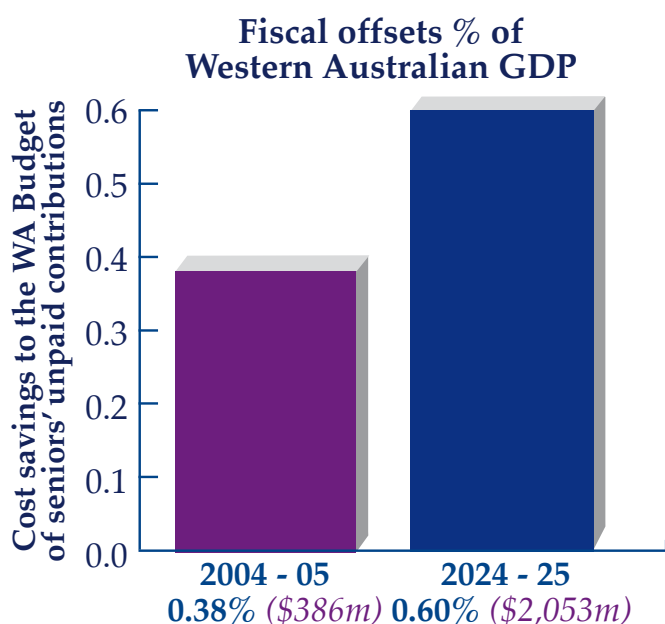


WESTERN AUSTRALIA'S SENIORS

An Asset, Not a Burden



**Saving
WA
\$2 Billion
by 2025**

TOPIC SHEET NO: 9 – in the series “Western Australian Seniors”

July 2007

State of Ageing

Western Australia is ageing. The baby boomer generation is now beginning to turn 60 and by 2025, seniors will account for a quarter of our population.

The pressures that will be placed on the economy by the increase in demand for public services have been well documented. But to focus solely on the negative impacts of population ageing serves only to portray seniors – wrongly – as a burden on our society.

The unpaid work undertaken by seniors (people aged 60 and older) such as volunteering, child minding and caring is of enormous value, both socially and economically.

Access Economics, in a report commissioned by the Office for Seniors Interests and Volunteering, estimated that the unpaid work undertaken by Western Australian seniors will generate savings of \$2 billion for the Western Australian economy and \$4 billion for the Federal economy by 2024-25.

It is important that we recognise this value and its implications for State and Federal Budgets, and ensure that we approach policy-making with the view that our ageing population is an asset, not a burden.

This publication is an initiative of Generations Together – the Western Australian Active Ageing Strategy

Population Ageing in WA

In June 2005, 16.3 per cent of Western Australia's population was aged 60 and over, slightly lower than the national average of 17.6 per cent. Seniors made up 20.4 per cent of the State's adult population (aged 15 and over).

In 2024-25 this figure will be much higher. Seniors will account for an estimated 24.3 per cent of WA's entire population, and 29.2 per cent of the adult population.

WA SENIORS DEMOGRAPHIC STATISTICS (JUNE 2005)

	WA metro	WA rural	Total WA	Australia
Share of population in the region aged 60 and over				
Male	15.1%	15.9%	15.3%	16.5%
Female	17.5%	16.8%	17.3%	18.8%
Total	16.3%	16.3%	16.3%	17.6%
Share of population aged 60 and over in the region				
60-64	27.3%	28.5%	27.6%	26.3%
65-69	21.6%	23.6%	22.2%	21.4%
70-74	17.2%	17.8%	17.3%	17.4%
75-79	14.7%	14.1%	14.5%	15.2%
80 and over	19.2%	16.0%	18.4%	19.7%

Source: Population by age and sex, Australian Bureau of Statistics June 2005 (Cat No. 3235.0)

The Economic Impact of Ageing

Before highlighting the positive contributions older people make to the economy, the cost implications of the ageing population for both the Federal and Western Australian Budgets are outlined.

Negative impacts on the Federal Budget hit earlier, as the baby boomers retire and leave the labour force. The negative impacts on the WA Budget generally hit later, particularly in aged care and hospital costs.

The tables below show the projections for WA and Federal Budgets spending for 2024-25 based on three scenarios:

- (A) There has been no population ageing, and health costs have grown in line with consumer prices more generally
- (B) Demographic ageing has proceeded along the expected lines but inflation in health care costs has remained in line with other prices
- (C) As currently projected, the economy takes a 'double-whammy' from an ageing population and rising health care costs.

