# 4 Ageing: the social and demographic dimensions

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## 4.1 Introduction: why has ageing become an issue?

As fertility and mortality rates fall, populations age. In Australia, as in other advanced industrialised countries, fertility and mortality rates have been falling for more than a century. In 1870, 42 per cent of Australia's population was aged less than 15 years and 2 per cent was aged 65 years and over. In 1998, 21 per cent was aged less than 15 years and 12 per cent was aged 65 years and over. Thus, ageing is not a new phenomenon. Being an outcome of increased control over both fertility and mortality, ageing for the last century has generally been welcomed, so why is it that ageing has now become a major issue? The suddenness of the emergence of ageing as an issue is indicated by the lack of concern expressed about ageing in the 1975 Report of the National Population Inquiry (the Borrie Report). Indeed, the ageing of the population received only passing mention in this, the most comprehensive report on Australia's population ever undertaken and no mention at all in the concluding chapters related to policy.

There are three main reasons why population ageing was not regarded as an issue of importance in the 1975 Borrie Report and each provides lessons about contemporary ageing.

1. In the past 25 years, both birth rates and death rates have fallen to much lower levels than were envisaged in the projections used in the Borrie Report.
2. The Borrie Report's main projections were relatively short term, projecting the population only to the year 2001.
3. Some of the important social or economic changes that make ageing an issue have only occurred since the mid-1970s.

As birth and death rates have fallen in Australia, ageing of the population has become a more pressing and immediate issue. The year 1973 was the last year of recorded statistics available at the time of writing of the Borrie Report. If birth rates

were the same at each age today as they were in 1973, there would have been 40 per cent, or 100 000, more births in 1998. If death rates at each age were the same today as they were in 1971–76, there would have been 60 per cent, or 78 000, more deaths in 1998. These are remarkable changes within a short period of time and are the reasons ageing of the population has emerged as a policy issue. Indicative 100 year projections made in the Borrie Report projected that the 'ultimate' proportion of the population[1] who would be aged 65 years and over would be 9–15 per cent, this level being reached by 2030 (National Population Inquiry 1975, vol. 1, p. 294). In only two of the six indicative projections did the 'ultimate' proportion aged 65 years and over exceed 12 per cent, a level that we have already passed. As indicated below (figures 4.1, 4.2 and 4.3), indicative projections carried out today have the 'ultimate' percentage aged 65 years and over as at least 24 per cent. Almost certainly it will be higher.

The main projections made for the Borrie report were 30 year projections. In this paper, we consider 100 years into the future. If our interest is the size of the population and its age structure, it is important to make projections over a period that is sufficiently long to observe the full consequences of the assumptions that are being made about demographic futures.

The problem of ageing has also come into greater prominence since the Borrie Report because some important intervening changes have exacerbated the demographic trends. First, because pension funds in the 1970s estimated that people would die much faster than has actually been the case, many were increasingly generous in the defined benefits that they offered. Second, generous superannuation and retirement packages, more generous provision of public pensions to those aged 50–64 years, and dislocation of labour resulting from restructuring of industry have all contributed since the 1970s to a major shift towards early retirement. Today, less than 50 per cent of males aged 55–64 years work full time. Third, surgical, medical and pharmaceutical advances in the past 25 years have increased the potential health costs of older people. Thus, the definition of ageing as a problem is not simply driven by the fact that the population is getting older but also by the ways in which we have organised institutions in the society that relate to ageing.

## 4.2 Demographic components of ageing in the future

The combination of high fertility and somewhat high mortality in the 25 years immediately following the Second World War, with much lower fertility and mortality in the subsequent 25 years from 1973, has left us with the legacy of an age

[1] The stable proportion applying from 2030 onwards.

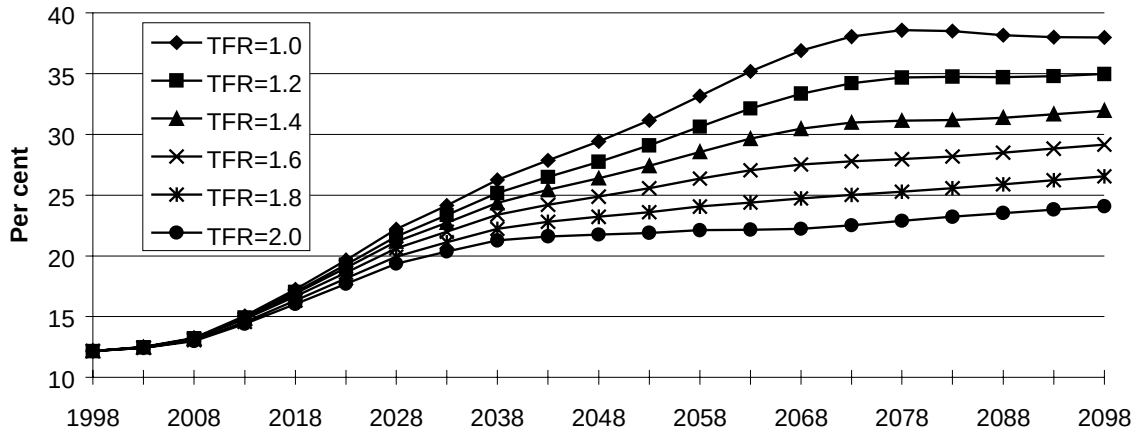
structure which has a very substantial momentum for ageing. The post-war baby boom generation will reach the retirement ages in a time when mortality rates will be low, while, at the same time, the younger generations will be relatively depleted because of the past 25 years of low fertility. Fertility and mortality changes in the next 25 years will not have a major impact on ageing during that period. However, they will have a major impact on the extent of ageing beyond 2020 and especially beyond 2040. These conclusions are evident from figures 4.1 and 4.2.

Figure 4.1 shows the impact over the next century of different levels of fertility on the proportion of the population aged 65 years and over. In this chart, the level of net migration is set at 80 000 per year (the approximate average level for the 1990s) and mortality is set at the level used in the most recent ABS projections (ABS 1998).[2] The result is that the variations in fertility make very little difference to ageing in the next 25 years, but beyond that time, the differences in ageing begin to increase and become substantial in the second half of the next century.

Figure 4.2 shows the impact on ageing over the next century of two different assumptions about future mortality. These scenarios are based on the assumptions that fertility will fall to 1.65 children per woman in the next decade and then remain at that level and that net migration will be 80 000 per year. The first assumption is that mortality will follow the path assumed in the most recent ABS projections in

Figure 4.1 **Proportion of the population aged 65+ under different total fertility rate (TFR) assumptions, Australia, 1998–2098**

Annual net migration (ANM) = 80 000, ABS mortality




[2] The ABS projections are for 50 years. We extrapolate the trends inherent in the ABS mortality assumption for a further 50 years. As the ABS does not publish the age-specific mortality rates used in its projection, our rates may be slightly different from the ABS rates.

