

Ageing Well in South Australia

Thank you for inviting me to speak with you on a topic that I think is critical to transforming our economy, increasing export income and, I believe, creating tens of thousands of new jobs in South Australia in the coming decades.

I'm talking about creating businesses that deliver services and products here and around the world that serve the Ageing Well economy – sometimes referred to as “the mature economy” or “the silver economy”.

This is one of world's biggest emerging sectors, and we have so much to contribute as a State, and so much to gain as business people – and, might I add, as citizens of all ages. If we South Australians do this right, we can create ten times as many new export oriented jobs in this sector as the exciting announcement on submarines will bring us.

I'd like to share ideas on:

1. The South Australian economy generally.
2. The exciting business opportunities that the Ageing Well economy offer us.
3. What we can do to realise these opportunities which will engage all generations of society.

South Australia's Economy Generally

South Australia is at a pivotal time in its history: this decade will be either a new dawn or an approaching dusk. For me, Dickens' classic opening line from the Tale of Two Cities – It was the best of times, it was the worst of times – captures something of the paradox in which we find ourselves.

South Australia is today facing challenges that are unprecedented in their scale and complexity. We now have the highest unemployment rate on the mainland, and that's a prize no one wants to claim. You don't have to dig deep into the news to see the cost on South Australian communities, and I'm sure you all know the stories. People living in Whyalla, Elizabeth, and Leigh Creek certainly know the stories well.

This isn't just about unemployment figures, as important as they are. It's about the wellbeing of whole communities. With so many of the old certainties of economic life gone or going, we must be bold and innovative if we're to create the jobs of the future and re-energise our State.

We don't have a moment to lose.

Thankfully, there is a lot we can capitalise on.

We are blessed with a wonderful climate and environment. Our size is an asset and our relative isolation is no longer a problem in today's virtual world.

Economically speaking, South Australia's main strength is the diversity of our economy, our world class universities and learning institutions, our highly skilled workforce and

hundreds of existing innovative businesses.

Given this, there's never been a more important time than now to be outward-looking in our orientation to the world. We live in an increasingly competitive globalised economy. It's a world in which technology continues to evolve in ever more sophisticated forms, connecting all economies, advanced and developing.

This is a connected world that rewards initiative and tenacity – and penalises complacency. As Pip Marlow MD Microsoft Australia says, 'The future is a hotbed for Innovation – The future belongs to the fast'

The low-cost developing economies to our north are advancing rapidly up the ladder of prosperity. Our ability to maintain and increase our own prosperity depends on us working smarter, and staying focused on moving all aspects of our economy up the value chain.

If we are complacent – if we take our future for granted and refuse to adapt to change – we will be surpassed by our region's growing economies.

As a result, we will not be able to hand down to our children and grandchildren the extraordinary lifestyle that was bestowed on us.

I cannot find comfort or justice in this.

I do not want to be known as a member of the generation that oversaw the great decline in our living standard.

Those of us living here and now – and each of us here in this very room – will decide by our actions whether South Australia continues to be one of the world's great places to live, or a 2030 Harvard case study entitled "Lost Opportunity."

How do we build upon our strengths to transform our State's economy?

Too often we are seduced by the allure of a magic bullet such as Olympic Dam or submarines as the answer to our economic woes. As important as Olympic Dam has been and is to our economy and the submarines are to our long term future neither is the answer in and of themselves. To think they alone secure our economic is naïve at best if not just plain dumb!

In a time of profound economic transformation like we are going through, singular programs, pithy political rhetoric or business as usual will not cut it.

All aspects of our economy need to be transformed. This takes disciplined implementation of a comprehensive and complex plan in a collaborative fashion. It takes people willing to take risks and even fail but never be defeated. It takes people with passion and perseverance and hard work.

The kind of rigour we saw demonstrated by our forefathers who put in place a rich agricultural based economy in the 1800's and the political and business initiatives in the 1950's that transformed our economy by adding a manufacturing base. You and I have lived off of these great periods of economic transformation. It's now our turn to invest forward so that future generations of South Australians can continue to enjoy our lifestyle

that is the envy of the world and sees us recognised as one of the world's greatest places to live.

The EDB was part of a process that led to the Economic Development Committee of Cabinet (EDCC) creating the ten economic priorities. These came from the insights of thousands of South Australians who participated in programs such as the EDB sponsored and KPMG facilitated *Shaping the Future of South Australia* program and many more. For each of these priorities there are specific deliverables and outcomes by the end of 2017. The EDCC meets regularly to monitor progress against these outcomes and to ensure that ministerial activity, government departments and budget prioritisation are aligned around these priorities.

