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The next Australia

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Despite being home to one of the oldest cultures in the world, Australia likes to think of itself as being young. When Australians travel overseas they marvel at ‘the history’ of the places they visit: the architecture, the art, and the customs that were all there before Australia was colonised, before it became a nation.

Our culture and our environment serve to mutually reinforce Australia’s image as a youthful society. Sportspeople, with their youthful energy, are revered. Our art is modern and often subversive, our beaches celebrate the culture of youth, sun and fun. These are, of course, generalisations which say more about popular mythology than how people experience day-to-day life as Australians. But myths have a way of sticking.

Against this backdrop it is jarring to consider that Australia is ageing. The average age in Australia is now 38. At the turn of the 20th century, by contrast, the average age was 23.¹

Increasing longevity has been a significant factor in pushing the average age upwards. When the aged pension was introduced in Australia in 1908, the average life expectancy was 65. Accordingly, 65 was synonymous with ‘old’; now, 65 is about two thirds of the way through a person’s life. In addition, the term ‘old’ is loaded with suggestions of frailty and senescence, which are in fact counter to the lived experience of many ‘older’ people.

This chapter looks at the emerging picture of Australia’s ageing demography, and sketches out a path for where we are

headed. The Australia of 2050 will look and feel very different to the Australia of today. This chapter asks: What can the trends in demography tell us about the emerging pressure points in public policy? What are the key issues which Australia will have to face as a result of being an older society?

Not so youthful after all

Australia's ageing demography is readily perceivable in graphics of historical and projected age distribution. Approximately one in ten people were aged over 65 in 1970; it is projected that one in four people will be aged over 65 by the middle of the century.²

Lower levels of migration have contributed to an older median age, as has a declining fertility rate. Since the 1970s Australia's fertility has been at below-replacement levels. Another reason that Australia is ageing is because people are dying from different causes. Reflecting a trend common among developed nations, the causes of morbidity in Australia shifted over the course of the 20th century from communicable to chronic diseases. Whereas 513 of every 100,000 people died of infectious diseases in the early 1900s, only 10 people per 100,000 died of such diseases by the 1980s.³ Among Australians aged 65 and over, the most common causes of death for males and females are cancers, heart disease and respiratory disease.

There are numerous factors in the shift to chronic disease as the major cause of morbidity. Health care spending growth, rising living standards, environmental improvements, lifestyle changes and education have all played a role. Public health campaigns by groups like Quit and the Cancer Council on the effects of tobacco have played an important role in declining smoking rates in Australia.

International comparisons

The median age in Australia is 38, placing it among the older countries in the world. The United States and the United Kingdom

have similar median ages to Australia, while the median age of our neighbours in Timor Leste is 18.4.⁴

Australia has the third highest life expectancy in the world behind Andorra and Japan.⁵ Health care spending growth, rising living standards, environmental improvements, lifestyle changes and education have all played a role in this. Public health campaigns on the effects of tobacco also appear to have contributed to the higher life expectancy of high-life-expectancy countries, as demonstrated by the fact that their tobacco use is slowly but steadily decreasing.⁶

There are key differences in morbidity and mortality among developing and developed nations. Developing countries experience a greater prevalence of infectious diseases resulting from poor sanitation and a lack of access to clean drinking water. Some communicable diseases are as a result of geography and climate, such as yellow fever and malaria; however, diseases such as hepatitis and HIV/AIDS have a clear correlation with the GDP of the relevant country. Neonatal mortality accounts for a large proportion of child deaths in many developing countries. In developed countries, the leading causes of morbidity and mortality are largely attributable to a range of lifestyle factors, including alcohol consumption, poor diet and inactivity. Fertility also tends to be lower in developed nations and has also been declining over time.

While life expectancy among developed nations has grown at a steady rate over the last century, there was a jump in life expectancy among developing nations between 1965 and 1970; although this did not have a single cause, public health interventions undoubtedly played a role. The development and dissemination of antibiotics in the 1930s and 1940s, notably penicillin, resulted in a sharp decline in mortality from infectious diseases that disproportionately affect developing nations.⁷ In addition, many Asian and African nations experienced dramatic increases in life expectancy as a result of greater access to clean drinking water (Kabir, 2008). Forecasts show that much of the growth in the

older population worldwide will take place in developing countries: the United Nations predicts that eight out of ten older persons will live in developing countries by 2050.

