

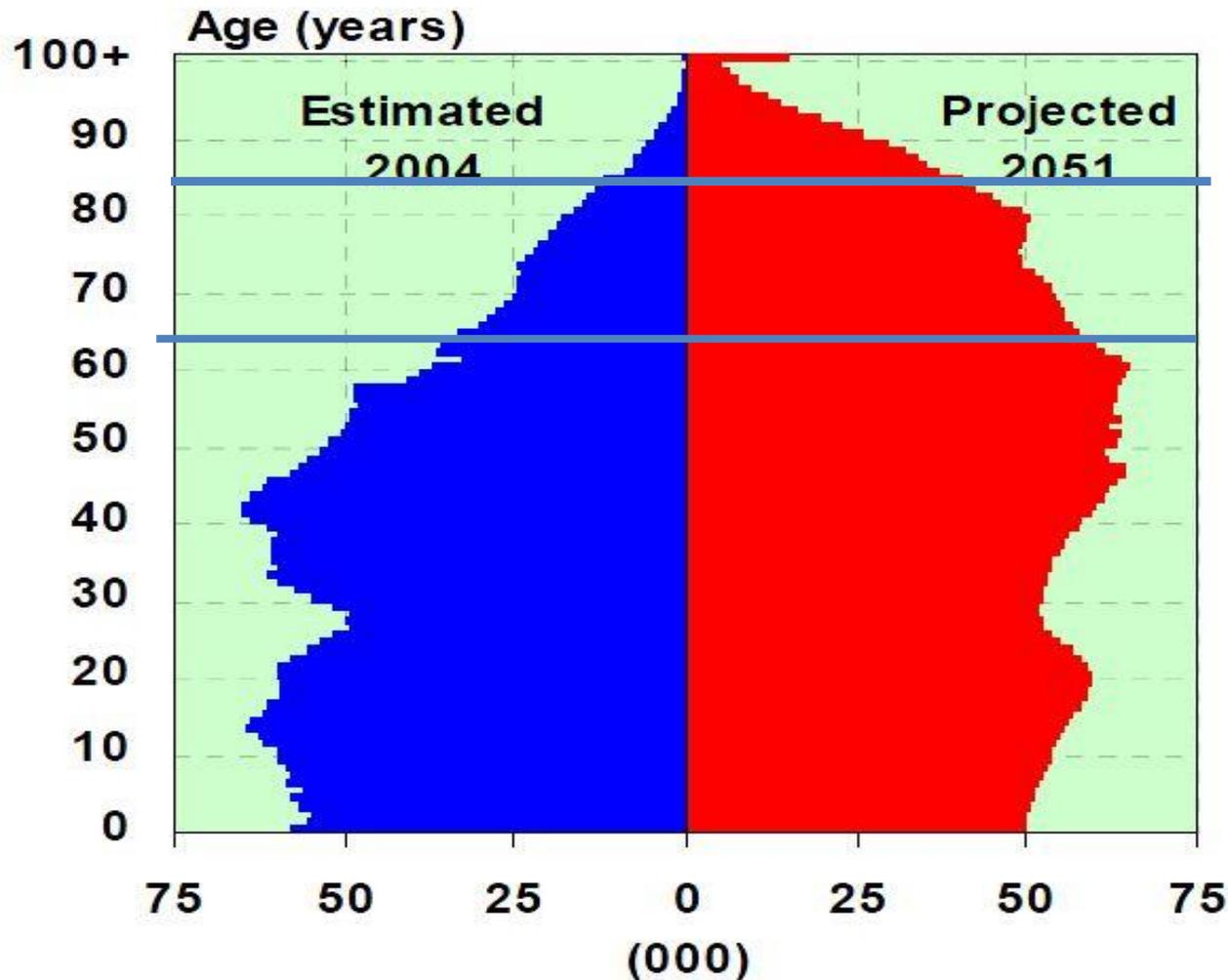
***Economics of caring
New thinking required***

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Dementia conference**

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Serious imbalances ahead

Figure 2 Age Distribution of Population, Series 5



- Fast *numerical* ageing
- Fast *structural* ageing
 - Median age rises
- Fast Ageing of the old
- Projections likely to be understatements

Coming ready or not

	Population aged 65+	
2012	600,000	
2050	1,500,000	1:4 > 85

Projected ratios of different age groups		
	15-64 years	65+ years
2006		
2020		
2030		
2050		

So which crisis do we worry about first?

- Crisis of care and dementia
- Crisis of long-term care
- Crisis of underfunding the public sector
 - Especially the care sector
- Crisis of the young
 - Suicides
 - Domestic violence
 - Child poverty
 - Mental health issues

To say nothing of the crisis of climate change...