Most people I talk to agree with eight or nine of the ten, but they can't always agree about which one they would change so I figure we have it about right. Those wanting to challenge this work should focus on how well the priorities are being implemented and how well aligned the State budget; new government initiatives and public service are in supporting these priorities. In other words, it's all about successful execution.

The ten priorities are designed to capitalize on the current strengths of our broad-based economy and actualise our vision of South Australia being a place where people and business thrive. They were designed to focus the government's support of the economy around five key sectors where we see the greatest potential for business growth, job creation and investment at this time and five enabling economic priorities.

Some of the sector priorities such the focus on the visitor economy and the focus on attracting more international students can be implemented rather quickly, and often lead to immediate job creation.

Others such as a focus on premium food and wine will take more time and a medium term view. This priority responds to the growing world demand for high quality food and wine. It builds on one of our State's core strengths and looks to grow this sector by both expanding production and moving up the value chain in all we do and exporting high value products not just raw materials.

Other priorities call for taking a five to ten year investment approach. Without a comprehensive plan that addresses short, medium and long term initiatives we will not be successful in transforming our economy.

It is in this short term and over the next 10 years context that I want to talk about the economic opportunities the Ageing Well initiative affords us.

To tell you something you already know: we're getting older. In the 30 years from 2020 to 2050 the number of people in South Australia aged 65 and over is expected to increase by 56% to 530,000. Currently it's around 295,000 or about 17% of the population.

In Australia, it's about 3.5 million people, or roughly 15% of the population.

The Australian Bureau of Statistics estimate that the annual total disposable income of Australians aged 65 or older was over AUD 133 Billion in 2013-2014. The immense purchasing power of the elderly will grow in the years ahead as the number of older

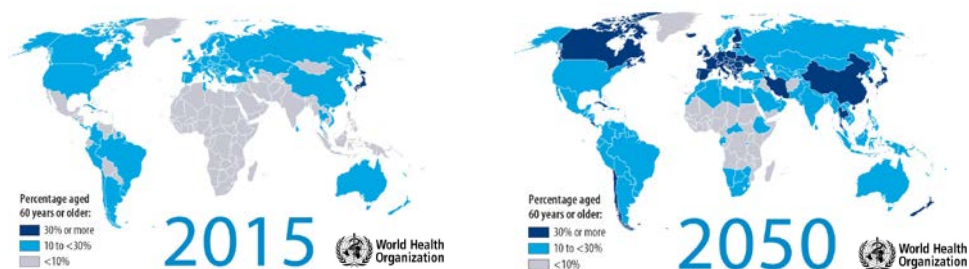
Australians grows.

Our own region - Asia-Pacific which includes India and China, is ageing at an unprecedented rate. The number of people aged 60 and over is expected to more than quadruple from 533 million in 2015 to more than 2.45 billion by 2050. This means that approximately one in four people in the region will be over 60.

You cannot overestimate the implications of this change for the global economy.

This map, provided by the World Health Organisation, shows the age demographic across the globe in 2015. The light blue shows countries in which 10-30% of the population is aged over 60 years. The dark blue shows countries in which 30% or more of the population is aged over 60 years.

As you can see, in 2050 this is a very different picture.



Consider the lives of older people.

Now that people are living longer we need to prepare ourselves for active lives for many of the 20 to 30 years of life after 65. At the time the retirement age was set, the average life expectancy of the working male was 65.

We now live much longer but we do not provide people the opportunity to proactively prepare for this new phase of life.

We need to extend the educational reach and enable our older citizens to remain not only active contributors to our society, but also to act as explorers who are pushing the boundaries of their own lives.

We need to help people prepare for this so-called encore career. We spend years in school and tertiary education preparing people for their career path during their traditional working lives. I believe that our nation should invest in giving people in their early sixties the opportunity to take a sabbatical for three to six months so that they can think through their purpose in this next phase of their life. We should encourage people to prepare for their encore career by planning out how they will remain productive members of society and learn about the financial, vocational, medical, social, recreational and other opportunities and support services that are available to facilitate people remaining engaged and purpose-filled in this phase of their life.

A person's encore career could actually be completely different from anything they've done before. And it's likely to have three key attributes:

Firstly, it will be an area they are personally passionate about;

Second, it will be where they believe their contribution holds real meaning and has a genuine impact; and

Thirdly, it will in many cases be based on motives other than financial. People's engagement may be paid, or voluntary, or a mixture of the two and the hours they are engaged will be varied and flexible.

To build this capability, we need to instil confidence and resilience to equip people with the mindset to realise their potential.

