Individuals, Families, and the State: Changing Responsibilities in an Ageing Australia

by

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Introduction

This paper will introduce for discussion the changing balance of individual, family, and state responsibility for support of older Australians. It will outline change from the mid-1980s through to the present – roughly a generation span – including issues a generation ahead to the 2030s. It begins with a profile of Australia, a sketch of diversity and change in older Australians over recent generations, and anticipated directions for the future. It then turns to the main patterns and diversity of intergenerational relations in Australia and how they are changing along with population ageing, increasing longevity, and rising concern for national income and standards of living. The paper will discuss current policy issues as they relate to ageing in the key areas of care and support, income support and employment, and human rights.

The paper summarises core perspectives on current intergenerational relations and support in Australia, comparing these to those outlined in earlier works prepared for Asian audiences (Kendig, 2000; Kendig & Quine, 2006). A focal point in Australian policies is a series of ‘Intergenerational Reports’ since the mid-1990s (Attorney-General’s Department, 2010), in which national governments have examined issues concerning fiscal sustainability, productivity, and population growth in the context of an ageing population. A summary of current policy directions can be found in the Australian government submission to the ESCAP review of action on the Madrid plan (United Nations, 2011) and additional references cited in the text.

The Australian Context

Australia is growing older as a country with a Western heritage and an increasingly Asian future. Overall, standards of living are high with a well-developed retirement income and health and care system. There are pockets of disadvantage, however, and considerable socio-economic inequality. The dominant value stance is for older people to grow older in their own homes with ‘intimacy at a distance’ between households and a balance of support from family and community care. With projected increases in the older population, due mainly to the ageing of the large baby boom of the 1950s and 1960s, there is increasing concern for anticipated workforce shortages, capacities for older people to remain independent financially and in daily living, the availability of family caregivers, and fiscal sustainability.

Australia has a relatively small population, approaching 24 million. Although the overall population density is quite low, at 2.9 per sq km, it is much higher in the coastal cities of Sydney, Melbourne, Brisbane, and Perth, where most of the population resides. Apart from a small Indigenous population (2-3%), Australia has been populated from successive waves of immigration and their descendants, initially from Britain at the end of the 19th century, and then from Central and Southern Europe and Asia after the two world wars, followed by Asia and Africa over recent decades. Australians generally enjoy a high standard of living, even
after the Global Financial Crisis of 2008. The unemployment rate has been relatively stable at between 4 and 6% since 2004 (Trading Economics, 2012).

Population ageing, driven by increasing longevity and below-replacement fertility rates, is a growing concern accentuated by uncertain economic prospects for future generations. The large baby boom cohort, now entering later life, has rising expectations and some have resources that challenge perceptions of older people as necessarily disadvantaged. Earlier decades of migration from Europe and more recently Asia are increasing cultural diversity in later life. Many vulnerabilities in later life – seen most starkly among older Aboriginal people - arise earlier in life and benefit from policies that adopt a life course approach to investment in human capital (Kendig and Browning, 2011). Overall, Australia retains strong intergenerational ties within families and public support continues for older people as a ‘needy and deserving’ group. There are increasing concerns for intergenerational equity, however, particularly for younger generations in terms of access to home ownership, competition for employment, and tax burdens.

The ongoing arrival of immigrants to Australian has meant that population ageing has, until recently, been modest relative to some other countries. Those aged 60 years and older were 9% of the population in 1976, increasing to only 12% in 1997. Population ageing has accelerated in recent years as the first wave of Post-WWII migrants reached older age, fertility rates declined and life-expectancy at older ages extended. While 20% of the population was aged over 60 in 2012, this is projected to increase to 29% by 2050 (United Nations, 2012). The proportion of those aged over 80, and therefore likely to need some form of aged-care, is also projected to increase substantially (United Nations, 2012).

Older Australians overwhelmingly live in private households in Australia. In 1998, 91% lived in private households while only 6% lived in healthcare establishments such as nursing homes and 3% lived elsewhere. Even among older people with a substantial disability, only a minority reside in long-term care accommodations such as hospitals or nursing homes. Widows and never-married men are the mostly likely to be in residential care, reflecting strong informal care networks for older Australians, mostly within families. Overall, most people continue to live in the community through a long period of later life; life expectancy at age 60 years is more than 25 years and it is projected to rise further. Only a third of older women and a quarter of older men are projected to ever live in residential care before death, with the average duration of residency in care being several years.

