

Harnessing the Power of the Grey Wave

Developing a Plan for Canada's Aging Population

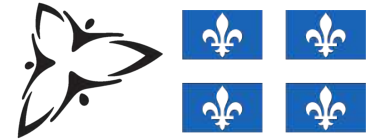
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Policy Issue

Canada faces impending pressures related to an aging population which threaten the long-term sustainability of our health, workforce and economic policy systems.



Key Challenges

Aging Population

Public
Services

Public
Financing and
Personal
Financial
Stability

Workforce
and
Labour Market
Issues

Societal
Implications

Pressures of an Aging Population



Health



Economic



Societal



Intended Outcomes

Sustain Appropriate
Health Services

Minimize Shocks to
the Economy

Re-envision the
Labour Force

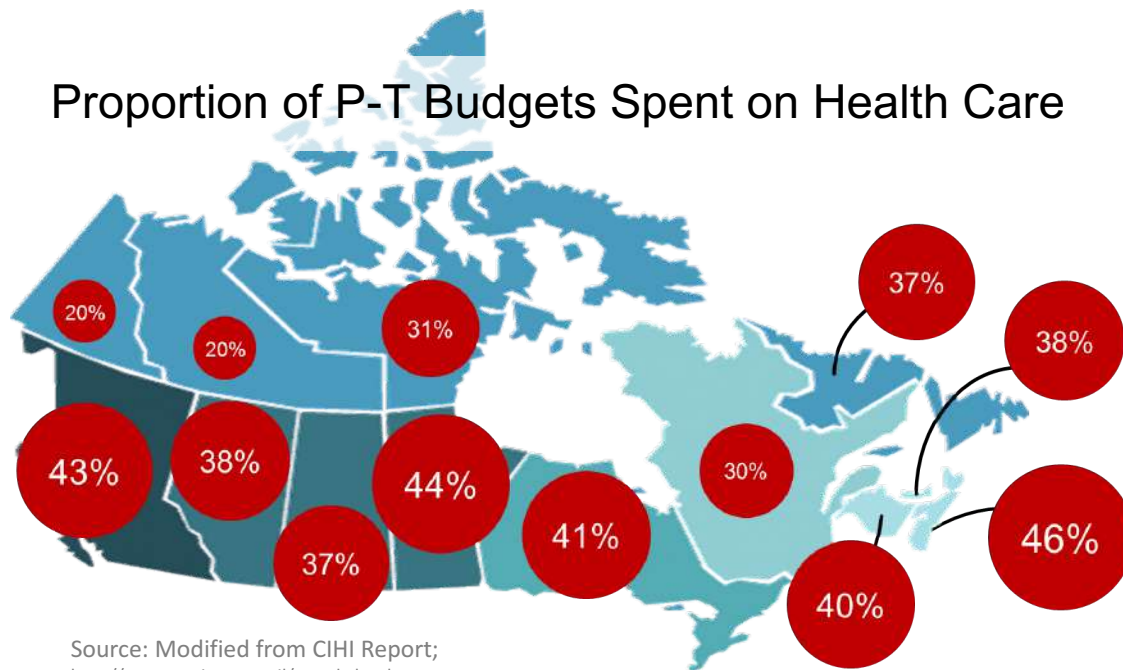
Confront
Ageism



Strategic Option 1:

Addressing the Rising Costs of Health Care

Proportion of P-T Budgets Spent on Health Care



Source: Modified from CIHI Report;
<http://www.matimop.org.il/canada.html>

- Utilize the Council of the Federation to collaborate with the provinces and territories.
- Coordinate specific health services.





Strategic Option 2:

Re-envisioning Canada's Labour Force

- Expand Canada's labour force by providing more opportunities for Indigenous peoples and new immigrants, as well as encouraging continued participation by seniors.
- This strategic option is designed with the goal of alleviating the issue of a decreasing tax base.





Strategic Option 3:

Focusing on Economic Productivity

- Increase productivity by investing in research and development and improving education for a new labour force expected to replace retiring skilled workers.

“Implementing a strategy to achieve a higher standard of living for all Canadians always comes back to dealing squarely with the same deeply-rooted challenge: enhancing Canada’s long-term productivity.”