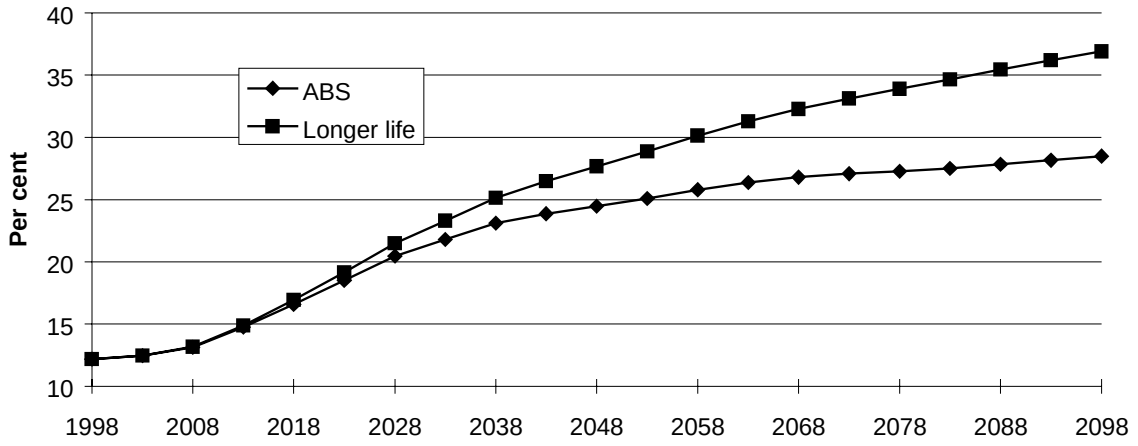
which expectation of life at birth increases by about 10 years over the next century. The second is a more optimistic assumption that expectation of life will increase by 20 years over the next century (say, through an increasing degree of control over cancer mortality). The conclusions mirror those for fertility — the differing levels of mortality have only a very small impact on ageing in the next 25 years, but the impact becomes considerably more important in the subsequent years.

The impact of differing levels of net migration is shown in figure 4.3. The scenarios here assume that fertility falls to 1.65 children per woman in the next decade and then remains constant and that mortality follows the ABS assumed path. The conclusions here are quite different to those for variations in fertility and mortality. The impact of immigration on ageing in the first 25 years is somewhat larger than the impacts of varying levels of fertility and mortality. Immigrants, on average, are relatively young upon arrival in Australia. Therefore, the immigrants have not had time to age in the first 25 years of the projection. Beyond 25 years, however, the impact of immigration on ageing tends to be less than the impacts of changing fertility and mortality. More importantly, at all points in time, the impact of immigration on ageing is subject to diminishing returns. Each additional 50 000 immigrants has roughly half the impact on ageing of the previous 50 000. Thus, a level of net migration of 100 000 per year has a fairly substantial impact on ageing, but there is very little gain in the reduction of ageing from adding another 100 000. That is, levels of immigration above 100 000 per year add large numbers of people to the population with little impact on the age structure.

The central conclusion from figures 4.1, 4.2 and 4.3 is that substantial ageing in

Figure 4.2 **Proportion of the population aged 65+ under different mortality assumptions, Australia, 1998–2098**

Total fertility rate = 1.65 by 2008, annual net migration = 80 000

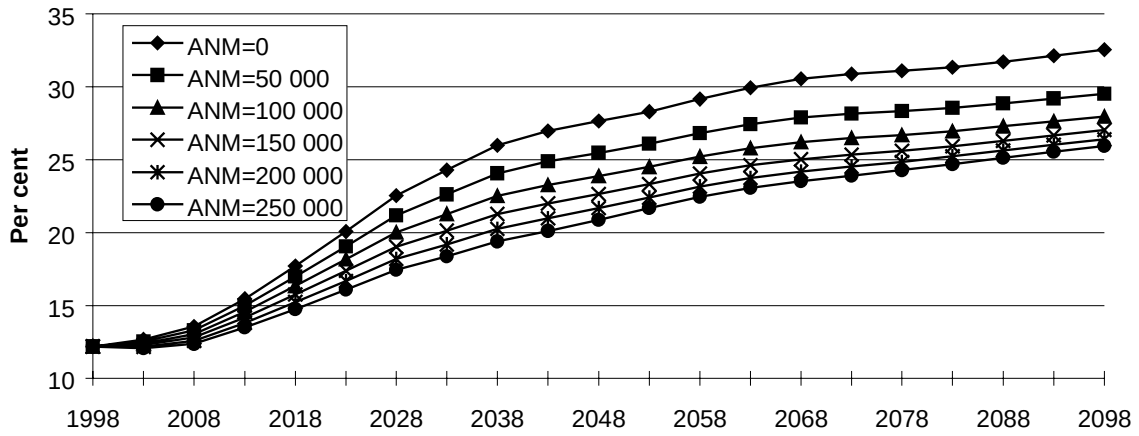


Australia over the next few decades is absolutely inevitable and no reasonable change of course in the demographic components will prevent this from happening. Indeed, over the next 25 years, the demographic components will have little bearing on the proportion of the population who will be aged 65 years and over. However, variations in the future paths of fertility and mortality will have major impacts after 2020.

The past and future of Australia's population age structure can be characterised in fundamental demographic terms. In 1971, our age structure, following a period of high fertility, had the shape of a pyramid except for a small irregularity arising from low fertility during the Depression. The pyramid is the classic shape of a population which is growing. Australian fertility has fallen substantially since 1971, has been at below replacement level[3] for more than 20 years and is still declining. This change has led to a shift from the pyramidal age structure. Our future age structure depends on the future course of the demographic components. There are two main possibilities. A stable, zero growth, beehive shape will be achieved in about 25 years if Australia's fertility does not fall below 1.6–1.7 births per woman and if net migration is in the region of 60 000 to 100 000 thousand per year. Higher levels of immigration than this ultimately only add people to the population and make little difference to the age structure. The other main possibility is a shift to a coffin shape, resulting from zero migration and a lower level of fertility. This is the classic shape of a population that is declining in size. Its age structure is much older than that of the zero growth population. The change in our age structure from 1971 and the two

Figure 4.3 **Percentage of the population aged 65+ under different annual net migration (ANM) assumptions, Australia, 1998–2098**

Total fertility rate = 1.65 by 2008, ABS mortality




[3] Essentially, less than two births per woman.

alternative future age structures are shown in figure 4.4.

Thus, the ageing of Australia's population between 1970 and 2030 represents a very fundamental, historical demographic change. The shift from a pyramid-shaped age structure is likely to occur only once in our history. A return to the pyramid shape would require a return to the fertility rates of the 1960s that were twice as high as the present level of fertility. This seems extremely unlikely. Our choice now from a population policy perspective is between the beehive-shaped and the coffin-shaped age structure. From the perspective of ageing, the beehive shape is clearly the superior option.

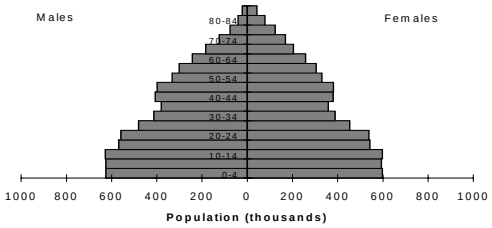
## 4.3 Timing and dimensions of ageing

In this section, we examine the timing and the dimensions of ageing under standard assumptions about fertility, mortality and net migration. They are 'standard' in the sense that they are extrapolations of current trends into the future.

