



## Submission to the Finance and Expenditure Select Committee on the Budget Policy Statement 2021

*Kaua e takahia te mana o te tangata  
Do not trample over people;*

Honouring our older people needs to be part of all aspects of society

March 2021

*Particular focus has to be put on the needs of the most ostracized and the vulnerable of the vulnerable – like ... those with dementia ...*<sup>1</sup>

*Rosa Kornfeld Matte, End of Mission Statement by the United Nations Independent Expert on the enjoyment of all human rights by older persons on her visit to New Zealand, 12 March 2020*

## Introduction

Thank you for the opportunity to comment on the Budget Policy Statement 2021.<sup>2</sup> Alzheimers NZ strongly supports the Statement's prioritisation of Covid-19 and the recovery and rebuild from Covid-19. We support the 2021 objectives, particularly those relating to mental and physical wellbeing and improved health outcomes for all New Zealanders, as well as the emphasis on Māori and Pacific population needs.

However, despite its laudable goals, the Budget Policy Statement is totally and astonishingly silent on one of the most significant determinants of New Zealand's social and economic context; our rapidly ageing population and the increasing prevalence of dementia with its already significant – and growing – impact on the economy.

Alzheimers NZ has a longstanding commitment to the wellbeing of those affected by dementia. Our strategy is to collaborate with Government and other bodies to both help reduce dementia prevalence and to support people living with dementia to live well. We have major concerns about the budget policy implications of an ongoing lack of action around the wellbeing of people living with dementia. We would like to meet with the Select Committee to discuss our concerns.

## Submission outline

This document focuses on the following:

- a) The significant budget policy implications associated with our ageing population and with the increase in dementia.

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<sup>1</sup> Kornfeld.Matte, R, 2020, [End of Mission Statement by the United Nations Independent Expert on the enjoyment of all human rights by older persons](#) on her visit to New Zealand

<sup>2</sup> Alzheimers NZ uses size 14 font in its documents in order to enhance dementia friendliness and readability.

- b) Recommendations for Budget 2021 to reduce the rapidly growing economic impact of dementia.

## Budget policy implications of continuing to ignore the wellbeing of people living with dementia

*Dementia is the greatest global challenge for health and social care in the 21st century.* (The Lancet)<sup>3</sup>

Distinguished Professor Paul Spoonley<sup>4</sup> has said that “our funding models are not keeping up with what’s happening in our communities” and that “we are not facing (up to) the changes to our (nation’s) demographic profile”.<sup>5</sup> This is particularly true when it comes to the implications of our ageing population and the rapidly growing prevalence of dementia.

The demographic change associated with these two issues is already underway and will only speed up in coming years. The question is to what degree will these issues dictate New Zealand’s future budgetary policy and constrain future Governments from introducing the human, social, natural, and physical and financial capital policy measures they believe are necessary.

### ***By the numbers***

Dementia is common and strongly correlated with age. Over 70,000 New Zealanders have dementia now and the number is rapidly increasing. The number of people with dementia in our population grew by 29% between 2011 and 2016. Numbers are forecast to increase to 170,000 by 2050 as New Zealand’s population continues to age.<sup>6</sup>

Government and other costs associated with dementia are spiralling. Alzheimers NZ’s Dementia Economic Impact Report (DEIR) estimates a 75% increase occurring between 2011 and 2016 (\$955 million in 2011 to \$1,676

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<sup>3</sup> Livingston, G. et.al. (2017) “[Dementia prevention, intervention, and care](#)” *The Lancet*. DOI: 10.1016/S01406736(17)31363-6.

<sup>4</sup> Distinguished Professor Spoonley is Pro Vice-Chancellor of Massey University and a Fellow of the Royal Society of New Zealand.

<sup>5</sup> Spoonley, P (2019) “[The implications of demographic transition for aged care and New Zealand](#)”, Health Central, October 31. NZ. P.8.

<sup>6</sup> Deloitte and Alzheimers NZ (2017) [Dementia Economic Impact Report](#) (DIER) Wellington: Alzheimers NZ. P.8.

million in 2016). These costs are projected to reach almost \$5 billion a year by 2050.<sup>7</sup>

The broader economic cost estimate includes direct health system costs, aged and respite care costs, lower employment levels, lost taxation, days lost in sickness, community and housing modification costs. It also includes costs associated with around 40,000 care partners, such as wages and taxes forgone, welfare payments, travel costs, and administration costs.

It does not include costs due to caring-related illness or disability. InterRAI data shows 55% of family or friends caring for a person living with dementia report feeling overwhelmed by the person's support needs, and that 44% of primary carers report feeling distressed or angry because of the demands of caring for their loved one.<sup>8</sup> The mental health needs of carers add to our already over-burdened mental health system.

Given the rapid growth in dementia-related economic and wellbeing cost implications, it is hardly surprising Deloitte describes dementia as “one of the most significant public health burdens in New Zealand”.<sup>9</sup> The World Health Organization is so concerned about the rapidly increasing numbers that it has developed a global action plan, to which New Zealand is a signatory.<sup>10</sup>

### ***Dementia has the potential to overwhelm the health system***

Care of older people is likely to account for 50% of District Health Board (DHB) expenditure by 2025/26 (almost 20% increase since 2015/16).<sup>11</sup> Dementia is the prime reason people enter aged care.