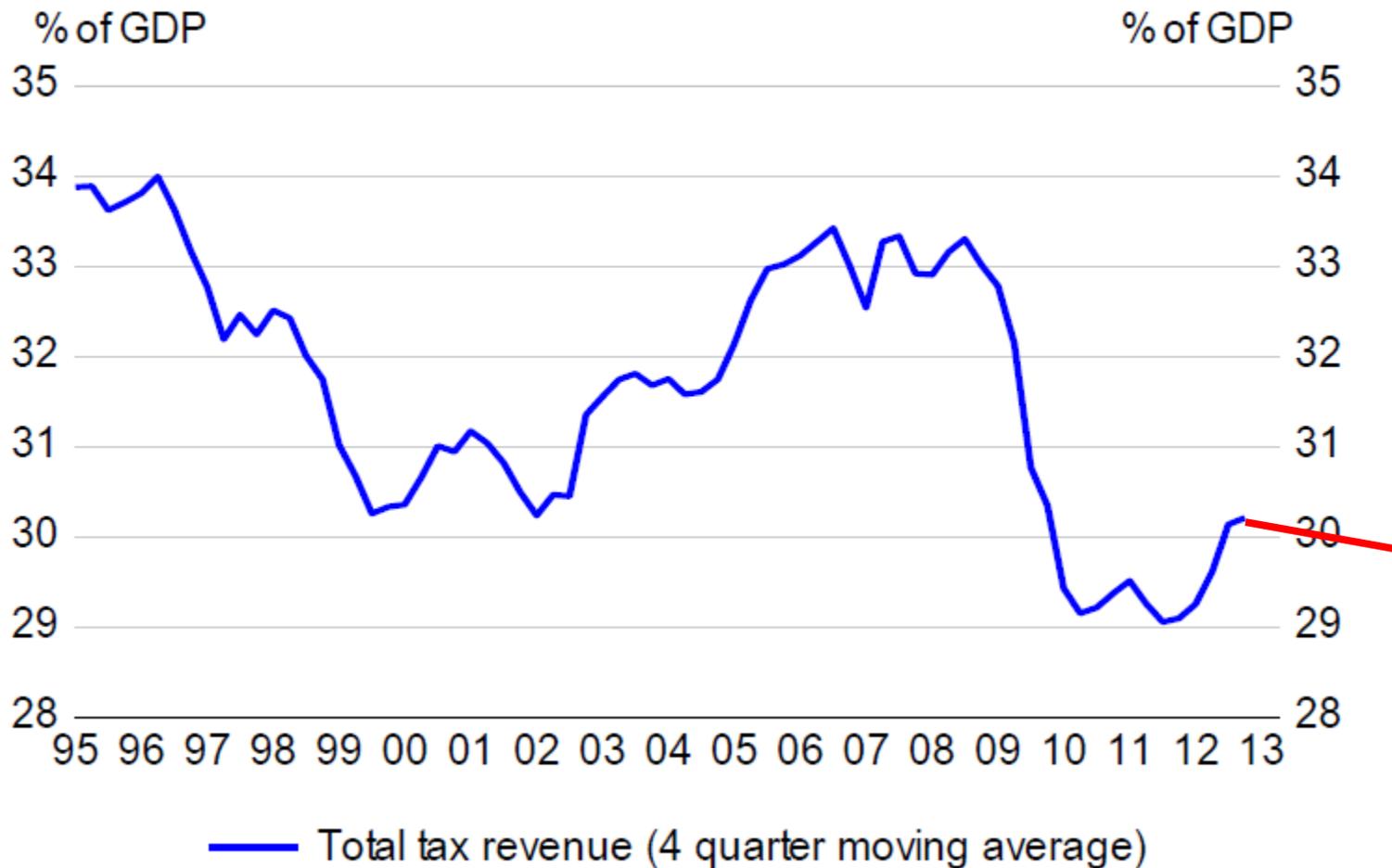
Who is getting squeezed?

Affording our futures- LTFS 2013

% of nominal GDP	2010	2020	2030	2040	2050	2060
Healthcare	6.8	6.8	7.7	8.9	9.9	10.8
NZ Super	4.3	5.1	6.4	7.1	7.2	7.9
Education	6.1	5.3	5.2	5.2	5.1	5.2
Law and order	1.7	1.4	1.4	1.4	1.4	1.4
Welfare (excluding NZ Super)	6.7	4.8	4.4	4.2	4.0	3.8
Other	6.5	5.6	5.7	5.8	5.9	6.1
Debt-financing costs	1.2	1.8	2.5	4.2	7.1	11.7
Total government expenses	33.4	30.8	33.4	36.9	40.6	46.8
Tax revenue	26.5	28.9	29.0	29.0	29.0	29.0
Other revenue	3.2	3.0	3.2	3.2	3.3	3.6
Total government revenue	29.7	31.9	32.2	32.2	32.3	32.6
Expenses less revenue	3.6	-1.1	1.2	4.6	8.3	14.3
Net government debt	13.9	27.4	37.1	67.2	118.9	198.3

