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Country Report

*Australia**

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Australian Government

Department of Health and Ageing

IMPLEMENTATION OF THE MADRID INTERNATIONAL PLAN OF ACTION ON AGEING

Australia's Country Report
to UNESCAP

Macao, 9-11 October 2007

Table of Contents

INTRODUCTION	I
CHANGING DEMOGRAPHICS	I
Fertility rate	I
Life expectancy	I
Ageing population	I
Baby boomers	2
STRATEGIC APPROACH	2
PRIORITY 1: OLDER PERSONS AND DEVELOPMENT	3
(1) Income security, social protection/social security and poverty prevention	3
Income in retirement	3
Mature age employment	3
(2) Active participation in society and development	4
Continuous learning	4
Volunteering	5
(3) Intergenerational solidarity	5
Age discrimination	5
Intergenerational Report	6
Community attitudes	6
PRIORITY 2: ADVANCING HEALTH AND WELLBEING INTO OLD AGE	6
(1) Improving access to health care services and quality of life	6
Dementia	7
Improving access to rural and remote aged care services	8
Improving access for culturally and linguistically diverse people	8
(2) Training of care providers and health professionals	8
PRIORITY 3: ENSURING ENABLING AND SUPPORTIVE ENVIRONMENTS	9
(1) Care, and support for caregivers	9
Carer support	9
(2) Changing family structures and living environment	10
Changing family structures	10
Age-friendly living environment	10
CONCLUSION	11
ATTACHMENT A: AUSTRALIAN AGEING AND AGED CARE WEBSITES	12

INTRODUCTION

Australia welcomes the opportunity to report to the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) on its progress of the implementation of the Madrid International Plan of Action on Ageing (MIPAA).

Australia is a federation with three levels of government – federal, state/territory, and local. While this report focuses on the federal level of government, the other two levels of government are also actively involved in various aspects of ageing, as are numerous non-government organisations. There is a growing recognition that older Australians should not just be defined by their care needs, but should be supported across all aspects of their lives. Australia, like other countries in the Asia/Pacific Region, is investing in measures that address the short, medium and long term issues arising from population ageing. Further information on progress in addressing ageing issues is available at a number of websites (see Attachment A).

CHANGING DEMOGRAPHICS

Fertility rate¹

Australia's total fertility rate peaked in 1961, at the height of the 'baby boom', at 3.5 babies per woman. From 1961, it has declined to reach the replacement level of 2.1 babies per woman in 1976. It continued to decline to 1.7 babies per woman in 2001, the lowest level on record. Since then, the total fertility rate has increased to 1.8 in 2005. The recent increase is a result of higher fertility among women aged 30 years and over.

Life expectancy²

Male life expectancy at birth has increased from 75.2 years in 1996 to 78.5 years in 2005. Over the same period, female life expectancy at birth increased from 81.1 years to 83.3 years.

Ageing population

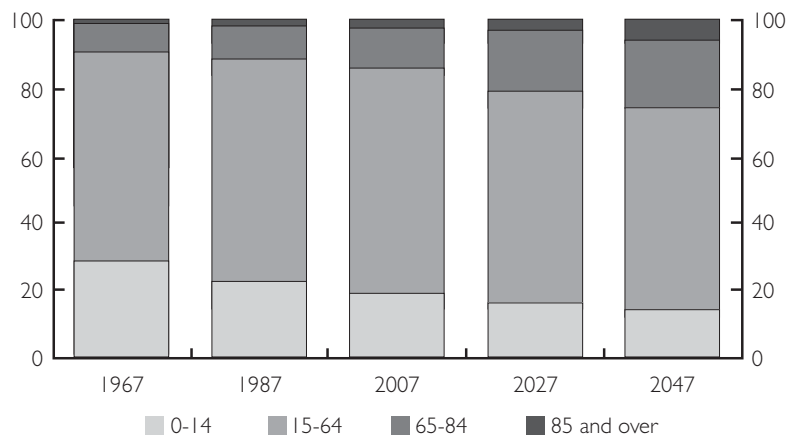
Australians are living longer as a result of advances in medicine, disease control and improved health care. As a result, Australia is undergoing a demographic transformation with a significant increase in both the number and proportion of older people in the population.

