6.2 Ageing and the welfare system: pressures, opportunities and responses

The Australian population is changing; in general, we are living longer and healthier lives than ever before. As a result of this achievement our population is also ageing. This demographic shift raises concerns about the capacity of the Australian welfare system to meet the challenges of an ageing population. There will be direct pressures from greater demand for welfare payments and services, notably the age pension, aged care, disability support, social housing and homelessness services, and employment services. In addition, indirect pressures arising from the changing geographic distribution of older Australians will impact on the accessibility of services—requiring additional resourcing, infrastructure and personnel to support the expanding cohort of older Australians (AIHW 2013a).

While there will be additional pressure on the welfare system, there are also opportunities presented by an ageing population that reduce the impacts on support systems and enhance the value of contributions this cohort can make. The majority of Australians consider themselves to be in good health and are able to live independently, with minimal support, until their final days (AIHW 2014a). This increasing lifetime of good health enables older Australians to continue contributing socially, culturally and economically to the wider community, through, for example, volunteering and informal care-giving. In addition, as discussed in the previous chapter, the concept of ‘working age’ is changing—thanks in part to the continued good health of our older population.

Successful improvements over time in the health and wellbeing of Australians are key drivers of population ageing—it is both a cause for celebration and a call for adaptation. Our approaches to welfare need to be dynamic to ensure that ongoing positive growth and change to our population is supported, and our changing needs anticipated. This article describes the changing demographics of our older population, analyses potential pressures on the welfare system and explores the opportunities presented by an ageing population. Finally, we summarise some of the ways in which Australia can respond to this changing environment to encourage ongoing engagement, both socially and economically, for older Australians throughout their lives.

How is the Australian population changing?

Living longer and healthier lives

Older Australians are accounting for an increasing proportion of the total population (Figure 6.2.1). In 2014, 15% of the population (3.5 million people) were aged 65 and over, and by 2054 this is projected to increase to 21% (8.4 million people) (ABS 2013a).

Life expectancy for older Australians has been steadily increasing—for example, in the mid-1960s a man aged 65 years could expect to live for an additional 12 years, whereas in 2012 he could expect to live another 19 years. For older women, in the mid-1960s they could expect to live an additional 15 years compared with 22 years in 2012 (AIHW 2014h). This extended duration in later life will have widespread implications for individuals, governments, and virtually all sectors of Australian life.
The oldest of Australia’s ageing population will continue to grow over coming years, particularly as the first baby boomers, born in 1947, reached 65 in 2012 and will move into advanced old age from 2020. Life expectancy improvements have created a growing number of people in the ‘very old’ cohort—aged 85 and over—for example, in 2014 there were an estimated 455,400 Australians aged 85 and over, and this is expected to double over the next 20 years, to 954,600 (ABS 2013a). This very old cohort is further discussed in Chapter 6 ‘Australians aged 85 years and over’.

Not only are older Australians living longer—most of those additional years are free of disability. Overall there was a clear trend from 1998 to 2012 of increasing number of years free of any disability and severe or profound core activity limitation. On average, both males and females aged 65 gained more years without severe or profound core activity limitation than with it—2.3 years compared with 0.7 years for males, and 2.0 years compared with 0.3 years for females (AIHW 2014h).

Men aged 65 in 2012 could expect to live 8.7 additional years disability-free and 6.7 further years with a disability, but without severe or profound core activity limitation. Women aged 65 in 2012 could expect 9.5 additional years disability-free and 6.7 years with a disability, but without severe or profound core activity limitation (Figure 6.2.2).
Cultural diversity

Australia is one of the most culturally diverse countries in the world—this diversity is reflected in our older population, where more than one-third (36%) of Australians aged 65 and over as at 30 June 2011 were born overseas (AIHW 2013a). In 2011, 73% of older overseas-born people were born in Europe, many of whom migrated after World War II (AIHW 2013a). However, the origin profile of our overseas-born older Australians will change in coming years—since the 1970s, migrants (of all ages) have increasingly come from non-European countries, particularly Asian countries. For example, in 2011, 22% of overseas-born Australians aged 55–64 were born in Asia, compared with 13% of overseas-born Australians aged 65 and over. Conversely, 73% of overseas-born Australians aged 65 and over were born in Europe, compared with 55% of overseas-born Australians aged 55–64 (AIHW 2013a).

The composition of Australia’s immigrants of all ages has changed over recent decades. The Melbourne Institute of Applied Economic and Social Research undertook a comparison of recent immigrants in 2001 (those arriving from 1991) with recent immigrants in 2011 (those arriving from 2001), revealing a shift of country of origin from Europe to Asia (MIAESR 2014). This shift is likely to continue and will have flow-on effects on the population demographics for older Australians in coming years.