Indigenous Australians

Indigenous Australians are the notable exception to increased average life expectancy in Australia. The life expectancy of Aboriginal and Torres Strait Islander men is 69.1 years; for women it is 73.7 years, which is substantially lower than non-indigenous Australians.⁸

The lower life expectancy for Indigenous Australians is attributable to a higher incidence of certain chronic diseases, particularly diabetes, and a higher infant mortality rate. According to the Department of Families, Housing, Community Services and Indigenous Affairs, approximately 83% of Indigenous deaths below age five occurred in the first year of life.

Government recognition of the need to formally address the disparity in Indigenous life expectancy has been a relatively recent development. It was only in 2008 that the Council of Australian Governments set targets to bring down Indigenous mortality rates as part of its Closing the Gap initiative. Among these were the targets of closing the life expectancy gap between Indigenous and non-Indigenous Australians by 2031, and halving the gap in mortality rates for Indigenous children under five by 2018.

Australia is ageing, but what does this mean?

Often the implications of an ageing society are immediately cast in terms of the public fiscal consequences. We hear about the burgeoning health costs, the increased demand for aged care, and whether or not it is sustainable to pay the aged pension on its current terms.⁹ These projected implications are important, but it is just as important to consider the way that societies and individuals will experience this demographic shift.

With Western society so geared towards the ideal of youth, if one thing is certain it is that people will need to adjust their ideas of 'age' and what it means to be 'old'. More than one in four people will be aged over of 65 by the middle of the century. By the same time over 1.8 million people will be aged over 85. The number of centenarians will go from about 3,000 now to 78,000.

Mainstream culture will need to adapt to the needs of this cohort: one quarter of the population cannot be ignored. Older people will vote with their feet in terms of the products and services they consume — and the ones they don't. Architects and designers will have to think more about design for older bodies and older sensibilities. The media and advertising industries will have to rethink their audiences and their obsessive promotion of youth culture. Cumulatively, it may be that the demographic shift creates a shift in cultural norms. Could we be returning to a time when older people are not ignored but are determinative of culture?

It is a common reflection among people that they do not feel 'old', and that they are not sure what this term means. As Patricia Edgar has written in her book *In Praise of Ageing*, '[we] who are old do not see ourselves as society defines us. For many, ageing is a liberating experience; we are consoled for any losses by a new sense of freedom and confidence.'¹⁰ As older people become a growing constituency in society, the more likely it is that cultural references to them will become more reflective of how they themselves feel.

The way that people spend their productive hours or their leisure time, the way they travel and the environments in which they live will all be affected by an ageing demographic. As flexible working arrangements become more accepted and engagement with technology rises, older people may participate in the workforce from home more than they do currently. As medical advances continue and public health campaigns produce a greater consciousness of the health implications of lifestyle choices, more people will remain active for longer. Recreation being one of the

largest areas of expenditure among over 65s in Australia,¹¹ new opportunities will open up for how people spend their time and interact with each other.

Businesses have already started to take stock of the opportunities inherent in an ageing demographic. Tourism, education, food and entertainment are all areas of business that are starting to reap the benefits of an older demographic. Housing is another area of growth as property developers and providers of housing such as Australian Unity and Lend Lease look at ways to offer affordable and desirable housing options.

A report by the *Economist* in 2011 found that large companies such as Intel, General Electric and Philips were just some of the companies that had dedicated research efforts to understand older consumers.¹² Intel, together with General Electric, established a joint venture aimed at tapping into new market opportunities such as 'tele-health' and home health monitoring. The resulting 'Care Innovations Guide', allowing clinicians, patients and their families to connect remotely, has been rolled out in 42 US states. In Australia, a partnership between Relivit and Initial Hygiene will establish Australia's first absorbent hygiene waste recycling plant in western Sydney. This service will allow aged care providers to reuse all forms of absorbent hygiene products, reducing cost and their carbon footprint. The recycling plant is due to open this year.