By 2047, in 40 years, the number of Australians aged over 65 is estimated to increase from 2.8 million in 2007 (13 per cent of the population) to around 7.2 million (25 per cent of the projected population). The proportion of the population aged 85 and over is projected to more than triple to over 5 per cent of the population by 2047. Although small, this is the fastest-growing age group. On the other hand, the proportion of people of traditional working age, 15-64 years, is projected to fall from 68 per cent of the total population in 2007 to below 60 per cent in 2047 – see the following graph:

1 Australian Bureau of Statistics, catalogue number 4102.0 *Australian Social Trends 2007*, pp 9 and 10 (released 7 August 2007)

2 Ibid., page 62

Proportion of the Australian population in different age groups



Source: *Intergenerational Report 2007*, Department of the Treasury, page x.

Baby boomers

The next older generation, the so-called baby boomers born between 1946 and 1964, will accelerate recent trends. The first of the baby boomers turned 60 in 2006, and by 2030 will add to the fast-growing 85+ age cohort. As a group, baby boomers are better educated, more independent, less conforming and generally wealthier than their parents although there are significant differences in all these characteristics within this age group. A challenge for government at all levels, service providers, researchers, and individuals is to understand how this generation, when they are the new 'old', will define the rest of their lives – as their attitudes are significantly different from preceding generations.

STRATEGIC APPROACH

The importance of ageing in Australia was recognised in 1998 with the establishment of the position of Minister for Ageing. Australia was one of the first countries in the world to have a Minister specifically responsible for ageing.

In 2002, the Australian Government announced a strategic framework, the National Strategy for an Ageing Australia, to promote and support engagement on ageing issues by the government and non-government sectors as well as by individuals. The ageing of the population and the changes that this will bring is recognised as a major economic challenge for Australia over the medium and long-term. Careful planning is required to ensure that the health and aged care, and income support systems remain sustainable in cost terms.

The national strategic policy framework is based on a set of broad principles:

- ageing issues are the responsibility of governments, business and the community;
- all Australians, regardless of age, should be able to continue their social and economic participation;
- public programs on ageing should supplement rather than supplant the role of individuals, their families and communities; and
- a strong evidence base should inform policy responses.

A significant number of measures have been developed and implemented consistent with these principles and the three Priority Directions of the MIPAA.

PRIORITY 1: OLDER PERSONS AND DEVELOPMENT

(1) Income security, social protection/social security and poverty prevention

Australia's retirement income system supports its older citizens through a mix of public pensions, superannuation and private savings. The taxpayer funded age pension is means-tested and is not linked to previous earnings. It is adjusted twice a year in response to movements in inflation and adjustments in Male Total Average Weekly Earnings to ensure that increases in community living standards, as measured by wages and changes in prices, flow through to age pensioners.

Income in retirement

There are three essential components of managing income for later life: (a) increasing savings, through superannuation and other forms of investment; (b) remaining in, or returning to, the workforce for those who are able to and choose to do so; and (c) improving knowledge and skills to properly manage financial resources.

Australia's retirement income system is designed to ensure that all Australians have security and dignity in retirement and that those who have not been able to save will not be left in need. The public, means-tested, aged pension provides a safety net of income and other benefits in retirement.

The Australian Government has introduced policies that actively encourage people to plan and save for retirement, as well as encouraging continuing participation in the workforce. Personal superannuation has been made simpler and more attractive by streamlining superannuation taxation, superannuation contribution rules and superannuation payment rules. For example, in a major new policy development, from

1 July 2007 personal superannuation benefits became tax free for people aged 60 and over.

Mature age employment

The benefits of paid work for mature age people who continue to participate in the workforce are many – they can maintain independence, interact socially and improve their financial security.

The proportion of the population in the workforce is declining, and that trend is predicted to accelerate over the next 40 years. To counterbalance this trend, labour force participation at all levels will need to increase, including the participation of mature aged workers. Research³ shows that older workers generally have lower job turnover, less absenteeism and fewer accidents compared with younger workers, as well as valuable corporate knowledge and experience.

Australia's *Mature Age Employment and Workplace Strategy* is seeking to create a workplace environment where the skills and experience of mature-age workers are better recognised and valued. This multi-faceted Strategy aims to increase workforce participation by mature aged Australians and addresses both labour supply and employer demand.

