

## **The economic role of unpaid care in Australia (why economists should value wellbeing instead of efficiency)**

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Source: <https://stock.adobe.com/au/330819531>

During mid 2020 lockdown Economics Society of Australia held a panel discussion with top female economists and experts on prioritising wellbeing by recognising the economic contributions of unpaid non-market work such as caring performed by households<sup>1</sup>. Being trapped together with family during lockdown, working from home (WFH) hasn't proven easy, physically and mentally.

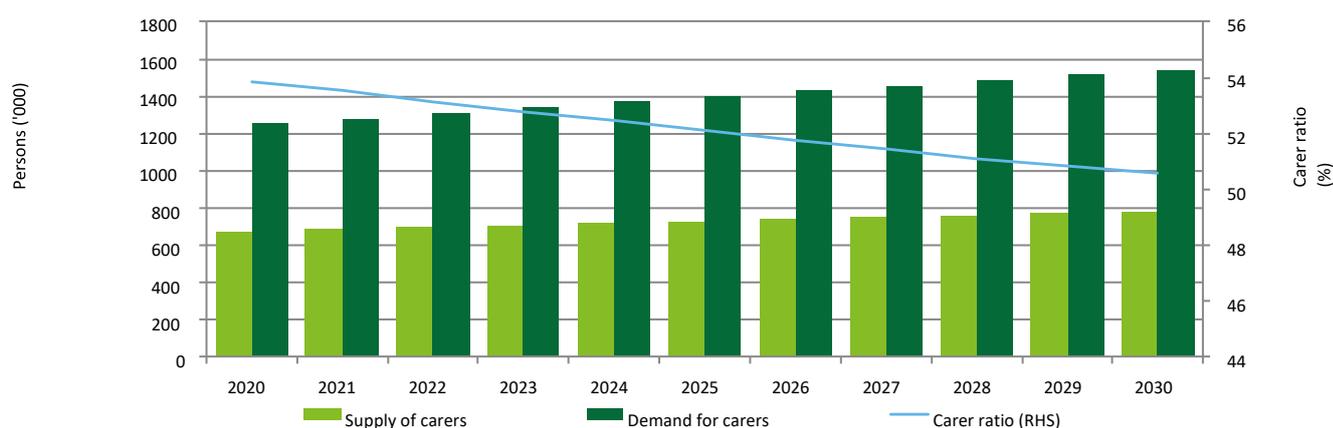
Yet these public health response impacts on the economy have proven more challenging on women and young people who've taken on disproportionate unpaid domestic and care workloads, despite this inequality persisting pre-COVID-19. These arguments highlight the clear need of unpaid care for a well-functioning society and prompt actions economists should take.

### **The role of unpaid care**

The weight of COVID-19 on healthcare systems given poor safety planning and care infrastructure in health, education, childcare, etc., saw Australia's economy, within months, leaning on the historical support of unpaid care. The panel discussed undervaluation of unpaid domestic and caregiving services through the economic lens of market 'allocative inefficiency', where spending on limited resources like labour for households' care needs can't be perfectly allocated and priced to meet market supply and demand<sup>2,3</sup>.

Thus, paid care services can't adequately resource all needs, leaving unpaid carers (mainly women and young people) to fill this gap. In short, there's increasing demand for unpaid care but a projected labour supply shortage (figure 1)<sup>4</sup>.

Figure 1: Demand and supply of informal (unpaid) carers, projected to 2030



Source: adapted from Deloitte Access Economics estimates using ABS (2018).

Unpaid care is an ongoing service.

While market sectors like tourism (GDP-included) are temporarily paused during the pandemic, unpaid non-market work (GDP-excluded) cushions economic downturns by reallocating unemployed workers to care services; also redistributing unpaid care workloads amongst family members, which typically fall on women<sup>1</sup>.

Data exposes entrenched gender roles, where regardless of working more paid hours, women still shoulder more unpaid care responsibilities largely driven by childcare<sup>1,5</sup> despite men undertaking unpaid non-care activities. This gender gap is huge given unpaid childcare is three times the value of financial services, Australia's largest market sector<sup>1</sup>.

Redistribution of unpaid care hours (a form of gender equality) helps boost female workforce participation, realising the potential productivity gains of 50% of our population<sup>6</sup>. Ways to redistribute involve freeing up earning partners' paid hours to undertake more unpaid care via 4-day working weeks and WFH autonomy<sup>1</sup>. This ensures productivity growth (increased output per worker) isn't necessarily measured by office hours worked, but quality output like care services.

Encouraging men to take parental leave via flexible leave arrangements is another step in negotiating equal partner distribution of unpaid caring, given the nature of most parental leave policies penalising women more as they tend to take more parental leave<sup>6</sup>.

### CALD women and young carers

However, any policy seeking to distribute unpaid care must respond to barriers specific to women and young carers from culturally and linguistically diverse (CALD) backgrounds – CALD-W and CALD-YC. Greater entrenched gender roles and power imbalances of unpaid work distribution in CALD households increase women's vulnerability to domestic and family violence (DFV)<sup>7</sup>.

Financial abuse is attributed to social isolation of women from refugee and humanitarian backgrounds. Specifically, unstable working rights and partner's control of finances push CALD-W to unsafe working conditions<sup>8</sup>. Overall, women's economic security is compromised by fewer paid hours reducing retirement savings, causing greater partner dependence and maintaining power imbalances<sup>9</sup>.

Unpaid care is also borne by CALD youth because factors like cultural values and acculturation stress increase reliance on family/home-based care and lessen reliance on paid services like residential care<sup>4,10</sup>. CALD-YCs provide invaluable public service by redistributing unpaid care burdens e.g., care of siblings/relatives with special needs and communicating health information to relatives with language barriers. Unpaid work imbalances between parents, exacerbated by COVID-19, also restrict autonomy and economic independence for youth, producing greater difficulty for youth to sustain workforce participation.

Nonetheless, Multicultural Youth Advocacy Network (MYAN)'s research demonstrates resilience of CALD-YCs. If given culturally-competent supports, they experience improved employment, education and health outcomes<sup>11</sup> – all long-term social cost savings! Reports further indicate investing in supports that prevent, not just assist and mitigate risk of disproportionate unpaid care workloads on young carers, is key<sup>12</sup>.

Greater alliance and investment are therefore needed between paid and unpaid care labour forces to meet increasing future demand for quality care services. This is achieved by attracting and retaining workers in care sectors through a wage premium as done in the US<sup>1</sup>, to value sector-specific risks (frontline COVID-19 exposure, DFV, burnout). Removing means testing of care packages further alleviates unpaid workload strains on CALD-W and CALD-YCs by improving their access to paid care/support options.

This shows valuing unpaid care sits at the core of achieving economic equality<sup>13</sup>.

I'm optimistic these findings give economists much scope to rethink the value of unpaid care by reshaping the economy to one that nurtures wellbeing of our natural human resources (unpaid carers)! Targeting intersectionality<sup>14</sup> of unpaid-paid work barriers in our diverse labour force is key to improving gender distribution of unpaid care.

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## Glossary

**CALD-W** = women from culturally and linguistically diverse backgrounds

**CALD-YC** = young carer from culturally and linguistically diverse backgrounds (interchangeably used with 'CALD youth' or 'young people from CALD communities')

**Intersectionality** = the way in which different aspects of a person's identity (e.g., race, gender, disability, ethnicity) expose them to complex and multiple forms of marginalisation<sup>14</sup>