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Conclusions: An historic triumph that presents big challenges for public policy

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The first conclusion from all the material presented in this book concerns the scale of the changes underway, both nationally and internationally. They are perhaps the most significant demographic changes in human history, building on the dramatic reductions in infant mortality over the last century or so and the fall in fertility rates over the last half-century (the precise timing varying significantly amongst different countries), leading to substantial increases in life expectancy at older ages as well as more people reaching old age. These changes will be permanent, requiring fundamental and ongoing re-conceptions of the life-span of individuals and the age profile of societies, affecting family and community relationships as well as individuals' planning for lifetime wellbeing. As a result, we need perhaps to consider the idea of 'multiple beings' over the life-span with individuals choosing more and different roles at different ages.

A second idea that comes through is the need to cease thinking of the changes as representing a crisis, and to see them as a triumph as per the evidence in Gong and Kendig. They are the result of a series of indisputably positive developments—lower child and other mortality

at young and middle ages, more choice and control over fertility, and now more years of healthy living in old age. The conversation needs to shift to how we can take full advantage of the changes.

The policy implications relate to the goals of both individuals and society as a whole, and the capacity of governments to facilitate their achievement. For individuals, the goals include maintaining good physical and mental health, preserving independence and ability to control their lives and exercise choice, being socially connected and being treated with dignity and respect, and having personal security. These goals require access to personally appropriate services, whether provided by government or the market or through social organisations.

Achieving broader social wellbeing requires the optimal use of human resources and social capital. Pakulski suggests that Australia's '3Ps' (population, productivity and participation) strategy has been relatively successful in this regard, a strategy to which he adds a fourth 'P' (provisions) to meet the financial impact of demographic change on pensions, health services and aged care. One advantage of this approach is that it addresses both sides of the ledger: factors that may facilitate continued economic growth and opportunities for improved wellbeing, and cost factors associated with population ageing. Similarly, it combines mitigation and adaptation. Importantly, however, social wellbeing also concerns social cohesion and inclusion, and stability.

In supporting the achievement of individual and social goals, governments need to distinguish between the exogenous factors society (and government) must adjust to, and the things governments can influence. The exogenous factors are not just the demographic changes underway (immigration may continue to moderate the impact, as McDonald notes), but also the structure of the Australian economy and our broad social values and relationships and associated expectations, and any economic turbulence, particularly global turbulence. Governments may be able to influence labour markets, insurance and superannuation and to provide social protection, to smooth transition to new demographic or economic circumstances, to facilitate effective and efficient health- and aged-care services, and to support social engagement through appropriate infrastructure, urban design and access to information. These form a broad menu of possible policy responses.

Social and economic participation

Central to future labour market and social policies is that the concept of 'retirement' needs reconsideration. Rather than being a point-in-time transition, retirement is increasingly a process taking place over a lengthy period. Various contributors highlight how varied that process is amongst individuals (for example, McDonald, Kendig and Browning, Hall and van Gool). They also suggest the likelihood of the process lengthening in future and the variations widening.

Accordingly, the idea of a fixed 'retirement age' needs to be rejected, though for superannuation and social security purposes ages do need to be identified for eligibility for government support. The challenge is to set such eligibility rules in a way that recognises the process of retirement and offers people reasonable choice about the process that best suits them (and best protects those with limited means and ability to work) while not imposing undue costs on the community.

A focus on people choosing how they transition into retirement, rather than facing a fixed retirement age, requires that they have the necessary information and advice, and personal competence, to make their decisions wisely. There is a need to simplify Australia's complicated superannuation and social security system (as Bateman emphasises). It also assumes there is a wide range of options open from which people can choose.

While workforce participation has increased in recent years amongst those over 55, there remains considerable room for improvement in the range of employment options offered by employers. Some shift can be expected as the age profile of labour supply changes (with total numbers aged under 55 slowing significantly) but, as Ryan highlights, more effort could be made to ensure flexible hours, part-time work, suitable contract arrangements, appropriate insurance and compensation arrangements, and so on. Some serious cultural change needs to occur and governments could facilitate this by the sort of structural adjustment programs used over the years for industry restructuring.

Retraining and continued education in old age should be part of such structural adjustment, and is likely to continue as an element of the cultural change required. For some, however, employment

opportunities are constrained from a much earlier age—from leaving school—casting a shadow over their capacity to participate when reaching their 50s and 60s. Efforts to improve opportunities in old age must therefore include improving participation in school education and ensuring post-school training offers opportunities for continued up-skilling and new skills development.