Put simply, by creating services and products that equip older people to meet their potential this social evolution will also create meaningful economic uplift. I believe that with the right focus this sector presents a game-changing opportunity for South Australia's future prosperity, just as agriculture transformed our economic base in the 1800's and manufacturing changed the game 60 years ago.

The emphasis here is on meaningful, sophisticated services and products that add real value to the lives of older people. Because Ageing Well is as much a social movement as it is an economic movement, to engage with it we will need to shift mind-sets as much as we need to shift assets.

This challenges the traditional western narrative that ageing is a burden, that it saps a person's energy and intellectual creativity, and that the future rests predominantly in the hands of the young.

My view is South Australia as age agnostic and that older people who are purposefully engaged will inject further vitality into our communities and become powerful contributors to South Australia's economic prosperity.

I suggest that South Australia's ageing population is actually one of its strongest assets and one of its greatest opportunities for new business creation and growth.

And South Australia is one of the best placed economies in the world to take advantage of these changes and be a global leader in products and services for the Ageing Well sector, and an economic partner of choice for innovation and product development to support active and independent living around the world.

This will contribute significantly to the prosperity, not just of our ageing population, but that of all generations. It's an opportunity for South Australia to be seen by the world as the model for "Ageing Well."

I compare the opportunity for South Australia to be viewed globally in the Ageing Well space as Israel is seen as a global leader in water management. South Australia has over 200 innovative water management companies, but Israel is viewed as the leader in water management, not South Australia. Israel went out and brought together the world's best practices, technologies and services in water management, including our own, and then enhanced them and re-packaged them for the world market.

We can do the same in Ageing Well.

Recent trade missions to South East Asia and China have revealed an appetite for proven ageing and wellbeing strategies, programs and products that can increase the mental and

physical resilience of older citizens, reduce health costs, and increase community wellbeing. In China, it is estimated that by 2020 total pension payments will be approximately \$595 billion dollars (in current prices).

The South Australian Economic Development Board's Ageing Well Sub-committee with the inspired leadership of my colleague Barbara Pocock is progressing a range of initiatives to accelerate and expand the development and delivery of world-class innovative goods and services to improve health outcomes, develop new industries and jobs, and help position South Australia as a leader in domestic and global markets, particularly in the rapidly expanding market in Asia Pacific.

I want to acknowledge the wonderful work of the sub-committee – many of whom are with us today.

How do we capture this new opportunity to create new businesses and tens of thousands of new jobs in South Australia in all sectors of the economy?

This concept of businesses and communities catering to the specific needs and preferences of older consumers is relatively new and it requires time, focus and commitment. If we can foster this development through careful planning, the growth and prosperity of our State will flourish.

We need to re-examine our commercial strategies – At the moment most businesses do not have specific business strategies focused on older consumers, despite the fact they form the largest consumer base and often have significant disposable income.

We also need to Understand Consumer Choice – This involves market research and listening to what consumers from different age groups need and want, building lasting relationships with them, identifying mediums, including digital mediums, that communicate with them, and having business strategies and communication centred on citizens and their needs as they grow older.

And when we consider people 65 years' plus let us open our minds to the many choices they have to contribute and participate in society. They are consumers, investors, employers, employees, volunteers, teachers, researchers.....in short, they are engaged and contributing citizens.

I will discuss with you six business segments where we see immediate opportunity to evolve or create businesses that provide the products and services in the ageing well space resulting in increased employment across all ages. I hasten to add, it is not limited to these six, as I am sure you will see other avenues too.

There is great opportunity in the **Food Industry** – South Australia's strength in clean, green premium food is particularly pertinent for people in their 70's, 80's and 90's. As we age we discover a disconnect in the market between what we can eat and what is available. There is a huge opportunity for businesses that deliver food products and dining options especially tailored and packaged for older people – packed with protein, nutrition and flavour that will replenish and revitalise us.

The domestic and Asian market could be a focus of our growing food manufacturing industries. There is a lot of innovation happening in this area and people like Maggie Beer

are helping transform the way we think about food needs for people over 70. Maggie's vision is to 'make sure the holistic and rich food experiences continue for every Australian as they age'.

Financial Services – the financial services market will need to evolve to support a population that represents a significant asset base. This means an opportunity to create new or to adapt existing financial products and services that give people in their 60's and above, access to their equity in order to maintain their standard of living. Already we have seen significant debate through the media challenging the tax asset class of superannuation versus other forms of wealth creation such as property. We need to adapt our tax and work cover policies to encourage people in their encore careers to stay economically engaged. And if traditional institutions are slow to change - imagine the possibilities for innovative forms of funding that will evolve.