Businesses are also becoming alive to the benefits of retaining and hiring employing older people. In Germany, BMW instituted a program where staff it chose for one of its production lines had to have an average age of at least 47. The team worked with BMW management to create changes to their working environment and the way they worked. As a result, BMW spent money on things like new magnifying lenses and ergonomic chairs. At the end of the first year, this new team had increased productivity by 7%, making it as productive as lines made up of younger workers.¹³

These examples demonstrate that an ageing society does not have to be the scary behemoth we hear about in the media. It is

true that without considered action on a number of policy fronts, economic and social, that the dynamics of our population will place a strain on our society. However, the innovations being carried out by business show that ageing can in fact stimulate new forms of consumer demand for products and services. With the world of work changing rapidly already, it could be the perfect time to pioneer flexible working arrangements for older workers — for example, staged retirement. Furthermore, the innovations of Australian business are ripe export material for our trading partners such as Japan and China, each with large ageing populations. The opportunities are infinite; it's just a matter of changing the conversation about ageing.

Public implications of an ageing society

Ageing will not, however, be the positive force outlined above simply through an organic process; as our demography changes our society will not necessarily evolve. Leadership is required from the highest levels of politics, business and the media to change the way that society relates to older people, and older people to society. Some sections of the media and business will open their minds to the opportunities of an older society, but many others will see it as a threat. Some employers will invest in a responsive workplace that caters to the needs of a changing workforce; others will retain the mindset that older workers — or any category of worker — cannot do flexible hours and still expect high quality work and career progression. A 2013 report by the Human Rights Commission, *Fact or Fiction: Stereotypes of Older Australians*, shows how older Australians struggle to stay in or find work on account of their age; 92% of the businesses surveyed for the report believe that age-based discrimination is most likely to happen in the workplace. From the employee perspective, ABS statistics show that nearly three quarters of people who identify as being discouraged from seeking work do so on account of their age.¹⁴

The media's portrayal of older people feeds into negative stereotypes and discrimination. It is all too common to hear on the evening news about the senior citizen who lost control of their car and crashed through a shop window or someone's living room. There is a difference between acknowledging that these incidents do happen, and the difficulties older drivers can face, and the more common two-minute sensationalist news grab. Older people are rarely used in advertisements unless that advertisement is for an age-based product such as retirement services or aged care. As the average age of consumers goes up along with the average age of society, businesses will have no choice but to reconsider the restrictiveness of the advertising and their brands.

At the moment, the public debate about the implications of our ageing society is squarely centred on the potential fiscal challenges.¹⁵ We hear about the ballooning welfare costs and the 'unsustainable' age pension. The Treasurer has said that the combined costs of ageing would require the government to raise the equivalent of the company tax, or all the revenue raised by the GST.¹⁶

There is an immediate problem with the framing of the public debate in purely economic terms: it lacks sophistication. The ageing of society is presented as a ticking time bomb, a burden, or in probably the most extreme case, 'the ageing tsunami'. The consequence is yet another cause for community uncertainty and fear — about taxes, about quality of life, about the Australia their children will inherit. It is imperative that the policy community and indeed the general community digs a bit deeper to look at some of the opportunities inherent in an older and longer-living society. By having these more complex and nuanced — and tough — conversations now, we can preserve quality of life. There is also an opportunity to in fact *improve* quality of life for Australians of all ages in years to come.

The old age dependency ratio is a good example of the way that the complexities and nuances are often left out of the public

debate. As more of the population moves out of the workforce and into an age where they tend to require more health services and other forms of public support, the more of a burden they will place on society as a whole. This is often framed in terms of decrease in the old age dependency ratio — the number of people in work, traditionally those aged 15–64, compared with the number of people 65 and over who are out of the workforce. Australia currently has about five working age people for every person aged over 65. By the middle of the century, it is estimated that there will only be three working age people for every person aged over 65.