There is no surprise that the implications of population ageing show up most dramatically in the health expenditure. Concession card costs also rise significantly.

FORECAST WA BUDGET SPENDING IN 2024-25 (\$M)

	Without ageing (A)	With ageing (B)	With ageing & health inflation (C)	Ratio of (C) to (A)
Health	12,052	14,194	15,237	26.3%
<i>of which:</i>				
Aged care	430	672	730	69.7%
Education	14,187	11,474	11,636	-18.0%
Public order and safety	3,026	2,757	2,796	-7.6%
Welfare payments	2,086	2,097	2,127	1.9%
<i>of which:</i>				
WA Seniors Card	28	43	44	54.1%
All other seniors' concessions	445	677	686	54.1%

On the plus side, welfare payments at the State level are restrained due to the impact of increasing numbers of grandparents on the required level of funding for child care.

At the same time education and public order and safety costs decline due to fewer younger people in the State.

The Federal results show similar swings, but with far greater impacts from aged care with a rise in expenditure of some \$15 billion (compared with \$300 million in the State Budget).

FORECAST FEDERAL BUDGET SPENDING IN 2024-25 (\$M)

	Without ageing (A)	With ageing (B)	With ageing & health inflation (C)	Ratio of (C) to (A)
Health	125,115	141,812	162,086	29.5%
<i>of which:</i>				
Aged care	25,407	36,901	40,114	57.9%
Education	35,112	34,002	34,454	-1.9%
Social Security	219,765	238,654	241,764	10.0%
Other Welfare	28,561	26,225	26,582	-6.9%



The contributions of seniors in WA

Any balanced analysis of the impact of the ageing population phenomenon which values seniors must take into account the economic and social benefits that older people provide to their family and their community.

Paid work

One fifth of WA's seniors population participate in the paid workforce. Eleven per cent of older people are in full time work (compared to 46 per cent of the general population), while 8.8 per cent are employed part time (compared to 19.1 per cent of the general population).

Workforce participation levels among seniors are predicted to rise across the coming years, driven primarily by an increase in life expectancy.

Unpaid work

There are three major areas of unpaid contribution undertaken by seniors:

- ▶ **Caring for the aged and disabled**
 - Seniors are more likely to care for their spouse as many have retired from paid work, and are also more likely to care for a disabled family member.

Primary carers account for two per cent of Western Australia's population, while 10.7 per cent are non-primary carers.

In both males and females, primary carer rates are at their highest among seniors. Female primary carer rates peak in the 65-74 age group (around 5 per cent of the total population for that demographic) while male primary carer rates peak in the 75+ age group.

- ▶ **Caring for children** – Seniors mainly provide informal care for their own grandchildren, but some also care for children not related to them.

Child-minding rates among Western Australian seniors are at their highest in the 60-64 age group. Grandparents are the most likely, after parents, to provide unremunerated child care.

A significant proportion of grandparents who undertake child minding spend more than 15 hours a week caring for children.

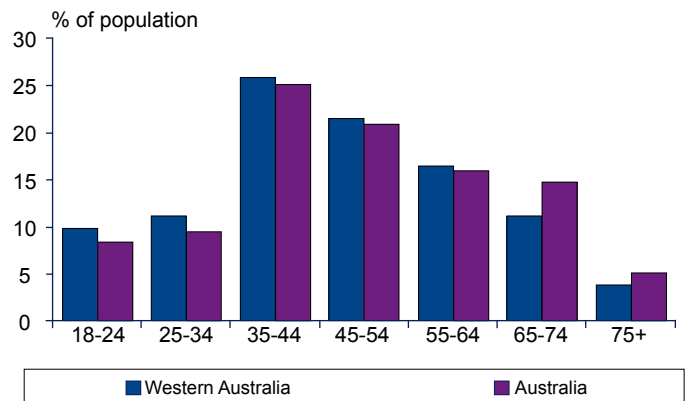


▶ Volunteering in the Community

Volunteering rates among older people are at their peak in the 55-64 age range.

