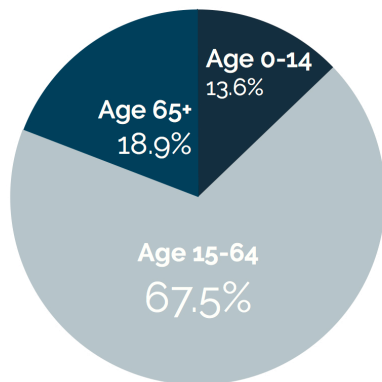


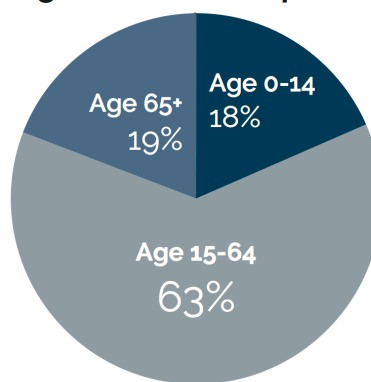
How Should Business Address the Challenge of an Ageing Population?

The challenges that arise from a rapidly ageing population are rapidly coming to a head. In Australia, the proportion of elderly individuals (which I define as over 65, given that this is the age at which many will retire and potentially start drawing the pension) is over 13.5% (2010 ABS). Further, this is projected to rise to 20% by 2030 (ABS). This is likely to affect the pension and healthcare costs in particular, given the disproportionate use of these services by the elderly population. The pension alone is projected to rise by \$93 billion if no changes are made, equivalent to \$61 billion in today's dollars (IMF).

Population Proportion by Age, 2010 (ABS)



Projected Population Proportion by Age, 2030 (Intergovernmental Report, 2010)



However, while this represents a fundamental change, it is not all bad. As the population ages, numerous opportunities are opening up for business to capitalise on. There are two primary ways that this can occur: businesses can actively look to make use of the experience of older people by employing them, and businesses can start to offer more targeted services to support them.

Current labour force participation rates in Australia for those 65-74 are 26% for men and 13% for women. These could potentially be boosted by the adoption of a policy similar to those seen in Japan, which is grappling with similar but even more severe issues. For example, the Japanese have adopted a scheme of 'Continued Employment', which provides for more support for half-time employees and legislative support to assist the elderly with working in a changing pension framework. While some concerns have been raised, structured programs allowing the transition of the elderly into roles as mentors and into customer care will enable them to continue to contribute. Their experience and expertise should help to mitigate any concerns regarding technological adoption problems, and fostering change from the top down would ideally help address the cultural issues.

Elderly people require many services that could be provided by private enterprise. These include care packages and carer support, meals-on-wheels type services, specific health services, transportation, housing/supported accommodation, and even social support. Targeted old-age insurance plans to support specific geriatric health needs, more competition and innovation in the service and food-delivery spaces, and targeted home assistants could all be provided by business. As the elderly are becoming wealthier, there will be more disposable income to pay for these services.

Pharmaceutical companies have already created the "Global Coalition on Aging"; an elderly specific high rise has been developed in Oregon; wireless pillboxes with reminders now exist; MIT has even developed an 'empathy suit' so people can experience the changes associated with being old. These innovations and more show that though the challenge of an aging population can't be addressed by business alone, they can do a great job through structured employment and innovation – whilst still remaining profitable.