

Australia's longevity achievement

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Acknowledge traditional owners.

This evening I have chosen for my topic: **Australia's longevity achievement.**

As everyone here is aware, Australia and Australians can note many achievements of massive significance and value to our own society and often to the world.

On an occasion like this, we should rejoice in these achievements.

The achievements of Australian citizens are diverse. Some of the most important of them, in areas of medical science and physics, or in economics have happened here at this very campus.

ANU Vice Chancellor Brian Schmidt AC is a most distinguished contributor, having been awarded a Nobel prize.

Australia is one of the world's most sustained and long standing democracies. This is a massive achievement, perhaps our greatest.

For a long time, 25 years we are told, we have enjoyed one of the world's strongest and most stable economies. This is of great importance to all our citizens as it has enabled us to maintain employment, income security and services for most of us.

I could point to the creative and performing arts, to sport, to the humanities, to business, to international peace initiatives, and find much more to celebrate. There is in fact no field of human endeavour in which Australians have not made their mark.

I am honoured to be addressing this evening an audience of individuals who have been recognised in the Order of Australia for your own contributions, to our research and knowledge, to our society, to our businesses, to our community and to our humanity.

In making these important contributions you have made Australia a better place for our citizens.

Speaking personally, I regard such betterment as the highest aspiration any citizen can have. The hope of improving the circumstances of fellow citizens has been the driving force in my life of public service, in parliament and beyond. Like you I have been most fortunate to have been recognised for these efforts in our Australian Honours Awards system.

There is much about Australia and our citizens to celebrate.

I have chosen for my theme this evening however another national achievement, of great world significance, but one that attracts little positive recognition or understanding.

I refer to Australia's achievement of longevity.

The fact that Australians now live longer than most other people on earth is a great testimony to what modern Australia is and has been.

It is testimony to our excellent history of public health reform, which continues to the present and is advanced here at this campus.

It results as well from the success of our wide ranging and continuing immigration program, which has added to our longevity as well as bringing the other benefits of multiculturalism. The harmonious community we have developed out of the cultural and racial diversity of this nation is a further great contribution to our democracy and our wellbeing.

While celebrating longevity, I must however note with great disappointment that one group of Australians, the First Australians, do not enjoy this happy aspect of 21st century life. It is the case however that with Aboriginal run health services increasing, and with the important Close the Gap strategy in place and delivering, we are starting see some improvements in the life span of our indigenous citizens.

Despite all these positive aspects of our longer, healthier lives, most public commentary and political and economic analysis positions our longer lives as a **negative** development, particularly from the perspective of public expenditures.

Focusing only on the downsides of our increasing longevity is an error, an error of understanding of the realities and the possibilities, leading to further errors by policy makers, by business, and sometimes even by university researchers. These errors present an incomplete, distorted view of where we are as a society and where we could go.

Ultimately these errors lead to neglect of the human rights of older people.

Certainly, the ageing of our population does bring risks, challenges and costs. But if we fail to recognise all of what is happening, we will fail to identify the potential strengths of this demographic revolution, if we cling on to negative stereotypes of ageing, we will not arrive at better tuned policies and inclusive values. If these failures continue, the worrying budget predictions we hear so much about will eventuate.

Let's consider some of the basic data.

The 2015 Intergenerational Report projected the number of Australians aged 65 and over to more than double by 2055, when there will be around 40,000 people aged 100 and over².

By 2055, men are expected to live on average to 95.1³ and women to 96.6⁴.

Australia is not alone in this regard. Population ageing is global.

In 2015 there were 901 million people aged 60 and over in the world. By 2050, there will be 2.1 billion.⁵

Australia, like the rest of the world has not prepared for these changes. Here and across the developed world, policy makers, business leaders, and the community in general, are not giving a high enough priority to the big questions.

A key conclusion of the World Demographic & Ageing forum, held in St Gallen Switzerland last August, was that despite the rich data and sophisticated knowledge about future population trends, action to address those trends falls woefully short (*Bill Emmet former editor in chief of the economist, The Australian 26.10.16.*)

The action we need requires us to ask and find answers for key questions.