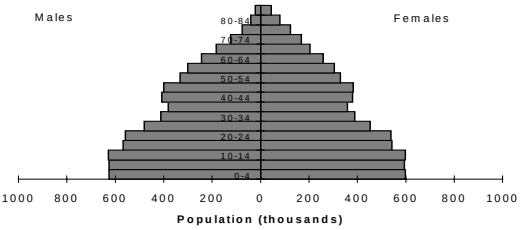
In these projections, fertility is assumed to fall to 1.65 births per woman in the next decade and thereafter to remain constant at that level. Prediction of long term levels of fertility is little better than guesswork, but a shift over the next decade to a level of about 1.65 births per woman seems justified by the data in tables 4.1 and 4.2. Table 4.1 shows that most industrialised countries have fertility levels at present that are lower than the Australian level. Canada, a similar country to Australia in many ways, has already reached this level. Other data show that some of the States and Territories in Australia were already close to this level in 1997, and that metropolitan cities in Australia already had a fertility rate close to 1.65 births per woman in 1997. Table 4.2 shows that the trend in fertility in Australia during the 1990s has been distinctly downward. Birth registration data for the first six months of 1998 suggest that the fall in fertility is continuing.

Figure 4.4 **Selected population pyramids, coffin and beehive projections, Australia, 1971–2098**

1971




1998



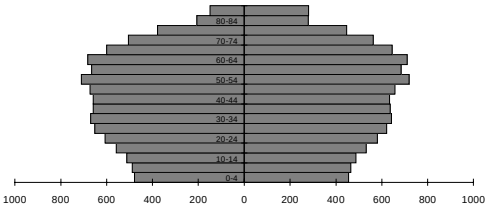
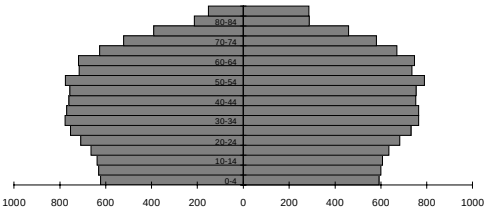
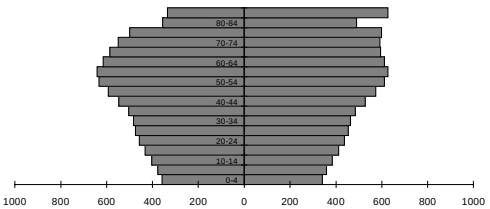
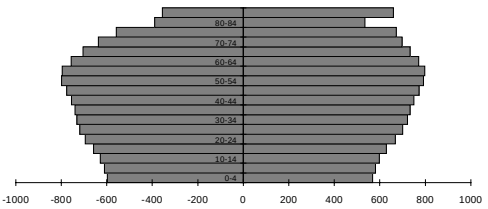
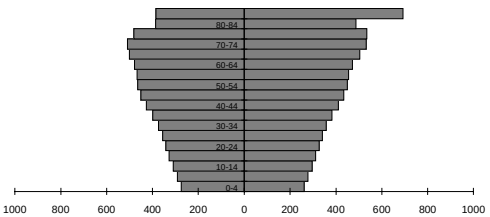
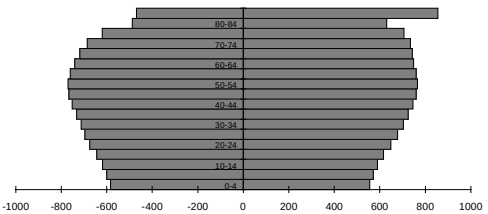
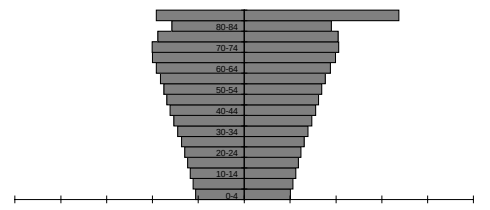
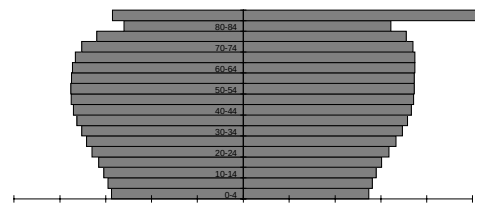

| | **Coffin**<br>TFR = 1.50, ANM = 0, ABS mortality | **Beehive**<br>TFR = 1.65, ANM = 80 000, ABS mortality |
|---|---|---|
| 2023 |  |  |
| 2048 |  |  |
| 2073 |  |  |
| 2098 |  |  |

Table 4.1 **Total fertility rates, various countries, 1997 (or nearest available year)**

| *Country* | *TFR* | *Country* | *TFR* |
|---|---|---|---|
| Spain | 1.15 | Scotland | 1.58 |
| Italy | 1.22 | Canada | 1.64 |
| Greece | 1.32 | France | 1.71 |
| Germany | 1.36 | Luxembourg | 1.71 |
| Austria | 1.36 | England | 1.74 |
| Japan | 1.44 | Denmark | 1.75 |
| Portugal | 1.46 | Finland | 1.75 |
| Switzerland | 1.48 | **Australia** | **1.78** |
| Sweden | 1.52 | Norway | 1.85 |
| Belgium | 1.55 | New Zealand | 2.04 |
| Netherlands | 1.57 | United States | 2.05 |

Two assumptions are used in relation to mortality — the ABS projection of mortality under which expectation of life at birth rises by ten years over the next century, and a more optimistic assumption under which expectation of life increases by 20 years in the next century. The latter trend is more in keeping with the trend in improvement of expectation of life over the past 140 years and is even a little slower than the trend over the past 20 years, during which expectation of life has risen by about five years. We use two different mortality projections because we are not very sure which is likely to apply and because they have very different implications for the timing and the dimensions of ageing. Finally, in these projections, we assume 80 000 annual net migration, close to the average level for the 1990s.

Under the ABS mortality assumption, the top half of figure 4.5 shows that the ageing of the population in numerical terms is a once-only phenomenon. For age group 65–74 years, almost all of the increment occurs between 2008 and 2028. Beyond 2028, there is very little change in the size of this age group. For age group 75 years and over, there is growth in the size of the population from the beginning of the projection in 1998, but most of the growth occurs, as would be expected, ten years after the growth in age group 65–74 years, that is, from 2018 to 2038. After 2038, increments to the number of people aged 75 years and over are moderate. As

Table 4.2 **Total fertility rate, Australia, 1992–97**

| *Year* | *TFR* |
|---|---|
| 1992 | 1.89 |
| 1993 | 1.86 |
| 1994 | 1.85 |
| 1995 | 1.83 |
| 1996 | 1.80 |
| 1997 | 1.78 |

the social and economic impact of ageing is much more significant for those aged 75 years and over than for those aged 65–74 years, this projection implies a once-only adjustment to ageing between about 2020 and 2040.

