Ageing, ready or not

To many baby boomers, the 60s and 70s marked the dawning of the 'Age of Aquarius'. But in 2002 it's the 'ageing of Aquarius' that has the attention of policy-makers, including the House of Representatives Committee on Ageing. There are many aspects to the ageing puzzle, and plenty of lessons already from international experience.

Baby boomers—the generation born in the wake of World War 2—have had an enormous impact on Australian and international policy-making.

Not only has the baby boom generation been involved in a huge amount of social change, but because of their sheer weight of numbers, massive amounts of infrastructure spending have always been devoted to their changing needs. First it was schools that were required; then universities; then whole suburbs, as they settled down to start their own families.

Next it will be the services required by older people. Health services, care services, housing, income support. The baby boomers are ageing, ready or not.

Right now, just over 12 per cent of Australia's population, or about 2.4 million people, is aged 65 or over. By 2031, more than 21 per cent of Australia's population will be aged 65-plus—that's more than five million people, including all the baby boomers.

And those people will live longer, and remain healthier longer, than today's older generation.

Australia's policy-makers have begun making changes to cope with this phenomenon. Some moves are being made to shift anticipated costs and responsibilities from the public sector onto individuals, families, communities and businesses. Mandatory superannuation, introduced in the early 1990s, is one example; increasing the pension eligibility age for women another. Retirement ages have been abolished. Moves to rein in the cost of the Pharmaceutical Benefits Scheme have also been linked to the ageing 'problem'.

But this is just part of the story. Understanding the whole picture of what will happen over the next 30 to 40 years is vital to guiding good policy now. The House of Representatives Committee on Ageing is taking a broad approach, ranging from examining ways of maintaining Australia's economic productivity and growth in the face of demographic change, to the more specific issues of health, housing and aged care. And because ageing is not just an Australian issue—it's confronting all developed countries—understanding existing lessons from international experience can be valuable for getting Australia's response right.

Canadian academic Dr Satya Brink, who spoke at a recent conference in Adelaide, has looked at the policy responses of nations around the world to the ageing phenomenon, in particular their approaches to housing and care provision.

With the lessons learned from that research, and aided by detailed analysis of population projections and trajectories, she says there is "ample room for targeting policy to emerging demands, and for phasing policies in and out according to needs".

Dr Brink says developed countries appear to have moved through three phases, depending on how many older people they have.

In the first phase, when the proportion of older people (65+) is between seven and 10 per cent and there is growing life expectancy, countries engage in the construction of institutions such as aged care facilities, and train greater numbers of specialists, such as geriatricians. Voluntary organisations also appear, to provide services for older people. Most developed countries have been through this stage.

In the second phase, once the proportion of older people reaches 11 to 14 per cent, the demand starts to skyrocket for nursing home care, particularly because there are few other options. Attempts are made to meet the demand, with the building of various forms of (barrier-free) housing with care and services attached. But the cost of this investment is huge, and cannot meet demand. Policies emerge to support ageing-in-place, but the

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support is piecemeal, rather than comprehensive. Older persons with similar needs but living in different settings—in the community, in residential care, or in nursing homes—receive different services and pay different costs. The United States, Canada and Australia are currently in this phase.

In 'phase three' countries, older people make up more than 15 per cent of the population, and there is a high proportion of seniors with better health and declining rates of disability. In these countries provision of housing and services are 'delinked'. Existing housing stock is adapted for ageing-in-place, and care services are provided regardless of type of residence, with home and community care services readily available. The costs of housing and housekeeping services tend to remain with the individual, and are often purchased from the private sector. Quality nationwide lower level (community) care is provided by government, delaying entry to high level care. The Netherlands and Scandinavian countries are the leading examples.

According to Dr Brink, proceeding with a 'phase 2' response when entering a 'phase 3' environment can be a recipe for waste and frustration.

"In most countries using this [phase 2] model, there is already sufficient housing stock, and most people move to these facilities primarily to ensure the availability of services," Dr Brink says.

"These residential care facilities are expensive to construct, and hard to distribute so that older persons living in any part of the country have equal access to such housing. Allocation is especially challenging because most seniors do not want to leave their community or lose their established social networks.

"And though attempts are made to keep the scale small, service delivery is more economic at larger concentrations of older people."

As the proportion of older people increases, the approach becomes completely unsustainable. Stay-at-home options become a key, for financial and practical reasons.

