for caring for a person with a disability or long-term health problem have lower employment rates than those without caring responsibilities (Bittman, Hill, & Thomson, 2007; Jenson & Jacobzone, 2000). This has implications not only for the carer, but also for government expenditure, due to higher levels of income support payments being required.

The issue is of particular importance given the growing number of Australians who have caring responsibilities. The increasing number of carers is in part a consequence of the structural ageing of the population (NATSEM, 2004) and in part a consequence of the shift from institutional care to community care for adults with a disability (Tolhurst, 2001).

It has been estimated, after taking account of age and gender differences, that the employment rate of Australian primary carers...
in 2003 was 42.8%, compared with the Australia-wide average of 59.2% (Access Economics, 2005). The main reason for the lower employment rates of carers was a much lower full-time employment rate (19.2% for carers and 42.0% for the Australia-wide average), while the part-time employment rates were slightly higher for carers (22.8%) than the Australian average (17.2%).

In Australia, carers with significant and ongoing caring responsibilities may be provided with financial assistance by the Commonwealth Government through Carer Payment and Carer Allowance. Carer Payment is an income support payment for those who are unable to participate in the workforce full-time as a result of their caring responsibilities. It is means tested (through income and asset tests) and eligibility is also dependent on the level of impairment of the care receiver. Carer Allowance is a supplementary, non–means tested payment provided to people who provide daily care and attention at home to a person who has a disability or severe medical condition, or is frail aged.

The number of people receiving government payments that support carers is substantial. In June 2007 there were 116,614 people receiving Carer Payment and 393,263 receiving Carer Allowance. This represents a 145% increase in Carer Payment and a 102% increase in Carer Allowance since June 2000 (Department of Family and Community Services [FaCS], 2000; Department of Families, Community Services and Indigenous Affairs [FaCSIA], 2007). Associated with this increase in the number of carers are increases in government expenditure, with a 283% increase in the cost of Carer Payment and a 223% increase in the cost of Carer Allowance since June 2000 (FaCS, 2000; FaCSIA, 2007). Because carers who receive Carer Payment are also eligible for Carer Allowance, in this paper, the term “Carer Allowance only” is used to refer to carers who only receive the Carer Allowance.

To date, there has been relatively little Australian research into the impact of caring responsibilities on the labour force status of carers. There has been even less research specifically on the labour force status of carers who receive Carer Payment and/or Carer Allowance, a group of particular policy interest. Two recent Australian studies have used longitudinal data to analyse the impact of caring responsibilities on labour market participation (Bittman et al., 2007; Lee & Gramotnev, 2007). Bittman et al. (2007) used data from the first four waves of the Household, Income and Labour Dynamics in Australia (HILDA) survey and reported that, compared to the rest of the population, working-age carers were significantly more likely to reduce their hours of work or stop working altogether. In addition, they reported that even one year of informal care had a significant financial impact on gross personal income. The primary focus of Lee and Gramotnev’s (2007) study was to examine the health effects of caregiving using data from the middle-aged cohort (aged 45–50 years) of the Australian Longitudinal Study on Women’s Health. Their analyses used two waves of survey data, spaced 3 years apart. They found that women who started caring between the first and second waves had lower full-time employment rates and were more likely to be in paid employment than those without caring responsibilities. A similar pattern was found for those who stopped caring between Waves 1 and 2. Our analysis of the figures presented in Lee and Gramotnev’s paper suggest that, while there was no significant difference in labour market participation for continuing and starting carers between the two waves, there was a statistically significant difference ($p = .09$) for those who stopped providing care to shift from not being in paid work to being in part- or full-time employment.
In this article, we use data from a new large-scale survey of Australian carers who receive an Australian Government payment directed to carers (the Families Caring for a Person with a Disability Survey [FCPDS]) to analyse various aspects of their labour market participation. The FCPDS was conducted in late 2006.

Although there is information available on the labour market outcomes for carers from the Australian Bureau of Statistics (ABS) 2003 Survey of Disability and Carers (SDAC) (ABS, 2005), there is relatively little information available on the labour market outcomes and aspirations of carers who specifically receive Carer Payment or Carer Allowance. Eligibility conditions for Carer Payment and Carer Allowance mean that the sample used in the FCPDS survey differs in some important respects from the general population of carers in Australia.

Possible reasons for the lower employment rate of carers

There are a few reasons for expecting significant differences in caring responsibilities to reduce the likelihood of being in paid employment and, if employed, working fewer hours. First, the time taken to provide care may be incompatible with paid employment. Second, the jobs available to the carer may require particular working hours, or may have insufficient flexibility to allow the carer to provide care as well as sustain paid employment.