- Jean Chrétien
Prime Minister of Canada, 1998





Recommendation:

National Seniors Strategy

Near-Term Action

Maintaining a sustainable health care system

Mid-Term Action

Re-envisioning the labour force

Long-Term Action

Investing in policies aimed at productivity growth

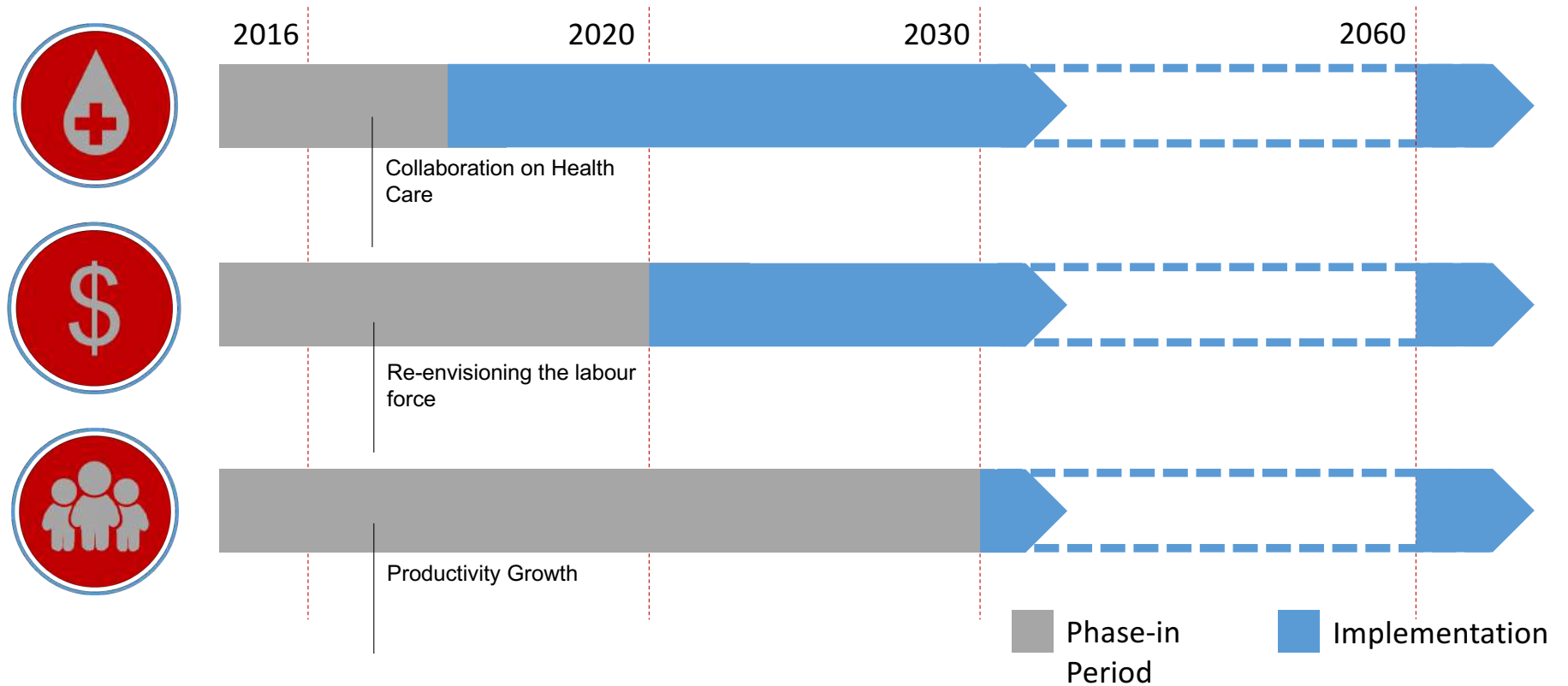


Risks

Risk	Risk Mitigation Plan
Unwillingness to cooperate and collaborate	Emphasize health care as an issue that affects all provinces and territories
Loss of momentum for the issue	Premiers of Ontario and Quebec co-chair an executive committee
Disengagement of Federal Government	Collaborate with the Federal Government as a partner
Negative public perception of seniors	Public communications campaign celebrating the value of seniors