Better educated

Higher levels of education and literacy proficiency are associated with better long-term health and welfare outcomes, including higher levels of employment and higher incomes, better overall health status, higher participation in volunteering, and greater levels of interpersonal trust. For example, in 2012, across all Organisation for Economic Co-operation and Development (OECD) countries (including Australia), adults with tertiary education had income levels about 70% higher than adults without higher education (OECD 2014).
Current older Australians are more highly educated—that is, with a bachelor degree or higher—than were older people in the past. Data from 2011 show that nearly 9% of people aged 65 or more have a bachelor degree or higher qualification, compared with less than 2% of this age group in 1981 (Figure 6.2.3). A feature of the trend over this period is the reducing discrepancy in educational attainment between men and women. Levels of education among older Australians will increase further as the current younger cohorts that have high proportions of tertiary education move into older age. For example, education levels of those aged 55 and over in the 2011 Census suggest that in 2021 the proportion of people aged 65 and over with tertiary education would be more than 12% (and this, conservatively, does not include any education that this cohort may undertake over the next 10 years).

![Bar chart showing the proportion of the population aged 65 and over with bachelor degree or higher, by sex, 1981–2011](https://example.com/figure6.2.3)

**Note:** Data for 1991 were not available by sex.

**Source:** AIHW analysis of Census data 1981–2011.

**Figure 6.2.3: Proportion of the population aged 65 and over with bachelor degree or higher, by sex, 1981–2011**

Superannuation and retirement savings

Superannuation is a way for Australians to save for a comfortable, secure and financially adequate retirement, and for many older people in retirement, the income stream from superannuation savings complements their income from the Age Pension.

The latest Australian Bureau of Statistics (ABS) survey on superannuation coverage (in 2007) showed that 71% of people aged 15 or older were either accumulating or drawing on superannuation assets, with the largest proportion being among public sector workers (98%). However, these levels of coverage are not enjoyed across all age groups, largely because compulsory superannuation only commenced in the 1980s in Australia. For example, the proportion of people aged 70 or older in 2007 who had never had superannuation coverage was 41% for males and 75% for females (ABS 2009).
There are signs that superannuation coverage and savings levels are improving—partly in response to policy reforms over the past decade—although concerns remain about the adequacy of superannuation and the significant gap between males and females in actual and expected income through superannuation. For example, data from the ABS Survey of Retirement and Retirement Intentions in 1997 and 2012–13 show increases in the proportions of males and females retired from full-time work who have superannuation or related funds as their main source of income (ABS 2013b, 1998). However, the change across this period was lower for women than men: 3.3 and 4.1 percentage points, respectively (Table 6.2.1). Over this same period, the proportion who had government pensions as their current main source of income also increased, and this largely reflects a greater proportion of retirees aged 65 and over in 2012–13 compared with 1997.

Table 6.2.1: Current main source of income, people aged 45 or older retired from full-time work, by sex, 1997 and 2012–13 (per cent)

<table>
<thead>
<tr>
<th>Main source of income</th>
<th>1997</th>
<th>2012–13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>Government pension/allowance</td>
<td>64.1</td>
<td>62.6</td>
</tr>
<tr>
<td>Superannuation/annuity/allocated pension</td>
<td>15.7</td>
<td>7.4</td>
</tr>
<tr>
<td>Other</td>
<td>20.2</td>
<td>30.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: ‘Other’ includes dividends, business or personal income, rental property income, workers compensation, no personal income, other and unknown income.


With further maturing of the superannuation system—in terms of people contributing for longer periods, and higher mandated contribution rates—superannuation will become an increasingly important part of the asset base, both for the economic system as a whole and for individuals.

Home ownership and housing stress

While superannuation represents an important and growing component of a person’s net wealth, for most older Australians, their home is their single biggest asset. As reported in Australia’s welfare 2013 (AIHW 2013a), most Australians aged 65 and over living in households own their own home—with or without a mortgage—with the level of ownership fluctuating around 75% over the past 30 years. However, data from the Household, Income and Labour Dynamics in Australia (HILDA) survey show that the proportion of older households (defined as those in which the oldest member was aged 65 and over) who owned their homes without a mortgage gradually declined between 2002 and 2009 (from 78% to 74%). By 2011, this had further declined to 71%. There were corresponding increases in other major tenure types, including owners with a mortgage (5% in 2002, 7% in 2009 and 7% in 2011) (AIHW 2013a).

Home ownership constitutes a crucial financial resource for many older people, and can reduce other stresses and delay entry into residential aged care. However, for older Australians who do not own their own homes and who cannot access social housing, housing affordability can be a significant concern. In 2011, for older people in private rental accommodation, housing costs accounted for 29% of gross income for couples and 37% of gross income for lone-person households (AIHW 2013a).
The decrease in older people owning their own homes outright has likely contributed to an increase in the proportion of households experiencing housing stress, that is, spending more than 30% of gross household income on housing costs (5.4% in 1995–96 to 8.7% in 2011–12). And these figures are likely to continue to rise, given that in 2011–12, for households where the reference person was aged 55–64, the proportion with a mortgage was 35%, and more than 14% of households for this age group were experiencing housing stress.