Technology and Telecommunications – The ability to assist people to live well independently for longer has improved enormously through technological advancements. Whether it is technology that aids security and personal safety through home monitoring or devices that help us self-regulate our diet or monitor our vital health signs and physical wellbeing. Today's technology enables virtual access to allied health professionals delivered in the comfort of your home, regardless of where you are. These devices are linked closely to design – whether through new dwellings or by adapting existing ones.

The potential to build business opportunities based on the great work of Professor Karen Reynolds at Flinders University and the many sophisticated technology and telecommunications companies in South Australia is very exciting. Why can't South Australia be the "Silicon Valley" of Ageing Well technologies and businesses in the world? We have the base to do it.

Preventive Health Care is another burgeoning area of the market. We can train and teach people how to better manage their own wellbeing – physically, emotionally and intellectually. This proactive approach through ways such as resilience training and mindfulness mean we can work to not only improve lives but importantly lessen the pressure on our hospitals and health care system generally. We can adapt our homes and gardens to encourage greater mobility and everyday bending and stretching can be improved through a different approach to functional design in our homes.

And speaking of muscles, we know that Neuroplasticity or (brain training) is another area where exciting new apps are being designed – taking the ritual of the daily crossword to a whole new dimension, not to mention yoga – which in a recent UCLA trial proved more beneficial than conventional brain training in maintaining cognitive capacity.

Places, Housing and Transport

We need a thoughtful approach to urban design and planning that supports people to live independently at home for longer using innovative technology and design excellence. This is an area where the Local Councils, State Government and private providers can work together planning and implementing infrastructure and services that will enable citizens the access needed to activate and engage in life outside of their dwellings.

Retail precinct planning and design will have the opportunity to adapt and change to deliver the ambience and shopping experience expected by these customers. Aged Care

and Housing is also an area of importance and focus.

Aged Care is a Commonwealth program, but totally enmeshed with the State Health program. There is bipartisan agreement at national level that the current system is not affordable, overly focused on institutional care, and doesn't focus on re-enablement to greater independence and good health. Older people find it complex, low on hope and low on life quality. But it's probably the best aged care program in the world - remarkable for its quality of care and availability especially for the financially disadvantaged. The world is struggling to reform aged care and so is Australia.

South Australia is positioned uniquely to drive aged care reform:

- It has a long culture of driving much of the aged care innovation in Australia,
- It's big enough to drive scalable innovation, and small enough to form deep relationships. It could run state-wide trials for the Commonwealth, business or research.
- The Commonwealth trusts SA to trail the big reforms that are politically risky but have the big benefits.
- Land is available and affordable to develop clever alternatives to traditional congregate facilities and housing
- The Premier's economic priority 3 drives aged care reform by enabling older people to be productive and healthy, rather than tweaking the way care is provided.

Asia and particularly China is actively looking for support to develop aged care thinking and capacity. South Australia could build an export package based on its own ageing and aged care reform approach, which is fit for purpose for the Chinese.

Tourism, Events and Recreation. With a more strategic and thoughtful approach we can improve South Australia's reputation as the place to visit in your 60s and beyond and attract the premium "silver" tourist dollar. And the benefits are not limited to those with the highest spending power. We can create better Age-friendly access to arts and recreational events and conferences- not to mention accommodation. We will position people's interest and desires aged 60 and beyond at the centre of everything we do. For example more seating at outdoor events - those of us who visited WOMAD this year would have noticed the additional seating provided.

As we work on these and other areas let us explore innovative ways to increase workforce participation. We all want and need purpose for the full life course and research shows purpose is vital for living long and happy lives. So, when we think about retirement – it's time to retire some myths!

One such myth is that new careers are for the young! The Kauffman Index cites that in the United States the rate of new entrepreneurs is the lowest for those aged between 20 and 44. It's the people aged 55 to 64 who are leading the rising share of new entrepreneurs, and many stay actively engaged in these businesses well past 65. This is

also increasingly the case in Australia. The Roy Morgan State of the Nation Report reported that almost half of all owners of small businesses in Australia are baby boomers.

And it's not just reflected in business owners. By expanding our mindset about workforce engagement we open almost endless possibilities relating to better ways to strategically harness the power of our volunteering community. Encore careers include work with a social purpose and many are revelling in the opportunity to take their experience and skills acquired over time in the workforce and apply it to a social good, whether paid or unpaid.

The number of "Seniorpreneurs" is growing. They adopt a mindset shift to pause, reflect and reset their direction and focus towards areas they are passionate about which may be far removed from their previous working life.