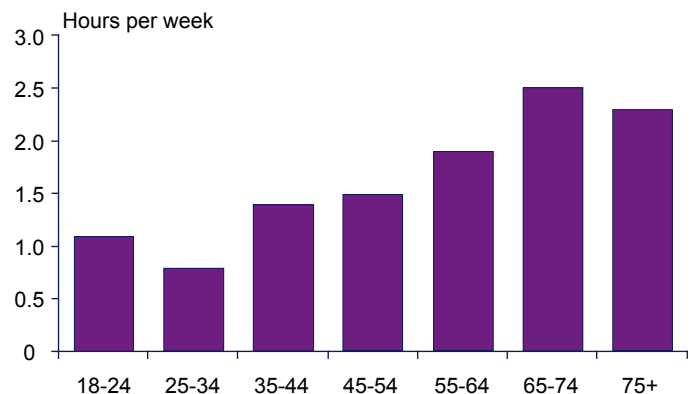
Volunteering rates and median hours of volunteering by age

Volunteering rates



The median time spent volunteering peaks in the 65-74 age range.

Median time spent volunteering



Source: Access Economics calculation based on ABS Survey Voluntary Work, Australia 2000 (Cat. No. 4441.0)

Although there are fewer volunteers in the 65 and over age group, volunteers in this age group spend the largest number of hours per week volunteering. With more time available after retirement, more hours can be contributed to volunteering.

Unlike those aged 35 to 64, who are more inclined to be involved in sporting and recreation activities, those aged 65 years and over are far more likely to be involved in providing health and community assistance.



Valuing Seniors' Unpaid Work

Western Australian seniors make an enormous contribution to the community through their unpaid work, often at their own expense in relation to both time and money.

The value of this work to the economy is considerable. As a high proportion of seniors are retired, their unpaid work is less likely to impact on their ability to take part in the paid workforce, and therefore the adverse impact on the formal economy is minimised.

On the other hand, by taking on the responsibility for caring for the elderly, the disabled and children of their own or others' families, seniors enable those who may otherwise have to perform these duties to continue participating in the workforce, ensuring their contributions to the formal economy are not lost.

Despite accounting for just under 20 per cent of Western Australia's 65+ population, seniors provide close to half the State's unpaid services in caring, child minding and volunteering.

Based on 2003 figures:

- ▶ The total value of unpaid work by Western Australian seniors is \$1.1 billion, of which child-minding accounts for the lion's share. As a consequence of this unpaid contribution, the State Government is not required to fund services which reduces the demands on the State Budget by almost \$300 million.
- ▶ The striking rise in Western Australian seniors' unpaid contributions will be worth more than \$2 billion to the State Budget, and more than \$4 billion federally in 2024-25.

UNPAID WORK IN WESTERN AUSTRALIA (\$M – 2003)

Service	Seniors	Total	Seniors' share
Caring ¹	\$392	\$1,002	39.1%
Volunteering	\$172	\$702	24.5%
Child minding	\$546	\$806	67.7%
Total	\$1,110	\$2,511	44.2%
Population (15 and over)	305,495	1,551,336	19.7%

¹As calculated using the opportunity cost method.

WA SENIORS SUMMARY

	2004-05	2024-25
Formal measures of economic strength		
Share of State population	16.3%	24.3%
Share of State population (aged 15 and over)	20.4%	29.2%
Share of State employment	5.5%	8.1%
Measures of income and wealth		
Share of State total incomes	20.0%	21.5%
Share of State after-tax wage incomes	4.0%	6.0%
Share of State non-wage incomes	52.1%	59.6%
Share of State net household wealth	31.5%	41.9%
Share of State net super wealth	10.0%	23.3%
Share of State net housing wealth	33.3%	45.7%
Share of State net other wealth	37.9%	50.8%
Contributions to the informal economy (% of Gross State Product (GSP))		
Seniors as providers of informal childcare	0.64%	0.89%
Seniors as carers for elderly or disabled relatives	0.46%	0.65%
Seniors volunteering in WA	0.20%	0.29%
Fiscal offsets (% of Western Australian GSP)		
Cost savings to the WA Budget	0.38% (\$386 m)	0.60% (\$2,053 m)
Cost savings to the Federal Budget	0.91% (\$920 m)	1.24% (\$4,257 m)

For a copy of the full report, or additional copies of this topic sheet, visit the Office for Seniors Interests and Carers website www.seniors.wa.gov.au



Department for Communities
Government of Western Australia



Address: Office for Seniors Interests and Volunteering
Level 7 Dumas House,
2 Havelock Street
WEST PERTH WA 6005

Phone: (08) 6217 8500

Fax: (08) 9481 3886

Website: www.seniors.wa.gov.au