If expectation of life rises by 20 years over the next century, the lower half of figure 4.5 shows that the impact on age group 65–74 years is almost exactly the same as the projection using the ABS mortality assumption. However, the impact on age group 75 years and over is very different, with the increments to the size of the age group being much larger between 2018 and 2038. After 2038, large increments continue at a high level throughout the century. The lesson here is that it may be wise for more than one mortality option to be included in the official projections.

To this point, we have talked about demographic ageing, and the measure we have used is the proportion of the population who are aged 65 years and over. *Per se*, ageing is a good thing because it is the result of increased control over fertility and mortality. The perceived problem of ageing relates to its association with dependency. Being aged 65 years and over is taken as a proxy for dependency. Dependency is an elusive and controversial concept. There are dimensions of dependency: financial, physical and emotional. In regard to financial dependency, a person is regarded as dependent if he or she is a net receiver of public and private transfers, including subsidised or freely given services. Measuring public transfers is complex, but public transfers are usually the central feature (often the only feature) of debates about ageing. We have only limited information about private transfers (King and McDonald 1998). Physical dependency can be defined in terms of requiring assistance in performing the functions of everyday life, and there are definitions of degrees of physical dependency which are fairly well measured in surveys of disability. We all have a strong sense of what emotional dependency is but little agreement about how to measure it.

To suggest that the proportion of the population aged 65 years and over is a sufficient measure of the level of dependency in a society would be foolish. First, there are many at other ages, especially children, who, if we were able to measure financial, physical and emotional transfers precisely would be net receivers. Second, there are many people aged 65 years and over who are net contributors. For example, King and McDonald's (1998) analysis of private financial transfers in Australia has shown that, excluding inheritances, older people on average do not become net receivers of private transfers until ages 75 and over. Those aged 65-74 years are substantial net providers. The same paper also shows that people aged 65-74 years are major providers of informal child care services.

Attention in the ageing debate, however, usually focuses only on public financial transfers, so that those who are net contributors to the state through the tax–transfer–service system are 'independent' and those who are net receivers are 'dependent'. But even in this sense, the proportion of the population aged 65 years and over is a poor measure of dependency. Most obviously, children are dependent, albeit mainly upon private transfers, and one of the main reasons for an increase in the proportion of the population who are aged 65 years and over is a decrease in the proportion of the population who are aged less than 15 years. Thus, more refined measures of dependency are desirable.

## 4.4 The labour force dependency ratio

The debate on ageing as a problem usually has an implied focus on the ratio of non-workers to workers — the labour force dependency ratio. Older people are seen as dependent because they are no longer in the labour force. If dependency is measured as the ratio of non-workers to workers, early retirement, either voluntary or involuntary, is a major aspect of dependency.

Labour force participation rates for males have fallen at all ages since 1973, but the main falls have been at ages 35–64 years, especially at ages 55–64 years. In 1973, 88 per cent of males aged 55–59 years were in the labour force compared to about 74 per cent in 1998. For age group 60–64 years, the change from 1973 to 1998 was from 76 per cent to 46 per cent. Almost all of this shift to early retirement occurred between 1973 and 1982, when, as we have pointed out, ageing was not seen as problem. During that period, pension schemes were changed to provide incentives for early retirement, workers retrenched in their fifties through economic restructuring were welcomed into the social security system. This can be seen as discrimination against older workers and promotion of a culture of early retirement.

Retention of people in the labour force as they get older — that is, a reversal of the trend to early retirement — is now a commonly recommended strategy to deal with ageing (OECD 1998). In this section, we measure the impact on the labour force dependency ratio of a return over a 20 year period to the 1973 participation rates for males aged 35–64 years. The projection also increases the labour force participation rates for females in line with cohort trends. The actual participation rates in 1998 and the levels assumed in the projection to be reached by 2018 are shown in table 4.3.[4] From 2018 onwards, the rates are assumed to remain unchanged at the 2018

[4] The labour force participation rate for age group 65 years and over is assumed to remain the same as it is now for men and to increase only slightly for women. It should be noted that this implies rises in participation rates at ages from age 65 years onwards because there will be a shift to older ages within the 65 years and over age range.

levels. These labour force participation rate futures are applied to our standard population projection which has a fertility rate of 1.65 births per woman reached in the next decade, the ABS mortality assumption and net migration of 80 000 per year.

Table 4.4 shows the remarkable result of this projection. The labour force dependency ratio actually falls from 1998 to 2018 and then rises, but only to its current level by 2048. That is, throughout the next 50 years, dependency measured in this way would be lower than it is now. This is a much more favourable result than would be the case in European countries as calculated by the OECD (1998, p. 42):

> If the average retirement age for males gradually returned to something close to that ruling in the early 1960s (when today's state pension systems were being created), and female participation rates continued their upward trend, a considerable proportion of the expected slowdown in material living standards would be avoided (it would be necessary, though, to raise the effective age of retirement to as high as 70 to offset completely the adverse implications of ageing on fiscal balances).

Table 4.3 **Projected labour force participation rates[a], Australia, 1998–2098**

| *Age group* | *1998* | *2003* | *2008* | *2013* | *2018–48* |
|---|---|---|---|---|---|
| | | | *Males* | | |
| 15–19 | 550 | 550 | 550 | 550 | 550 |
| 20–24 | 860 | 860 | 860 | 860 | 860 |
| 25–34 | 930 | 930 | 930 | 930 | 930 |
| 35–44 | 920 | 928 | 935 | 943 | 950 |
| 45–54 | 870 | 890 | 910 | 930 | 950 |
| 55–59 | 740 | 775 | 810 | 845 | 880 |
| 60–64 | 460 | 535 | 610 | 685 | 760 |
| 65+ | 100 | 100 | 100 | 100 | 100 |
| | | | *Females* | | |
| 15–19 | 550 | 550 | 550 | 550 | 550 |
| 20–24 | 770 | 778 | 785 | 793 | 800 |
| 25–34 | 690 | 705 | 720 | 735 | 750 |
| 35–44 | 710 | 720 | 730 | 740 | 750 |
| 45–54 | 700 | 713 | 725 | 738 | 750 |
| 55–59 | 430 | 473 | 515 | 558 | 600 |
| 60–64 | 200 | 250 | 300 | 350 | 400 |
| 65+ | 30 | 35 | 40 | 45 | 50 |

**a** Rate per 1000 head of population.

Australia is in a more favourable situation because its fertility rate over the past decade or so has not been as low as those of most European countries and we have been able to sustain a moderate flow of immigrants into the country. To repeat our age structure analogies, Australia over the past 15 years has been on a path towards

a beehive age structure, whereas most European countries have been on a path to a coffin structure.

To be successful in reversing early retirement in line with the projection shown in table 4.4, new jobs would need to be created, but only from 1998 to 2018. The number of new jobs required over the next 20 years would be about 2.5 million. In the past 20 years, 1978–98, the labour force has increased by more than double this amount. The distribution of the new jobs by 2018 by age would be as follows:

- under 45 age group — 20 per cent;
- 45–54 age group — 27 per cent;
- 55–64 age group — 48 per cent;
- 65 years and over age group — 5 per cent.

