

Looking After the Baby Boomers

**A Presentation to the 2007 Local
Government New Zealand Conference**

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1. Introduction

The focus of this presentation is on how councils should respond to an ageing community including what it means for what councils do and how they are funded.

We have chosen to design this presentation as though it was a report from the chief executive and Mayor of a mythical New Zealand local authority - the Friendly City Council - to elected members looking back over a 15 year journey of working with its older citizens. In doing so, the presentation picks up on many issues which are already in the public domain, and some which are not.

We believe that the presentation highlights the potential which local government has to partner effectively with its older citizens in a way which is both consistent with the new role of local government, and avoids placing any significant additional burdens on other ratepayers.

2. Background

Working with Grey Power

In late 2006 and early 2007 Roger Blakeley and Peter McKinlay led an initiative the purpose of which was to try and develop a collaborative submission to the Local Government Rating Inquiry. The basic premise was that a submission which brought together significant elements of local government, and key stakeholders, would be much more effective and influential than one which simply stated a local government position without other support.

Ultimately 17 councils, Local Government New Zealand, the Federation of Maori Authorities and Grey Power supported the collaborative submission.

This came as the result of several months of intensive work focused very much on the principles for an optimal funding system, the mix of funding tools which should be available for local government, and the accountabilities it should have including a strong emphasis on best practice. The main participants in that debate were representatives of local government on the one hand, and of Grey Power on the other. The two groups have not, historically, been noted for the extent to which they agree on matters affecting local government. Indeed, it is probably fair to say that at the beginning of the process neither the local government representatives, nor Grey Power, expected that they would end up with a substantial measure of agreement.

That they did so reflected a commitment on both sides to listen to what each other had to say, work through the issues, and attempt to arrive at a position which both could accept.

The process not only resulted in a very worthwhile and collaborative submission to the Rating Inquiry. It also highlighted the potential benefits of local government and older people working together in the search for mutually acceptable ways of dealing with some of the more complex issues currently facing our communities.

The idea for this presentation is a direct result of the very positive experience of working with Grey Power on rating issues. That experience has demonstrated the very real benefits which can come through local government and older people jointly seeking to address issues which concern them both.

From Local Administration to Local Governance

The presentation is also very much an exploration of the still emerging potential of the Local Government Act 2002. We are all familiar with the fact that the statutory responsibility of local government is now to "enable democratic local decision-making and action by, and on behalf of communities" and to promote "the social, economic, environmental, and cultural well-being of communities in the present and for the future".

The shift is from the conventional role of "roads, rats and rubbish" to a holistic focus on the long-term well-being of the community in all of its different aspects. It can be seen as a shift from essentially local administration - doing the housekeeping for the community - to local government - working with the community to set its future direction and determine how to realise that.

Local government responses to this new responsibility have been quite mixed. On the one hand, it has been welcomed as recognizing a more prominent role for local government, and one which underpins the primacy of its relationship with its own communities. On the other hand, it has also been seen as a potential threat - the risk that councils would be sucked into assuming at least part of what has traditionally been central government's role to fund and deliver significant social services.

One objective of this presentation is to highlight the potential for local government to respond to the well-being responsibility in quite significant ways without imposing major additional costs on ratepayers.

Our ageing population - threat or opportunity?

First, just what should we be expecting in terms of changing age distribution within our population? The most recent projections come from the Statistics New Zealand publication Demographic Trends 2006. It includes the following table showing the expected age distribution of the population until 2051:

Table 8.02

Projected Population by Age Group
Series 5: Assuming medium fertility, mortality and migration
1991–2051 (2004-base)

At 30 June	Age group (years)								Median age (years)
	Number (000)				Percent				
	0–14	15–39	40–64	65+	0–14	15–39	40–64	65+	
Estimated									
1991	807	1,399	897	391	23	40	26	11	31.4
1996	860	1,434	1,009	430	23	38	27	12	32.9
2001	877	1,389	1,154	461	23	36	30	12	34.7
2004 (base)	885	1,434	1,256	486	22	35	31	12	35.2
Projected									
2006	878	1,433	1,304	511	21	35	32	12	35.9
2011	862	1,422	1,427	581	20	33	33	14	37.7
2016	842	1,430	1,486	690	19	32	33	16	39.1
2021	821	1,458	1,511	804	18	32	33	17	40.3
2026	814	1,470	1,504	941	17	31	32	20	41.4
2031	819	1,447	1,501	1,080	17	30	31	22	42.5
2036	821	1,422	1,502	1,194	17	29	30	24	43.6
2041	813	1,408	1,512	1,269	16	28	30	25	44.6
2046	800	1,392	1,540	1,303	16	28	31	26	45.3
2051	787	1,382	1,553	1,325	16	27	31	26	45.9

The table shows a quite dramatic increase in the proportion of people aged 65 and over. We are currently at a little over 12%. In just 10 years this will increase by one third to 16% and by 2051 the proportion will have more than doubled.

