

"Graying China"

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by Mark Andrews

China is facing a demographic time bomb. The latest national census puts the number of over-60s at 13.3 percent of the population. Figures like this belie the reality of some cities, such as Shanghai, where the retired already makes up a quarter of all residents. And it is Shanghai that points towards the future for China, where in 2050 it is predicted that 450 million people will be over 60 – a third of the citizens.

An aging population is not unique to China, but where the middle kingdom differs is that it is experiencing this phenomenon as a developing country. Birth rates have decreased thanks to the one child policy, but the rapidly increasing costs of raising children in large cities will also likely keep birth rates low without legislation. At the same time life

expectancy has increased from 46 years in 1951 to 73 today.

The average couple born after the once child policy is facing the prospect of looking after four parents and bringing up one child. "It creates a burden on people who are expected to care for the elderly in their own family," opine James Roy, a senior analyst at the China Market Research Group.

The melting down of the iron rice bowl over the last 20 years has left a vacuum, with the onus very much on the individual. Under the traditional Confucian ideal of filial piety, children are viewed as a pension plan. Thanks to the one child policy and increasing labor mobility, this ideal is becoming increasingly difficult to maintain. "There's potential for

some other medium of care rather than having the extended family under one roof," states Roy.

Change is inevitable. Already the central government is implementing a rural pension scheme with the aim of covering the whole countryside by 2020. However, with the "demographic dividend" – the availability of a large numbers of young workers – dropping away, there will be further pressure on China's economic standing and competitiveness. One easy solution is to increase the official retirement age of above the current 60 for men and 50 for women. This, though, may not be enough, and there will likely be a need for a relaxation of the one child policy or even of immigration rules.

Where change is already evident is with companies stepping in to help provide services for the elderly. Secom Medical System Co. A Japanese company, announced recently that it would open a care facility in China as part of a joint venture. Looking to leverage experienced garnered from Japan, the company is set to open a luxury nursing home in Shanghai in 2015.

As yet there is little regulation of services and no minimum standards for vocational training. Zhongshan College in Nanjing is at the forefront of helping to evolve elderly care in China. The first students have just finished the first year of a program taught through a partnership with North Melbourne Institute of TAFE (NMIT), an Australian vocational training institute. At the end of the two-year course these students will gain the Australian Certificate III in Aged Care from NMIT along with a local diploma; Zhongshan College is the first college in China to offer certificates from overseas.

"At present our college is developing human resources for elderly care services. We think this service very important for the all of society and critical for our college," explains Chen Yi president of the vocational college. The current cohort of 30 students have access to state of the art facilities imported from countries such as America, Germany and Japan, all to help provide support and rehabilitation to seniors.

"We hope that, through our collaboration with NMIT, we can introduce advanced



concepts of education, change and reform for our traditional teaching methods," continues Chen. Currently the industry is in its infancy and as yet there has been insufficient direction for vocational colleges. By working with NMIT and embracing the Australian Aged Care qualification, Zhongshan College aims to be a leader in setting new standards. Graduates will be at the forefront of professionalizing the new industry in China working for community centers and elderly homes.

Teaching facilities are just the start of a project that will not be complete for another two or three years. Under construction on the site in Nanjing's leafy suburbs in the shadow of Purple Mountain are an elderly home and rehabilitation hospital. The home will have a capacity of 1,400, and a mock up room shows that residents will experience five-star

hotel levels of comfort combined with such facilities as power assisted beds suitable for their needs.

According to Roy, such institutions are likely to be used by rich, busy families, while the ultra wealthy may receive care in their own homes. "The primary focus will still be on children for support; but with the decreasing number of children, there will be a growth in pension planning," he adds.

Figures from assurance group AXA-Minmetals show that in 2009 only 30% of middle class Chinese were satisfied with their current pension planning and only 23% had actually taken any action.

Inevitably there will have to be an increase in pension provision from employers, the government and the individual. Many old

people, however, will keep their good health and will offer a potentially lucrative customer base. There may well be a growth in services appealing to the retired such as travel.

Without change there is likely to be further social divide between the "haves" and "have-nots". For the poor, care will be dependent upon spouses and children. This will mean that workers that have in the past moved away to cities will either need to take their parents with them or will need to move much closer to home. Richer people will be able to take advantage of new care facilities such as those provided by Zhongshan College's base. Roy believes that there are opportunities in building live-in communities and in-home care services, but ultimately they will have to be adapted to China, "I don't see it happening like the retirement communities in the US.