Although the employment rate of primary carers is much lower than the Australia-wide average, these differences cannot necessarily be interpreted as being a consequence of caring. There are a number of other possible explanations. First, carers may have, on average, different human capital and demographic characteristics than non-carers, which may explain part or all of the differences in employment rates.2 Second, the decision as to who cares within a family may be related to labour market opportunities, with family members who have fewer labour market opportunities being more likely to take on the primary carer role.4 Third, potential carers who have good labour market earnings capacity may decide to purchase formal care rather than provide care themselves in order to allow their participation in the labour market. Economic models suggest that people whose hourly labour market earnings exceed the hourly costs of formal care will purchase formal care. Of course, beliefs about what is the right thing to do, sense of loyalty and the intrinsic rewards of caring are also very important in decisions as to whether to provide informal care or purchase formal care (see Hales, 2007, for a discussion of these issues).

Although there is some Australian evidence on the labour market outcomes of carers and how they compare to non-carers, there is relatively little Australian research that models the impact of providing care on the labour market participation of the carer. In particular, it would appear that relatively little Australian research has been undertaken that models the effects of caring responsibilities on labour force status while taking into account differences in the characteristics of carers and non-carers and the potential selection effect of those with more limited labour market opportunities. Bittman et al. (2007) and Lee and Gramotnev (2007) have gone some way towards addressing potential selection effects by examining the impact of changes in caring responsibilities on labour market participation.3

There has also been relatively little research into the types of employment conditions that can best...
assist caregivers to combine caring with paid employment. Exceptions include Glezer and Wolcott (2000), Gray and Hughes (2005), and Jenson and Jacobzzone (2000).

**Overview of the Families Caring for a Person with a Disability Survey**

The sample for the FCPDS consisted of 1,002 primary carers receiving Carer Payment and/or Carer Allowance in June 2006 who were selected from the Centrelink administrative database. The survey collected information about how the families cared for a person with a disability. Questions were asked about a wide range of topics, including: disabling condition and caring role, household composition and demographic characteristics, support networks, family relationships, mental and physical health, educational attainment, and financial wellbeing. In addition, detailed information was collected about labour market participation and the impact of caring responsibility on labour market outcomes.

The interviews were conducted using computer-assisted telephone interviewing (CATI) in October and November 2006. Details of the design of the survey, sampling issues, the conduct of the fieldwork, response rates and representativeness of the sample is provided by Edwards, Higgins, Gray, Zmijewski, and Kingston (2008).

**The labour force status of carers**

**Current labour force status**

Table 1 shows the labour force status of female carers of working age, according to the type of payments they receive: Carer Allowance only or Carer Payment (including those who also receive Carer Allowance).

<table>
<thead>
<tr>
<th>Payment type</th>
<th>Carer Allowance only</th>
<th>Carer Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment to population rate</td>
<td>47.1</td>
<td>26.0</td>
</tr>
<tr>
<td>Full time</td>
<td>11.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Part time</td>
<td>35.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Unemployment to population rate</td>
<td>6.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Not in the labour force to population rate</td>
<td>46.3</td>
<td>69.5</td>
</tr>
<tr>
<td>Number of observations</td>
<td>454</td>
<td>131</td>
</tr>
</tbody>
</table>

Notes: The unemployment rate is defined as the number unemployed divided by the number in the labour force (employed plus unemployed). Excludes those aged 65 years or older. Source: FCPDS 2006.

The employment rate of female carers who received only Carer Allowance was 47.1%. This was made up of a full-time employment rate of 11.4% and a part-time employment rate of 35.7%. For women receiving Carer Payment, 0.8% were employed full-time and 25.2% part-time, giving a total employment rate of 26.0%.

The unemployment to population rate of those receiving only Carer Allowance was 6.6%, while for those receiving Carer Payment it was 4.6%. The unemployment rate is conventionally defined as the proportion of those in the labour force (that is employed or unemployed) who are unemployed.

The unemployment rate for females receiving only Carer Allowance was 12.3% and was 15.0% for those receiving Carer Payment.

The proportion of carers who were not in the labour force was 46.3% for those receiving only Carer Allowance in June 2006. They are unable to participate in the workforce full-time as a result of their caring responsibilities (an eligibility condition that does not apply to Carer Allowance), when analysing labour market issues it is essential to conduct the analysis separately for those receiving Carer Payment and those receiving only Carer Allowance. Analysis of how labour force status varies according to the level of impairment of the care receiver has not been undertaken because whether or not the carer receives Carer Payment is likely to be correlated with the level of impairment.