We are not alone in this rate of ageing. Indeed the evidence suggests that New Zealand's population will age more slowly than the population of the European Union or Japan, somewhat slower than the United States, and at around the same rate as Australia.

This change can be seen either as a very major threat to our future economic and social well-being, or as simply yet another significant shift which will throw up its own opportunities provided we are prescient enough to identify them in time.

The electoral impact

On the threat side, from a local government perspective, perhaps the first and most obvious is what this will mean in terms of the changing balance of political power within our communities. Analysis of voting behaviour in recent years has concentrated on the proportion of the population which votes. There is a general trend for a decline in voter turnout most notably amongst our larger local authorities.

Lest often analysed, but quite often discussed is the voting behaviour of different age cohorts within the community. Some research evidence is available. Following the 2001 elections, the Christchurch City Council commissioned a survey of the voting behaviour of different age cohorts.

The following extract from the report tells the story of the proportion of voters in different age groups who actually voted:

3.2 Table 2 sets out voter turnout by age. The significant point to note is that people under the age of 35 were nearly three times less likely to vote than those between 45 and 54, and 16 times less likely to vote than people over the age of 65.

Table 2: Voter Turnout by Age (weighted sample)

	<u>% of sample</u>	<u>Voted</u>	<u>DNV</u>
18-24	16.5	6.4	25.6
25-34	20.8	13.7	32.1
35-44	19.0	18.2	22.3
45-54	15.4	18.9	11.5
55-64	10.5	14.6	4.9
65+	17.7	27.9	3.6
<i>N =</i>	<i>771</i>	<i>466</i>	<i>305</i>

What this shows is that voters aged 65 and over made up only 17.7% of the sample but 27.9% of those who actually voted. Voters aged 18-34 made up 37.3% of the sample but only 20.1% of those who voted.

The obvious implication is that older people are much more likely to vote than younger people (although the survey was restricted to Christchurch, there is no reason to believe that results would be much different elsewhere). Research

suggests that the reasons for the different voting behaviour are deep rather than superficial, suggesting that the differences are likely to persist and perhaps even increase. More to the point, as the population ages, so the proportion of the total local government vote exercised by older voters is likely to increase very substantially.

What this suggests is that, from a purely pragmatic perspective, councils, and their elected members, will need to pay a much greater degree of attention to the needs and interests of older people than has typically been the case.

The global impact

On a global scale, we are looking at a future in which the competition for skilled labour will become increasingly intense. As an example, a 2005 projection from the European Union forecast the loss of in excess of 20 million people by 2030 from the 15-64 demographic, traditionally thought of as the working population. Immigration was identified as one important strategy for addressing this loss. Countries such as New Zealand will clearly be targets.

We can see the pressure of international competition for skilled labour already in areas such as health care and infrastructure. Probably every Council represented at this presentation will already have seen the impact on its attempts to recruit and retain engineering and planning staff.

The opportunity

On the opportunity side, attitudes toward retirement show signs of changing quite markedly. Although 65 is still referred to as the age of retirement, it is increasingly done so in a way which recognizes that this used to be the case but is no longer so. Instead, what now appears to be happening is a shift towards changing the way in which older people engage with the workforce, rather than older people withdrawing completely. In many respects, older people represent not just a skilled resource, but a mature and experienced resource with well-developed work habits. Perhaps most importantly, they are also far less likely than younger people to look overseas for opportunities.

Older people are also a major source of skill and input for the not-for-profit sector, using the skills acquired during their working lives for the benefit of their communities.

3. The issues

Although central government has been encouraging local government to consider its role in respect of an ageing population, with its endeavours to engage local government in the development of Positive Ageing Strategies, relatively little has yet happened, at least in practical on the ground terms.

This is quite a contrast with Australia. Of all of the local government systems within the English-speaking world, those in Australia are closest to New Zealand's in terms of the role and function of local government and its relative scale in service delivery, especially in social services. However there are some marked contrasts. One is the extent to which Australian local government has been taking the initiative in developing policies to respond to the challenge of an ageing population.

