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978-0-521-49820-3 - Ageing and Social Policy in Australia

Edited by Allan Borowski, Sol Encel and Elizabeth Ozanne

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PART ONE

Chapter 1

Introduction

The Editors

Australia, like other industrialised countries, confronts the prospect of a steadily ageing population. Until recently, it was still common to regard Australia as a ‘young’ country, though by conventional demographic standards this has not been the case for some time.

Population ageing has aroused concern on previous occasions. The Royal Commission on Population, set up by the New South Wales Parliament in 1903, was concerned about the decline in the birth rate and attacked the ‘selfishness’ of women who did not wish to have children (Hicks, 1978: ch. 3). Similar concerns were expressed in a report by the National Health and Medical Research Council (NHMRC) in 1944, following the events of the 1930s, when natural increase and immigration both declined sharply. The NHMRC report foresaw a rapid ageing of the population and predicted that it would rise from its pre-war level of 7 million to a peak of 8.2 million in 1980 and then decline (Borrie, 1994: 210–14). The report provided an important stimulus for the post-war immigration program, which, together with the baby boom, silenced concerns for a time. (‘The baby boom’ refers to the greatly increased number of births in the ten years after the Second World War; and ‘baby boomers’ refers to the people born in that period.)

With the end of the baby boom, population ageing gradually re-emerged as a matter of concern. The first major academic symposium devoted to issues related to ageing was organised by the Australian and New Zealand Association for the Advancement of Science in Sydney in 1969. In the same year, the Australian Parliament enacted a series of measures dealing with aged care, including subsidies for nursing homes. The Minister for Social Services, W.C. Wentworth, opened the symposium and emphasised that the government recognised the need to re-examine traditional attitudes and policies (Sax, 1970). However, these remarks

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proved to be premature. The next substantial collection of papers on the subject was not published until 1981, and in her editorial introduction Anna Howe observed that 'even though the demographic trends of ageing have been evident for some years ... ageing and the aged have received scant notice' (Howe, 1981: 1). The 1980s, however, proved to be a watershed, both in terms of professional attention to the subject and the development of government policy, as outlined in several chapters of the current volume. These developments are now reflected in numerous scholarly articles and several books, notably the anthology entitled *Grey Policy*, edited by Hal Kendig and John McCallum (1990), and D. T. Rowland's *Ageing in Australia* (1991). Dr Sidney Sax has also returned to the topic in his recent book *Ageing and Public Policy in Australia* (1993).

About this Book

The present volume, although it covers much of the same territory as its predecessors, has been designed to reflect the ever-increasing breadth of research and discussion in the field, as well as the important shifts in government policy, both at national and at state levels. We have endeavoured to include the major themes and issues in the area of ageing and social policy in Australia today and in the foreseeable future. The various chapters deal with a wide variety of domains, including familiar matters such as care of the aged, health, housing, and income security. We have also included chapters on topics which have received comparatively little attention in earlier works, including employment, education and legal issues. Several chapters focus attention on the distinctive problems of older people from non-English-speaking backgrounds, of women, and of Aborigines. Our aim has been to reflect the state of social gerontology in Australia, as well as to provide critical evaluation of public policy.

This introduction falls into three sections. In the first, we summarise the main themes covered in the 13 succeeding chapters, to give the reader some idea of the scope of this collection. This is followed by a section dealing with the social and political context of the debate concerning ageing and the policy issues which it engenders. The debate in Australia takes place in a world-wide context, where the issues are very similar but the responses vary widely from country to country. Finally, we examine recent events in Australia which have changed the context of policy-making. Most of the material in this book was written before the federal election of 1996, which saw the end of a long-lived Labor government. During the Labor administration, important developments took place in government policy on ageing, developments which provide

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much of the substance of this book. The Liberal–National Coalition took office in March 1996 with a somewhat different agenda, although it was not clear at the time of writing how much of it would be realised in practice.

In the last part of the introduction, we review the Coalition government's agenda and its relationship to the issues which all governments must face in dealing with an ageing population.