Further, analysis of ABS Survey of Disability, Ageing and Carers (SDAC) data from 2003 shows that the average annual cost of providing formal and informal aged care in the community (that is, in a person’s home) is between 15% and 23% less than the average annual cost of care for residential aged care clients ($7,520 [formal] or $10,880 [informal] per year compared with $48,710, respectively) (Bridge et al. 2010). Other research in this area has shown that the likelihood of entering residential aged care is linked to the type of housing people live in: based on analysis of the Melbourne Longitudinal Studies on Healthy Ageing, moves to residential care were more likely if a person had been living in a flat (as opposed to living in a house), and much higher for those in public housing flats (Bridge et al. 2010).

Social supports

There has been little change in the living arrangements of older people between 1996 and 2011, as shown by the national Census for each period (Table 6.2.2). As people age and remain in the community, they are much less likely to be partnered, and much more likely to be living alone. For example, of those aged 85 or older in 2011 and living in households, 31% were living with a partner compared with 65% of those aged 65–74, and nearly 1 in 2 of the older group were living alone, compared with 1 in 5 of the younger group.

Table 6.2.2: Household living arrangements, people aged 65 years or older, living in private households, 2011 (by age) and 1996

<table>
<thead>
<tr>
<th>Living arrangement</th>
<th>2011</th>
<th>1996</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65–74</td>
<td>75–84</td>
</tr>
<tr>
<td>Living with partner</td>
<td>65.2</td>
<td>53.6</td>
</tr>
<tr>
<td>Living with child or other relative</td>
<td>6.7</td>
<td>9.9</td>
</tr>
<tr>
<td>Living with others (non-relatives)</td>
<td>2.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Living alone</td>
<td>20.7</td>
<td>31.9</td>
</tr>
<tr>
<td>Other living arrangement</td>
<td>4.9</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Note: Excludes people living in institutional settings.

According to the 2012 SDAC, the social, community and civic participation of older people living in households is similar for people living alone and people living with others (ABS 2012). But living arrangements—in terms of having a co-resident carer (a carer who lives with them)—appear to influence the take-up of formal aged care. Analysis by the AIHW of people moving in and out of aged care over the period 2002–03 to 2010–11 shows that for people approved for permanent residential care, 45% of those with a co-resident carer took up care within 12 months of assessment, compared with 52% of those without a carer. Similarly, of those approved for packaged home-based care (but not permanent residential care), 33% of those living with a carer took up the package of care within 12 months, compared with 40% of those without a carer. People with a non-resident carer had similar or slightly higher take-up rates than people without a carer (AIHW 2014b) (see Chapter 6 ‘Older Australians and the use of aged care’).
What pressures will the ageing population bring to the welfare system?

Older Australians come from many cultural, social and economic backgrounds, and live in a variety of communities. Each individual has different abilities and resources, and their experience of ageing will be influenced by these differences. However, overall, changing demographic and social trends are having flow-on effects on the circumstances of many of Australia’s older population. While there is a large and growing group of older people who are generally well, living independently and actively participating in society and the economy—for example, those who own homes and have superannuation are bringing more resources to later life—there also are growing minorities of older Australians who require financial support, or are unable to care for themselves at home, or who require support services to do so. This section outlines some of the pressures this group brings to the welfare system.

**Income support**

There are a variety of different pensions/allowances available to eligible older Australians—some of these are discussed below.

**Age Pension and Department of Veterans’ Affairs support**

As noted above, the majority of older Australians rely in some part on a government pension—either the Age Pension or similar support from the Department of Veterans’ Affairs (DVA). At 30 June 2013, almost 2.4 million older Australians received some measure of financial support from the Age Pension or DVA equivalent, an increase from 1.4 million in 1992 (Figure 6.2.4).

Despite the increasing raw numbers, the proportion of Australians aged 65 and over who are receiving the Age Pension (or DVA equivalent) has been reasonably steady over this period, at between 70% and 76%, although there has been a gradual decline since 2009.

There is considerable interest in the reliance of older Australians on the Age Pension, and on any changes to the level of dependency. The most recently released HILDA Survey results indicate that among all people aged 65 and over there is evidence of declining reliance on the Age Pension—the proportion of their income coming from the Age Pension reduced from 67.8% overall in 2001 to 59.9% in 2011 (MIAESR 2014). While the overall proportion of people aged 65 and over who reported receiving the Age Pension has fallen only slightly (by 3 percentage points between 2001 and 2011), the proportion of people for whom benefits account for one-half or more of their total income has decreased significantly from 69.3% in 2001 to 61.6% in 2011. As noted above, improving superannuation—both mandatory and voluntary—is expected to take some pressure off reliance on the Age Pension (at least full pension recipients), and longer working lives may also be a factor in reduced demand in the future.