The categories of labour force status used are fairly conventional. Carers are employed full-time (usually work 35 or more hours per week in all jobs), employed part-time (usually work 1 to 34 hours per week), unemployed, marginally attached (not employed and want to work, but are not currently looking for work), and not in the labour force and do not want to work. Several issues need to be kept in mind with the labour force status categories. First, the full-time employment definition of “hours” includes paid and unpaid overtime. If working hours are irregular, respondents were asked to average the last 4 weeks. Second, the definition of unemployment differs from the standard ABS definition in several ways. The most important difference is that the definition of unemployment used in this report does not have the requirements that the job seeker is available to start work. Third, the ABS definition of marginal attachment includes those who are not employed, are actively looking for work, want to work but are not available to start work within 4 weeks (and are hence not classified as being unemployed). In this paper, we include those who are not employed, want to work, are not actively looking for work and are not available to start work as being marginally attached. The ABS would not classify this group as being not in the labour force.

The analysis in this paper is restricted to those of working age, who are defined as being in the age range 18–64 years. As a consequence, 81 carers aged 64 years or younger who said that they were not working at the time of the interview because they were retired were excluded from the analysis in this article.
Although the age profile of recipients of Carers Payment and Carer Allowance was older than the population average, the majority were of working age and may therefore have been in a position to be in paid employment, either now or in the future, if their caring responsibilities changed. According to administrative data, in June 2006, 12% of carers were aged 18–34 years, 21.9% 35–44 years, 22.1% 45–54 years, 23.6% 55–64 years, and 20.4% 65 years or more. Overall, the desire to be employed was much higher for younger than older carers. The proportion of carers who were either employed, unemployed or marginally attached was higher for those aged 18–35 years (82.5%) and 36–50 years (87.8%) than those aged 51–65 years (63.6%).

Regression analysis of factors associated with wanting to work for non-employed carers indicated that the only statistically significant factor associated with wanting to work was caring for a child, irrespective of whether the child had a disability or not. Carers who cared for a child were 2.2 times more likely to want to work than carers who did not have childcare responsibilities. Caring for a child was strongly associated with the age of the carer. Carers who were not employed but who wanted to work were also asked what they saw as their main barrier to finding employment. Although questions about what non-working respondents see as the barriers to being employed need to be treated with caution, they can provide some useful information. The most common barrier reported by female carers who received only Carer Allowance was “difficulty in arranging working hours” (23.0%), followed by “no alternative disability care arrangements available” (22.4%). The next most common reason given was that it “would be too disruptive to the person with the disability” (12.7%). The costs of paying for care while at work was not commonly cited as a reason (2.4%). The number of female carers receiving Carer Payment who wanted to be in paid employment was too small to provide reliable estimates and therefore results for this group are not reported. It should be noted, however, that the main barriers to
The decision as to who cares within a family may be related to labour market opportunities, with family members who have fewer labour market opportunities being more likely to take on the primary carer role.

Employment cited by those receiving Carer Payment were similar to those receiving Carer Allowance only.

Labour market experience since commencing providing care

The FCPDS collected information on the employment experience of the carer since they started providing care. Among female carers who received Carer Allowance only, 39.7% had not worked since they started caring, 13.2% were not employed at the time of the interview but had worked since starting to provide care, and 47.1% were employed at the time of the interview (Table 3). Overall, 60.3% had been employed for at least some of the time since starting to provide care. A higher proportion of female carers receiving Carer Payment than those receiving only Carer Allowance had not worked at all since starting caring (57.3% and 39.7% respectively). The proportion who had been employed for at least some of the time since starting to provide care was 42.8%.

Impact of caring on employment

As discussed above, differences in the employment rates of carers and non-carers cannot be simply interpreted as the effects of caring on employment rates. In this section, we use information on whether there was a change in labour force status at the time the carer commenced caring. If we see a sharp decline in employment rates at the time of commencing caring, or shortly after, this provides evidence of a causal impact. International and Australian research has documented such an effect (Bittman et al., 2007; Spiess & Schneider, 2002).

Not-employed carers

The FCPDS asked respondents who were not employed at the time of the interview whether they were employed just prior to commencing caring and, if they were employed, whether starting care was the main reason they gave up work. Almost half of the female carers who were not employed (unemployed and not in the labour force) at the time of the interview had been employed just prior to commencing caring (Table 4). Interestingly, for female carers, there is little difference in the pre-caring labour force status according to which payment type they received—45.4% of those receiving Carer Allowance only and 47.4% of those receiving Carer Payment were employed just prior to commencing caring.