Following the introduction, the book is divided into four parts. Part Two comprises two chapters which are essentially contextual in nature. An increasingly aged population is the reality shared by Australia and many other countries. The first chapter, by Allan Borowski and Graeme Hugo, explores the contours of population ageing in Australia. It traces both the dimensions and determinants of population ageing – current and future – and examines the arguments of those who have expressed concern about the economic sustainability of population ageing. It also accounts for changes in age structure and dependency in terms of fertility and mortality patterns, and the role of immigration. As in other chapters of this book, these questions are examined in an international comparative perspective.

The second chapter, by John McCallum, traces the dramatic changes in the health of the population which have accompanied the rapid growth of numbers and proportions of the aged. This change is one of several transitions – in demography, epidemiology and health – which are observable in the data of the last couple of generations. Although these transitions denote significant improvements in the health of the population, there are difficult trade-offs of survival time for increased illness and disability, as well as gains in years of life which are accompanied by loss of control and autonomy. These changes represent a challenge to established health systems and the health professions to adapt to the new profile of aged clients. The chapter addresses the problem of misinformation about the health consequences of an ageing society, often perpetuated to achieve ends such as privatisation of services, cuts in budget appropriations for health services, or improvements in conditions for private health insurers. It also pays critical attention to claims of 'cost blow-out' and health crisis associated with an ageing society.

Health and health policy are also addressed by several of the other contributors, especially in the chapters by Heycox, McDonald, Pfeffer and Green and Anna Howe. The cost of health services for the aged is identified in a number of reports (quoted below) as the major fiscal issue for governments and a new jargon, using terms such as 'casemix' and 'Diagnostic Reference Groups', has developed to denote a variety of cost-cutting devices.

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An American writer on health policy has recently observed that

there seems little question that long-term care for the elderly will become the health issue of the future ... long-term care requires major initiatives in social organisation and in the modification of community culture and service mix. A balance of public entitlements, non-governmental initiatives, enhanced voluntary efforts, and individual responsibility of the elderly and their families would provide the context for a solution. (Mechanic, 1989: 253–4)

A detailed discussion of issues related to ageing and health can be found in the recent textbook, *Gerontology*, by Victor Minichiello and his associates (Minichiello et al., 1992).

Part Three deals with aspects of growing diversity among the ageing population, in a society which itself is becoming more heterogeneous. Indeed, one of the ways in which social gerontology is changing is its heightened attention to issues specific to women and to ethnic and racial minorities. This growing diversity poses important policy challenges to long-held notions about the design of service programs. Don Rowland examines the vulnerabilities of the aged members of various ethnic minorities – problems of social integration, health, family resources, language and culture. He looks at contemporary approaches, including multicultural principles, community support and residential care and concludes by examining some of the concepts that should guide population monitoring and policy innovation.

Karen Heycox writes about the distinctive situation of older women, and considers whether age or gender has the greater impact on their lives. Although older women outnumber older men, there has been little in the way of research, or policy initiatives, dealing with their particular situation. Most theoretical analyses of ageing tend to emphasise ageing as an individual experience and to neglect structural factors such as gender (as well as class and ethnicity). The women's movement itself has neglected the experience of older women. Although the double jeopardy of ageing for women – ageism and sexism combined – was acknowledged two decades ago, it has only recently been explored in any depth. Examples of recent research on women over 90, and studies by the Older Women's Network, are cited to suggest possible directions for planning and service delivery in the future.

The editors were particularly anxious to include a chapter on another distinctive group, that is the Aboriginal population, for whom the experience of ageing stands in sharp contrast to that of the rest of the population. The earlier anthology edited by Anna Howe (1981) does discuss the situation of the Aborigines, but the topic has been largely neglected since then, apart from some demographic data in a report written by Hal Kendig for the New South Wales government in 1989.

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The plan was to find an Aboriginal person to write this, but efforts in this direction were unsuccessful. The chapter which actually appears was written by Jo Harrison, a white social worker in the Northern Territory, and it describes the 'Captain Cook' behaviour of white administrators and service professionals towards older Aborigines. Harrison records vivid personal testimony from Aborigines themselves which reflects these traditional colonial attitudes, resulting in conflict and misunderstanding between Aboriginal people and white professionals and bureaucrats.

