

Population ageing in New Zealand¹

Introduction

The United Nations designated 1999 as the International Year of Older Persons. Objectives for the year included promoting discussion and research on ageing issues and encouraging a greater understanding of evolving demographic changes. To commemorate the year, this article presents some reflections on population ageing in New Zealand and its likely implications for social and economic planning in the future. The greying of New Zealand's population offers both challenges and opportunities for the public and private sectors.

A historical context

The population of New Zealand is ageing. Its most documented feature is the growing size of the elderly population and its increasing share of the total population. Other features include a rise in the average age of population, a decreasing proportion of children, and an ageing labour force. When judged by these criteria, the ageing process is neither a new demographic phenomenon nor is it unique to New Zealand.

In fact, population ageing in New Zealand, as in other developed countries began over a century ago, with the onset of transition in fertility from relatively large to relatively small families. At the dawn of the 20th century, we were a very young population in demographic terms. Half of our population was below 23 years of age. Children outnumbered the elderly (taken as those aged 65 years and over) by 8 to 1 (see Table 1).

Table 1

New Zealand Population						
Age Structure Changes, 1901-1999						
Age group (years)	1901	1926	1946	1966	1986	1999
Percentage Distribution						
Under 15	33	30	27	32	25	23
15-64	63	65	64	59	65	65
65+	4	5	9	8	10	12
Ratio of Under 15 to 65+	8:1	6:1	3:1	4:1	2.5:1	2:1
Median Age (years) ⁽¹⁾	23	26	30	26	30	34

(1) Half the population is below this age.

Mortality was quite high by today's standards: almost 100 out of every 1,000 newborn babies used to die before reaching their first birthday. The average life expectancy at birth for New Zealand men was about 57 years and for New Zealand women 60 years. The 1901 Census of Population and Dwellings recorded 31,000 persons over the age of 64 years and they made up just 4 percent of the population.

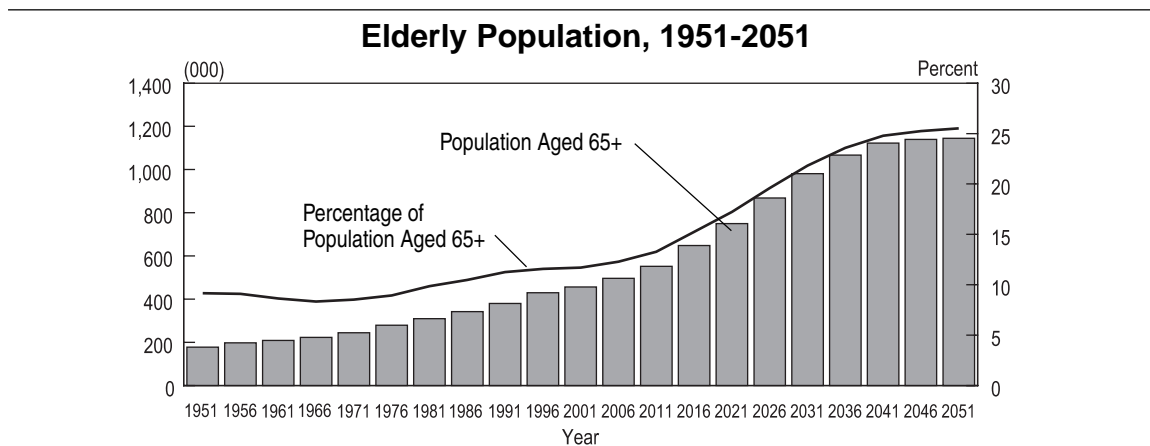
Low fertility during the depression years of the 1930s and the ongoing improvement in life expectancy meant that by the 1946 Census our median age (half the population is below and half the population is above this age) had risen by 7 years to 30 years. The post-World War II "baby boom" reversed the ageing trend, but only temporarily. The subsequent drop in fertility to sub-replacement level lifted the median age to a new high of 34 years in 1999, an overall increase of 11 years since 1900. (The "replacement level" is the level of fertility required for a population to replace itself without migration. It is generally taken as 2.1 births per woman.)

Past and future growth of the elderly population

Between 1901 and 1951, the number of New Zealanders aged 65 years and over increased almost six-fold, from 31,000 to 177,000. Over the next 48 years, it grew by another 151 percent to reach 446,000 in 1999. This was much faster than for the rest of the population: for instance the number of children under 15 years and those in the working ages (15-64 years), increased by 54 and 109 percent respectively. Reduction in mortality, especially in childhood mortality, and an improvement of almost 20 years in life expectancy at birth during the 20th century were important elements in the growth. A newborn male can now expect to live on average 74 years and a newborn female about 80 years. Also, more people are now surviving beyond 65 years of age. Between 1950-52 and 1995-97, the expectation of life at age 65 years increased by 2.7 years for males and 4.2 years for females, to

1 This paper was prepared by Chief Demographer Mansoor Khawaja, with assistance from Nicholas Thomson.

Figure 1



15.5 and 19.0 years, respectively (Statistics New Zealand, 1998).