On the surface, this seems to be a feasible policy approach which would go a long way towards alleviating the impacts of ageing, assuming that the cost and revenue balances of workers and non-workers stayed close to today's levels.

Without direct policy measures, labour force participation rates for males aged 60–64 years have already begun to rise. Furthermore, those reaching ages 55–64 years in future will be better educated, less likely to have worked in occupations or industries that have been declining because of restructuring and will be better placed in a knowledge based economy. Future cohorts at these ages will also be less likely to have commenced work by age 15 and less likely to have worked in heavy manual labour. They will also have had more experience of changing jobs during their working life.

Table 4.4 **Projected labour force and labour force dependency ratios, Australia, 1998–2048**

| *Year* | *Labour force (millions)* | *Dependency ratio*[a] |
|---|---|---|
| 1998 | 9.37 | 1.00 |
| 2003 | 10.07 | 0.95 |
| 2008 | 10.73 | 0.91 |
| 2013 | 11.28 | 0.89 |
| 2018 | 11.73 | 0.87 |
| 2023 | 11.84 | 0.91 |
| 2028 | 11.88 | 0.95 |
| 2033 | 11.93 | 0.98 |
| 2038 | 11.94 | 1.01 |
| 2043 | 11.96 | 1.02 |
| 2048 | 11.95 | 1.03 |

**a** Labour force dependency ratio = (non-labour force)/(labour force)

Labour force participation rates of older men may also rise because of an increased demand for labour at these ages arising from possible future labour shortages. If male age-specific labour force participation rates remained at their 1998 levels, there would be almost no further growth in the number of male workers aged under 65 years after about 2015. Furthermore, other countries which are ageing faster than Australia, with much lower fertility rates, will experience falls in the size of their labour forces in the near future. In the context of international labour markets, this is likely to create a demand in other countries for the labour of young and skilled Australians.

Females aged 55–64 years will be more likely to be employed in future years. Each successive cohort of women has increased participation at these ages. Because of disrupted work histories, females will be more likely than men to have inadequate pension entitlements by age 55. Also, reduction in the age difference between partners in future will mean that women will be less likely to retire early because their (older) husband has retired.

Thus, participation rates of 55–64 age groups are likely to rise without specific policy initiatives. Even so, there are several initiatives that might be pursued to promote employment beyond age 55. The OECD (1998) provides an excellent discussion of these. In general terms, the report recommends the reformation of public pension systems, taxation systems and social transfer program in order to 'remove financial incentives to early retirement, and financial disincentives to later retirement' and the introduction of measures to 'ensure that more job opportunities are available for older workers and that they are equipped with the necessary skill and competence to take them' (OECD 1998, pp. 19–20).

For some workers, major retraining will be required but for most, gradual adaptation to change through learning on the job should be adequate. This direction would be facilitated by a lifelong approach to learning. Older people will require information about job and training opportunities. Flexible work–retirement transitions will be required so that older workers, where appropriate, are able to lessen their level of responsibility and their pay level without incurring penalties to their retirement income entitlements.

There will be a need to change the existing negative attitudes of many employers to older workers. Older workers must be seen as valuable workers. This means a shift in the psychology of employers but also a shift among older workers in the way they see themselves. There may need to be incentives for employers to redeploy rather than to retrench older workers. However, the aim of extending the working life is not to create a gerontocracy. Room will need to be made for younger workers.

Another vital aspect of the reversal of early retirement is good health through measures such as appropriate nutrition, regular exercise and no smoking. The concept of active ageing is also important.

## 4.5 Living arrangements of older people — family, health and care

The subject matter of this section has been addressed at length in two recent works by the first author (AIHW 1997; McDonald 1997a, pp. 194–210). Here, we first repeat some of the broader points made in these two works and then present new data on trends in living arrangements for older people and new projections of living arrangements.

The central thrust of aged care policy in the past 15 years has been that public and private supports should be seen as part of the one social system of support. There is an inherent mutuality between publicly provided welfare services and private exchanges between people, mainly between family members. For example, Home and Community Care (HACC) services are designed to provide public supports which enable older people to stay in their own homes for as long as possible and to fill gaps in support that family members may not be able to provide easily. Respite care exists to support private carers so that private support does not break down under excessive pressure. This partnership between public and private support in aged care is sound and, as we argue below, successful policy.

Given this policy framework, the efficacy of publicly provided welfare services can only be reliably assessed if considered within the context of the totality of services, including those provided privately and largely by families. It is disturbing, therefore, that some recent reports to government do not take this approach (the 1996 National Commission of Audit Report and the 1997 COAG Report on Commonwealth/State Service Provision) and, instead, focus their attention only upon the efficient delivery of public welfare services. By implication, these reports portray public services for the aged and family support for their older members as separate systems. In this bean-counting approach to aged care, there is no need to investigate the incidence and nature of exchanges that take place in the private or family sphere. So long as families take care of their own, the public system is not interested in how they do it. As a consequence, what happens within families becomes the subject of myth and misconception.

One of the myths is that families do not take care of their own. This myth has been described in an American study as ‘a hydra-headed monster unable to be destroyed by successive thrusts of empirical reality’ (Shanas 1979). The central significance of

aged care provided outside the formal system in Australia, very largely by families, is reiterated in each ABS *Survey of Ageing, Disability and Carers* and in each issue of *Australia's Welfare* (AIHW 1997). A common misperception is that the extended family has no relevance in Australia today. This misperception has it that in some undefined past golden age, extended families abounded and were the fount of support for family members. Now, extended families are gone and we are left with isolated nuclear families. In reality, exchanges that take place between related family members living in different households are an extremely important part of family functioning and social support in Australia.

Two trends have increased the likelihood of family support for older people. First, as mortality rates have fallen and years of healthy life have been extended, the proportion of older people living in a couple relationship has increased (tables 4.5 and 4.6). For adults in couple relationships, the spouse is the primary carer. Second, over the next 30 years or so, older people are much more likely to have surviving children than are the current and more recent generations of older people. Indeed, they will be more likely to have surviving children than any previous generation in Australia's history (AIHW 1997, p. 80). After a spouse, adult children (particularly daughters) are the primary carers. Hence, the potential for mutuality between private and public support of older people will be even greater in the future than it is now.

These trends may be countered to some extent by an increase in family breakdown. The proportion of those aged 45–54 years not living with a partner has been increasing and is now above 20 per cent (McDonald 1998). Most of these single people have had children, but, if their relationship with their children has become distant, care at older ages from children may not be forthcoming. This is primarily an issue of relationships between fathers and their adult children.

Tables 4.5 and 4.6 show trends in living arrangements for older males and females in Australia from 1986 to 1996. The main trends are:

- the rising proportion living in couple families with no children;
- the falling proportion living with other family members, usually children (couple with children, sole parent or other member of a family household);
- the rising proportion living alone; and
- the falling proportion living in non-private dwellings (mainly nursing homes).