The differential situation of Aborigines is clear from the demographic data. According to Kendig's estimates, average life expectancy for Aboriginal men is no more than 50, and for women 55. In 1986, only three per cent of the New South Wales Aboriginal population were aged 60 and over (Kendig, 1989).

As Harrison observes, services suitable for the white Australian community often violate traditional Aboriginal social relationships, and are provided on a 'mainstream' basis without consultation with the Aboriginal elders. One exception is to be found in a pilot project at Kempsey, on the north coast of New South Wales, which was supported by the then federal Minister for Housing and Community Services, Brian Howe (who contributes a preface to this book). A local Aboriginal cooperative was granted permission to establish a residential centre which will also offer domiciliary services. All the planning was done in consultation with elders from various Aboriginal communities in the area (March and Morris, 1993).

The high level of unemployment among Aborigines also means that the move towards occupational superannuation, discussed by several contributors to this volume, places them at a disadvantage. One way of dealing with the special income difficulties of older Aboriginal people was suggested a few years ago by the former president of the Australian Medical Association, Brendan Nelson (now a member of federal parliament), who proposed a lower pension age for them (Dow, 1994). Given the desire of governments to reduce pension expenditure, this suggestion has little chance of success in the foreseeable future.

Part Four of the book covers a number of issues related to policy, including employment, education, housing, retirement incomes and family support. Sol Encel describes the growth of 'early exit' from the work force, whether in the form of 'early retirement' or early unemployment. Throughout the OECD countries, this has meant a steady fall in the labour force participation rate, especially for men over 50. This fall has been encouraged by governments concerned about rising youth unemployment. The chapter examines the difficulties faced by unemployed workers over the age of 45, who experience a high level of age discrimination. It also presents the results of a survey of retired persons

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which suggests that the number of retirees who continue in gainful employment is significantly higher than official statistics indicate and examines the evidence that continued employment is associated with good health. Linda Rosenman and Jeni Warburton also take up the question of labour-force participation in their discussion of retirement incomes. Since the income security system for the aged is becoming increasingly based upon employment and salary-related contributions, labour force changes become very important in relation to income security and income maintenance progress. Changes in male and female participation rates, patterns of exit from paid employment and changing employment conditions will influence the ability of the individual to accumulate superannuation to support a long period of retirement.

The chapter by Hal Kendig and Ian Gardner looks at the complicated web of policies related to housing, and focuses on three basic aspects of housing important for older people:

- income and wealth;
- housing type and location;
- housing and care.

Under each aspect, the chapter reviews how the housing of older people is affected by present policies and related to recent policy debates. The final part of the discussion is concerned with strategies for improving housing which is appropriate for all stages of life. This calls for advocacy and planning to take account of long-term policy impacts, cross-sectoral impacts, and their effects on vulnerable people who have little political voice.

Peter McDonald considers the role of the family in providing informal support for aged members, and the possibilities for better integration of formal and informal support systems. Evidence is drawn from studies of informal assistance provided by family members and the perceived needs of carers. The chapter critically assesses the extent to which the role of informal carers is recognised within formal systems.

The last chapter in Part Four deals with the largely neglected topic of education for older people. As Robb Mason and Shirley Randell point out, educational policies remain strongly oriented towards the young and towards economic performance. The established structure does not correspond to the needs of an increasingly fit, active and educated aged cohort, nor does it relate to the growing number of mentally alert, house-bound older people. Although new technology offers some answers, educational institutions will have to provide more resources based on relevant, broadly-based curricula which reflect current and future reality.

Although policy issues enter into all the chapters in this volume, Part Five addresses itself directly to the policy-making process. Elizabeth Ozanne discusses, at greater length, some of the political issues raised

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briefly in the second part of this introduction. In particular, she examines the development of new assumptions about the role of the state, relative to the individual, the family and the private corporation. She notes that the direction of contemporary reforms is towards a more restricted role for the state in service provision but, at the same time, towards tighter regulation and budgetary control, greater utilisation of a public/private service mix, incorporation of informal care into formal service planning and greater individual responsibility for security in later life. Her chapter examines some contemporary theories of policy development and their relevance to the context of policy-making in Australia in the 1990s.

