

**CITY OF SALISBURY – RESPONSE TO DRAFT RESEARCH REPORT
ECONOMIC IMPLICATIONS OF AN AGEING AUSTRALIA Productivity
Commission 2004.**

The comments below represent key concerns for a Local Government such as Salisbury (South Australia) in relation to the complexities of ageing in an overall economically disadvantaged area, and the challenges this then presents for Council.

We note that the Report does acknowledge the burden of service provision overall which, in the current social policy climate, increasingly falls on Local Governments. The Report also acknowledges that:

- Some areas will be more affected than others by population ageing;
- There will be a need to upgrade or modify infrastructure;
- Areas with a high concentration of older people may face increasing pressure on planning processes to provide sufficient land and infrastructure for aged care;
- Councils are likely to be increasingly involved in higher levels of service provision, which may be in tension with 'traditional' services such as roads and utilities;
- Health demands will change as extended life expectancy elicits different patterns of need;
- The number of older people requiring assistance will outstrip the number of carers available;
- Mature age unemployment will be more problematic;
- Ageing will place increasing pressure on expenditure;
- Councils have limited capacity to raise revenue;
- Local Government revenue is unlikely to increase at a greater rate than the growth in GDP, and some components – such as Financial Assistance Grants – will grow at slower rates;
- There will ultimately be a potential fiscal deficit at the Local Government level in the current policy settings. (2004, xviii, xxxvi, xxxix, & Ch 12).

We concur with the issues raised above, but consider that the heightened relevance for Local Government in general and Council areas such as ours in particular needs to be acknowledged. While it is not expected that the Report comment on implications for individual Council areas, we maintain that the points we make below would apply to similar Councils where multiple factors intersect to present more complex challenges in meeting the needs of our residents. For example:

- Past demographic trends (including immigration in the post-War years) result in our population ageing overall at a faster rate than the Australian average;
- The same trends mean our population is culturally very diverse and the ageing population were previously primarily semi-skilled, relatively low-paid production-line workers;

- Consequently there is also a high proportion of older people, from a range of cultural backgrounds, on Disability Pensions as well as Age Pensions;
- The great majority rely solely on their Pension for income;
- Given the established links between poverty and ill-health, there are significant implications for our Council in providing/supplementing para-medical and support services;
- There are relatively high numbers of older people in South Australian Housing Trust accommodation;
- For those who do own their home, house values are low in comparison with State averages – meaning the home as a principle asset is low;
- The area overall experiences multiple disadvantage, including much higher than average levels of unemployment;
- Demand for a range of services, especially social services, is hence already high even before accounting for the increase in numbers of older people;
- Transport has been well-documented in the area as a significant barrier to older people engaging in social interaction – or even being able to access services. This in turn places a considerable onus on Council to provide community transport;
- The local context, including property values, dictates that Council has a limited rates base from which to draw.

The overall result is that the intersection of all these factors means that the needs of our City's ageing population are multi-dimensional in a context that is already high-need and relatively asset-and resource-poor.

On a general note, issues which have implications for Local Governments, but which have not been made explicit in the Report, include:

- The high cost of ageing that used to be associated with the few years prior to death will be extended significantly over a long period as older people require the long-term health, recreation, travel, home and social supports necessary for 'healthy ageing';
- Many of these early intervention 'healthy ageing' approaches fall outside Health or HACC specific funding and have become the realm of Local Government, requiring funding from the local community."
- The adoption of 'case-mix' policies for hospital stays reduces the amount spent by governments on in-patient care, but increases the cost for community-based after-care (often reliant on volunteers);
- Allocation of land for residential/other accommodation for older people to age in their preferred locality may not be possible due to limited availability and competing local demands – for example in trying to attract younger families into an area to boost economic growth;
- The increasing demand for volunteers to assist/support older people calls for increased costs on volunteer management;
- Attempts to recruit and support older people themselves as volunteers also equates with increased costs for volunteer management;
- Community safety and perceptions of crime are issues for older people and need to be addressed at the local level;

Lorraine Kerr

Productivity Commission Response 19/01/2005

- As the population leaves the labour force (either due to retirement, disability or mature age unemployment), productivity declines in real financial terms. In terms of contribution to the social good via possible volunteering etc, there is still the cost to Councils of managing that volunteer activity.

Given all of the above, we are suggesting that the financial implications for Local Government are greater than indicated in the Report – in terms of loss of revenue, increased demand for services and related increase in operating costs and human resource costs for staff. There is also a case to be made regarding a much greater level of collaboration between the Federal, State/Territory and Local Governments, particularly on cross government policy development in this area and the facilitation of joint public/private ventures.