The key questions, for Australia as for all nations, are straight forward:

What are people going to do over these extended years?

Where and how will they live, as they approach their 100th birthdays?

What will they live on?

Who will pay?

As a current example of the deficiencies in public policy relevant to increased longevity, I refer to the debate about supporting superannuation savings by tax concessions. You are all aware of this debate. It takes the form of ferocious argument about setting the right level of those concessions. It is accompanied by confusion about who benefits from the concessions, how much the concessions cost under the present rules, and who pays for them. Some proposed changes to the legislation are now before the parliament.

Despite all this argument, it must be recognised that current rules provide most concessions to a minority of the population, those who are better off. In this sense the argument, whatever its merits, is not concerned with the basic purpose of superannuation, that is, preparing our society for the near future when most of us, not only the affluent, will live to 100.

There is little consideration of how retirement savings for the bulk of the community can be increased, and what level of increase is required to support most people through their longer lives.

Returning to the big challenges and questions arising from the facts of the demographic revolution, I can offer some practical answers.

During my 5 years as Age Discrimination Commissioner, my priority was the economic wellbeing of older people. From Commission research, additional key research from our leading institutions, including the ANU, and from new national data generated by the national enquiry I conducted into employment discrimination against older people, the answers jump out.

The greatest improvement we could make to supporting people to have secure long retirements, and the greatest contribution we could make to managing public spending on pensions and health costs for older people come down to the same thing:

we need to extend the working lives of most people, all who are willing and able, at least to 65 years, and in many cases beyond.

Take the cost of Age pensions. The National Commission of Audit found that even allowing for a decline in the proportion of people receiving the full pension, a rise in the number of people receiving the part-rate pension will see the proportion of older Australians eligible for the Age Pension remaining at 80 per cent over the next 40 years.⁶ Recent budget changes have raised the bar for access to the pension, but not significantly.

The only real change to ever increasing outlays on pensions will come when many more people work longer. They would then go onto the age pension later, having built up more savings, and require a lower part pension payment over a

shorter period. As we progress through the century more and more people, now in their 20s and 30s would arrive at a later retirement point able to be self-sufficient for the rest of their lives.

Recent studies have demonstrated the huge **benefits to the economy** from employing older workers.

One of them, the Grattan Institute, estimated that increasing the mature age (60-69 years) labour force participation rate by 7% would raise GDP in 2022 by \$25 billion. These estimates are echoed in several other major studies.⁷

This massive improvement both to the public purse and to the lives of those who want and need to work longer could be achieved readily. We do know what to do.

We could extend the working life of most Australians without massive cost to the public purse and without jeopardising profits for private sector businesses.

How would we do this?

In summary, all employers, public and private should offer what older workers need to continue productive working lives. They can offer flexibility in hours and days worked, they can offer retraining to keep workers as they age up to date and productive. Employers must identify and change attitudes and practices that reflect negative stereotypes. They must tackle employment practices that constitute age discrimination. Age

discrimination in all workforces is currently widespread and hugely damaging to individuals, to organisations and to business success.

These are the main changes we need.

Employers should discuss these changes with their employees. They will in general find keenness and willingness to accommodate employer needs, especially for upskilling.

Employers should also address the other major factor that forces people from paid work prematurely, poor health.

With thought and consultation, any employer large or small, in any sector, can improve the health aspects of the workplace. This would involve traditional safety matters, like suitable chairs and desks, lighting and other equipment, accessibility to and within workplaces, and information to support the favourite prescriptions of all health advisers, better nutrition and more exercise.

These proposals sound so obvious and so simple. I can assure you that they are not implemented widely. Their absence costs. It costs the employer in lost expertise and customers. It costs the public purse when unhealthy workers transfer permanently to benefits at an early age. There are terrible costs to the individuals themselves, who are excluded from not only the financial benefits of paid work, but from the social and psychological benefits of having a job.