Terry Carney extends this theoretical discussion by examining the role of the law in providing a legal framework for policy development. The law itself reflects policy tensions between universalist and selective policies, and between private and public service provision. The role of the law has also changed from one of 'benign neglect' to one of more positive and diverse functions, illustrated by policies which sometimes dissolve old restraints (for example, age discrimination), sometimes risk creating new divisions (for example, between publicly and privately funded retirement) and sometimes raise issues of social equity (especially between generations).

The last two chapters are concerned explicitly with what may be termed the nuts and bolts of policy-making. Monica Pfeffer and David Green approach this from the perspective of state government, tracing the fate of policy units set up to deal with ageing issues. Like similar units for women, youth, Aborigines and ethnic minorities, these agencies represented an attempt to shape policy in the light of the demographic transition, and to contain or deflect the political demands of an increasingly organised and vocal section of the population. The history and vicissitudes of these policy units under different governments reflect shifting political, professional and bureaucratic understanding of policy-making for an ageing community. The chapter examines several examples of policy-making, including 'elder abuse', age discrimination, housing, health promotion, safety and security.

Finally, Anna Howe looks at the development of policies at the Commonwealth level relating to care of the aged, taking the history of the Aged Care Reform Strategy as her major theme. This strategy, pursued by the federal Labor government (1983–1996), went through a series of phases in which there was a constant tension between residential care and community care. The chapter examines the momentum of reform and the reasons why this slowed down with the passage of time. Howe reviews the development of programs such as HACC (Home and Community Care) and Community Options (COPs), the National

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Action Plan for Dementia Care and the changing balance between nursing homes and hostels. She concludes by advocating a social insurance scheme to cover the costs of long-term care, which she sees as necessary to move the debate about paying for aged care beyond divisive argument about intergenerational transfers.

The 'Burden' of Ageing

Any discussion of policy responses to the ageing of the population cannot fail to take account of the frequency and stridency of public utterances about the 'burden' imposed on society – and especially its younger members – by the rapidly growing number of older persons, whose exorbitant demands on the public purse are bringing about a 'crisis' in welfare policy. This is the term used, for example, by the World Bank in its report, *Averting the Old Age Crisis* (1994).

The World Bank report is, in fact, focused mainly on one particular issue, that is to say, the fiscal difficulties confronted by publicly funded pension schemes, especially those that operate on a 'pay-as-you-go' basis. Their remedy is to introduce a 'three-pillar' system of retirement incomes, including a publicly funded non-contributory pension scheme, private superannuation schemes and a universal contributory scheme in which contributions come from employees, employers, and government. Australia receives a pat on the back for its move to a three-pillar system (World Bank, 1994: 274–6).

This report is also concerned about the problem of intergenerational equity, which is a polysyllabic version of the 'burden' argument. Publicly funded pension schemes, it argues, will reduce the lifetime incomes of many people now in employment, involving a gain in real income by one generation at the expense of a permanent loss to another generation (that is, the young supporting the old). The bank's treatment of this issue is comparatively moderate. A much more alarmist view can be found in the writings of a number of economists, especially in the United States. A recent example is the assertion by Lester Thurow that the future of capitalism itself is threatened by the excessive demands of the elderly. Demography, he declares, has created a 'new class' of older voters who are soaking up the lion's share of public expenditure in the United States. For the first time in human history, he maintains, 'our societies will have a very large group of economically inactive elderly, affluent voters who require expensive social services ... they are bringing down the social welfare state, destroying government finances, and threatening the investments that all societies need to make to have a successful future' (1996a: 96).

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And, in a more popular version of his argument, Thurow describes the elderly as a 'revolutionary class' who are about to re-define class warfare as a conflict between young and old, rather than poor versus rich (1996b: 46–7).