The website for the Australian Local Government Association includes the Australian local government population ageing action plan for 2004-2008. It identifies a number of areas for action. A New Zealand list would almost certainly look very similar. The areas are:

Attitudes

- Positive attitudes to ageing and older people are essential in promoting inclusiveness and integration within the community. However, attitudes towards older people are not always positive, and are often based on stereotypical images. Population ageing presents opportunities to value maturity and experience.

Aged care services

- The provision of high quality, affordable and accessible aged care services will be critical in caring for the growing number of older people. While the majority of older people are, and perceive themselves as being, in good health, they want to be able to access affordable and quality aged care services, that are located close to family, should the need arise. It will be important, as the population ages, to focus on establishing an appropriate balance of aged care services within the community, support for carers and create better links between aged and health care services.

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Cultural diversity

- Australia's culturally and linguistically diverse population is changing, with the proportion of older people who come from non-English speaking countries expected to rise more sharply than those born in Australia. In 2001, the main countries of birth for non-English speaking older people were Italy, Greece and the Netherlands. For future generations this composition will reflect the increase in migration from Asia that has occurred since the 1970s. As older people from diverse backgrounds age, being able to communicate in their native language becomes increasingly important.

Disabilities

- The ageing population will include a higher percentage of people with disabilities who, due to skilled care and improved technologies, will live much longer than in previous generations. The consequences of age disabilities can be alleviated through mechanisms such as supportive environments and creating barrier-free designs.

Economic Development

- The changing needs of older people and the changing locations of ageing will have a major effect, not only on investment but also on local economies and demand for services. As such, encouragement of employment opportunities and enterprise creation, which older people can contribute to and benefit from, will be important to local communities as the Australian population ages.

Finance

- An ageing population is expected to have a major impact on local government revenue and expenditure. Preliminary analysis indicates that there will be growing fiscal pressure on local government finances, with significant pressure on many specific local governments, particularly in regional and rural areas. The impact on local government will be two-fold.
- On the one hand, local government face potentially significant demands on revenue because of limited revenue raising capacities and the potential for the Commonwealth, state and territory governments to use ageing-related stresses on their budgets to reduce financial assistance and grants.
- On the other hand, impact will be felt on expenditure in a number of areas of local government responsibility including: health and aged care; provision of services; and infrastructure. The growing pressures will not only come from the public, but also from other spheres of government as the pressures of cost-shifting continues.
- It is expected that population ageing will also increase the proportion of the population likely to have entitlements to a Pensioner Concession Card. The obvious result of an increase in older people entitled to the card, coupled with a decrease in the group who pay full rates, is a drop in revenue. The Commonwealth's Intergenerational Report suggests that an increased proportion of retired people with higher superannuation incomes may offset this, but to what extent is unclear.

[The finance section of the Australian action plan reflects some of the peculiarities of Australian local government funding including the dependence on grants from the Commonwealth and state governments, and the income related entitlement to rates concessions which is imposed by the Commonwealth government but funded by local government. The discussion of health care also reflects that Australian local government has some involvement in the provision of services for older people, especially rest homes].

Housing

- The availability of affordable, accessible and suitable housing options is particularly important for older people, and will be a priority as the Australian population ages. The changing age profile, along with lifestyle and work patterns changes, will impact on future housing arrangements. It will, therefore be important to provide flexible models of accommodation,

encompassing a wide range of settings, while at the same time fostering supportive environments and independence.

Health promotion

- Health promotion is vital for encouraging healthy ageing, as it not only improves the health of the community, but also has the potential to reduce the health and care costs of older people. Health promotion activities aimed at older people encourage them to exercise regularly, eat well, develop and maintain social networks and access activities in their local community. The increased promotion of health education, campaigns and programs which are targeted and appropriate for older people, will be important as Australia's population continues to age.

Indigenous

- Indigenous Australians are considerably younger than the non-indigenous population. Only 2.8 per cent of indigenous Australians are over the age of 65 years compared with 13.0 per cent of the total population. This difference in age structure reflects the significant disadvantages faced by indigenous Australians - notably higher mortality and a lower life expectancy.

[New Zealand will face similar but not quite so demanding issues in respect of tangata whenua and Pacific Island peoples].

Information and communication technology

- Developments in information and communication technology will provide the opportunity for increased participation by older people in the community. Older people are already using the Internet to pursue a variety of educational and recreational interests. However, older people will need continued support in the up-take of such technologies.