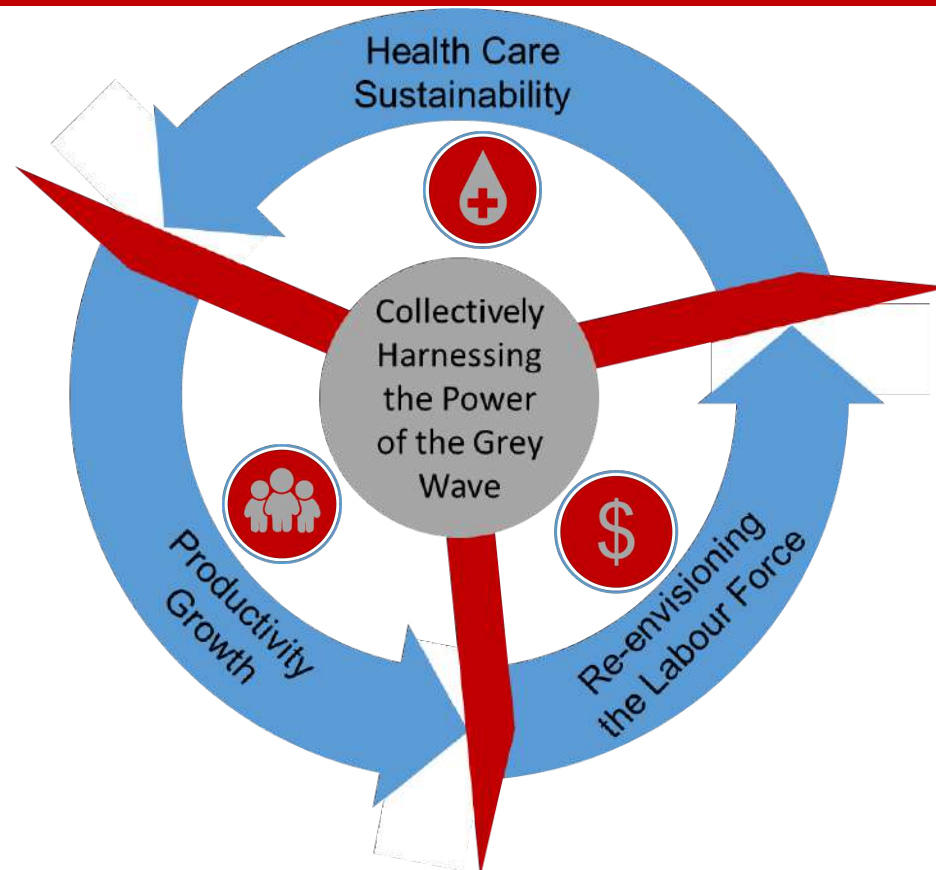


Implementation Plan





Conclusion





Questions?

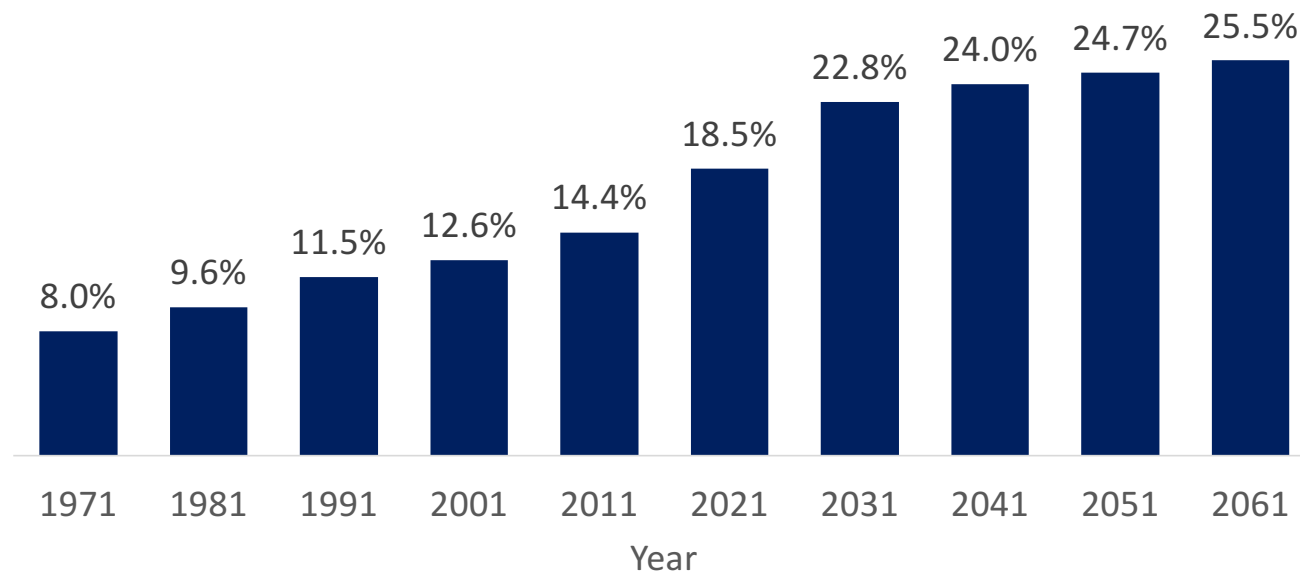


Supplementary Slides



Population Projections

Percent of Population 65 Years and Over in Canada
Historical (1971-2011) and Projected (2021-2061)