For female carers who were not employed at the time of the interview but employed just prior to commencing caring, 83.0% of those receiving only Carer Allowance at the time of the interview said that providing care was the main reason they left their job. A similar proportion (78.3%) of those receiving Carer Payment at the time of the interview said that providing care was the main reason they left their job.

Employed carers

Employed carers were asked whether they had considered leaving their current job to care for the person with a disability. It appears that the majority had not—14.2% of females receiving Carer Allowance only and 26.5% of female carers receiving Carer Payment reported that they had considered leaving their current job to care.

Carers who were employed at the time of the interview were asked whether they had ever had to stop working in order to provide care for the person with a disability. A substantial number reported that they had at some time given up work to provide

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Table 4 Employment history of currently not-employed female carers since commencing caring, by type of payment, 2006

<table>
<thead>
<tr>
<th>Payment type</th>
<th>Carer Allowance only</th>
<th>Carer Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed just prior to commencing caring</td>
<td>45.4</td>
<td>47.4</td>
</tr>
<tr>
<td>Not employed just prior to commencing caring</td>
<td>54.6</td>
<td>52.6</td>
</tr>
<tr>
<td>Number of observations</td>
<td>238</td>
<td>97</td>
</tr>
</tbody>
</table>

Notes: Two female carers receiving only Carer Allowance answered “Don’t know” to the question: “Were you employed just before you began to care for the person with a disability?” and are excluded from this table. Excludes those aged 65 years or older. Source: FCPDS 2006.

Table 5 Changes to employment of employed female carers, made as a consequence of caring responsibilities, by type of payment, 2006

<table>
<thead>
<tr>
<th>Payment type</th>
<th>Carer Allowance only</th>
<th>Carer Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had to give up work to provide care for the person with a disability</td>
<td>39.3</td>
<td>58.8</td>
</tr>
<tr>
<td>Changed jobs or working arrangements in order to provide care for the person with a disability</td>
<td>72.4</td>
<td>79.4</td>
</tr>
<tr>
<td>Taken periods of leave to provide care</td>
<td>66.7</td>
<td>58.8</td>
</tr>
<tr>
<td>Number of observations</td>
<td>214</td>
<td>34</td>
</tr>
</tbody>
</table>

Note: Excludes those aged 65 years or older. Source: FCPDS 2006.
care for the person with a disability. Among those receiving Carer Allowance only, 39.3% had at some stage had to give up work (Table 5). Over half (58.8%) of currently employed women who received Carer Payment left paid employment at some stage to provide care. The small number of currently employed women receiving Carer Payment means that the results for this group need to be treated with some caution.

The majority of employed carers reported having changed jobs or working arrangements in order to provide care for the person with a disability. About three-quarters of employed female carers said that they had changed jobs or working arrangements (72.4% of those receiving Carer Allowance only and 79.4% of those receiving Carer Payment). Changing jobs or working arrangements included reducing hours, adopting flexible hours, quitting a job or taking up another position that provided shorter or more flexible hours.

Over half of employed female carers had to take periods of leave to provide care to the person with a disability. The percentage of carers that had taken periods of leave to provide care to the person with a disability was similar for carers receiving Carer Allowance only (66.7%) and those receiving Carer Payment (58.8%).

**The relationship between paid employment and income**

One of the benefits of employment is the additional income it brings. As would be expected, carers who are employed have higher incomes than those who are not employed, and those who are employed full-time have higher incomes than those who are employed part-time (Figure 1). In the FCPDS, not-employed carers receiving only Carer Allowance had an average gross personal income of $265 per week. Part- and full-time employed carers receiving Carer Allowance had average personal incomes of $431 and $885 per week respectively.

For those receiving Carer Payment, the not-employed had an average income of $245 per week. The part-time employed had an average income of $335. The increase in income from part-time employment for those receiving Carer Payment was substantially less than for those receiving Carer Allowance only. This is probably a consequence of both lower education level of the Carer Payment population than the Carer Allowance population, and of the income testing of Carer Payment, which results in a reduction in benefits received as the free-area threshold is crossed.

**Conclusion**

Carers are one of the groups in society with relatively low employment rates. Despite the relatively low employment rates, more than half of carers who are not in paid employment would like to work. Among those receiving Carer Allowance only who were not employed, 69.6% said they wanted to work and 53.6% of those receiving Carer Payment said they wanted to work. Moreover, when carers who wanted to work were asked what the main barrier was to finding employment, the most commonly cited reasons were difficulty in arranging working hours and the lack of alternative disability care arrangements. Overall, 83.9% of those receiving only Carer Allowance were either employed or wanted to work and 65.6% of those receiving Carer Payment were either employed or wanted to work.