Australia’s strong economic growth has been affected less than other developed countries by the global financial crises. However, there is considerable uncertainty at present concerning Chinese demand for raw resources. While, workforce shortages are anticipated over the long term, as the large baby boom cohort begins to leave the labour force, public concern about immigration has risen given competition for jobs and the environmental consequences of population growth in large cities. The resolution of many issues – including aged care and health care – is complicated by divided policy and fiscal responsibilities between national and state governments.
Intergenerational support

While family members, spouses and adult children are the primary source of assistance for older people living with disabilities in the communities, relatively few older Australians live with an adult child. This reflects the wish of older Australians to remain independent, as well as their financial ability to do so. Older Australians tend to be ‘asset rich but income poor’, with most owning their own home and thereby having minimal housing costs. It also reflects the cultural norms of ‘intimacy at a distance’, in which adult children – predominantly daughters - provide support via frequent visits and telephone calls rather than co-residence. These arrangements tend to be preferred by both parties, with co-residence initiated mostly in circumstances of financial necessity, widowhood, disability or cultural distance from the Australian norm. Older Australians also show a marked resistance to entering a nursing home, with many reporting that they would prefer to die (Kendig & Quine, 2006). These views reflect a fear of dependency, as well as a negative view of the conditions within nursing homes.

While adult children frequently provide support to their ageing parents, they are more likely to receive support from their ageing parents, with the flow of support primarily down the generations. Modest amounts of financial assistance from older parents to their adult children are common, as is assistance with transportation and care of grandchildren. Larger amounts of assistance provided to children and grandchildren in buying a home is increasing with the cost of housing having risen significantly over recent decades. Unmarried or divorced adult children are especially likely to live in the homes of their ageing parents, and those who never marry are most likely to provide substantial caring support. With high rates of home ownership (more than 80 percent), most older people have low housing costs and can have an austere though adequate standard of living. Adult children are typically the beneficiaries of tax-free inheritances from their parents’ estates.

Thus while co-residence is rare, mutual intergenerational support within families is strong. Support flows both ‘downwards’ from parents to children and grandchildren, and ‘upwards’ from adult children to older parents. These flows have roots in strong family values, with middle-aged Australians reporting a strong sense of family obligation for frail older parents who wish to remain independent. The generations strive for balance between competing cultural ideals of autonomy, emotional closeness and practical support. Often, tensions arise between frail older people who wish to remain independent and concerned adult children who wish to provide care. Far from ‘abandoning’ their ageing parents, the more common situation is that adult children can be the initiators and main advocates for higher levels of community care to complement family support or else residential care to ensure adequacy of care and relief caregiver stress. Middle aged Australian women can faced stark ‘choices’ between continuing in full time employment (and paying off home mortgages) or leaving paid work to care for a frail older parent.
Australian policies

Retirement incomes

The capacity for older people to retain their independence in later life has risen over recent decades as a result of rising real incomes as well as government-funded programs and policies. Foremost among these is the Age Pension, which grew from a small supplement for a minority of older people in the 1960s to an indexed payment providing the majority of income for three-quarters of the older population today. The full pension is paid at a level of approximately 25% of average weekly earnings, which is enough for a modest standard of living if combined with the low housing outlays afforded by outright home ownership. Means-tests are set at levels aimed to encourage self-provision as well as public provision. Relatively small proportions of older people live in subsidised public housing while rent assistance augments income for private tenants on a mean tested basis.

Since the mid-1980s major new policies have been introduced to improve the retirement income system including employer-funded contributions to the superannuation savings of their employees (Chomik and Piggott, 2012). These contributions are encouraged through a range of taxation concessions that disproportionately benefit those on higher incomes. A broad aim of the policy is to encourage more self-provision by the current cohort of workers and hence increase their retirement incomes and limit growth of pension outlays. However, these schemes require 30 or more years of contributions before they are fully effective and thus are unlikely to have major impacts on the retirement incomes and pension demands of people retiring over the next decade. There is ongoing contention as to whether the benefits of the schemes justify their public costs and the minimal benefits for workers on low incomes. The strategy is nonetheless viewed as a way for successive cohorts to self-finance their own retirement and limit costs for future generations.

As in most countries, financial difficulties are faced by a number of groups of Australians in later life. Older women living alone in private rental properties can have high rates of poverty. Living with health difficulties and low income imposes financial hardships that limit participation in everyday life. Ageing workers in blue collar jobs are at risk of disability and unemployment before reaching pension age. Many Aboriginal families face economic privation across the entire life course.