Lifelong learning

- Lifelong learning is a key enabler for increased participation in the community. Nurturing a culture of lifelong learning will encourage older people to seek out new opportunities to be stimulated and challenged. Strategies to support lifelong learning will be fundamental to ensuring that the older population is equipped to participate in the community.

Participation

- Older people embody valuable skills, experience, knowledge and wisdom that can benefit the community by adding value to local services. In particular, older people make a major contribution to local communities by being involved in voluntary work. However, barriers exist that make it increasingly difficult for older people to participate in the local community as volunteers. Appropriate strategies will be required to ensure older people become or remain active in the community.

Planning and development

- Planning and development of a wide range of facilities can have a significant impact on the quality of life of older people and can influence the way older people enjoy and participate in their local community. However impediments exist in the current planning and development process with regard to age-friendly infrastructure, in particular, the timely completion of aged care facilities. The development of age-friendly infrastructure will be essential if

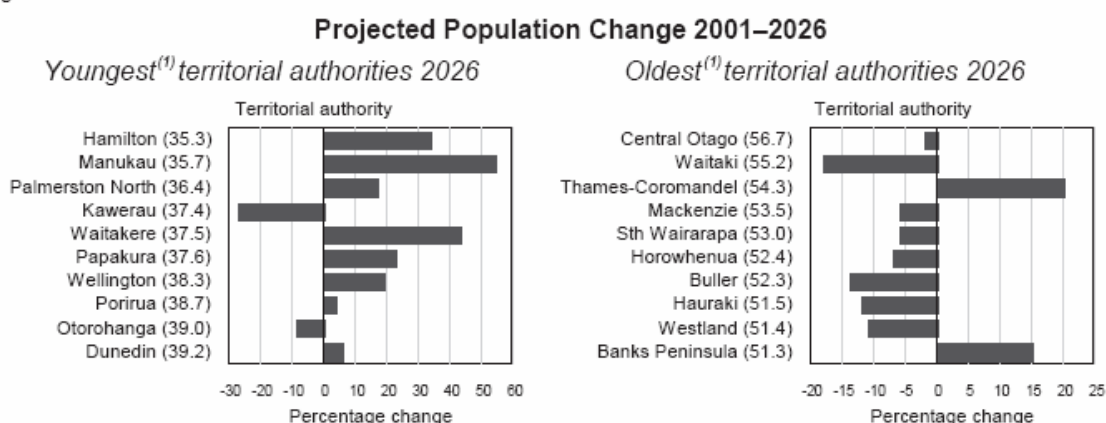
older people are allowed to remain active and independent. The planning, designing and building of environments for older people, in both the public and private domain, will need to be considered at all stages of the planning process.

Regional diversity

- Australia's older population is not evenly distributed and the projected rate of growth is expected to differ between regions. For instance, population ageing is occurring more strongly in regional areas of Australia than in metropolitan areas, as many regional areas attract retirees and experience an out-migration of young adults. This has substantial implications for the provision of, and distribution of funding for, public services such as health services, home help, transport and housing.

[A similar issue exists within New Zealand. The following table shows expected population changes in New Zealand's 10 youngest and 10 oldest councils by 2026 (the figures in brackets are the median age of the population in each local authority in that year). What really stands out is the very wide difference in the median ages between the two different local authority groups:

Figure 9.01



Tourism, recreation and leisure

- Recreation and leisure activities are an important way for older people to remain active, to mix socially, and engage in the community. Retirement provides people with the time to pursue recreational leisure and tourism activities. Suitable strategies will be required to ensure older people have access to tourism, recreation and leisure activities enabling them to remain active and participate in the community.

Transport

- Access to public, private and community-based transport is essential for older people. Transport enables older people to access services, family and friends and also community activities. As the population ages, there will be an expected increase in the use of the transport system. As a result, transport options will need to meet the diverse needs of older people, especially in rural and remote areas of Australia.

Women

- Women have differing lifestyle circumstances to men, which impact upon them in older age. Women make up a greater proportion of the older population and this imbalance increases with age. In 2001, approximately 56 percent of people over 65 years were women, and 69 percent for women aged over 85 years. This difference is important as it highlights that women are more likely to approach older age in a vulnerable financial position, to live alone, or have specific health needs.

4. Where to from here? - the issues for Friendly City

This section of the paper provides an overview of why Friendly City chose the initiatives outlined in the presentation.