As recognised overseas, but less so in Aotearoa, dementia is growing to become such an urgent and immediate issue it impacts on Government's ability to progress other priorities.

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<sup>7</sup> Deloitte and Alzheimers NZ, *ibid* p.11.

<sup>8</sup> InterRAI (2017) *Annual Report 2016/17* p.13. interRAI is a suite of over 20 clinical assessment instruments. In New Zealand, interRAI is the primary assessment instrument in aged residential care and home and community services for older people living in the community. interRAI stands for 'international Resident Assessment Instrument'.

<sup>9</sup> Deloitte and Alzheimers NZ, *Op.Cit.* p. 14.

<sup>10</sup> World Health Organization (2017) [Global Action Plan on the public health response to dementia 2017 - 2025](#) Geneva.

<sup>11</sup> Associate Minister of Health (2016) [Healthy Ageing Strategy](#) Ministry of Health. p.13.

It is an inescapable conclusion that inaction on dementia means saddling future Governments - and generations - with a multi-billion-dollar problem. Avoiding dealing with dementia does not mean more resources to champion child poverty. It means there are fewer resources.

Given this situation, Alzheimers NZ is astonished there is no mention of our ageing population in the Budget Statement. We face one of the most significant demographic shifts New Zealand has ever had to deal with; the lack of attention to the cost and sustainability implications of our ageing population is unconscionable.

## Recommendations for Budget 2021 to reduce the rapidly growing economic impact of dementia

### **Recommendation: Begin implementing the Dementia Action Plan**

Budget 2021 priorities must include the ageing population and address the needs of those affected by dementia. This would enable us as a country to better meet international obligations, improve the mental health of a significant number, reduce family violence, meet Māori and Pacific needs, assist inter-generational equity and reduce future demands on the Government purse.

Alzheimers NZ proposes that the vehicle with which to do that is the *New Zealand Dementia Action Plan*.<sup>12</sup>

This is a five-year Plan requiring progressive implementation. It concentrates on the delivery of four main objectives that, if achieved, would dramatically reduce the major impact that dementia will have on New Zealand, both fiscally and in terms of the human cost.

We have recommended to both the Minister and Ministry of Health that Budget 2021 include the following steps to start rolling out the Plan:

1. Strengthen the leadership in the sector by establishing and funding a national, cross-sector leadership group to engage with the Ministry and DHBs on the [Dementia Action Plan](#) and its implementation.
2. Fund DHBs to commission and/or deliver equitable, tailored and quality-assured support services as follows –
  - At least 12 months post-diagnosis support to equip people to live well through services provided by the local dementia-specific NGO (indicative cost \$6 million per year).
  - Dementia navigation services for all people affected by dementia in their districts (indicative cost \$12 million per year).
  - Flexible, available and accessible respite services so care partners can take a break. This has already been recognised in the report [Respite](#)

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<sup>12</sup> <https://www.alzheimers.org.nz/getattachment/Our-voice/Policy-documents-and-submissions/New-Zealand-Dementia-Action-Plan.pdf/>

[\*In New Zealand: We must do better\*](#)<sup>13</sup> which outlines eight non-costed steps Government must take to address the problems with respite care (cost to be confirmed).

### ***Funding is an issue but ...***

We recognise funding is an issue. But the ageing population and chronic illness are going to be major challenges for the foreseeable future. Right now, the NGO sector struggles to fill the ever-growing gaps in dementia services. Around 70% of people with dementia live in the community for most of their time with the diagnosis.

Community organisations such as local Alzheimers and Dementia organisations are the primary organisations supporting people living with dementia in the community. Yet these organisations are chronically underfunded. A 2019 study undertaken for the Social Service Providers Association by [MartinJenkins](#) indicated that Government is funding service providers for less than two-thirds of the actual cost of delivering the essential services they are contracted to provide, and that the total underfunding is estimated to be at least \$630 million annually.

The *Health and Disability System Review* noted long-term underfunding of the system, and the problem of unmet need in the community. Our own estimate is that local Alzheimers organisations are currently funded for only about 20% of current need and must fundraise for the balance, which in turn relies on gambling funding through local trusts, Pub Charity and Lotteries, and as well as other funding sources hit heavily by Covid-19.

### ***Put the funding in context***

But while funding is an issue, it needs to be put in context. The funds required to make a difference in this area are relatively modest when compared with recent investments in other sectors. It has not been possible to fully cost the *Dementia Action Plan*, both because the information we would need to do so is held by the Ministry and DHBs, and because the cost would depend on the approach taken by DHBs to implement some of the changes.

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<sup>13</sup> <https://carers.net.nz/wp-content/uploads/2019/05/We-Must-Do-Better-Respite-Report-FINAL-March-2019.pdf>

### ***\$20 million per annum needed now***

However, our preliminary estimate is that the immediate improvements to frontline services could be achieved with around \$20m/year in additional funding – less than 1% of the estimated total cost of dementia to the New Zealand economy of \$1.7b/year.

### **Conclusion**

The issues around dementia extend well beyond health and the health sector. If Government is to truly build a “more productive, sustainable and inclusive economy”, then it must consider dementia and the ageing population.

Alzheimers NZ strongly supports the Statement’s wellbeing approach particularly the commitments around Covid-19, Māori and Pacific wellbeing, and Physical and Mental Wellbeing.

However, there is something missing – the ageing population generally, and dementia specifically.