Health and aged care

Australia has well-developed health services including public and private hospitals, extensive general practitioner services, state geriatric services, and a range of community health services including home nursing and professional allied health care. Universal health care coverage is provided through Medicare funded in part through a mean-tested levy on income taxes while supplementary private insurance provides a wider range of services, less waiting time, and more choice of doctors. Over recent years a range of other programs for older people aim to prevent falls, provide health assessments, assist with the transition to residential care and improve access to allied health services (United Nations, 2011). While current policies have a strong emphasis on chronic disease and prevention, few initiatives
have as yet focussed on the older people for whom self-management and prevention programs can have major benefits in enabling independence and reducing government health care expenditure (Kendig and Browning, 2011).

Since the 1950s the support of frail older people has become more of a shared responsibility between self-provision, families, and services. Aged care originated from voluntary organisations with modest public subsidies for poor people without family. In the 1960s national funding for nursing homes was introduced as a strategy to limit the inappropriate and expensive use of public hospitals. Funding for hostels and community services also increased through this period. By the early 1980s, however, nursing home expenditure was rising rapidly – by 20% or more per year. This was perceived as a crisis by government. A series of reviews and program reforms were introduced to limit expenditure growth and improve the provision of hitherto fragmented and inadequate community services.

The Home and Community Care (HACC) was established in 1985 to ‘support frail older people and their carers and limit inappropriate or premature use of residential care’. HACC provides services such as domestic assistance; personal care; access to professional allied health care; nursing services; social support; home modifications; and transport. Residential Care programs continued to expand, albeit at a slower rate, with inappropriate use limited by aged care assessment prior to entry. Progressive developments since the 1990s have seen expansion of carer support and respite services in the community and increases of programs specifically for older people with dementia. Access to low level residential care for people of modest means has been limited by increasing requirements for substantial capital donations or payments by older people or their families. Funding for aged care services is allocated to areas where they are most needed and a range of quality assurance programs are in place.

**Shifting Responsibilities for Individuals, Families, and Governments**

Current policy directions aim to maintain quality of life of older people while ensuring the sustainability of government expenditure programs. A recent ESCAP review summarises government progress in terms of the UN’s Vienna and Madrid International Plans of Action on Ageing (MIPPA) (UN, 2012).

**Productivity and Contributions**

Under the MIPPA priority area *Older Persons and Development*, there are important priorities in terms of continuing productivity and workforce developments and these national objectives are prominent in the Australian Government’s third Intergenerational Report (Treasury, 2010). Workforce participation at age 50 to 69 years has been rising over recent years but it still is lower than in New Zealand and most other OECD countries. Treasury estimates that increasing the participation rate of this age group from 62% in 2012 to 67% in 2050 would increase GDP by 2.75% (Chomik and Piggott, 2012). This amount would come close to meeting the ‘fiscal gap’ projected as result of population ageing during this time frame.
A number of government actions are in place to raise workforce participation rates of older workers. In 2010 the Department of Education, Employment and Workplace Relations implemented ‘Experience+’, a suite of programs providing career advice, training grants, job seeker assistance and on-the-job support for older people, as well as cash and other incentives to employers who hire workers aged over 50 (deewr.gov.au/experience). The Government has also encouraged continued workforce participation of older people by increasing the age to which employers must make superannuation contributions on their employees behalf, from 70 to 74 years (effective from July 2013), and progressively increasing the eligibility age for the Age Pension to age 67 years.

The Government’s response to the Final Report of the report Economic Potential of Senior Australians (2012) recommended a number of actions to encourage active ageing, volunteering, and other forms of productive ageing beyond participation in the formal workforce. A 10 year plan is now being developed to enable older people to have opportunities to participate fully in social and economic life. A life span approach can recognise that investment in human capital such as education and health can yield substantial returns across a range of productive activities (Loh and Kendig, 2013). Many of these contributions are made in the context of the family including child care and caregiving valued conservatively at 7 billion dollars in 2009 (National Seniors Association, 2009).

Living Longer, Living Better reforms

In April 2012, after a thorough review by the Productivity Commission, the Australian government outlined major directions in Caring for Older People and set a ten year plan for implementation (hwa.gov.au/work-programs/workforce-innovation-and-reform/caring-for-older-people-program). The Plan strengthens commitments to enabling people to remain in their own homes with combinations of family support and community services. It outlines new emphases in the ongoing balance of support including

- A primary focus on quality in terms of the well-being of older people and carers, promoting independence, giving them choice and maintaining community engagement.
- New ‘consumer-directed’ programs place decision-making power increasingly into the hands of older people themselves and their carers, including the designation of individual budgets.
- Increased options for provision through supportive environments and flexible assistance rather than rigidly set services delivered on a uniform basis irrespective of individual preference.
- A new language of ‘consumer entitlements’ in contrast to rationing by service providers.
- Significant user payments on the basis of capacity to pay and new means tests, recognising that a need for care is distinct from a need for financial resources.
- A stronger focus on prevention and re-enablement when people have lost but could regain capacities for independence.
- More recognition of the needs of Culturally and Linguistically Diverse (CALD) groups as well as Gay and Lesbian groups.