While more opportunities for continued participation in the paid workforce are needed, given the increasing numbers of people in this older but active age group, the idea of continued contribution is not limited to paid work. Already many are involved in family caring responsibilities (as grandparents, or as children or spouses of frail-aged people) and in volunteering work. There may be room to widen opportunities in these areas and to make the contributions more productive by suitable training or other support. Such contributions can, however, be burdens rather than 'opportunities' pursued by choice; and those concerned may need support while providing care, and may also need opportunities to participate actively but differently as and when their caring responsibilities cease.

Governments should facilitate choice, ensuring opportunities for continued participation and contribution to society, but also ensure that those bearing the risks involved are able to manage them. Governments need to recognise that their policies may influence the choices being made, being careful not to encourage decisions that are not in people's best interests.

The emphasis on choice extends to the choice between 'work' and 'leisure', and the mix of the two as people transition to retirement. One of the most beneficial aspects of economic growth is to reduce the drudgery of work, making work more pleasant and satisfying and allowing more time for leisure. Today's policymakers and advisers might do well to revisit John Stuart Mills' 'gospel of leisure' as opposed to the 'gospel of work' propounded by some of the moralists of his time:

In opposition to the 'gospel of work', I would assert the gospel of leisure, and maintain that human beings cannot rise to the finer attributes of their nature compatibly with a life filled with labour. I do not include under the name labour such work ... as is done by writers and afforders of 'guidance', an occupation which, let alone the vanity of the thing, cannot be called by the same name with the real

labour, the exhausting, stiffening, stupefying toil of ... agricultural and manufacturing labourers. To reduce very greatly the quantity of work required to carry on existence is as needful as to distribute it more equally; and the progress of science, and the increasing ascendancy of justice and good sense, tend to the result. (John Stuart Mill (1850), quoted in Castles 2014)

Society and governments should not press for increased workforce participation as a goal in itself: better opportunities and better use of available human resources will almost certainly involve increased workforce participation amongst the able-aged, but people should also be free to choose the mix of work and leisure in their lifetimes, subject to their being able to manage the risks associated with their choices, and those choices not being unduly influenced by government (including by too ready availability of taxpayer support).

Health and wellbeing

Health and wellbeing implications of our ageing population are explored by various contributors in this volume, including in respect of income security, physical and mental health, social engagement and housing. A number of public policy concerns arise either explicitly or implicitly.

Several contributors (particularly Bateman and Piggott) highlight the complexity of the current retirement income system and the problems in the 'de-accumulation phase' in particular, notwithstanding the many strengths of Australia's arrangements. The strengths relate in large part to the extent to which the system involves the spreading of individuals' lifetime earnings rather than relying on public and private transfers, by mandating and encouraging superannuation savings, as well as the way it protects the poor and those with limited savings. Indeed, the World Bank and some other international observers see this defined contribution and funded approach, (with the safety net of the means-tested age pension) as a benchmark for good practice. It is seen as providing guidance for how other countries might design contributions and eligibility for benefits in their defined benefits schemes (World Bank 1994, 2008; Podger et al. 2014). On the other hand, it would be better if the Australian system had, as a more prominent benchmark in its de-accumulation phase, the sort of standards that 'defined benefit' schemes use, particularly

in terms of income replacement rates and continuing secure lifetime income streams. A specific problem to be addressed is the extent to which people pass on their tax-supported superannuation to the next generation (and the extent to which the next generation feels entitled to estates enhanced by tax-supported savings), or run out of savings and rely too heavily on the age pension.

The age pension remains an important 'pillar' in Australia's retirement income system, ensuring an adequate safety net for those with limited superannuation savings. But 'adequacy' will not be maintained simply by maintaining real rates of pension as was originally proposed in the 2014–15 Budget. Over time, social security payments need to be adjusted to maintain relativities with incomes across the community.

The complexity of the Australian system, and the degree to which individuals bear the risks, suggests the need to consider wider use of default mechanisms to guide individuals, as well as better support for managing the risk of longevity. The Murray Report on the Financial System recommends some modest moves in this direction (Murray 2014) but more effort may be required. Regular 'check-ups' at different stages in the life-span would help people review their investment, accumulation and de-accumulation arrangements during the period from age 50 to age 70 (or more) so they can be confident of achieving their planned retirement incomes; such check-ups might also offer people default options that guide them towards suitable retirement income outcomes.

While there is some uncertainty about whether Australia's high rate of home ownership will continue amongst future cohorts of older people, the possibility of drawing on those assets more efficiently and effectively could help older people to live more comfortably. As Ong suggests, this could also help to fund the increasing costs of aged care particularly in the context of older Australians seeking more choice over their care and accommodation when very old. The Productivity Commission's proposals, which include a form of social insurance (by capping individuals' care costs), offer one possible approach promoting more choice and greater efficiency by relaxing supply-side controls and relying more heavily on user pays and competition (Productivity Commission 2011).

