

**Response to the Productivity Commission's Economic Implications of an Ageing  
Australia: Draft Report  
A submission by Alzheimer's Australia**

## **Introduction**

Alzheimer's Australia welcomes the work of the Productivity Commission in addressing the implications of Australia's ageing population. As the national peak body in Australia representing people with dementia and their families and carers, Alzheimer's Australia agrees with the assessment of the Productivity Commission that ageing will significantly impact future health expenditure and that improvements in the effectiveness of the health system will help reduce this financial pressure.

However, action must also be taken to address the root cause of the health care problem – increases in the prevalence of debilitating and costly health conditions, such as dementia which will be the largest cause of disability burden by 2016. Because dementia is associated both with ageing and with immense economic, social, and personal costs, Alzheimer's Australia believes that it is crucial to any assessment of the future costs of population ageing.

The draft report gives inadequate attention to the economic and social impact of dementia as a major health issue. Alzheimer's Australia recommends that the final report make an economic assessment of the potential benefit of research into the causes, diagnosis and care of dementia through reducing the impact of public health expenditures and improving the quality of life of people living with dementia, their families and carers.

In its previous submission to the Productivity Commission, Alzheimer's Australia indicated the immense future impact of dementia on the public health care system, based on work commissioned by Alzheimer's Australia from Access Economics<sup>1</sup>. Other submissions to the Productivity Commission also indicate concern about the future impact of dementia on aged care services, including submissions from the National Rural Health Alliance, Queensland Government, NSW Government, Brotherhood of St. Laurence, Australian Council of Social Service and Medicines Australia. The effect of population ageing on the prevalence of dementia is an issue of concern for many government bodies, community groups and consumer organisations.

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<sup>1</sup> Available at <http://www.alzheimers.org.au/content.cfm?infopageid=1731>  
and <http://www.alzheimers.org.au/upload/dementia%20research%20priorities.doc>

## Further Comment

Because of the tremendous costs of dementia and the certain increase in the numbers of people living with dementia in the next half century, Alzheimer's Australia recommends that these key points are taken into consideration for the final report.

- It is projected by 2040 that 500,000 people in Australia will have a diagnosis of dementia<sup>2</sup>.

A new report by Access Economics will be published shortly, revising these earlier projections. This work will suggest that due to changes in longevity that the number of future cases of dementia by mid-century may be even higher than previously projected. It is unclear why OECD figures were in the draft report rather than these projections by Access Economics, which have been specifically developed for the Australian population.

- The total cost of dementia in Australia in 2002 was \$6.6 billion and by mid century dementia costs may exceed 3% of GDP from nearly 1% today<sup>3</sup>.

The majority of these costs are residential care costs and informal carer costs. These costs will not decrease over time and with the Commission's projections of a reduction in the number of informal carers, costs may increase as the burden shifts towards residential care.

- If the average onset of Alzheimer's disease could be delayed by even 5 months, starting in 2005, then by 2020 \$1.3 billion dollars would be saved<sup>4</sup>.

Either reducing the prevalence or delaying the onset of Alzheimer's disease would be very important in reducing the impact of the disease, both financially and on individuals. In the early stages, people with a diagnosis of Alzheimer's disease require only limited care and assistance, in contrast to the expensive full-time care required by many people with severe Alzheimer's disease. Delaying or slowing the progression of Alzheimer's disease will reduce the level of care required, and enable people to live in the community for longer.

Importantly, current research indicates that the onset of dementia may be delayed or prevented by changes to health and lifestyle choices. Some of these preventive factors include having a healthy diet, promoting physical and cognitive activity<sup>5</sup>, and controlling cardiovascular risk factors, including diabetes, high cholesterol, and hypertension<sup>6</sup>. This underscores the necessity of public information campaigns to educate/ provide community education about risk reduction. The Commission suggests that there is "a strong role for public health promotion and more effective involvement of better informed consumers in

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<sup>2</sup> *The Dementia Epidemic: Economic Impact and Positive Solutions for Australia*, Access Economics, May 2003

<sup>3</sup> *The Dementia Epidemic: Economic Impact and Positive Solutions for Australia*, Access Economics, May 2003

<sup>4</sup> *Delaying the Onset of Alzheimer's Disease: Projections and Issues*, Access Economics, August 2004.

<sup>5</sup> *Dementia Research: A Vision for Australia*, Alzheimer's Australia, September 2004

<sup>6</sup> Whitmer et al., 2005. *Midlife Cardiovascular risk factors and risk of dementia in late life*. *Neurology*, 64: 277 – 281.

their own health care management”<sup>7</sup>, a view which is strongly supported by Alzheimer’s Australia. However, without additional funding and support of such programs, there will be no significant benefit of increasing scientific knowledge about risk reduction factors.

- One dollar is spent on dementia research for every \$342 of the total cost of dementia<sup>8</sup>.

Current dementia research expenditure in Australia is inadequate. As the previous points indicate, delay, prevention and early intervention are crucial to lessen the future impact of dementia. However, progress in these areas will not occur without increased expenditure on research today. In the draft report, the Productivity Commission uses the example that “new technologies and better public health approaches may lower morbidity and increase health productivity- for example, treatments for Alzheimer’s Disease”<sup>9</sup>. These advancements will not occur unless greater effort is made by the government to fund dementia research and encourage collaboration. The critical point is that increased support for and investment in dementia research could reduce the impact of dementia on the Australian population.

## **Recommendations**

Alzheimer’s Australia agrees with the Productivity Commission that population ageing does not represent a crisis, especially as there is time to make necessary policy adjustments. However, given the projected increases in the numbers of people with dementia and the ageing of the population as a whole, if action is not taken now to reduce the future prevalence of dementia and delay onset, dementia itself will represent a crisis to the health care system.

Based on the facts presented above, Alzheimer’s Australia recommends that the final report should make an economic assessment of the potential benefit of research into the causes, diagnosis and care of dementia through reducing the impact of public health expenditures and improving the quality of life of people living with dementia, their families and carers. Without such an analysis, the Productivity Commission will lose an opportunity to promote action to avert a future dementia crisis. By investing in dementia research today, we can help reduce the impact of dementia on the Australian population in the future.

Alzheimer’s Australia  
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<sup>7</sup> Page 21, Chapter 13, *Economic Implications of an Ageing Australia: Draft Report*, Productivity Commission, November 2004

<sup>8</sup> *The Dementia Epidemic: Economic Impact and Positive Solutions for Australia*, Access Economics, May 2003

<sup>9</sup> Page 8, Chapter 13, *Economic Implications of an Ageing Australia: Draft Report*, Productivity Commission, November 2004