In 2011, around 50% of all social security beneficiaries were Age Pension (and DVA equivalent) recipients, an increase from 45% in 2001 (PC 2013). In 2013–14, around $39.4 billion was spent on the Age Pension (DSS 2014a). The National Commission of Audit estimates further growth of around 7% per year as a result of an ageing population, increased life expectancies and benchmarking to the Male Total Average Weekly Earnings benchmark (National Commission of Audit 2014).

The main driver for increasing pension costs has been the expanding proportion of the population who meet the age criteria for the Age Pension. However, given that the accumulated assets and incomes of the population are also rising over time, means testing is likely to result in a smaller share of people being eligible, and of those who remain eligible, they will have a lower average entitlement (PC 2013).
Disability Support Pension

The ageing of the Australian population and increasing longevity are mostly increasing the disability-free lifespan of Australians; however, these factors are also contributing to an increasing number of older people with disability and severe or profound activity limitation (AIHW 2014h). This rise in the number of people requiring disability support is likely to place pressure on disability services, both the financial support provided through the Disability Support Pension (DSP) and the practical physical supports provided through various services, including aged care services.

The DSP is designed to give people an adequate income if they are unable to work for at least 15 hours per week at or above the minimum wage due to a permanent physical, intellectual or psychiatric impairment (DSS 2013). To be eligible for the DSP a person must be aged 16 or more, but have not yet reached the Age Pension age at the time of claiming (65 years). However, people receiving the DSP already are able to continue receiving this after reaching the Age Pension age. Note that DSP and the Age Pension provide identical fortnightly payments (with identical income and assets tests) for a person in this situation.

In 2013, less than 4% of the total number of DSP recipients were aged 65 and over (31,162 people—an increase from 3,005 people in 2001) (DSS 2013).

There are several possible reasons why some older Australians may be still receiving DSP despite being eligible for the Age Pension—the most likely relates to the transition period between ceasing DSP and commencing the Age Pension. In 2013, there were 56,836 clients who were receiving DSP as at 28 June 2012 who were no longer receiving DSP at 29 June 2013—of these 62% (35,231) exited DSP to the Age Pension (DSS 2013).
Supported care

Aged Care

The Australian aged care system provides a range of services that support older people in both a community and residential setting—these are described in Chapter 6 ‘Older Australians and the use of aged care’. The majority of funding provided for aged care comes from the Australian Government.

Home and Community Care

The Home and Community Care (HACC) program provides a range of basic community care services to older people and to younger Australians with disability, and is the largest of the government-supported care programs in terms of number of clients. During 2013–14, there were 775,900 people aged 65 and over (50 years and over for Indigenous Australians) receiving HACC support (including Commonwealth, Victorian and Western Australian HACC Programs) (DSS 2014b), up from about 589,000 people in 2005–06.

On 1 July 2012 the Commonwealth HACC Program assumed full funding, policy and operational responsibility for HACC services for older people in all states and territories (except Victoria and Western Australia). The Commonwealth HACC program will be consolidated with the National Respite for Carers Program, the Day Therapy Centres Program, and the Assistance with Care and Housing for the Aged Program into the new Commonwealth Home Support Programme in 2015–16. Discussions on a transition are under way with Victoria and Western Australia. The state and territory governments continue to fund and administer HACC services for people with disability under the age of 65, or under 50 for Aboriginal and Torres Strait Islander people.

Residential and community-based care

At 30 June 2014, 233,713 people were receiving government-subsidised permanent residential aged care or home care. Of these, 173,974 were permanent residents of a residential aged care service and 59,739 were receiving a home care package (Figure 6.2.5).

The Home Care Packages Programme commenced on 1 August 2013 and replaced the former packaged care programs—Community Aged Care Packages (CACP), Extended Aged Care at Home (EACH) and Extended Aged Care at Home Dementia (EACHD) (DSS 2014b). Four levels of home care packages are available from Level 1—supporting basic care need to Level 4—supporting high care needs (equivalent to the former EACH package). In addition to these levels of care, two new supplements are available across all levels: the Dementia and Cognition Supplement, and the Veterans’ Supplement. These supplements replace the dementia component of the EACHD package (DSS 2014b).

From the numbers reported above it is clear that, overall, the number of people receiving government-subsidised aged care services, either in the community or in residential aged care, has been increasing steadily for the last decade—back in 2004 only 165,100 people were receiving permanent residential care or home care.

The balance of community and residential aged care has been steadily shifting: over the last decade there has been a move away from residential aged care into community care arrangements. In 2004, 84% of service recipients were in permanent residential aged care, compared with 74% in 2014 (Figure 6.2.5). The move reflects the changing allocation of government-subsidised places to better support older Australians to remain in their homes.
Transition care

The Transition Care Program (TCP) is designed to assist older people immediately on discharge from hospital by providing a package of care aimed at improving their functioning so as to avoid or delay admission to residential aged care. The number of recipients has steadily increased since the program was initiated; there are currently 4,000 transition care places nationally. At 30 June 2014, there were 3,339 recipients of TCP services (DSS 2014b).