The increasing numbers of older Australians will also have an impact on politics. A key question will be whether they exercise their greater voting power to promote self-interest or to contribute more wisdom and experience into public policy deliberations. The latter may be more likely if older Australians not only increase their increased social and economic participation, but also their participation in political processes such as through political parties, think tanks and other forums for informed dialogue and debate, and by standing for parliament. Such participation could be encouraged if parties, public service organisations, think tanks, universities and parliaments put more effort into networks of expertise and experience amongst people no longer holding full-time positions utilising their skills.

Increasing social and economic participation amongst older people is reliant upon their continued good health and capacity even as it in turn will contribute to wellbeing. While years of good health are increasing, there is more that can be done to enhance health at older ages (recognising that 'good health' needs some calibration as people get older).

Public health and health promotion, and early diagnosis and treatment, are often cost-effective ways to enhance health and independent living, and ability to participate, as Hall and van Gool suggest. They include community effort to support exercise and good dietary practice, and systematic screening and other diagnoses based on evidence of risks. Governments may be able to help by 'making the healthy choice the easy choice' such as through promotional activity and appropriate rewards and penalties for service providers and/or consumers; civil society organisations can also play an important role both in offering information and in facilitating voluntary activities.

Cognitive capacity is particularly important and the evidence Anstey presents of ways in which such capacity can be sustained more effectively offers the potential for significant improvement in the future. It seems that, as with other aspects of healthy living, cognitive capacity at older ages is also related to prolonged mental engagement and healthy living at younger ages. Having some 'cognitive reserve' is highly relevant to the theme of choice and informed decision-making that permeates this book; it is also critical to continued capacity to adjust to new technology and new information.

The evidence of wide variations in the health pathway through older years of life identified by Hall and van Gool also suggests the need for the health and care system to be much more responsive to individual circumstances. A shift from a service-oriented system to a person-oriented one might help to 'normalise old age', by treating older people as individuals with individual needs and preferences just as younger people expect to be treated in their day-to-day lives as workers and consumers and family members. This shift will take time as it will require considerable adjustment by suppliers of goods and services as well as changes in government programs and in consumer behaviour.

In promoting such a shift, governments need to recognise that the supports available to individuals vary significantly, including as a result of changes in marriage and divorce at younger ages (as McDonald notes). There is also a group experiencing deep and persistent poverty whose access to health services as well as social and economic support remains limited. A particular example, which Hall and van Gool mention, is lack of access to dental health services: poor dental health is now a critical indicator of deep disadvantage, reinforcing social isolation.

Suggestions about promoting health, distinguishing between age and age-related disability, and redesigning health and aged-care systems to be person-oriented rather than service-oriented, raises the challenge of applying a wider definition of wellbeing. Such wellbeing is linked to individual factors such as contentedness and independence (the ability to exercise control), feelings and spirituality, and also to societal factors such as the respect society has for older people, how much they value them and their views and experience, and how well younger people want to connect with them, as Windsor, Curtis and Luszcz, and Burns and Browning identify. Burns and Browning also refer to a UK initiative to promote wellbeing based on five actions—connect, be active, take notice (and give time), keep learning and give (contribute)—that may be worth monitoring to see the extent to which it is possible for government and civil society to influence social attitudes and improve wellbeing (Foresight Report 2008).

Specific approaches to building and sustaining active participation include measures to strengthen family, social and community engagement through communications technology and improved transport arrangements. Recognising the current and potential contributions of older people is a pre-condition for their more active participation, and warrants investment, such as in training to be members of NGO boards or to be more effective volunteers in a wide range of community services, or training in child health or elderly care.

In addition to the wide variations in pathways through older ages, there is a wide diversity amongst older population groups including on the basis of ethnicity, Aboriginality, and geographic location (particularly urban versus regional and rural). A more personally responsive approach to promoting health and wellbeing will address this diversity in part, but there also needs to be recognition of for example, the language needs of different population groups and each one's shared interests and values. Variations in the 'density' of older populations in different geographic areas will also impact upon the capacity to engage, the nature of the engagement and the supports required and able to be provided.

Conclusion

The ageing of our population, both in Australia and internationally, represents a profound historic development. A triumph, not a crisis; an enhancement of our overall wellbeing.

Taking advantage of the opportunities involved will, however, require serious societal reflection about the emerging demographic profile and about life-courses over longer life-spans, and also some deft public policy responses. These should facilitate informed choices by individuals looking to maximise their own lifetime wellbeing and that of their families, while recognising a wider diversity of circumstances and the need to protect the vulnerable and to ensure risks are allocated according to who (individually or collectively) is best able to manage them.

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