The aged care reforms have received widespread support from consumers and providers, although the adequacy of resource commitments to implement them is still unclear. It is notable that the government did not accept a range of recommendations that would have allowed older people to draw more on their home assets through reverse annuity mortgages. These innovations were considered to be too contentious as the increased resources for care would have been at the expense of inheritances and would have attracted considerable political opposition.

**Human Rights and Discrimination**

Australia is increasingly moving toward a human rights approach to ageing, following movement within the UN toward a new human rights convention for older people (social.un.org/ageing-working-group). The Australian Age Discrimination Act 2004 prohibits age discrimination in many areas of public life, including employment and the provision of goods, services and facilities (United Nations, 2011). A dedicated Age Discrimination Commissioner, Susan Ryan, was appointed in August 2011 to tackle discrimination in workplaces and in the community, promote respect and fairness and address the attitudes and stereotypes that can contribute to age discrimination (United Nations, 2011).

Under the leadership of Commissioner Ryan, the Australian Human Rights Commission has released several publications outlining a human rights approach to Australian policy. In the area of workforce participation, the report Working past our 60s: Reforming laws and policies for the older worker (Australian Human Rights Commission 2012a) highlighted the need for workplaces to be flexible in order to accommodate sickness, disability or caring responsibilities. It also highlighted the need to remove age-related limits on worker’s compensation, income insurance and superannuation policies which can act as barriers to continued workforce participation. Another report Economic impact of increased participation among older workers (Deloitte Access Economics, 2012), outlined the economic benefits of a human rights approach for national productivity and the economic wellbeing of individual Australians.

The Commission also released a report outlining a human rights approach to ageing and health (Australian Human Right Commission, 2012b). This report argues that a human rights approach allows better understanding of how health services can be delivered effectively and fairly, and highlights specific areas of aged care which could be strengthened by such an approach. Among the recommendations were the development of disaggregated indicators to allow monitoring of human rights; human rights training for health workers; indicators to determine the accessibility and quality of services, particularly how they relate to human rights and; national programs to increase the health literacy and internet competencies of older Australians.

Another publication Know your rights: Age discrimination (Australian Human Rights Commission, 2012c) outlines the Age Discrimination Act 2004 in plain language. It explains
types of age discrimination, how the Act protects individuals against age discrimination in a range of areas such as employment, education, accommodation and services, and outlines complaint procedures.

**Conclusion**

This paper has aimed to provide an overview of population ageing and intergenerational relations in Australia. Over the lifetimes of those who are now in later life there has been ongoing stability in some fundamental respects notwithstanding social change. Family relations generally have continued to be strong in the affective and social domains, with family assistance in support and care provided down the generations as well as up to older people. Continuing family support complements increasing levels of community and residential services for the small minority who require it. Rising real incomes and wealth have increased the independence of older people yet rising workforce participation, particularly among married women, has decreased the availability of high levels of carers providing high levels of support.

Since the mid 1980s Australian governments have substantially increased support for older people by means of increasing access to pensions and the implementation of new age care programs. There have been important improvements in community care and carer support services providing more choice and support for frail older people to remain in their own homes. While the supply of care services remains limited, the overall trend has been towards improvement particularly in addressing higher levels of need in the community and in making provision for diversity among older people. There have been shortages in the availability of caregivers, and increased stress on caregivers, particularly among adult children having full time employment as well as among older spouses who may themselves have limitations on their health and other capacities for independence and caregiving.

There is increasing concern for the future resource pressures of an ageing population as the large babyboom cohort with its heightened aspirations reaches later life in times of economic and political uncertainty. Massive investment in employer-funded superannuation over recent decades will increase retirement incomes and ease tax pressure on the next generations but it will take several more decades before the benefits are fully realised. Increasing workforce participation rates among older workers can to some extent offset the risks and costs of increasing longevity for individuals and governments. Investments in human capital, health promotion, and self management of chronic disease have the potential to maintain or increase capacities and independence as people grow older.

Innovations enabling the contributions by older people themselves have good potential for addressing the challenges of an ageing society. Positive attitudes towards older people will be important as will investment in maintaining capacities among people who are rendered vulnerable by economic and social disadvantage over the life course. Australia is ageing and experiencing significant social change but there is every indication that the country has the intention and capacity to rise to the challenge.
References


