Economics of caring
New thinking required

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Dementia conference

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Serious imbalances ahead

• Fast numerical ageing
• Fast structural ageing
  • Median age rises
• Fast Ageing of the old
• Projections likely to be understatements
Coming ready or not

<table>
<thead>
<tr>
<th>Year</th>
<th>Population aged 65+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>600,000</td>
</tr>
<tr>
<td>2050</td>
<td>1,500,000</td>
</tr>
</tbody>
</table>

1:4 > 85

### Projected ratios of different age groups

<table>
<thead>
<tr>
<th>Year</th>
<th>15-64 years</th>
<th>65+ years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2030</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2050</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

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