3 Population Ageing and the Economy, Research by Access Economics, January 2001, pages 10-15

A number of initiatives have been introduced to support continuation in employment, including: the Pension Bonus Scheme, which allows a person to accrue a tax-free lump sum on retirement if they continue working and so defer claiming the Age Pension, and the Mature Aged Worker Incentive, which provides a financial incentive to employers who employ disadvantaged mature-age workers.

(2) Active participation in society and development

Australia supports the World Health Organisation's (WHO) active ageing policy framework. For older Australians, this means participation in all aspects of Australian society – civic, social and community. Such participation can reduce the risk of disability and associated health costs, minimise the effects of chronic disease, and contribute positively to increased longevity and to a better quality of life all round.

Australia is an active participant in the work of the WHO. The current President of the World Health Assembly, Ms Jane Halton, is the head of the Australian Government Department of Health and Ageing. Australian officials are well informed, and supportive, of WHO policies.

Continuous learning

Australia is committed to promoting a culture of lifelong learning that will help older Australians gain more economic and social control over their lives as they pursue new recreational, cultural, volunteer and employment activities. The aim is to enhance learning opportunities throughout life and to support the development of stimulating, accessible and affordable learning environments. This facilitates the development of skills that make it possible to pursue recreational, social, cultural and employment activities.

For older people, involvement in learning can increase social interaction and encourage personal growth as well as good health. It also provides an opportunity to update skills to cope with changes in the business environment, such as advances in technology. Participation of older age groups in education and training is rising. The number of people aged 45 to 64 undertaking courses leading to a qualification almost doubled between 1994 and 2004.

To allow older Australians the opportunity to gain new skills and increase their earning capacity, the Australian Government has implemented a number of measures, including:

- Welfare to Work funding: to expand education and training opportunities for parents and older workers who have been away from the workforce;
- Career Planning Programme: that targets groups of people on long-term income support with the aim of assisting them to identify future educational, training or employment opportunities. Mature-aged (over 45) Australians comprise one of the groups that receive special attention; and
- The Australian Apprenticeships Access Programme: that offers a mix of industry skills training, tailored support and assistance to mature-age job seekers over 45 years of age. Since 2003, about 12 per cent of Access commencements have been mature-aged workers.

Volunteering

Voluntary activity includes providing informal assistance to family members, to friends and neighbours, and more formally to others through an organisation or group. Approximately 25 per cent of older people in Australia participated in some form of voluntary work during the 12 months to June 2000. Older people tend to contribute more hours to voluntary work than their younger counterparts, with people over the age of 55 providing more than a third of the volunteer hours.⁴

The number of older volunteers has increased considerably over the 5 years to 2000, the main growth being among those aged 55-64 and 75 and over, with increases of around 50 per cent being observed in these groups. It is estimated that Australians over 55 years contributed more than \$74 billion to the economy through their unpaid caring and volunteer work.⁵

The Australian Government supports volunteers in a number of ways, including:

- the Volunteer Management Program: to better match, refer and train volunteers, thereby reducing the barriers that can discourage volunteer involvement;
- National Skills Development for Volunteers Program, which helps develop specialist volunteering skills;
- the GO Volunteer Website, where organisations can register volunteering opportunities; and
- the Indigenous Community Volunteers program, which provides opportunities for senior Australians to use their skills and life experiences to provide practical assistance in remote Indigenous communities.

(3) Intergenerational solidarity

Australia's older citizens have a great store of wisdom and experience. Cohesion between generations is in line with the UN principle of "a society for all ages."

Age discrimination

The *Age Discrimination Act* was passed by the Australian Government in 2004. This legislation sends a strong message about the importance of equal opportunities for participation by all Australians in community life. The Act strikes a balance between the need to eliminate unfair discrimination on the basis of age, and the need to be sufficiently flexible to allow for situations where age requirements have particular practical value.

4 Australian Institute of Health and Welfare (AIHW), catalogue number AGE 25, *Older Australia at a glance*, 3rd edition, 2002, page 16.

5 Volunteering Australia, Inaugural Research Symposium on Volunteering, 7-8 March 2006, Melbourne, Australia, page 2

Intergenerational Report

In 2002, the Australian Government published its first *intergenerational Report (IGR)*. The purpose of the IGR is to assess the sustainability of government policies over the next 40 years, so that future generations are not negatively impacted by today's policies.