New evidence is presented on the extent to which the taking on of substantial caring responsibilities results in a cessation of employment. Almost half of the carers who were not employed at the time of the interview were employed just prior to commencing caring. Of those who had stopped employment after commencing caring, the majority said that providing care was the main reason for leaving that job (83.0% of those receiving Carer Allowance only and 78.3% of those receiving Carer Payment).

For some, caring may not lead to a permanent withdrawal from the labour market. Of those receiving Carer Payment who were employed at the time of the interview, 58.8% had temporarily given up work to provide care for the person with a disability since they started caring. Many carers receiving Carer Allowance who were employed at the time of the interview had also temporarily given up paid employment.

Other carers may not need to withdraw totally from the workforce, but their caring responsibilities impact upon the number of hours worked, type of job done and the need to take additional leave. The majority of employed carers had changed jobs or their working arrangements in order to provide care for the person with a disability.

The fact that a large number of not-employed carers of working age expressed a desire to be in paid employment suggests that supporting such carers may be worthwhile and result in higher levels of social inclusion. Given that carers cited workplace flexibility as one of the barriers, encouraging...
increased workplace flexibility may provide opportunities for carers to be involved in the workforce. Suitable alternative care arrangements, the other major barrier to employment cited by carers in the FCPDS, implies that appropriate and routinely available care arrangements would also help to facilitate increased employment rates. Maintaining paid employment and attachment to the workforce are particularly important, given that many carers, particularly those of working age, will not remain carers all their life. Caring status can change for a number of reasons, including death of the person being cared for, the requirement for institutional care, partial or full recovery of the person requiring care, and a change of primary carer. There is strong evidence that long periods out of the labour force can make it difficult to re-enter the labour market. It is therefore important for their long-term economic outcomes that carers who want to work and whose caring responsibilities do allow participation in the labour market are assisted in achieving this.

Endnotes
1 Estimates are based on data from the 2003 Survey of Disability, Ageing and Carers (SDAC) conducted by the Australian Bureau of Statistics (ABS, 2004).
2 In the period 1 January to 19 March 2008, the single rate for Carer Payment was $537.70 per fortnight and the couple rate was $1,449.10 per fortnight. Carer Allowance was $1,006.60 per fortnight. In addition, an annual payment of $11,000 was payable for each child cared for under the age of 16.
3 Lee and Gramotnev (2007) reported that women in poor health tend to be selected into caregiving.
4 It has been suggested that the foregone earnings costs of providing care would be minimised if the family member with the lowest labour market earning potential took on the primary caring role. The empirical evidence on this question is mixed. Pavalko and Artis (1997) and Spiess and Schneider (2002), using longitudinal data from the US and the European Community respectively, found that the decision as to who in the family provides care was not related to pre-care employment status. Dautzenberg et al. (2000), using Dutch data, found the reverse result.
5 There are relatively few studies that have used longitudinal data to analyse the effects of caring on labour force participation. Henz (2004), in a study based on longitudinal data from the United Kingdom, found that providing informal care is associated with movements out of employment and a reduction in working hours for those who remain employed.
6 Bittman et al. (2007) included carers who were not receiving any government assistance to care. This definition included anyone who was providing care for an adult, even if it was for less than 5 hours a week (these carers comprised at least 40% of carers for males and females at any of the four waves).
7 The likelihood that a carer who is not employed would report wanting to work was modelled using a logistic regression. The explanatory variables included in the model were age; educational attainment; number of hours of caring provided; whether they were caring for a child, adult or working age or an older adult; whether there was another adult in the household who was employed; and whether the carer received Carer Allowance only or Carer Payment.
8 Responses to this type of question can generate answers that are heavily influenced by social desirability or what the interviewee thinks the interviewer wants or expects to hear.
9 For carers who are providing care to more than one disabled adult or child, the question referred to the person for whom they had been caring the longest.
10 Of course, it is possible that a carer who was employed at the time of the interview may have had to withdraw from the labour force for a short period. The FCPDS did ask employed carers whether they had stopped work at any stage because of their caring responsibilities and these data are described in this section under “Employed carers”, in Table 5.
11 A full-time carer is ineligible for Carer Payment as an hour rule applies (currently, carers may only work up to 25 hours a week to be eligible).
12 In the FCPDS, 15.5% of carers receiving only Carer Allowance had a tertiary education, compared to only 7.0% of those receiving a Carer Payment. Moreover, 37.2% of carers receiving Carer Payment had a highest level of education of Year 10 or less, compared to 21.5% who received only Carer Allowance.

References

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