



FACT SHEET 1

An Ageing Australia

Past, present and future

In 1901, there were almost 151,000 people aged 65 years and over in Australia, just 4% of Australia's total population. By 1999, this proportion had increased more than three-fold with 2.3 million people aged 65 and over comprising 12.2% of the population. In 2006 there were 2.7 million Australians aged 65 years or over or 13.3% of the population (AIHW, 2007: 5-6).

This trend of an ageing population will accelerate. By 2036, 6.3 million Australians will be aged 65 years or over, representing 24% of the nation's population (AIHW 2007: 5-6).

The percentage of very old Australians is also on the rise.

- In 2006, 3.6% of the total population was aged 80 and over. The proportion of people aged 80 and over will increase to 4.4% in 2016 and to 7.9% in 2036 (ABS *Australian Social Trends 2007: Table 1 Population: National Summary*, Catalogue No. 4102.0).
- The population aged 85 years and over will increase at the fastest rate of all age cohorts. In 2001 this group represented 1.3% of the population. In 2006 333,000 people, or 1.6% of the population, were aged 85 or over. By 2036 around 1.1 million, or 4.2% of the national population, will be aged 85 years or over (AIHW 2007: 5-6).
- The actual number of people aged 85 years and over is projected to more than quadruple within the next 40 years (IGR2: xv).

Australian Government spending on aged care is projected to increase as a proportion of GDP from 0.8 per cent in 2006-7 to around 2.0 per cent in 2046-7 (IGR2: 53).

Why is Australia ageing?

There are a number of factors that are combining to produce our ageing population:

- The Baby Boom Generation refers to those people born between 1946 and 1965. This post-war period was marked by high levels of immigration and high birth rates which peaked at 3.6 babies per woman in 1961. The oldest members of this age cohort will be 65 years by 2011; the youngest will turn 85 in 2050.
- Following the 'baby boom' there was a steady decline in fertility, reaching the lowest point in 2001 with a fertility rate of 1.73 (ABS *Australian Social Trends*, Cat. No. 4102.0). Fertility is now on the rise again but remains much lower than in the 1960s. Low birth rates in combination with an ageing baby boomer population pyramid 'bulge' means that the population, overall, is ageing.

- Very low infant and child mortality rates and high quality public and clinical health programs have seen Australia's life expectancy continued to increase. Life expectancy at birth in 2007 was 79.1 years for men and 83.8 years for women. It is projected that by 2047, life expectancy at birth will be 86.0 years for men and 89.8 years for women. Life expectancy for Australians is amongst the highest in the world. The gap between male and female life expectancy is closing (IGR2:13).
- The development of an ageing population is not confined to Australia. Other countries such as Japan, Germany, New Zealand and Canada will experience a doubling in the proportion of the population aged 65 and over in the next 50 years.

Older people from culturally and linguistic diverse backgrounds

- In 1996 people aged 65 and over from diverse linguistic and cultural backgrounds comprised approximately one in four older Australians. By 2006, they comprised one in three older Australians. The 1996 Census recorded more than 682,000 people aged 65 and over who were born overseas. By 2006, this figure had risen to around 840,000. The proportions born overseas at the 2006 census were 34% for those now aged 65-74 years, 30% for those now aged 75-84 years, and 26% for those now aged 85 years and over (ABS *2006 Census Tables: 'Country of birth by age and sex, by usual residence'*, Cat. No. 2068.0).
- Australia's cultural diversity is mainly due to the immigration policies of the post-war period which saw higher levels of immigration. In 1981-82, immigration peaked at 128,000 and in 1988-89 it rose to a record high of 160,000 (ABS [1994] *Projections of the population of Australia, States and Territories, 1995-2051*, Cat. No. 3222.0). Currently the immigration program welcomes 158,800 people every year, with around 50,000 people being granted family-stream visas. Their main countries of origin were the UK, China, India, the Philippines and Vietnam (Ministerial media release: 27 March 2008).
- Australia's aged are becoming increasingly ethnically and linguistically diverse as a greater number of older overseas born Australians are coming from a larger variety of countries.
- Of people aged 65-79 years born overseas, the largest immigrant groups are from Northern and Southern Europe and from South-East Asia (ABS *2006 Census Tables: Country of Birth by age and sex, by usual residence*, Cat No. 2068.0).