Transition care is time-limited, and each allocated place caters for a number of clients over the course of a year. As at 30 June 2013, the Transition Care Program had assisted more than 87,000 people since the program began in 2005 (AIHW 2014c).

Government expenditure on aged care services

As expected, with the increasing number of recipients, and increasing labour costs, expenditure on aged care programs is also rising. Commonwealth and state and territory government expenditure on aged care—including assessment and information, residential and community care, and services provided in mixed delivery settings—totalled $14.8 billion in 2013–14. This was well up on the $9.5 billion (in real terms) spent in 2005–06. Government aged care expenditure rose at an annual average rate of 5.6% over this period (Figure 6.2.6).
Disability support services

The Australian Government funds a range of disability support services under the National Disability Agreement and through the National Disability Insurance Scheme (see Chapter 1, Box 1.1.2 ‘The changing face of the disability sector’). These services are aimed at improving the lives of people with a disability and their carers. The number of people aged 65 and over accessing these services has been declining in recent years. In 2013–14, 17,218 people aged 65 and over accessed disability support services (5.4% of the total service users for that year) compared with 18,006 people (6.1% of total users) in 2009–10 (Table 6.2.3).

Table 6.2.3: Number of disability support service users aged 65 and over, 2008–09 to 2012–13

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of service users aged 65 and over</th>
<th>Total number of services users</th>
<th>Proportion of total service users aged 65 and over (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009–10</td>
<td>18,006</td>
<td>295,024</td>
<td>6.1</td>
</tr>
<tr>
<td>2010–11</td>
<td>19,422</td>
<td>314,252</td>
<td>6.2</td>
</tr>
<tr>
<td>2011–12</td>
<td>18,265</td>
<td>317,616</td>
<td>5.8</td>
</tr>
<tr>
<td>2012–13</td>
<td>17,381</td>
<td>312,539</td>
<td>5.6</td>
</tr>
<tr>
<td>2013–14</td>
<td>17,218</td>
<td>321,531</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Source: AIHW 2015a, 2014e.
Housing and homelessness services

Older Australians have historically had high rates of home ownership. For example, in 2011–12, the rate of home ownership (with or without a mortgage) was 83% for those aged 65–74 and 85% for those aged 75 and over, compared with 68% for all households (ABS 2013c). Currently, the majority of older Australians own their home; however, this is likely to decline in the future if current trends in the availability of affordable housing continue (AIHW 2014f).

A range of economic factors, including interest rates, house prices, and the household incomes of purchasers, affect housing affordability. A range of social determinants also have an impact. For example, the increase in the median age at which young people leave the parental home, delays in partnering, and rises in unemployment rates, affect the capacity of households to service a mortgage. The pre-purchase cash requirements of a deposit, stamp duty and transaction costs also represent a significant barrier to home ownership. According to a 2004 analysis of HILDA Survey data, nearly 90% of tenants did not have the savings required for a home ownership deposit (Flatau et al. 2004).

As noted earlier, most older Australians aged 65 and over own their own home—with or without a mortgage—and over time superannuation coverage is improving for retirees. However, those older Australians who do not own their own home are particularly vulnerable to housing difficulties (AIHW 2013b); as such, it is not unreasonable to expect that over time there will be an increasing demand for housing assistance for older Australians.

Housing assistance

Australian governments and community-based organisations provide a range of programs (collectively known as housing assistance) to support eligible households in finding and maintaining affordable, sustainable and appropriate housing. Housing assistance includes social housing, including public housing, state owned and managed Indigenous housing (SOMIH), and community housing). It also includes assistance with rent in the private rental market through the Commonwealth Rent Assistance (CRA) program and the Private Rent Assistance program, and a range of other services focused on home purchase assistance and assistance in obtaining and sustaining tenancies (AIHW 2013b).

As at 30 June 2014, the majority of older Australians receiving housing assistance services were supported through CRA (254,974 ‘income units’ aged 65 and over). CRA measures recipients by income units (see Glossary) rather than individuals, depending on how income within the unit is shared. (For more information on CRA refer to Chapter 5 ‘Working-age support: housing assistance’).

There were 120,579 people aged 65 years and over living in public housing in 2014, and 1,601 people living in SOMIH, compared with 120,539 and 1,523 respectively in 2013 (AIHW 2014f, 2015b). In 2014, older Australians accounted for about 19% of the total number of people living in public housing, and 6% of the total number of people living in SOMIH (AIHW 2015b).
Homeless older Australians

In 2011, an estimated 6,200 Australians aged 65 or older were homeless on Census night—just under 6% of the total homeless population—compared with 5,500 people (just under 6% of all homeless people) in 2006 (ABS 2011b). There were a further 5,100 people aged 65 or older living in marginal housing in 2011, up from 4,500 in 2006 (Table 6.2.4). A person is defined as homeless if their current living arrangement is in a dwelling that is inadequate, has no tenure (or the tenure is short and not extendable), or if their living arrangements do not allow them to have control of, or access to, space for social relations. A person is defined as living in marginal housing if they reside in crowded dwellings, improvised dwellings or caravan parks (ABS 2011b).