IGR2 (2007) projected that Australian Government spending on health will increase as a proportion of Gross Domestic Product (GDP) from 3.8 per cent in 2006-07 to 7.3 per cent in 2046-47. Furthermore, the report predicts significant increases in spending on age pensions and aged care, also reflecting the ageing of the population. IGR2 notes that steps to manage fiscal pressures will need to continue, including managing the growth in government spending and lifting economic performance. The 2007 IGR estimated the fiscal gap (the amount by which spending is projected to exceed revenue) to be 3.5 per cent of GDP by 2046-47.

Community attitudes

Since 1998, the Government has conducted a triennial survey titled 'Community Attitudes towards Ageing and Older People'. The 2006 survey identified the most significant issues with regard to ageing as affordable health and aged care services for older people, maintaining health and independence in later life, adequate retirement income; encouraging people to work longer, and updating skills and knowledge in later life.

Over 90 per cent of respondents believed that older people should be valued for the role they play in family life, their experience and skills, and for their continuing contribution to society. However, only 30 per cent of respondents felt that they get as much respect as they feel they deserve. As many as 65 per cent of respondents felt that older people actually get less respect than they deserve.

To promote positive attitudes to ageing, and increased participation of older people in the community, the Australian Government has developed several initiatives, including:

- a 'Senior Australian of the Year' Award;
- 'Older People Speak Out' National Media Awards;
- recognising the International Day for Older People (1 October) as the 'National Day for Older Australians' with special activities and events; and
- the Seniors' Portal at www.seniors.gov.au, which encourages older Australians to embrace technology to find out about government services.

PRIORITY 2: ADVANCING HEALTH AND WELLBEING INTO OLD AGE

(1) Improving access to health care services and quality of life

The Australian health care system provides universal access to publicly funded health care with almost half the population also having some private health insurance. Services are provided by a range of organisations including the Commonwealth, state and territory governments, community groups, and private companies. Whilst the majority of health care funding is public, the majority of health services in Australia are privately provided, apart from hospital services, and even in hospital services there is substantial private provision.

The major part of the health system is Medicare which provides high quality health care which is both affordable and accessible to all Australians, often provided free of charge at the point of care. It provides:

- Access to medical services via the Medical Benefits Schedule (MBS) which provides rebates on fees paid to privately practising doctors, optometrists and in some cases, allied health practitioners. Through Medicare, 87 per cent of people aged over 65 years pay no out-of-pocket fees for visits to general practitioners.
- Access to pharmaceuticals via the Pharmaceutical Benefits Scheme which provides access to a broad range of subsidised medicines. Concessional consumers, including aged pensioners, contribute \$4.90 per prescription, up to a maximum of \$274.40 in a year.
- Access to public hospitals which provide a comprehensive range of emergency services, elective surgery and medical care for all Australians at no cost to the patient.
- MBS rebates for the medical costs of private hospital services.

The Australian health care system also includes a substantial private health insurance sector covering care in private hospitals and allied health services not covered by Medicare. The Commonwealth supports membership of private health insurance including via the 30 per cent rebate on premiums (not means tested) through which the Government pays 30 per cent of the cost of private health insurance. Older people are further assisted through higher rebates. People aged from 65 years to 69 years are eligible for a 35 per cent rebate and a 40 per cent rebate for those people over 70 years of age.

In order to experience a high quality of life in later years, Australians need to take good care of their health throughout life. Without good health, longevity can be compromised by disability, reduced mental health and extra reliance on family, friends and aged care services. Older Australians have access to a range of information, research and health care infrastructure to support healthy ageing.

Recent reports have shown that increased age is often accompanied by long-term health conditions, higher rates of disability and poorer reported health status. However, evidence also shows that older Australians are living longer and healthier lives than previous generations. A 2006 Australian Institute of Health and Welfare (AIHW) publication reports that life expectancy has increased markedly and this has been accompanied by increases in disability-free years. From 1998 to 2003, the expected disability-free years increased by 1.1 years (63 per cent) of the gains in male life expectancy, and by 0.6 years (43 per cent) of the extra years of female life expectancy.

Dementia

The Australian Institute of Health and Welfare (AIHW) estimates that 190,000 Australians had dementia in 2006, and predicts that number will increase to 465,000 by 2031. While dementia is associated with old age, it is not necessarily a normal part of ageing. Nevertheless, dementia is strongly age-related and after the age of 65 the likelihood of a person having dementia doubles every five years. Dementia affects about 24 per cent of Australians aged 85 and over.