However, the reality behind the old age dependency ratio is somewhat different. On average, people stay in education longer than they used to: Year 12 retention rates have been increasing to record levels, as has the number of people obtaining university degrees. It is therefore more common for people to enter the workforce at 18 or 21 (or later), rather than 15, so the comparison of people aged 15–64 to those aged 65 and over is outdated. The second point is that workforce ‘productivity’ does not take into account unpaid work, meaning that the huge load of caring work and volunteer work that older people do is not factored into the equation. Australians aged over 55 contribute \$74.5 billion each year to the economy through caring for spouses and grandchildren and through other unpaid voluntary work.¹⁷ So problematic is the old age dependency ratio as a measure of the costs of ageing that UK think tank Policy Network has proposed an alternative measure altogether, which looks at the actual number of people in the workforce compared to those out of the workforce. To be clear, it is not about being complex or turgid for the sake of it. However, there is a need to move beyond some of the common planks of the debate over ageing so that we are basing the debate on reality.

There is an easy convenience to pushing the pension age up and cutting welfare spending as responses to ageing. These are

blunt measures that people might not agree with, but which they understand; the message is harsh but it is simple.

However, increasing the eligibility age does not, of itself, keep older workers in work. The ABS Retirement and Retirement Intentions series shows that while people intend to keep working until the pension eligibility age, the majority of people retire earlier (currently 58.5 for men and 50 for women). According to National Seniors, if you are aged 55 or over and you go out of the workforce, it will take on average 72 weeks for you to find a job. There is no guarantee that this job will make use of your skills or education, or that you will be able to work for the number of hours you wish to (or need to). The IMF has noted that increases in retirement ages disproportionately affect the poor. They suggest that this can be mitigated by enhancing labour regulations protecting older workers and by strengthening disability and social assistance programs for those approaching retirement age.

The government envisages that older people will, and should, work until the new pension eligibility age of 70. However, it needs to do much more than changing the pension age if older people are to have any realistic chance of remaining in work until that age. One example of how this could be achieved is to address the barriers older people face to retraining or acquiring new skills due to the cost of such training. The government could provide subsidised places in training courses for older workers, or it could invest in university and TAFE courses for older workers that deal with things like how to adapt to rapidly changing technology. Another option, which has only been very superficially explored by government, is how to work with employers to retain older workers. The Gillard government introduced a Workplace Champions program for employers that retained older workers, giving them human resources support among other things. The current government gives employers a payment of \$10,000 to retain older workers, staggering that payment over two years. While this initiative is good at generating discussion around mature age employment, a

payment is not enough to create attitudinal change. Nor does it develop leaders in the market who can be held up as examples of best practice.

Another way the government could assist employers to work with older employees is to provide subsidies to small businesses — often the employers who feel they are least able to introduce any changes to their workplace due to tight margins — to adapt their workplaces for an older workforce. This might mean, for example, programs similar to the measures introduced by BMW, where the managers and employers work together to identify changes to the way they work in order to cater for older workers better. These initiatives require some creative thinking and some investment, but over the longer term they will mean that older workers can remain productive for longer — something that is beneficial for them and for society.

With a media that favours sensationalism and short sound bites, it is very difficult to talk about Australia's welfare spending in historical and comparative terms. Government revenue was lower in 2013–2014 than in any year of the Howard government, and total government spending was 25.3% of GDP compared to 25.1% in Mr Costello's first budget.¹⁸ According to the IMF Fiscal Monitor, which the Treasurer has referred to in his speeches, Australia spent 2.6% of its GDP on age-related spending in 2013–14 (mostly the age pension). By contrast, the average spend by developed countries was 3.9%. These are more nuanced messages than 'budget emergency' or 'cut the spending,' and as a result they don't feature in the mainstream press.

So, what are some of the policy implications of ageing, aside from the budgetary pressures? Older societies mean older bodies and the need for health care that caters to their unique needs. Dementia continues to affect many older Australians, with an estimated one million to have the condition by 2050. Other conditions like anxiety and depression have widespread effect on older people, particularly as the number of people living alone is

on the rise. People will require housing — whether independent housing or aged care facilities — that enables them to retain social connectedness and access to the things they want and need. A corollary of this is the need for adequate transport that will allow people to continue to participate in society for longer. Lifelong learning and skills acquisition will no longer be a choice but a necessity for people to cope with the labour force in a changing economy. Virtually no area of public policy will go untouched by this demographic shift. It is concerning that at the moment Australia has no federal minister for ageing to develop a rounded policy response and to oversee its implementation.