Table 6.2.4: People aged 65 and over homeless or living in marginal housing, 2001, 2006 and 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Homeless</th>
<th>Crowded dwellings</th>
<th>Improvised dwellings</th>
<th>Caravan parks</th>
<th>Total marginal</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>n.a.</td>
<td>1,362</td>
<td>357</td>
<td>2,574</td>
<td>4,293</td>
</tr>
<tr>
<td>2006</td>
<td>5,511</td>
<td>1,176</td>
<td>668</td>
<td>2,620</td>
<td>4,464</td>
</tr>
<tr>
<td>2011</td>
<td>6,202</td>
<td>1,576</td>
<td>427</td>
<td>3,118</td>
<td>5,121</td>
</tr>
</tbody>
</table>

Source: ABS 2011b.

Specialist homelessness services

Australian governments fund a range of services to support people who are homeless or at risk of homelessness. These specialist homelessness services are delivered by non-government organisations (including both specialist service providers and wider generic services) to people facing a housing crisis (AIHW 2014g). In 2013–14, there were 254,000 clients accessing specialist homelessness services across Australia; only 2.4% (6,083 people) of these clients were aged 65 and over. This is consistent with 2012–13, when there were 244,200 clients, of which 5,826 (2.4%) were aged 65 and over (AIHW 2013c, 2014g).

Health care

Many reports over the past decade have expressed concern for the pressure on the health system due to an ageing population. For example, the first Intergenerational Report in 2002 concluded that ageing was a contributing factor to growth in health spending (Australian Government 2002), and this conclusion remained in subsequent intergenerational reports (Treasury 2007, 2010, 2015). While our ageing population is a contributing factor to rising health costs, Australia’s health 2014 found that much of the growth in health expenditure can be attributed to non-demographic factors such as the development of new technologies, pharmaceuticals and diagnostic treatment techniques. In addition, community expectations of the health system and access to such technologies have driven health expenditure up faster than demographic factors would predict (AIHW 2014a).

Although health is not the focus of this report (see ‘6.9 Ageing and the health system: challenges, opportunities and adaptations’ in Australia’s health 2014) it is important to acknowledge the potential knock-on effects between the welfare system and increasing pressures on the health system. For example, as demand for public hospital services increases due to ageing-related health issues, this may lead to people being discharged to alternative care arrangements, such as short- or long-term residential aged care, or to people’s homes with informal and perhaps formal care services.
Projected growth in ageing-related welfare services

As the sections above have shown, all of the main welfare programs have experienced growth over the past decade or so, and this trend is expected to continue. However, estimating future age-related expenditure is extremely complex—there are a number of models available and the results vary in range and reliability. Although these models are not reviewed here, it is important to acknowledge that while it is certain that some costs associated with ageing will increase as a result of Australia’s ageing population, the extent and impact of this increase is far less certain.

Taking the Age Pension as an example, the Intergenerational Report 2015, prepared by the Treasury, estimated that as a proportion of gross domestic product (GDP), age-related pensions would rise from 2.9% in 2014–15 to 3.6% in 2054–55 (Treasury 2015).

The Australian Government Parliamentary Budget Office, focusing on the medium term out to 2024–25, and based on policy settings in 2014, estimated that spending growth for 10 programs that grew rapidly over the past decade—including the Age Pension—is likely to be constrained to less than real GDP growth over the next decade (PBO 2014). Notwithstanding this anticipated change, the Age Pension program is projected to account for 12% of total growth in Australian Government spending between 2012–13 and 2024–25, and aged care programs are expected to account for 9% of the total growth (PBO 2014).

What opportunities will the ageing population bring?

Older Australians contribute to society economically and socially in many ways, including as workers, carers and volunteers, and consumers. Longer lives and longer healthy life expectancy for older Australians present a range of opportunities to realise the potential of the diverse skills and experiences of the older population. Enabling older Australians to enjoy more active lives through positive economic and social participation has many potential benefits for older individual Australians and for society, including the capacity to offset some of the pressures discussed in the previous section. This section focuses on some key examples of the opportunities presented by a healthy ageing population and an Australian society that embraces and facilitates their continued engagement.