In 2005 the Australian Government established the National Dementia Initiative with funding of \$320 million over 5 years. Over the next 4 years, the implementation of this initiative is being achieved through three Measures: *Dementia – A National Health Priority*, provides funds to strengthen the capacity of key areas of the health and aged care sector to provide evidence based prevention and early intervention, assessment and care for people with dementia; Extended Aged Care at Home (EACH) Dementia allocates money to provide 2,000 EACH Dementia packages; and Training to Care for People with Dementia provides funds to improve the skills of aged care workers by providing dementia education and training for up to 17,000 aged care workers and 7,000 police, ambulance officers and carers.

Improving access to rural and remote aged care services

Providers of aged care services in rural and remote areas of Australia often face higher costs and greater challenges in attracting and training staff. The Government provides a viability supplement which ensures that rural and remote providers of Community Aged Care Packages, Extended Aged Care at Home packages, Multi-Purpose Services and Aboriginal and Torres Strait Islander Flexible Services are not disadvantaged in comparison to providers in capital and regional cities.

Improving access for culturally and linguistically diverse people

In 2001, the proportion of older people who had been born overseas was 33 per cent. Older people from English speaking countries constituted 39 per cent of older people born over seas, with the remaining 61 per cent coming from culturally and linguistically diverse backgrounds. These people often have difficulty accessing the full range of aged care services because of language barriers and a lack of awareness of what is available. In order to improve their access, the Government is supporting the continued development of information and education strategies such as the use of ethnic media to provide information on aged care; development of peer support networks; and the provision of assistance to aged care providers so that they can offer culturally appropriate aged care.

(2) Training of care providers and health professionals

Australia like many other countries is experiencing slower growth in the number of younger workers entering the workforce and ageing of workers already employed. Demand for community and aged care services is rising with the ageing of the population. Government measures to improve outcomes in both the community and residential environments include:

- training: supporting training for community aged care workers to ensure that they have the right skills to deliver quality care;
- best practices: identifying and replicating the best aspects of clinical and personal care in aged care homes;
- nursing scholarships: providing funding to encourage more people to take up aged care nursing and to improve the career paths of nurses already working in aged care; and
- aged care worker support: to enable aged care workers in smaller aged care facilities to upgrade their skills and will encourage more people to work in rural and isolated areas.

PRIORITY 3: ENSURING ENABLING AND SUPPORTIVE ENVIRONMENTS

(1) Care, and support for caregivers

Paid and voluntary carers are an increasingly important resource for the community as the population ages. The Australian Government provides subsidies, grants and other payments to third parties for the delivery of care services. Funding is available for a variety of services – from flexible care at home to high-quality residential care and transition care – to enable people to choose the care that best meets their individual needs.

The Commonwealth Government is the largest funder of ageing and aged care. In 2007-08, the Commonwealth will provide an estimated \$8.6 billion for ageing and aged care including over \$7.8 billion for care at home and residential aged care services. About three quarters of a million older people will receive care this year ranging from assistance with gardening and cleaning and home delivered meals to help with showering, medication management and nursing care. Approximately half a million older people receive support to continue to live at home through the Home and Community Care program jointly funded by the Commonwealth and state and territory governments. In addition a further 250,000 of people will receive Commonwealth-only funded care, including care in their own homes and care in residential aged care homes. These services cater all older people including entitled war veterans and their spouses.

Over the last decade, the provision of Commonwealth-only funded care at home has increased nearly ten-fold so that this year more than 42,000 older people will receive care. This includes more than 4,500 people who are receiving high care at home which includes the provision of nursing support. This expansion of care at home has been supported by a increases in the provision of respite care.

Another significant change in the past decade has been the introduction of the opportunity for older people to ‘age in place’ which allows people to enter a residential facility and stay in the same familiar environment as their care needs increase. This substantially reduces the need for people to move to another, unfamiliar, facility when their care needs increase, with the subsequent dislocation to their lives and relationships and changes in care staff.