These trends seem to affirm the success of policy over the last 15 years designed to assist older people to remain in their own homes and to support themselves as much as practicable. That is, at a given age, older people have been less likely to move in with children and less likely to move to a nursing home.

Table 4.5 **Living arrangements of older Australian males, by age, 1986 and 1996, per cent**

| *Living arrangement* | *Year* | *65–69* | *70–74* | *75–79* | *80–84* | *85+* |
|---|---|---|---|---|---|---|
| Couple, no children | 1986 | 58.8 | 61.6 | 56.8 | 46.6 | 29.1 |
| | 1996 | 60.2 | 63.2 | 60.9 | 53.3 | 35.5 |
| Couple with children | 1986 | 17.5 | 11.7 | 8.2 | 6.6 | 4.8 |
| | 1996 | 15.6 | 10.0 | 6.9 | 4.8 | 3.3 |
| Sole parent | 1986 | 2.0 | 1.9 | 2.3 | 2.9 | 3.2 |
| | 1996 | 1.6 | 1.6 | 1.8 | 2.3 | 3.3 |
| Other member of family household | 1986 | 4.2 | 4.5 | 5.8 | 7.7 | 11.8 |
| | 1996 | 2.8 | 2.8 | 3.3 | 4.3 | 6.4 |
| Living alone | 1986 | 11.0 | 13.1 | 16.3 | 19.2 | 19.7 |
| | 1996 | 13.9 | 15.5 | 18.2 | 21.8 | 23.7 |
| Group household | 1986 | 2.4 | 2.3 | 1.9 | 1.9 | 1.8 |
| | 1996 | 2.0 | 1.7 | 1.6 | 1.3 | 1.2 |
| Non-private dwelling | 1986 | 4.1 | 5.0 | 8.7 | 15.1 | 29.6 |
| | 1996 | 4.0 | 5.1 | 7.2 | 12.2 | 26.6 |

*Source:* Special tabulation from the 1986 and 1996 Censuses

Table 4.6 **Living arrangements of older Australian females, by age, 1986 and 1996, per cent**

| *Living arrangement* | *Year* | *65–69* | *70–74* | *75–79* | *80–84* | *85+* |
|---|---|---|---|---|---|---|
| Couple, no children | 1986 | 47.6 | 37.8 | 24.6 | 13.6 | 4.5 |
| | 1996 | 51.0 | 43.3 | 31.6 | 18.4 | 6.3 |
| Couple with children | 1986 | 8.4 | 4.7 | 2.9 | 1.7 | 0.9 |
| | 1996 | 8.3 | 4.7 | 2.6 | 1.3 | 0.5 |
| Sole parent | 1986 | 5.5 | 6.3 | 7.9 | 6.8 | 6.7 |
| | 1996 | 5.8 | 5.9 | 6.2 | 6.5 | 6.8 |
| Other member of family household | 1986 | 7.1 | 10.6 | 13.7 | 14.2 | 14.4 |
| | 1996 | 5.0 | 6.1 | 7.3 | 8.8 | 9.4 |
| Living alone | 1986 | 25.7 | 32.7 | 37.8 | 38.7 | 26.1 |
| | 1996 | 25.1 | 33.9 | 42.6 | 46.3 | 34.9 |
| Group household | 1986 | 2.0 | 2.1 | 2.0 | 1.8 | 1.4 |
| | 1996 | 1.5 | 1.5 | 1.3 | 1.0 | 0.7 |
| Non-private dwelling | 1986 | 3.6 | 5.7 | 11.2 | 23.1 | 46.1 |
| | 1996 | 3.2 | 4.6 | 8.3 | 17.7 | 41.3 |

*Source:* Special tabulation from the 1986 and 1996 Censuses

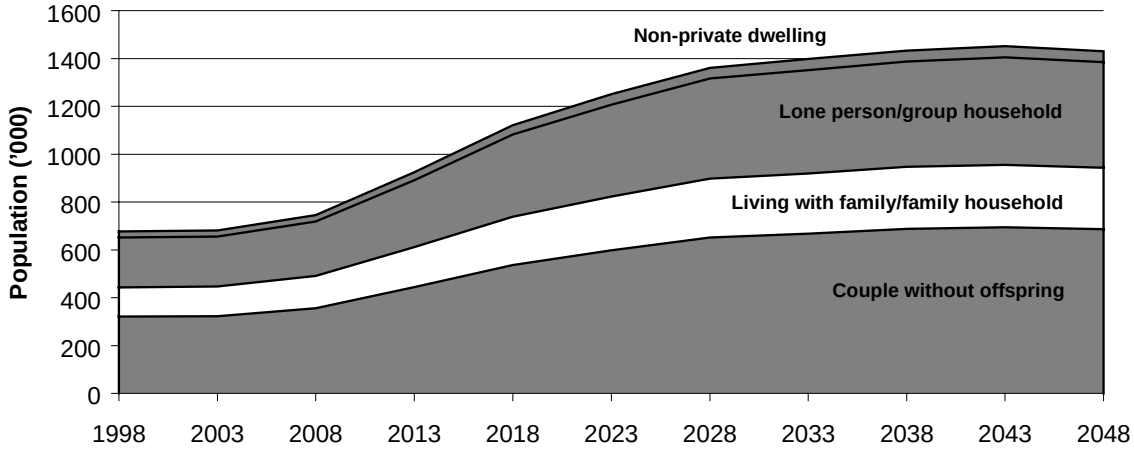
Figures 4.6–4.11 show projections of the living arrangements of older people over the next 50 years. The demographic assumptions underlying these projections are those of the standard projection. The assumptions made about the proportions living in different arrangements in the future have been based on continuation of the four

trends from 1986 to 1996 listed above, using intuitive judgments about future changes to take account of likely future changes, such as changes arising from increases in relationship breakdown. The adjustments have the effect of slowing down most of the trends between 1986 and 1996 such that future proportions in different living arrangements are not very different to those in 1996.

At ages 65–74 years (figures 4.6 and 4.7), the projections indicate very little use of non-private dwellings. By the end of the projection, more than three quarters of males and two thirds of females at these ages will be living with a family member, usually their spouse. As these ages are likely, even more than now, to be years of active healthy life for most people, there seems to be little reason for concern about trends in living arrangements at these ages.

At ages 75–84 years (figures 4.8 and 4.9), the main story for males is increases from 2018 in the proportion who are living in a couple family with no children. From the support perspective, this implies increasing need for respite care and home support services. For females, the main story is increases from about 2018 and especially from 2028 in the proportions living alone. This implies increases in the demand for home support services and services that will enable non-co-resident children to provide support to their aged mothers. Given the timeframe, the growth in need for nursing home care at these ages is only moderate.

Figure 4.6 **Projected population of males aged 65–74, by living arrangement, Australia, 1998–2048**



Future demand for nursing home care is more evident, as would be expected, for those aged 85 years and over (figures 4.10 and 4.11), but even here the major growth does not begin until 2028.