In my remarks to you tonight I have offered a summary of why our great achievement of increased longevity, if it is to become the source of great value that it should, requires changes. I have suggested what those changes should be, and how they could be implemented.

I would invite you now to contemplate the many different chapters that can make up a long life and a long working life.

I expect you would recognise the sense in preparing everyone as they enter adult life and working life, or re-enter working life as an older person, to think in terms of the great variety of tasks they could take up at different stages of their lives. The working life of the future will become for most what the working life of some of us has already been- a series of changes of sector, of tasks, of place, of responsibilities, of rewards.

I can point as an example of these new patterns to some older people, who, excluded from the traditional workforce by age discrimination, have responded by starting their own businesses.

Entrepreneurship is alive and well, including among older people. As our leaders sermonise about innovation and the importance of start-ups they rarely acknowledge that innovative brilliance and creative energy are not the exclusive preserve of youth. If employer attitudes to experience were more positive, if business loans to older people were easier to get, and if the

community valued what extensive knowledge can add to the goods and services they purchase, older people could and would set up more such innovative businesses.

What of the new technologies? We hear endlessly about how they are destroying jobs and replacing people with robots. We are frequently reminded that many, most perhaps of today's jobs won't exist in 40 years' time because technology will have replaced them. It is true that these technologies continually change the workplace, but they also bring huge potential for new jobs and services. They can support older workers to continue to contribute. They are the basis for the development of new businesses targeted to serve our ever-growing older population, businesses that have, because of the global character of longevity, great export potential.

The biggest beneficial outcome of these changes will be improved wellbeing for people themselves as they grow older.

Instead of the crushing realisation that after 55 or 60, they are no longer valued and need to get out of the way, older people will get the satisfaction of contributing in new ways to our economy and community, and putting to good use all they have learnt in the past.

I won't be here in 40 years' time, in 2055, the time frame for the predictions of Treasury's last Intergenerational Report. But if I

were I would hope to see a very different world from what is predicted.

I can foresee a more diverse, much older workforce supporting a more diverse and stronger national economy.

I would hope to see, here in Canberra and in all our communities, IT based services flourishing, people working beyond their 70s because they want to, then living happily up to their 100th birthday in well serviced interactive neighbourhoods, in their well-designed, accessible and affordable dwellings.

As we would have caught the wave of the longevity revolution, found the skills to ride it, and exported our knowledge and expertise all over the world, we would have created big improvements in Australia's national wealth and wellbeing.

I conclude on this high note because it reflects my response to this distinguished audience. There is no greater evidence for my belief in the capacities of our elders, than a group of citizens, recognised in the Order of Australia, typically in their senior years after many years' contribution.

Thank you for what you have done, and what you continue to do for Australia.

¹ Bill Emmet former editor in chief of the economist, *The Australian* 26.10.16.

² The Treasury, *2015 Intergenerational Report - Overview* (2015), p 8. At <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2015/2015-Intergenerational-Report-Overview> (viewed 22 May 2015).

³ Australian Government, *Intergenerational Report 2015: Australia in 2055*, Treasury, Canberra, 2015 at p4.

⁴ Australian Government, *Intergenerational Report 2015: Australia in 2055*, Treasury, Canberra, 2015 at p4.

⁵ United Nations, *World Population Prospects: The 2015 Revision, Key Findings and Advance Tables*. Department of Economic and Social Affairs/Population Division. At

https://esa.un.org/unpd/wpp/Publications/Files/Key_Findings_WPP_2015.pdf (viewed 23 June 2016).

⁶ The Australian Government, National Commission of Audit, *7.1 The Age Pension*, 2014. At: <http://www.ncoa.gov.au/report/phase-one/part-b/7-1-age-pension.html> (viewed 23 June 2016).

⁷ Grattan Institute (2012) *Game-changes: Economic reform priorities for Australia*, p 54. At: http://grattan.edu.au/wp-content/uploads/2014/04/Game_Changers_Web.pdf (viewed 3 December 2015).