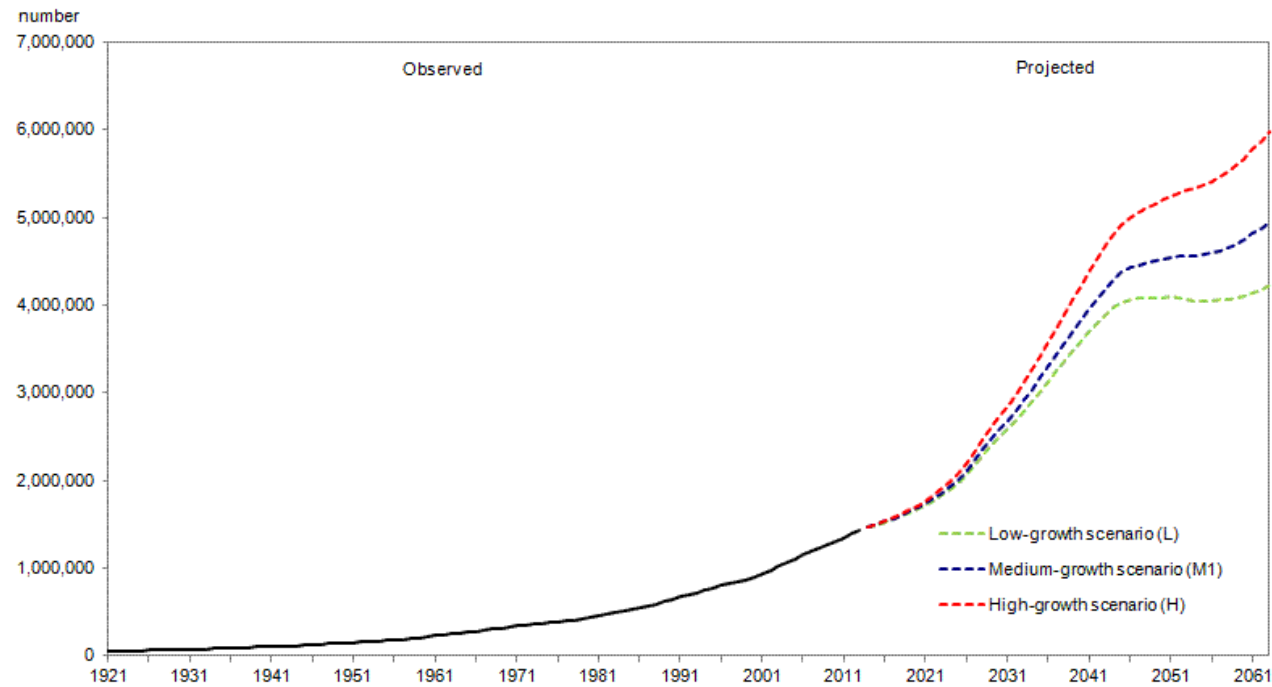


Source: Modified from StatsCan 91-520-X



Population Projections

Figure 2.11
Number of persons aged 80 and over, observed (1921 to 2013) and projected (2014 to 2063), according to the low-growth (L), medium-growth (M1) and high-growth (H) scenarios, Canada



Source: Statistics Canada, Demography Division.

Long-Term Productivity Growth



- To effectively and sustainably deal with the costs of an aging population the economy must have productivity growth
- A conventional method of measuring productivity growth in the economy is the Total Factor Productivity metric
- Productivity is measured by the change in output, while maintaining inputs constant
- The Cobb-Douglas function examines this relationship:

$$Y = A * K^{\alpha} * L^{\beta}$$

Y: total output in the economy (GDP)

K: capital input

L: labour input

A: total factor productivity

α and β : capital and labour respective shares of output

Long-Term Productivity Growth



- An increase in either capital (K) or labour (L) changes the level of traditional input and increases output in the economy
- An increase in Total Factor Productivity (A) therefore represents an increase in productivity, through intangible means such as an improvement in technology or human capital (knowledge)
- It is important to note that Total Factor Productivity cannot be measured directly, it is a residual (Solow residual) because the output growth is not explained by capital investments or expansion of the labour force
- The policies that we recommend in our long term action plan are focused on increasing productivity in the economy so that the increased future costs can be sustained
- This increase in productivity can be achieved through increased investments in research and development, education and workforce skills training
- Over the long-term a society's standard of living improves with advances in productivity, these advances can sustain variations in population growth



Sources

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