The elderly's share of New Zealand's population has trebled from 4 percent in 1901 to over 12 percent in 1999 (see Figure 1).

Latest projections indicate that the population aged 65 years and over is expected to grow by about 100,000 during the current decade, to reach 552,000 by 2011. The pace of increase is projected to pick up after the year 2011, when the large baby boom generation begins to enter this age group. For instance, between 2011 and 2021 the elderly population is projected to grow by about 200,000 and in the following ten years by 230,000.

By 2051, there will be over 1.14 million people aged 65 years and over in New Zealand. This represents an increase of 715,000 or 166 percent over the base (1996) population. They are expected to make up 25.5 percent (or 1 in every 4) of all New Zealanders (4.49 million). At present there are about half as many elderly New Zealanders as children. By 2051, there are projected to be at least 60 percent more elderly than children. Given the prospects of sub-replacement fertility, increasing life expectancy and the passage of baby boomers into retirement ages, it is projected that half of all New Zealanders will be older than 46 years by 2051, compared with the current median age of 34 years.

These observations draw on the medium series of the 1996-based New Zealand population projections, which cover the 55-year period to 2051. This series assumes that during the projection period, the life expectancy at birth for males will increase from 74.3 years to 81.0 years and for females from 79.5 years to 85.5 years (as a result of medical advances, changes in lifestyle, etc), and there will be a net migration gain of 5,000 persons per year (the annual average for the last 99 years).

Some analysts have observed that as the people who will reach age 65 years during the projection period have already been born, their future numbers can be estimated fairly accurately. However, this assumption is subject to some reservations because projections involve a number of unknowns. For instance, a Statistics New Zealand report (1995) found that almost a quarter of a million baby boomers had emigrated by 1991. Their return in the years ahead would boost the number of elderly, as would any increase in immigrants resulting from changes in immigration policy. Large gains in life expectancy are likely to produce a similar effect.

The elderly group itself is ageing. The old-old (85 years and over) are expected to increase six-fold during the projection period, from 39,000 to over a quarter of a million by 2051. Then, they will make up 22 percent of all New Zealanders aged 65 years and over, compared with 9 percent in 1996. This has direct implications for health expenditure because there is a significant rise in the incidence of disability with age, and an increased need for health treatment and care, and social services.

In recent years there has been an intense debate about the implications of a burgeoning elderly population for social and economic planning, especially with regard to superannuation, health and other aged-care services. Some have argued that "the structure and level of New Zealand superannuation benefits are both unsustainable and generationally inequitable" (Schaardenburg, 1999, p.42). Such debates often draw on the projected changes in the elderly dependency ratio, which relates the elderly population (65 years and over) to those in the working ages (15-64 years). The ratio is projected to increase from the present 18 elderly persons per 100 persons

of working ages to 43 per 100 by 2051. The ratio is demographically-based and is a crude measure of the possible dependency burden, for many people in the working-age group may not be in the labour force, while many elderly people may actually be working. Others have argued for a less pessimistic approach as technological advances or people's attitudes 20 or 50 years hence cannot be anticipated accurately.

Socio-demographic characteristics of the elderly

The elderly differ in their socio-demographic make-up from the rest of the population. For instance there are marked differences in sex ratio, marital status, employment, living arrangements, income, geographical distribution, and spatial mobility. Neither are the elderly a homogeneous group in terms of these characteristics, or in their need for hospital treatment, community support services or long-term residential care.

Sex ratio

Women outnumber men by a significant margin among the elderly and the gap widens as age increases because they have lower mortality rates and live longer than men - by about 5.3 years, according to the 1995-97 New Zealand Life Tables. In 1996, among those aged 65-74 years, 53 percent were women and 47 percent were men. In the oldest age group (85 years and over), women outnumbered men by 5 to 2 (Khawaja, 1999).

As women outlive men, the incidence of widowhood increases rapidly with age among elderly women. This is partly because women have traditionally married men 2-3 years older than themselves. About one-third of women aged 65-74 are widowed. The corresponding figure for the 85-and-over age group is four-fifths (Statistics New Zealand, 1998).