Extended years of employment

Older Australians are continuing in the labour force (that is, employed, or unemployed and seeking work) for longer than ever before. As at June 2014, the labour force participation rate for people aged 65 and over was 12.6%. This rate has been increasing over the past decade, rising from less than 7% in 2004 (Figure 6.2.7), but is still lower than in New Zealand and benchmark OECD countries. Participation rates are influenced by opportunities in the employment market as well as the health and financial circumstances of ageing workers and related policies (Kendig et al. 2013).
The age-specific labour force participation rate for older Australians is projected to continue to grow significantly. The participation rate for males aged 65–69 is expected to increase from 33% to 40% by 2059–60—for females this rate is likely to increase from 20% to 35% (PC 2013). This expected growth is largely driven by increased educational attainment, a pattern of deferring retirement and greater lifetime engagement of women in the labour force (PC 2013). Overall, Australia has maintained and is expected to maintain an aggregate labour force participation rate of more than 65% between 2007 and 2025, but then fall to below 60% by 2059–60. However, this estimated decrease does not factor in any potential gains from changing education levels. Future older Australians are better educated than any previous generation—higher education has a strong association with subsequent increased labour force participation (PC 2013). This relationship may reflect higher wage rates, increased availability of full-time work, and lower unemployment probabilities associated with higher education levels. In addition, employment options for those with higher education levels may pose less risk of injury and disability (PC 2013).

**Child care provision**

Many older Australians with grandchildren provide ad hoc and regular child care for their families. The ABS Childhood Education and Care Survey found that in June 2014, 19% of children aged 0–11 years had attended care in the previous week with grandparents. This proportion has fluctuated between 17% and 22% since June 1999 (21% in 1999, 19% in 2002, 20% in 2005, 22% in 2008, 17% in 2011 and 19% in 2014) (ABS 2015).
Productive participation

Productive participation through engagement in social and community activities has many benefits that promote individual healthy ageing and broader community wellbeing. In addition, productive participation in the community may play an important role in reducing a person’s dependency on the welfare system. In this section we look at the wider community benefits of productive participation, including the very real contributions provided by older Australians through volunteering, formal and informal caring, and the social networks that offer support and engagement opportunities.

Community and social engagement

Relationships and social networks are an important part of individual and community wellbeing, and older Australians play a strong role in maintaining these social, community and civic groups. According to the 2010 ABS General Social Survey, nearly 60% of people aged 65 and over had actively participated in a social group in the preceding 12 months, almost 30% had participated in a community support group, and 16% had participated in a civic or political group (Figure 6.2.8) (ABS 2011a).

Care provision

In 2012, there were 579,700 informal carers aged 65 and over (19% of all people aged 65 and over). Of these, 34% were primary carers—representing one-quarter of all primary carers (aged 15 and over) in Australia (ABS 2012). Over three-quarters (80%) of older primary carers were caring for their partner or spouse, 7% for their children and around 6% for an older parent. The extent of the contribution being made by older carers is significant—in 2012, 45% of older primary carers of people with a severe or profound core activity limitation provided care for a period of 40 hours or more per week, and a further 19% provided care for between 20 and 39 hours per week (ABS 2012).

Volunteering

According to the 2010 ABS General Social Survey, 31% of people aged 65 and over (884,500 people) had undertaken voluntary work for an organisation in the previous 12 months (Figure 6.2.8). Just over 40% of these volunteers undertook voluntary unpaid work at least once a week, and more than half (55%) at least fortnightly. Older volunteers primarily did unpaid work for welfare/community organisations, followed by religious organisations (37% and 27% of older volunteers respectively) (ABS 2011a).
How can we provide better support and minimise impacts?

Increasing life expectancy and healthy ageing are causes for celebration, notwithstanding the challenges presented by an ageing population. Constructive societal and policy responses can advance these remarkable achievements and influence how well our systems adapt and cope. Consequently, a range of strategies and frameworks, both nationally and internationally, are currently either being implemented or are the subjects of wider discussion in Australia and abroad. Some of these strategies are outlined briefly below.

• Promoting healthy and active ageing—Active ageing or healthy ageing moves away from the idea that older people are passive recipients of services, and encourages a balance between service delivery and personal responsibility. The approach involves encouraging lifestyle choices and activities that enable continuing health and independence and minimise the costly health and disability aspects that can be associated with ageing. The World Health Organization document, *Active ageing: a policy framework* provides suggestions for policy approaches for local, regional and national adaptation (WHO 2002).

Another key response to enable healthy ageing is to maintain and improve the health and quality of life of the current cohorts of older people, through better management of chronic conditions and comorbidities. Public health measures such as cervical and breast cancer screening, diabetes detection and management, hearing and eye tests, and flu immunisations, which are aimed at early detection and management, are useful in supporting healthy ageing.

• Enabling workforce participation of older Australians or supporting older people to work longer—As suggested in Chapter 5 ‘Older Australians staying at work’, increasing the opportunities for older Australians to continue in the labour force provides multiple benefits, from higher public revenue and low public expenditure to providing further retirement saving opportunities. Approaches that improve the capacity of mature-age workers to remain in employment and help remove barriers to participation would provide a strong foundation to improve the labour force engagement of older Australians (PCA 2014).
• **Developing business opportunities**—An ageing population creates a growing consumer market with a diverse range of wants and needs. For example, the generation that is now retiring will have different consumption patterns, lifestyle choices and expectations than previous generations (PCA 2014). Drawing on work from the OECD, the *Blueprint for an ageing Australia* suggests a range of policy areas to encourage avenues of accessing this growing market, including promoting entrepreneurship and innovation in products and services for an ageing marketplace (PCA 2014).