"With almost one in five in the population being elderly, it becomes essential to provide older persons with the same needs with the same array of services, regardless of housing type," Dr Brink says.

"In this model increasing numbers of older people age in place. Most households move once, about the time of retirement, usually to downsize while independent. The majority own their homes, mortgage free, and if modifications are made, they tend to be minor.

"Generally, people prefer to add services to their existing home. Because the needs of persons 80 years and over are very diverse, customisation of services and the ability to vary them is more effective than a fixed package."

Under this model, if people move to housing with care at all, it is generally late in life and for a relatively short period of time. High levels of care can be provided at home for a few and for a short time.

The Dutch found that, following a series of experimental housing projects, around 22 per cent of all clients in nursing homes could live in residential care facilities, and about 60 per cent of those living in residential care facilities could live more independently, provided that home care was available.

Not only are the bulk of older people happier with this approach, it can lead to huge savings in infrastructure spending.

Japan provides another salutary lesson.

In 1994, the Japanese 'Gold Plan' set a series of ambitious targets for specialised aged housing. The targets weren't met. In particular, the target for "care housing" fell short, with fewer than 7,000 of a planned 100,000 units built.

An updated 'New Gold Plan' was issued, with a major emphasis on ageing-in-place. Regulations now require that all new housing, about one million units, should be built for 30 years of 'liveability', to universal design standards.

By 2015—when one in four Japanese will be 65 or over—the target is to have 40 per cent of the housing stock supportive of ageing-in-place, half from new construction and half through renovation. Because of the major savings to the health and social services budget, Japan's Ministry of Health and Welfare provides second mortgages at concessional rates for construction of barrier-free housing.

Likewise, Norway has a Life Span Standard for housing, supported by supplements to loans from the Norwegian State Housing Bank, while in the Netherlands the 'senior citizen label' is a quality standard with a list of 31 basic requirements for new life-time housing.

The Dutch and the Scandinavian countries have also pioneered methods of allowing older people to customise the purchasing or receipt of home and care services from private and public providers, according to need, to support the ability to stay at home.

Dr Brink says a close look at the expected pattern of ageing in Australia suggests that policy-makers here should first focus on developing private, public and non-profit home care options, and ensuring that the general housing stock is adapted or built for ageing in place. She says the more expensive construction of nursing homes and the expansion of specialised care can take place more slowly and peak in the decade from 2035.

This is because, although the 'crest' of the baby boomers will be 65 in around 2025, the heaviest demand for high level services won't occur until the years 2036 to 2041, when a large number of people will begin reaching age 85-plus.

This is backed by United States evidence, which shows that 85 is already the average age at which people are moving into nursing homes. The evidence also indicates that the average stay in nursing homes fell from 34 months in 1985 to 28 months in 1995. The average age for moving into assisted living is 83 years and the average stay 24 months.

So, people are already 'voting with their feet' to stay in their own homes as long as possible. The US evidence also suggests that while between a quarter and a third of all people may move into a nursing home at the end of their life, at any one time the number of older persons in such institutions is between just five and seven per cent of the older population.

The trend toward ageing-in-place does not only make financial and practical sense; it will also be demanded by baby boomers. The different attitudes of baby boomers to their parents' generation will extend to ageing. Healthier for longer, they won't be happy to sit around in a one-room-with-bathroom facility until they absolutely have to, if ever.

"Australia will be a good place to age if a systemic and a lifecycle approach is taken rather than considering older persons as sole beneficiaries of ageing policy," Dr Brink says. "When one in five, or even four in the population is 65 and over, they will have voter and consumer power to demand that their needs are met effectively and equitably. Wise policy decisions will ensure that Australia is a good place to age." ■

Satya Brink is adjunct professor at the Gerontology Research Centre, Simon Fraser University, Vancouver. Her most recent book is 'Housing Older People—An International Perspective'. *Dr Brink addressed a recent conference on aged care in Adelaide, which was attended by members of the new House of Representatives Committee on Ageing. The committee also attended the recent 6th World Conference on Ageing, in Perth. The Committee on Ageing is conducting an inquiry into the long term strategies to address the ageing of the Australian population over the next 40 years. For information on the committee and its inquiry visit www.aph.gov.au/house/ageing or phone (02) 6277 4145 or email ageing.reps@aph.gov.au*