An emerging issue in regard to living arrangements is the movement into the more dependent ages in the near future of people from southern and eastern Europe who immigrated to Australia in the post-war period to 1970. Many among these groups, especially women, have difficulties with English that would need to be taken into

Figure 4.7 **Projected population of females aged 65–74, by living arrangement, Australia, 1998–2048**

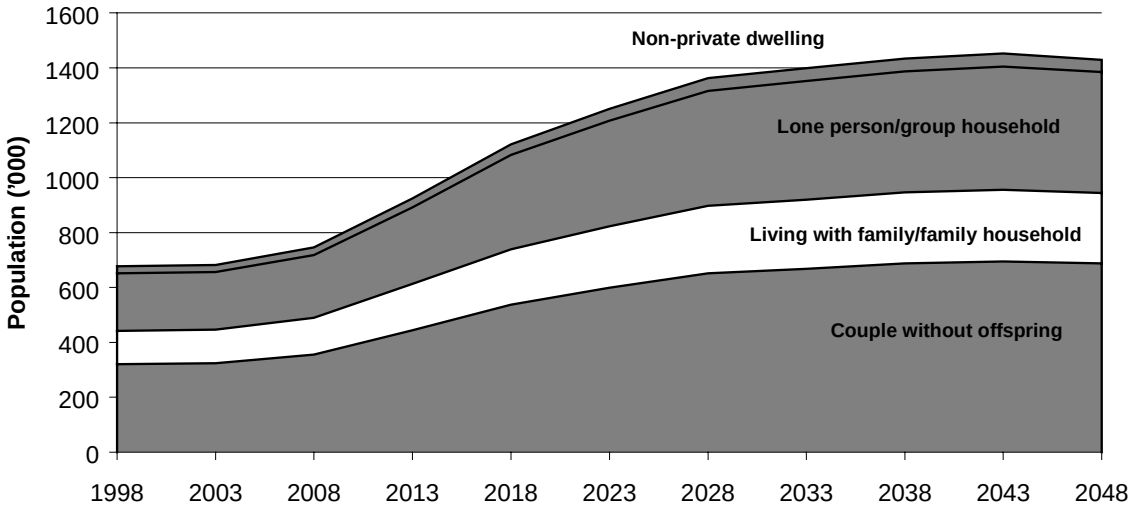
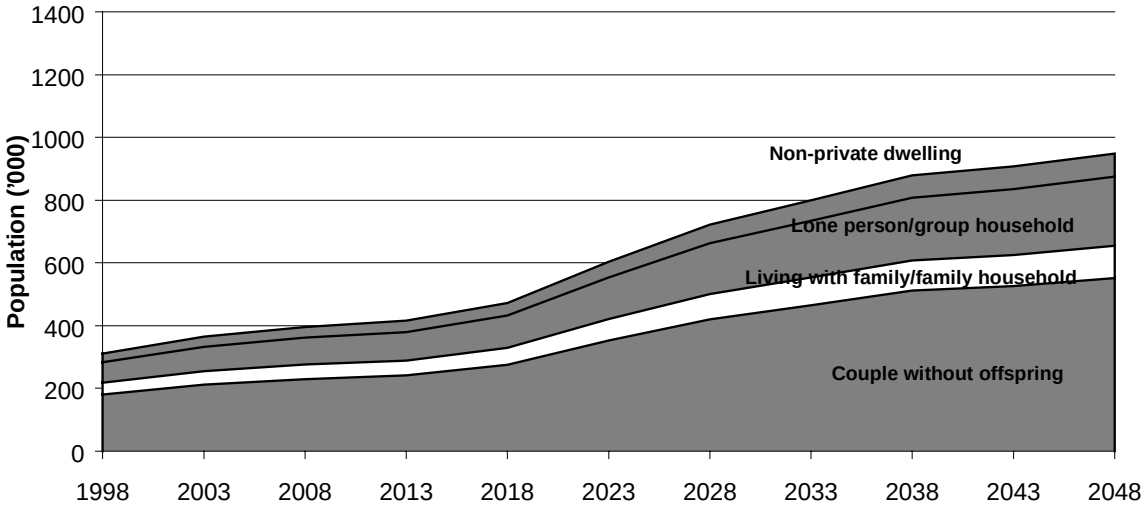



Figure 4.8 **Projected population of males aged 75-84, by living arrangement, Australia, 1998–2048**

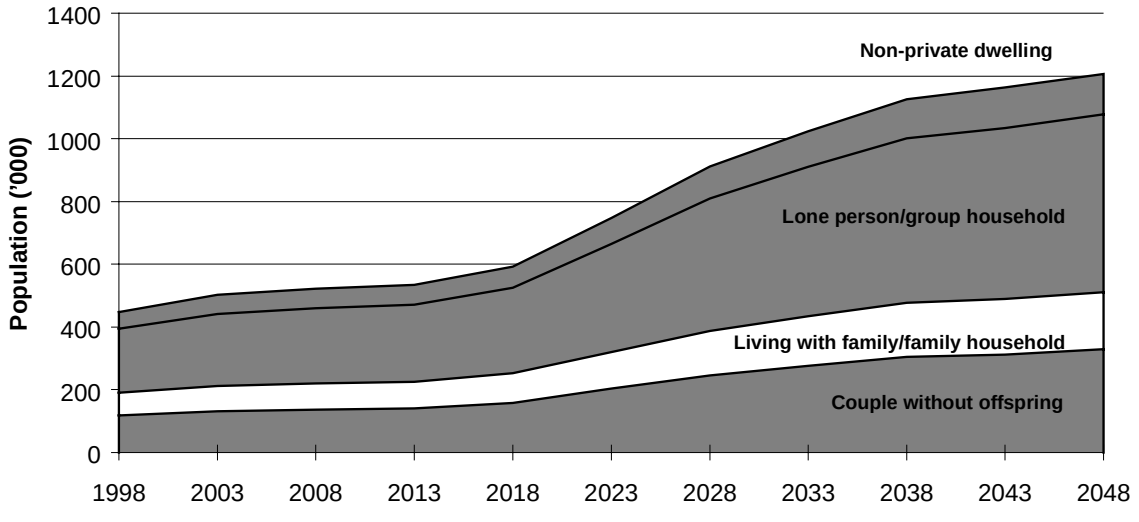


account in the provision of public support. There will be a need for language skills within nursing homes, or nursing homes specific to some of the larger ethnic groups in this category. The delivery of home support services will also need to take language into account. This is an issue that has a particular geographic focus (Melbourne and Sydney in particular) and the future local needs for language-specific services should be investigated.

The geography of ageing is an absolutely vital matter. There are high concentrations of older people in declining country areas. These include small towns where services are being withdrawn and mining towns where mining activity is receding. Younger people in these towns move out, but comparative housing prices and a lifetime of living in one place are obstacles to the mobility of older people. With services being withdrawn, particularly health services, and children moving long distances away, this is a major issue now and is deserving of more intensive investigation.

Other places with high concentrations of older people include coastal retirement towns and some older parts of big cities, increasingly the outer parts of the city rather than the gentrifying inner parts (AURDR 1995). In the latter circumstance, there is an issue of the future availability of appropriate housing, enabling older people to remain in their own neighbourhoods but in housing more appropriate to their capabilities (AURDR 1994).