Carer support

Many people are able to remain living independently or at home with the help of family or friends as carers. The Australian Government fully recognises the crucial role played by carers and provides significant support and assistance through the Carer’s Payment and Carer’s Allowance, now amounting to well over \$1 billion per annum. Other initiatives aimed at supporting carers include:

- the National Respite for Carers Program;
- the Commonwealth Carelink Centres, which provide carers with a single point of contact and information about community care services and aged care facilities; and
- the Commonwealth Disabilities Assistance package to help older carers and their families.

In its 2007-08 Budget, the Australian Government allocated funding for the creation of 20 respite demonstration centres in both metropolitan and rural areas. The demonstration sites will offer flexible day care in aged care facilities to enable carers to take a break from their caring role. The centres will also research and evaluate the advantages and disadvantages of various models of respite care as the basis for further innovation.

(2) Changing family structures and living environment

Changing family structures⁶

Decreases in marriage rates and increases in divorce rates over the past 20 years have resulted in changing family structures within Australia. As well as marrying less, Australians are tending to marry later than in the past. Family formation has important implications for individuals and society in areas such as health and wellbeing, financial security, outcomes for children, and population growth through changing trends in fertility. Smaller families located in geographically diverse settings and a high mobility of children have implications for the care of older people and this is the case in Australia.

Age-friendly living environment

Australia is working towards the creation of built, learning, working and social environments that support participation and inclusion for older Australians. The space people live in, both natural and built can have a significant impact on the health and wellbeing of older people, as can the design and safety of public spaces, buildings, footpaths and transport. Many older Australians prefer to 'age in place', so there is greater demand for 'age-friendly' environments that can offer dignity and freedom at home, with low maintenance and a minimal risk of injury or fall. Such a supportive living environment can avoid premature admission to residential aged care facilities.

Recent initiatives to create better environments for Australia's older population include:

- the Australian Local Government Population Ageing Action Plan 2004–08 which supports local governments in creating age-friendly environments;
- the National Speakers Series '*A Community for All Ages – Building the Future*' which brought together people from relevant professions, organisations and governments to pursue innovative designs for homes, community spaces and workplaces to meet the changing needs of Australians as they age;
- awards, in collaboration with the Master Builders Association, to recognise age-friendly housing initiatives; and
- workplace guidelines, to improve the physical environment for older workers.

⁶ Australian Bureau of Statistics, Catalogue number 4102.0, *Australian Social Trends 2007*, pp 43 et seq (released 7 August 2007)

CONCLUSION

Australia has been focused on ageing for more than a decade, working to ensure that Australia is a society where older people can fully participate in life. In practical terms, this has meant supporting health, wellbeing and healthy ageing, the mature age workforce, planning for retirement, including financial planning, retirement incomes and world-class care. This commitment has seen tangible benefits so that life expectancy is amongst the highest in the world, older Australians are now living healthier lives than previous generations, and participation in education and training among older groups is rising.

A strong evidence base is being developed to inform policy responses to population ageing. The Australian Government announced National Research Priorities (NRPs) in late 2002 to enhance the quality and impact of Australia's research effort. One of these NRPs, *Promoting and Maintaining Good Health*, is of particular relevance to developing the evidence on ageing issues. Robust, targeted research is critical in informing decision-making by governments, business, community groups, families and individuals. Research that seeks knowledge on the factors supporting ageing well, ageing productively outcomes is a key element in providing a strong foundation for a coordinated national response to issues surrounding population ageing. The economic and social challenge of ageing will continue to require the attention of government, business, community and individuals. Developing sustainable health and social programs is a high priority for Australia. An increasing number of older Australians who continue to remain engaged in work and other activities is also expected to produce opportunities for the Australian community as the population ages.

AGEING AND AGED CARE WEBSITES

Access to all Australian Federal, State and Territory government websites:

<http://www.australia.gov.au>

Access to health and ageing policies and programs:

<http://www.health.gov.au>

<http://www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-directory.htm>

<http://www.seniors.gov.au>

<http://www.agedcareaustralia.gov.au/>

<http://www.commcarelink.health.gov.au>

<http://www.health.gov.au/internet/wcms/publishing.nsf/Content/ageing-securing-the-future>

Access to mature age employment policies and programs:

<http://www.jobwise.gov.au>

Access to volunteer, social support and retirement incomes programs:

<http://www.facsia.gov.au>

Access to the evidence base on ageing:

<http://www.aro.gov.au>

<http://www.abs.gov.au>

<http://www.aihw.gov.au>