The 2009 fora - real community engagement

The 2007 council elections had been a real wake-up call for Friendly City. Like many councils in New Zealand, Friendly City had thought that it would be able to ride out the quite vocal objections to the rates increases signalled in its 2006-2016 Long Term Council Community Plan. It assumed people would come to accept these increases were simply the natural consequence of the need to reinvest in infrastructure, and meet increasing standards, both regulatory and resulting from rising public expectations.

The election results, with the very strong showing by CRAPH (Citizens Revolting Against Political Hacks) came as a real wake-up call. The incoming Council for the 2007-2010 term realised that it was facing more than just the usual mutterings from a few discontented citizens. There was something more fundamental going on with some serious implications if it was not dealt with. Council recognized that amongst the risks were:

- Increasing political instability, as older people organised to protect themselves against future rate increases.
- Associated with this, a very real possibility that the community would split on age lines.

It decided that it needed to deal with the risk of a split on age lines as a first priority. As a first step, it planned a series of city-wide fora focused on long-term issues and directions for the city in managing our response to an ageing population. As part of planning for the fora, the Council consulted extensively with a wide range of stakeholder groups to secure their buy-in to the process. This paid very real dividends.

An important part of this was making sure that responding to an ageing population was not seen as a response to older people as a "problem" so much as an opportunity to discuss all aspects of ageing from youth through to the last stages of all age.

Responding to the fora

The result was a new value proposition, that "age and experience was one of the city's most valuable resources". Two immediate and very practical programmes resulted. One was a major mentoring programme for youth with older people helping youth build leadership skills, make career choices and learn the values of good citizenship. The other was the establishment of a series of "citizens commissions" helping develop council policy especially in areas such as health,

housing, education and skills. We saw this as an extension of the community outcomes process, moving that from a once in every six years event, to a living process.

The city also recognized that many of its older people felt relatively ignored in terms of their needs, or their place as part of what made up the richness and diversity of the city as a whole. We also found that many older people felt relatively powerless to deal with what should be quite simple problems. As one example, for many older people resolving issues such as appropriate recreational opportunities, or access to the Internet were needlessly difficult and costly. We also found that a major issue for our older population was a sense that the health system did not take them seriously. Whether it was a problem with the system itself, or with individual providers, many of our older people felt that it was difficult to access care because of a perception most providers thought that spending scarce health dollars on people who might have only a few years to live risked being a waste of money.

To address these problems, and to rebuild a sense of confidence between older people and the Council, we put in place a number of relatively straightforward, inexpensive but very effective measures including:

- Free prostate and mammogram checks
- Free artificial limbs
- Free public transport
- Free access to aquatic and recreation centres.
- High speed broadband access to all.
- Subsidised access mobility scooters and lanes on the footpaths.

Much of the cost of a number of these initiatives was already covered by different government programmes. For these, our role was one of ensuring access and coordination amongst different agencies.

There were also very real benefits for the wider community in some programmes, for example, free public transport which helped us considerably with traffic management in the city. The impact these initiatives had on our attractiveness as a retirement destination helped underpin a number of positive developments not just in areas like property development, but also in providing us with additional skills just at the time when we were starting to suffer some of the negative impacts within our labour force from demographic change.

Finally one of the most important benefits was the way in which these programmes helped rebuild confidence and trust between the Council and older people and lay the ground for some of the other initiatives to come.

Advocacy

The closer we got on working with older people, the more aware we became of the real gaps in the provision which was apparently available in areas such as health and social services. Access to support services for people who were still well enough to live in their own homes, but did need ongoing support to do so was a particular problem. We found that the multiplicity of agencies involved, and their different agendas and funding arrangements, made it extremely difficult for older people to get their full entitlements. The outcome was often

early admission to a rest home, or emergency admission to hospital (perhaps as a consequence of medication misadventure because an older person had not been able to get the support needed to assist with taking multiple medications).

With the support of our older people, and with evidence of the impact from the way that current services actually operated, we were able to reach agreement with central government that Friendly City should become a pilot project for local government oversight of the delivery of health services for older people. Our arrangements included some very real "teeth" so that agencies which did not perform faced real and significant consequences.

Funding for ageing in place

Like a number of other councils, Friendly City had been a member of the rates postponement consortium¹ for some years but had found that older people were making very little use of rates postponement, largely because of their suspicion of council motives (a lot of older people felt that rates postponement had been put in place by councils so that they could more easily increase rates).