Housing

As a nation, New Zealanders have a high rate of home ownership. Older people are more likely than others to own their home. At the 1996 Census, about 81 percent of 65-79 year olds owned their home with or without a mortgage (Statistics New Zealand, 1997). This equity provides older people with the flexibility to consider cost-effective accommodation options as they grow older and the need for care and access to services become major concerns.

Living arrangements

The elderly differ in their living arrangements from the general population. At the 1996 Census about 54 percent of elderly lived with a spouse or a partner. Because women have a longer life expectancy than men and husbands are often older than their wives, gender differences are marked. Two-thirds of elderly men and two-fifths of elderly women were living with a spouse/partner at the 1996 Census. By contrast, two-fifths of women, but fewer than one-fifth of men lived alone. The incidence of living without a partner increases with age. Among those aged 65-74 years, 3 out of 10 lived in one-person households. Among the old-old group (85 years and over) the proportion was twice as high - 3 out of 5. Women aged 85 years and over are five times as likely to be living without a spouse or a partner, as men of the same age (Statistics New Zealand, 1998).

Employment

Few elderly are gainfully employed. At the 1996 Census, just under 10 percent of older New Zealanders were in the labour force. Over half of these worked on a part-time basis. Since 1992, the age of eligibility for New Zealand Superannuation has been gradually extended and will reach 65 years in 2001. This partly explains the upturn in the labour force participation of older men and women between 1991 and 1996, when the proportion of elderly working part time nearly doubled from about 2.7 percent to over 5.0 percent. Another important recent development has been the removal of the upper age limit for employment, which presumably acknowledges the value of mature workers to the national economic growth. Its long-term impact on the labour market will be of interest to policy makers.

Geographical distribution

There are both inter-area and intra-area differentials in the geographical distribution of older persons and those below 65 years of age. While nationally, 12 percent of the population is aged 65 years and over, there are a number of sub-regions where elderly make up 15-21 percent of the population. The elderly, like the rest of New Zealanders, are highly urbanised: over two-thirds live in the major urban centres (areas with 30,000 or more residents). However, significantly more elderly live in secondary and minor urban areas than the general population - 22 percent versus 16 percent.

Therefore, policy solutions developed for larger urban centres may not be suitable for smaller centres or rural areas. For example, there are fewer public transport options available in smaller areas compared to the larger urban areas, and in some rural areas there may be none. Consequently services such as meals on wheels, or home help may be more difficult and more costly to provide in rural and remote areas (McKenzie, 1999).

Mobility patterns

People of retirement age maintain a strong interest in both overseas and domestic travel. In the year ended June 1999, for instance, roughly one-third of New Zealanders aged 65-69 years took a short trip overseas (Khawaja, 1999). However, they migrate across regional and territorial authority boundaries less frequently than do New Zealanders in general.

Analyses of migrants to and from various subnational areas shows that some areas like Tauranga and Nelson are attractive to older migrants. However, whereas rural areas and smaller urban centres continue to lose young people (aged 15-24 years) to large urban centres, largely because of the greater opportunities for tertiary education and employment, there was a sizeable outflow of the elderly from main urban centres during the 1991-1996 period (Khawaja, 1999). While this has positive economic outcomes for smaller centres, continuation of these patterns would lead to increasing demand for recreational and health services in these areas (McKenzie, 1999). Factors influencing retirement migration include, availability of core amenities, climate and environment.

Policies for residential accommodation options are particularly relevant for elderly with a disability and for the frail. Overseas studies have looked at issues involved in providing support frameworks for the aged in their own homes rather than forcing them into retirement villages. Some have emphasised a need for effective strategies to make "ageing in place" a positive experience.

Concluding remarks

The population of New Zealand, like other developed nations, is ageing. If fertility stays at or below the replacement level the long-term consequence would be a population age structure

with more elderly than children, and with 1 in 4 of all New Zealanders over 64 years of age.

Many countries are developing national strategies for their ageing populations. Such strategies will assess the demographics of ageing and their implications for social and economic planning (Racic, 1999). At the national level, the main concerns are the sustainability of a taxpayer-funded superannuation, and the increased cost of providing health services for older people. At the regional and local levels there are planning implications for health-related issues (eg disability, mental health), for housing and accommodation, and for the provision of aged-care, transport, and community support services (eg meals on wheels). One can foresee the need for studies of older people's retirement experiences, in terms of life and health satisfaction, and in participation in leisure activities, etc. Other studies are likely to focus on "preventive health issues, [such] as increased awareness of health risks, and changes in lifestyle, [and] its impact on longer life expectancy and better quality of life" (Rawson, 1999).

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