Tax % GDP far from onerous

Tax to GDP Ratio



Source: The Treasury

Key issues that need urgent attention

- **Security of income for the patients of caregivers**
 - Early attention to financials
 - Need for income stream to fund care
 - Lack of attention to this issue
- **Security of income for the caregiver**

Annuities help healthy ageing

- Retired at 58, now 100+, *GSF pension*
- Benefits of
 - longevity protection
 - inflation protection
 - peace of mind
 - End of life/ dementia care



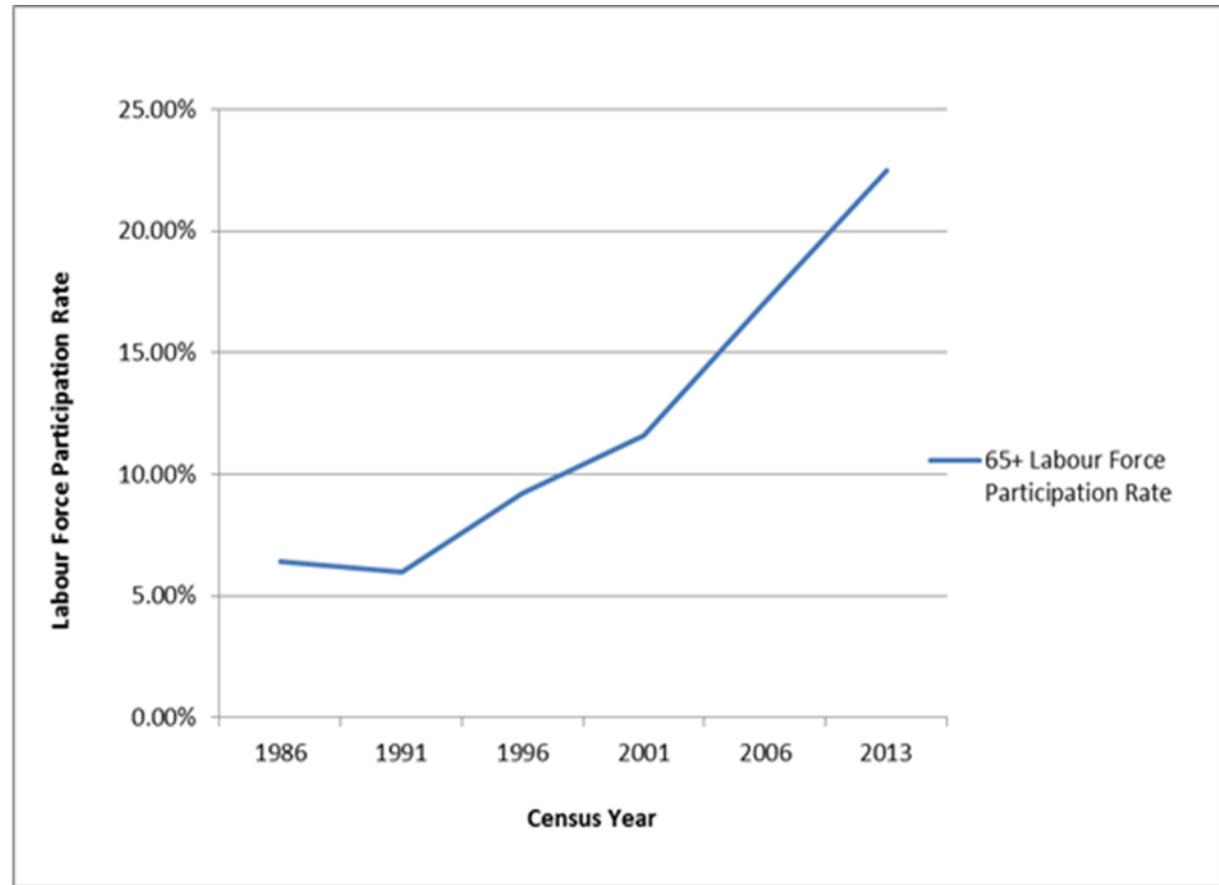
Good for family and individual to have income stream for LTC

Older carers:

NZS – facilitates unpaid and paid care

- Prototype of a basic income

- High and growing labour force participation of 65+



But need to resist pressures to raise the age as a cost solution

Security of income for carer

- Caring of all kinds is predominantly women's work
- Part of the 80%/80%/80% problem
- Carers predominantly late middle age
- Benefit system woeful

Current 19th century thinking re work needs rethinking

Rewards for paid work

Saving for retirement

KiwiSaver subsidies

Health insurance

ACC

Holiday and sickness pay

Paid Parental Leave

Working for Families

Rethinking work for the 21st century

Technology destroys jobs faster than it creates them

BUT

That should permit a shift of resources ***from*** production of goods ***to*** employment in social services

Have we the will and the wit to raise the taxes to fund social services, and secure good basic incomes for older carers?