With the growing level of trust between the Council and older people, we were able to explore creative ways in which rates postponement could be used to support ageing in place. One immediate issue which most people identified was energy efficiency, and the effective use of energy to promote a healthy environment. We partnered with the Energy Efficiency and Conservation Authority to offer free energy audits and subsidised retrofitting to improve energy efficiency. We extended this arrangement, in partnership with selected energy companies, so that we also offered older people a fixed annual price for energy. We did this because of the well-known adverse health consequences of older people economising on energy use in winter. We wanted to remove the fear of turning on the switch. Finally, we made a very cost-effective arrangement for installing heat pumps.

Some older people were able to pay for the non-subsidised component of these various services. The majority, however, took advantage of our offer to fund the costs through a combination of a targeted rate and rates postponement. We have since extended this type of approach to deal with other issues which are important as a means of enabling older people to remain in their own homes including minor maintenance and upkeep, and some selected personal services, again funded through a combination of a targeted rate and rates postponement.

Lifelong learning

We had read a lot of the rhetoric about the value of lifelong learning. For Friendly City lifelong learning was an obvious strategy for improving the quality of life for older people, whether simply as ongoing personal development, or as skills training to enable them to remain active in the workforce.

The Mayor lead discussions with the Employers and Manufacturers Association, the Chambers of Commerce, and our economic development agency, creating a partnership between them, Grey Power and our local tertiary institution to

¹ The consortium offers older people the option of postponing rates until sale or death.

develop a range of courses and other services needed for our older people to become preferred employees to fill skill gaps in our local labour market. It took time to get this working but it is now extremely effective. Friendly City has the highest labour force participation rate for people aged 75 years and over of any city within the OECD. The health status surveys undertaken by our District Health Board strongly suggest that this programme has also had a significantly positive impact on the health status of our older people.

Today, graduates of this skills training initiative are preferred as employees by local employers and there is a permanent waiting list of positions for graduates.

The programme has not only benefited the private sector, it has also been extremely useful for the voluntary sector, with skills training in areas such as governance and partnership working significantly raising the capability of volunteers.

Taking back control - the retirement village sector

One persistent concern expressed to us by many older people was the nature of the choices they faced once they had to move out of their own homes into some form of managed accommodation, usually a retirement village. The point repeatedly made to us was that retirement villages are totally dependent on the cheque-books of older people for their capital and operating funding (and substantially dependent at the margin in rest homes, where central government is a major provider of subsidy). Why then, were retirement villages largely owned and managed by private equity investors who were very clearly in the business for significant profit?

The normal market-based answer was that these people bring a quality of management which justifies the profit they receive. Our older citizens suggested that this was somewhat overstating the situation, pointing to what they saw as the very efficient way in which public bodies such as Friendly City undertook their own management, and drawing our attention to New Zealand's strong tradition of cooperatives in a number of different sectors.

We were urged to facilitate a co-operatively based approach to the provision of retirement villages. A number of older people gave us a provisional commitment to purchasing a unit if it met their needs. They provided the core of a working party to oversee a feasibility study. To cut a long story short, the result was the development of New Zealand's first local government facilitated retirement village cooperative. That has become a model for other cooperatives both within Friendly City and elsewhere.

Adjusting to change

It has not always been plain sailing. In the early years there was a great deal of concern among some of our younger citizens that older people were taking over. There was a real fear they would use their political power to distort decisions about the allocation of council resources, and for that matter the grantmaking decisions of other significant public bodies such as the local community trust.

In 2013 a ticket standing as Young Ratepayers of Friendly City almost seized control of the council on a platform of returning control to younger voters.

Fortunately the outcome of that initiative was positive. Both older and younger citizens, and elected members, took this as a reminder of the need to continue working collaboratively, ensuring that each sector was recognized for the essential contributions it made to the success of the community. This required very careful management, and a series of discussions building on the success of the fora which had taken place four years previously. We were also able to use the "citizens commissions" established as a result of those fora as another mediating mechanism.

Looking forward

Satisfaction surveys show a 95% plus rating from citizens aged 65 +, something virtually unheard of elsewhere. We are building on this support to add to the achievements of past years.

We have forged genuine partnerships and used those to get other stakeholders to support important initiatives in areas such as health, education, community and social development, co-operatively controlled housing for older people and much more. We are now internationally recognized for our success. Friendly City is building a whole new sphere of economic activity supporting and advising other councils both within New Zealand and internationally on how best to work with their older populations.

We believe that we can look back in satisfaction on the way in which we treated the ageing population as an opportunity rather than a threat. Much more importantly, because we did this, we have been able to build a strong local economy, and a strong community. It has given us a unique positioning as a city which has turned positive ageing into a way of living and working which will ensure our continuing prosperity, and a quality of life which is the envy of many others.