Such jeremiads are not new. A commission of inquiry appointed by United States president Jimmy Carter in the 1970s concluded that aged persons were relatively well off because of welfare programs, and painted an alarming picture of impending crisis in the social security system. The result was an outburst of hostile comments about the burden of welfare payments to the elderly. A columnist in *Forbes* magazine declared: 'The myth is that they're sunk in poverty. The reality is that they're living well. The trouble is there are too many of them – God bless 'em' (Flint, 1980). In due course, following the usual American pattern, a lobby group appeared calling itself Americans for Generational Equity (AGE), which maintained that the elderly were 'emptying the coffers of the welfare state and creating a tax burden beyond the means of the labour force to support' (Katz, 1992: 205).

In Britain, at about the same time, similar concerns were expressed, reflecting the ideology expressed by Margaret Thatcher when she attacked the 'nanny state', declaring that 'there is no such thing as society' and that individuals must look after themselves (Thatcher, 1987: 10). An article in the *Economist*, once again using the language of crisis, invoked the spectre of a 'granny crisis' (*Economist*, 1984: 59).

In Australia, a report by the Economic Planning and Advisory Council (EPAC) in 1994 also provoked alarmist headlines in the newspapers. The report drew some disturbing conclusions:

- an ageing population would have negative effects on international competitiveness, domestic demand and the availability of a skilled labour force;
- increased labour force participation by women was liable to decrease the volume of support provided to the aged by their close relatives;
- welfare expenditures would rise steadily during the next half-century, from 6.9 to 9.3 per cent of projected GDP by 2051;
- health expenditure would rise from 8.4 per cent of GDP to 11.1 per cent in 2051, by which time more than 50 per cent of health expenditure would be devoted to the elderly (Clare and Tulpulé, 1994).

The inevitable result of these trends would be the necessity for increased taxation, although the authors considered such rises should be modest, given increases in GDP over the same period. The report, moderate in its analysis and conclusions, provoked hysterical reactions in the mass media. A typical example was a headline in the *Australian* newspaper which denounced 'Pickpocket Pensioners'. An editorial in the

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Sydney Morning Herald foresaw that the ageing of the population would lead to a 'general sclerosis of Australian attitudes and culture' (Encel, 1995: 77). More recently, the columnist P. P. McGuinness has attacked the political influence of older people, prophesying that the 'old vote' would be invincible (Age, 1996).

Not surprisingly, these depressing conclusions have provoked strong rebuttals. The American demographer, Richard Easterlin, criticises the reliance of the doomsayers on the 'age dependency ratio', that is, the ratio between people aged 15–64 and those aged 65 and over. Dependency, he argues, should be seen in comprehensive terms, using the *total* dependency ratio, which includes juvenile as well as aged dependants. In a study of 11 countries, Easterlin found that in nine cases this ratio had not increased significantly for over a century, despite some fluctuations. In some cases, including the United States and the United Kingdom, it could actually be lower in the middle of the twenty-first century than it was at the end of the nineteenth. Easterlin also examined the argument (used by the World Bank and also in the EPAC report) that the falling cost of child dependency, which will decrease as the relative size of the younger age groups diminishes, will be outweighed by the fact that aged care involves higher levels of public expenditure. Against this, he points out that *combined* public and private expenditure is much the same for young and old (Easterlin, 1991: 309).

Similar conclusions are reached by the authors of an international comparative study covering the United States, Japan and Australia (Schulz et al., 1991). Like Easterlin, they criticise excessive reliance on age dependency and point to the total dependency ratio as a more meaningful guide, since it also takes account of children, the disabled and the unemployed as well as the old. In addition, use of dependency ratios ignores unpaid work and unpaid care (Schulz et al.: 86–7). Paraphrasing some recent American political rhetoric, they criticise the growth of 'voodoo demographics' which 'raises the spectre of lost opportunities and an intolerable economic burden arising from growing numbers of older people and a resultant rise in intergenerational conflict'. The real issue, they maintain, is the level of taxation. The same point is made by two American economists in a detailed critique of the Carter commission's report, which maintains that concern over the 'burden' of ageing, expressed through an obsession with the age dependency ratio, diverts attention from the effects of unemployment and inflation, for which the elderly became a convenient scapegoat (Friedmann and Adamchak, 1983: 57–60).

In a sustained critique of the World Bank report, Paul Johnson also points to the deficiencies of the age dependency ratio as a basis for concern about the burden of ageing. Old age, he emphasises, is not