Figure 4.9 **Projected population of , females aged 75-84, by living arrangement, Australia, 1998–2048**



Finally, we can expect that our concept of the older person will change. Older people, like women over the past 40 years, will wish to change their roles and their image. Older people will claim a greater part in the nation's affairs and will reject the premature application to them of the dependent label. This once-in-history transition will be not merely a transition in the age structure of the population but a transition in our concept of ageing. Active ageing and aged liberation movements will also be part of the transition (Day 1991; Laslett 1989).

Figure 4.10 **Projected population of males aged 85+, by living arrangement, Australia, 1998–2048**

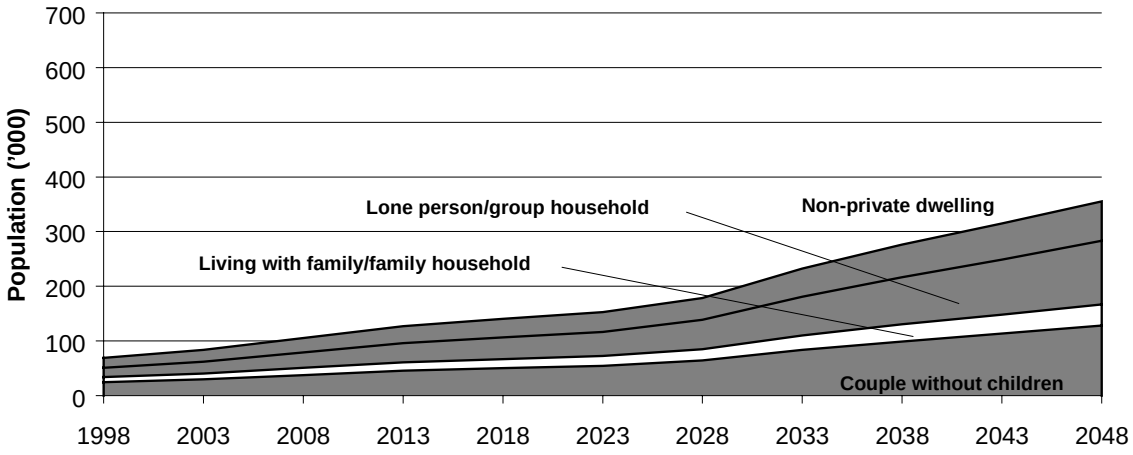
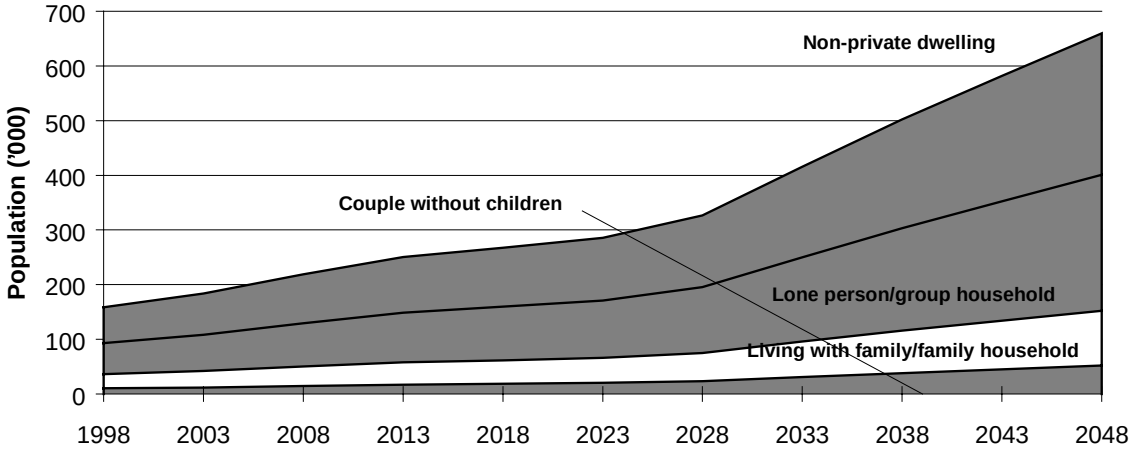



Figure 4.11 **Projected population of females aged 85+, by living arrangement, Australia, 1998–2048**



## 4.6 Conclusion

Given that ageing has risen to prominence as an issue because of rapid falls in fertility and mortality, it is remarkable how little attention is paid to future levels of fertility and mortality in discussions of ageing. Levels of fertility and mortality are usually seen as being beyond the control of the policy lever and, therefore, exogenous to models of the economic impact of ageing. Most studies of the future impact of ageing simply take the latest official population projections from the Australian Bureau of Statistics as a fixed input to the model. The demographer sees this differently and examines aspects of society or of its economic organisation which contribute to changes in levels of fertility and mortality. If we can seek reasons for changes in past fertility levels or for differences in fertility across countries, then logically we can examine whether this knowledge can be used to influence the path of future fertility. For the past 40 years, socio-demographic research has been very successfully employed in assisting to reduce high levels of fertility in developing countries. If fertility in developing countries had been presumed simply to be exogenous to any socioeconomic model of the future, it would still be high. Likewise, mortality rates have fallen because of research and policy.

Thus, it is important that we do not take a reactive or passive approach to ageing. By this, we mean that we should be actively seeking to modify our ageing future and not simply assessing how much income support we will need and how much the health bill will be. Policies that promote active and healthy ageing are important as is reversal of the trend towards early retirement. We have shown that reversing early retirement could make a very considerable contribution to the alleviation of the additional costs of ageing, and this is now a policy strongly recommended by the OECD. It is important also that we do not force our birth rate down to the levels that now apply in many countries of Europe and east Asia. Here, again, the bean counters take the wrong approach. The National Commission of Audit (1996, p. 123) has recommended that, in order to deal with the demands on revenue of the future ageing of our population, we should withdraw all support from families with children, except those that are poor. The National Commission of Audit seems to take the view that reproduction is exogenous to the economic system; that couples, in making their reproductive decisions, pay no heed to the economic and institutional settings that face them (see McDonald 1997b for the details of this argument). The result of this policy approach will be to force the birth rate down, leaving us with the legacy of a coffin-shaped age structure — that is, a much bigger ageing problem in the longer term.

We have demonstrated that immigration has an important role to play in reducing the extent of future ageing. Australia is in a more fortunate position in this regard

than many other industrialised countries. Our combination of fertility at only a moderately low level with current immigration levels has us set on the path to a beehive-shaped age structure. This is a much more favourable age structure from the perspective of ageing than the coffin-shaped age structure facing many other countries. At the same time, it is important to quash the notion that much larger scale immigration than we have at present will alleviate problems associated with the ageing of the population. Immigration levels beyond about 100 000 net per year make little difference to the age structure of our future population while, at the same time, leading to much larger numbers at older ages. Immigration at much larger levels than at present is not required to create the favourable beehive-shaped age structure; it simply creates a hive with more bees.

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