The other point about the simple messages centred on a fiscal crisis is that they are responsive rather than normative: they are not part of a bigger plan for the kind of society we want as Australia ages. Such a plan would touch on many policy areas. It would plan for the issues of the next 5, 10, 20 or 30 years, and it would try to capitalise on the opportunities presented by ageing rather than simply responding to its challenges like a swordsman with his armour. There is no reason why, with some careful planning, we cannot go on the attack.

Conclusion

It is 50 years since Donald Horne wrote *The Lucky Country*. Horne's reflections of Australia as a young, naïve, wealthy, and at times brutish country still resonate strongly with the Australia of today. No doubt we regard ourselves as more cosmopolitan and worldly, smarter and independent. We might be a bit more grown-up too, but we are still young.

We have had more than our fair share of good fortune, too. Our climate, our relative isolation and a natural bounty of minerals and resources have combined to make us the envy of the world. But the sands are shifting, and it's not just a case of the mining boom shifting down a gear. Instead of being the young country we regard ourselves as, we are getting older. A number of elements

have produced this outcome. Since the second part of the 20th century, we are having fewer children, our immigration levels are still relatively low, and we are living longer.

The life course itself is undergoing radical changes as a result of the dual forces of ageing and increasing longevity, as well as other forces such as changes in the economy and the labour force. No longer is it the case that people are educated for a short burst of time, followed by a majority of their years in steady employment with a single employer, followed by a relatively short period of retirement. More people finish school, and then go on to tertiary institutions for further study, meaning that years spent in education are longer. It also means that people enter the workforce later. A more open economy and an increasingly casualised workforce have created patterns of work that are very different: people move between jobs and between careers more frequently, and go in and out of the workforce more. Retirement is no longer a brief period of life but instead constitutes a whole 'third age' of mainly active and productive life.

In this chapter I have sketched out some of the implications of an ageing and longer-living society. The key take-home message is that our changing demography will touch on virtually every aspect of life. Cultural norms centred on youth will have to change, along with the glorification of youthful attributes. The way we work, commute, reside and interact will all need to change as we change too.

The age phenomenon is not limited to Australia, meaning that there are rich opportunities for receiving and sharing knowledge about ways in which societies are adapting to ageing. Businesses are developing ways to invest in and retain workers for longer and to reach out to an older consumer market. Everything from food, to fashion to financial services is being influenced by growing numbers of older people. Australia can learn from international examples and, if it takes ownership of its situation, Australia can be

a teacher and an exporter of goods and services for an ageing market. In many ways, this is an exciting time of change.

There are, however, some impediments that stand in the way of these changes being positive ones. Our mainstream media still churns out images which glorify youth. Through advertising, youthful celebrities and sportspeople are venerated. The extraordinary sums of money these people are paid for advertising and endorsing brands affirms the message that youth pays. Entire industries exist to keep people — overwhelmingly women — looking younger than their years, as if showing visible evidence of ageing is tantamount to being extinguished from society altogether.

It is unsurprising, then, that against this backdrop older people face discrimination and a feeling of being marginalised in society. It is common for older Australians to feel invisible in settings like shops, restaurants and on transport. These experiences in the community have tentacles that extend to economics and public policy, where older people are characterised as a burden. Employers have to 'deal with' the issue of their older workers and the needs of an older workforce in the same way that they have to 'deal with' women who have children. In the policy world, we hear about the expected impact of so many more people being in retirement than in work. The young will 'pay the price' for the profligacy of the baby boomers. We hear about the strain on our health system and on public finances, and the unsustainability of our public pension system. At times it feels all a bit doom and gloom.

The public policy responses to this phenomenon need to be creative and require political will. At the moment the approach of the current government appears to be to respond with a few discrete policies — mostly through increasing the pension age to 70 and indexing pensions to CPI — rather than setting out a comprehensive plan. Remember, there is no longer a separate ministry for ageing to create and oversee any such plan.

Australia is edging towards a very different phase of our existence, where our society is defined more by maturity than youth. This is potentially an exciting phase of our development, where we draw on the knowledge, skills and wisdom of our people more than the bounty of our natural resources. If we don't take the chance to adapt some of our fundamental policies now, we will find ourselves having the same conversation but in very different economic circumstances. The overarching question which looms over Australia as it goes into these older years is: Are we mature enough to grapple with our new reality?

Endnotes

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