



The greying of Australia

POLITICAL EDITOR

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AUSTRALIANS will live longer and require more services, forcing the Government to look at ways of shoring up its tax base by encouraging later retirement.

The population is growing and greying so fast that hospitals, roads and other infrastructure will be strained to breaking point, a study of trends to 2050 has found.

Increased life expectancy means that men turning 60 in 2050 can expect, on average, to live an extra six years and women an extra five years, the Federal Government's third five-yearly Intergenerational Report states. This would take them to 85 and 89 respectively.

By then almost a quarter of the population will be older than 65. The greying profile also has turned the spotlight on to Australia's flagging productivity.

Treasurer Wayne Swan yesterday put \$43.3 million on the table to help retrain older workers to enable them to stay in the labour force.

"Australia's mature age participation rate is below that in other comparable economies like the United States, United Kingdom, Canada and New

Zealand," he said.

"The 2010 Intergenerational Report highlights the importance of addressing this issue and the need to make the most of a proportionately smaller workforce as the workforce ages."

The speed of the change threatens a widening "fiscal gap" between what the Government rakes in from taxation and what will be required to meet essential services - particularly in health and payments such as the age pension.

That means taxes will need to be increased and other spending reduced.

It also means cities of much greater density and huge demand on an already strained environment.

However, South Australia, which already has the oldest mean population, could become one of the best places to live because Adelaide's population growth is expected to be less dramatic.

The report, which was formally released yesterday, confirms the nation faces a dual challenge: A rapidly growing population - from the present 22 million to 36 million by 2050 - and a rap-

idly greying population.

The report finds that by 2050, the number of Australians over 65 will "more than double" and the number over 85 "will more than quadruple".

Releasing the long-anticipated report, which will be used to inform policy-making in coming years, Mr Swan said he was confident the country could manage because the higher overall population would partly offset the fact that it was also ageing.

"There's no doubt a rising population will place pressures on us as well as on our roads, schools and hospitals, on our environment and on our communities," he said.

"We can manage these pressures if we start planning for them now.

"We owe it to ourselves and to our children to take reasonable action to avoid the sharp and disruptive adjustments."

One factor influencing the swelling grey army, as well as the low birth rate, is increasing life expectancy. The reports predicts mortality rates of men and women will gradually converge as men catch up and overall life expectancy continues to grow.

In contrast to Prime Minister Kevin Rudd, Mr Swan appeared less bullish about the strong population growth.

"I actually believe in a big Australia - I make no apology for that. I actually think it's good news that our population is growing," Mr Rudd had said last year.

"It is important to keep in mind, these numbers are not carved in stone, they are not targets," Mr Swan said.

The report is the third five-yearly set of projections by the federal Treasury which was started by former treasurer Peter Costello.

Disturbingly, it finds burgeoning health costs, viewed against a backdrop of declining workforce participation and a dwindling income tax base, will see revenue begin to decline from 2018-19. "Ageing and health pressures are projected to lead to a gradual deterioration in Government finances," it says.

The report also warns that unless falling productivity growth returns to 1990 levels, improvements in living standards could stall over the next 40 years.

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“There’s no doubt a rising population will place pressures on us as well on our roads, schools and hospitals, on our environment, and on our communities.



■ Tony Bishop
 65, of Melrose

A semi-retiree who continues to do odd jobs with properties he owns.

“I’d like to have the option of continuing to work full time, but at our age we don’t want the stress that we’ve had to deal with when we were younger. Many of us are happy to keep working, but in a slightly different capacity.”

■ David Moore
 61, of Kingston S-E

A semi-retiree, he occasionally helps his partner at the variety/hardware store she owns.

“The idea of a package like the Government is talking about can’t be a bad thing. It’s all well and good to say you want people to keep working, but they need support, it needs to be an attractive option.”

■ David Reade
 62, of Curramulka

Works full-time in the mixed farming industry.

“I’m still working as much for enjoyment as I am for financial reasons. I had a plan to retire within a few years ... and that hasn’t really changed. If there’s too much pressure to stay in the workforce then you’re just going to want to do the opposite.”

■ Graham Dodd,
 63, of Black Forest

Retired from his role as a senior lecturer and program director at UniSA’s health sciences school last September.

“I keep busy by helping out with community groups where I can, playing sports like bowls, just doing little odds and ends. I think that’s the key ... We, and the generations after us, will be less of a burden if we keep as healthy as we can, for as long as we can.”



THE KEY POINTS

■ \$43 million package to prolong working life - including retraining and reskilling initiatives, more money for Keep Australia Working Career Advice Line and establishment of a consultative forum to foster attitudinal change.

■ Australia's current population of 22.2 million is projected to grow to 35.9 million in 2050. The proportion of people aged 65 and over is projected to almost double over the next 40 years.

■ Currently there are five working-age people for every person aged 65 and over, but by 2050 the ratio will fall to 2.7.

■ Health spending will almost double over the next 40 years, from 4 per cent of GDP in 2009-10 to 7.1 per cent.

■ Almost a quarter of total government spending is currently directed to health, age-related pensions and aged care, but that is projected to increase to about half by 2049-50.

■ Economic growth is projected to increase at 1.

per cent a year over the next 40 years, compared with 1.9 per cent over the past 40 years.

SOUTH AUSTRALIA

■ SA has the oldest population in Australia; 15.4 per cent of the population is aged 65-plus compared with 13.3 per cent nationally.

■ In the next 15 years, that population will nearly double and, as the baby boomer generation ages, the number over 65 will further increase.

■ 65.5 per cent of South Australians hospitalised for injuries caused by falls are aged 65 and over.

■ According to the SA Skills and Training Commission about a third of the SA workforce will be approaching retirement (55 to 64 years of age) within the next 10 years.