• **Re-shaping the aged care workforce**—The growing number of older Australians will clearly have broad implications for the future workforce required to meet their needs for services in the finance, leisure, personal services and aged care sectors, to name just a few. And the increasing diversity of the Australian population, especially the growth in the proportion of people born in non-English-speaking countries, creates challenges for service providers in being able to accommodate the cultural and linguistic needs of their potential clients (for example, 1 in 10 clients in permanent residential aged care in 2013 had a preferred language other than English, up from 1 in 15 clients in 1996) (AIHW 2014d; AIHW 1997).

• **Providing cost-effective aged care**—As noted above, the care setting is a major factor in the cost of providing aged care, so there are further savings to be expected as the planned ratio of community-based to residential care places rises over the next few years. Further, innovations such as the TCP can be cost-effective aged care service options (AIHW 2014c)—the TCP assists older Australians to gain improved functioning directly after a hospital stay (AIHW 2014c). Between 2005 and 2013, 3 in 4 TCP recipients (76%) who completed their planned care showed improvements in their functional status, and more than one-half (54%) of recipients returned to live in the community (as opposed to being admitted to residential aged care) (AIHW 2014c).

• **Building age-friendly and dementia-friendly environments**—Age-friendly environments have a significant impact on the health and quality of life of older Australians (PC 2011). The *Liveable housing design guidelines* launched in July 2010 describe a number of easy living elements that aim to make the home safer and more adaptable to the needs of its occupants (DSS 2012). While dementia-friendly designs are specifically targeted at people with dementia, they may be beneficial for all older Australians. The principles of these designs—familiarity, orientation, engagement, memory aid, safety, independence, and comfort—can be applied within a range of settings (AIHW 2013d).

• **Leveraging accumulated assets**—As described above, housing is a significant element of wealth for many older Australians, and accessing that wealth may be an option to achieve goals such as providing income in retirement—although there are risks and barriers in such arrangements. ‘Housing equity withdrawal’, as it has been termed, can take many forms: downsizing (in which home owners move to a lower value property to unlock some equity in their former property); selling up (in which their house is sold and they go into the private rental market); and mortgage equity withdrawal (where home owners increase the mortgage debt secured against their property without moving) (Ong et al. 2013). In their analysis of HILDA data and qualitative interviews with home owners aged 65 and over, researchers for the Australian Housing and Urban Research Institute found that the incidence of housing equity withdrawal remained at between 6% and 7% from 2001–02 to 2009–10, with around one-half of this (53%) being in the form of mortgage equity withdrawal (Ong et al. 2013).
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- **Financial literacy**—The availability of a wide range of retirement income products, and their increasing complexity, suggests that individuals will need to be more financially literate (that is, have the knowledge, skills and motivation necessary to effectively manage money) than previous generations. Financial literacy starts with good foundations in general mathematics during school years, and moves on to providing appropriate information and support for those making investment choices at various points throughout their working life and beyond (World Economic Forum 2014).

- **Information and technology**—Changing geographic patterns with older populations, particularly moving away from major cities, can present a variety of access challenges. These may be best met through improved education to inform choice, and innovative health and welfare service delivery options such as telehealth and remote monitoring services. In addition, greater social participation and connections can be enabled through internet and telecommunication infrastructure (PCA 2014).

**What is missing from the picture?**

There are important information gaps relevant to the various connections between ageing, health, and welfare services. While quality information exists about the health and wellbeing of older Australians, much less is known about the interaction of different components, such as the physical, social and financial wellbeing of older people and how those characteristics influence interactions with the welfare system. More needs to be known about variations in experiences of ageing as people grow older, and the influence of earlier life experiences and decisions on outcomes in later life.

There are only limited data available about certain groups in the older population, including Indigenous Australians and people in the oldest age groups (such as those aged 85 and over). Longitudinal studies such as HILDA and the Census longitudinal dataset may help to fill some of these gaps.

There is a lack of data relating to client outcomes, experiences of services, and transitions within and between welfare services (and health services, such as hospitals). Data linkage work has the potential to provide a picture of movements through services. Linked data have already been used to look at patterns in the use of aged care, including in the year before death (see AIHW 2014b).

In addition, there is a need for greater understanding of outcomes experiences at the population level—for example, coverage of health promotion and prevention services would provide an information base to support healthy ageing initiatives.

Projections of the future service needs of the ageing population, as well as welfare expenditure projections, are sensitive to the choice of underlying assumptions. For example, models may make assumptions about the savings profile of older people and labour force participation, which are likely to change over time. Consequently, modelling needs to be kept up-to-date with any changes in the factors and assumptions underlying the model.

**Where do I go for more information?**


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