This calls for **new approaches to employment, training and education** giving people the skills to allow them to contribute to society after retirement age. We should be identifying the scenarios in which they seek to learn and develop training and support while also creating flexible working conditions that support older workers remaining in the workforce on a part time, full time or flexible basis. They will connect with their areas of passion and purpose in paid and volunteering environments. For example, Bunnings has been very successful in engaging an older workforce with very flexible working conditions, and by creating an environment of respect for the skills and abilities of older workers. When structuring their workforce, they prioritise how to give older customers the ultimate shopping experience.

Leveraging our South Australian capability and opportunity will create tens of thousands of jobs over the next twenty years in businesses providing products, services and solutions for people 65 and beyond. This is in addition to the new jobs in direct aged care.

Getting it right here in South Australia, means that with focus, we can get it right anywhere which will equip us to reach national and global markets, creating even greater prosperity through business growth, job creation and providing a higher standard of living for all South Australians.

Finally, how do we begin to accelerate the business momentum in this space?

The EDB Ageing Well Sub-committee is continuing its early work and is focused on achieving outcomes over the next few months by creating taskforces in a number of areas which involve leaders in commerce, non-profits, academia, government, and the community to create and forge recommendations to affect the necessary change.

South Australia will host a State Forum in August 2016 to galvanise the Ageing Well community, highlight innovative products and services and explore how we can ensure South Australia is best placed to thrive in this emerging space.

There is scope to develop an Ageing Well Industry Body after the State Summit based on key insights learned from the experience of the South Australian Water Alliance.

Areas that are currently being worked on include:

Creating alignment and buy-in around a South Australian vision for Ageing Well which will clearly articulate South Australians' commitment and direction towards Ageing Well.

Second, ensuring that South Australia's Food Park and other food production, education and distribution innovations, as well as the Food Innovation Centre, maximise opportunities for rapidly scaling an Ageing Well food industry.

Third, working with the SAHMRI, our universities and government and private institutions, we are developing ways to expand the State's research effort around healthy and active ageing, and the translation of that research to ensure health, industry and community impact.

SAHMRI is setting up an internationally significant research and action program about resilience for older people, which is key to surviving all the change thrust on people as they age and to ensure that they are best placed to make choices about their lives.

Fourth, Creating a Living Laboratory for Ageing Well in South Australia:

A living laboratory creates an environment where innovators and consumers can co-design and test prototypes, products and services for sustained periods in their homes, delivering real-time data and information.

If we are to be a global showcase we need to leverage government procurement and expenditure to attract and trial new product development and innovation in independent living technologies, services and design.

South Australia's demographic composition makes us prime for product and service testing in Adelaide.

The SA living laboratory for Ageing Well will pair age friendly concepts with industry led product and service solutions. A virtual living laboratory can be achieved in multiple locations such as Tonsley Precinct and the CBD using smart technology to connect consumers to business. This will place South Australia on the map for both domestic and international companies looking to trial their products and services before putting them to market and to co-design and trial solutions with a diverse, articulate community fostering innovation at scale.

As recently as last week, the EDB hosted a small forum of industry partners. It didn't take long for these innovative people to come up with doable ideas and possibilities for potential trial in a South Australian living laboratory to improve the lives and connectivity of older people living at home. Two of those companies are meeting this week to progress! That's the collaboration we are talking about. That's the speed we need.

Through a living laboratory, South Australia has the opportunity to promote quality of life for people as they age, whilst at the same time maximise economic opportunities from our ageing demographic.

Fifth, we are also supporting SME's to Grow by ensuring the inclusion of a cluster of ageing-well related businesses in the Centre for Business Growth's SME Program at UNISA which will enable these companies to grow and take their products to national and international markets.

Two companies have already commenced the program with many more in the pipeline.

Finally, we intend to raise the profile of our State's efforts in Ageing Well by hosting an **Ageing Well International Symposium** in 2017 which will bring together leaders and organisations from South Australia and around the world to share approaches that work in the Ageing Well space. By gathering global experts and innovative technologies and services in Adelaide we will help cement South Australia's reputation as the place of Ageing Well.

Conclusion

I believe that the opportunities for South Australia are almost limitless. This can be a business and community effort like we have never seen before.

Creating value in "Ageing Well" is arguably our greatest, untapped natural asset. If we work together researchers, companies, non-profit organisations, innovators, policy makers, all levels of government and community based organisations, through a citizen-centred approach, South Australia can successfully brand itself as the Ageing Well global leader.

We will be a place where industry research and development, and innovation come together to supply the world with useful products and services that this rapidly growing market will buy. South Australia will be positioned for even greater prosperity and strive to be the most liveable place in the world and a global model for twenty first century living and wellbeing for all ages.

Why would we want anything less?

Thank you.

**Mr Raymond Spencer, Chair
Economic Development Board of South Australia**

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