Older Indigenous Australians

- Over 455,000 Australians were of Indigenous descent at the 2006 census (ABS *2006 Census Tables: Indigenous Status by Age*, Cat No. 2068.0). This represents 2.3% of the Australian population.
- The 2006 census reveals that Indigenous Australians have a much younger population profile than other Australians. Just over 15,000 Indigenous Australians are aged 65 years and over. This represents 3.3% of all indigenous Australians. This figure must be compared to the 13.3% of the population as a whole who are aged 65 years and over (ABS *2006 Census Tables: Indigenous Status by Age*, Cat No. 2068.0).
- These 15,000 Indigenous Australians aged 65 years and over represent only 0.56% of all Australians aged 65 and over (ABS *2006 Census Tables: Indigenous Status by Age*, Cat No. 2068.0).

- These figures indicate very clearly the impact of the lower Indigenous life expectancy rate which is 17 years less than general Australian life expectancy rates. Life expectancy at birth in 2001 for Indigenous Australians was 56.9 years for males and 61.7 years for females, an average of 17 years less than whole-of-Australia life expectancy rates (ABS *Australian Social Trends 2000*, Cat. No. 4102.0; ABS *Yearbook 2008*, Cat No. 1301.0 [based on 2001 data]). These figures are comparable to the life expectancy rates for Australia as a whole in the period 1900-1910 (IGR2: 13).
- For community and residential aged care funding purposes, Indigenous Australians are considered to move into the ranks of 'the aged' at 50 years of age. A total of just over 55,000 Indigenous Australians are aged 50 years and over, of whom just over 40,000 are aged between 50 and 64 years. The figure of 'aged Indigenous 50 years and over' represents 12.1% of the Aboriginal population, a proportion which is comparable to the proportion of 'aged Australians 65 years and over' for the whole population (13.3%) (ABS *2006 Census Tables: Indigenous Status by Age*, Cat No. 2068.0). This figure highlights the effects of Indigenous disadvantage.

An ageing workforce

- There has been a recent lift in labour force participation by older workers. The fastest growing group of traditional working age people is that aged 55-64 years. More people aged 65 years and over are staying on at work. The number of workers aged 55 and above will rise by nearly 50% over the next forty years (IGR2: xi).

Aged-to-working-age balance

- In 2007, there were 5 people of working age to support every person aged 65 and over. By 2047, there will be only 2.4 people of working age to support each person aged 65 and over (IGR2: 17).

What does an ageing population mean for Australia?

- Older people must be empowered to make diverse and important contributions to our community. These are 'the wisdom years'.
- Mature aged workers and the purchasing power of a healthier and more affluent older population will make significant contributions to the Australian economy.
- People over 80 years are the major users of aged care and health services in Australia. In economic terms, an ageing population creates both demand for services, and potential economic stimuli.
- An ageing Australia requires government and social planners to understand the issues and work with older people, the aged care industry and the community to ensure that services for older Australians are available, are of high quality and meet the needs of older people now and into the future.
- Over the next 40 years, the ageing of the population, and specifically the impact of relatively fewer people of working age (15-64 years) is projected to slow economic growth. At the same time, spending pressures in areas such as health, age pensions, and aged care are projected to rise (IGR2: vii).

- Changes in the aged-to-working-age ratio will create workforce issues for all sectors of the economy, including aged care. Recruitment and retention of staff in aged care will require responses from Governments and from the private sector that address remuneration, training, professional pathways, and technology.
- The strongest growth in income support payments over the next forty years will be income payments to the aged. Government policies to manage demand for income support include encouraging higher retirement savings through superannuation and encouraging longer workforce participation. Policy settings must ensure that all aged Australians have an acceptable standard of living: i.e, one that promotes health, wellbeing and social participation.

References:

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