



**National Council of  
Women of New Zealand**  
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Wahine O Aotearoa

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### **Submission to the Social Services Committee on the Social Security (Long-term Residential care) Amendment Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 42 nationally organised societies. It has 33 branches throughout the country attended by representatives of those societies and some 150 other societies. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

There are 10 Standing Committees, which respond on specialist issues. Members of the Economics Standing Committee have prepared this submission.

#### **General Comments**

In November 2003 the Ministry for Social Development Office for Senior Citizens published its **Positive Ageing Strategy Action Plan**. On page twenty the topic 'removal of asset testing for long-term care' is linked to the goal of 'equitable, **timely**, affordable and accessible health care services for older people' (emphasis NCWNZ).

NCWNZ is convinced that long-term residential care could be avoided for many people, or at least delayed if treatment for health problems could be given far more promptly than is the case at present for thousands of patients, whether kept on or culled off the waiting lists. All too often older people turn to private medical services, thus eating into valuable savings originally earmarked for everyday expenditure in later years.

After a decade or more of discussion and documentation on this subject it could be expected that there should be general relief that this Bill is to come before the House. But NCWNZ members join with other groups who have expressed disappointment at the delays, let alone the prospect of more intricate bureaucracy required to administer the Act. It is quite obvious that the deferment of asset-testing reductions is governed by budgetary constraint, in spite of predicted budget surpluses for this year. Some members fear that assurances about reviewing the way Public Health is funded, as noted in the Ministry of Health's 2001 discussion paper **Health of the Older People Strategy**, lack conviction.

A concern expressed by some of members of the committee is that a growing trend in money management is to advise older people to take out reverse mortgages. They fear that this may become an excuse to underfund the needs of older people from the public purse, even though our older people have contributed during their lifetime. It is felt that rather than so much emphasis on personal assets, the debate should be on the social returns to public assets.

Members support the principal of consumption as expounded by Paul Samuelson<sup>1</sup>, ie that we are 'consuming more and more of the national product socially than individually' in that we require a massive infrastructure to support our economics. Public provision for promoting and maintaining the health of the population is a major component of this infrastructure. The social benefits cannot

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<sup>1</sup> Samuelson, P & Nordhaus, W D (2001). *Economics*. 17<sup>th</sup> ed. McGraw-Hill, Boston.



be quantified in dollar terms – it is easier to assess the cost to the economy when such infrastructures are lacking.

With District Health Boards (DHBs) nominated as the funders of the differential between what patients in long-term residential care can afford and the actual costs, committee members are concerned that DHBs may be forced to delay residential care for needy patients because of budget deficits. Although DHBs are no longer Crown Health Enterprises (CHEs) they are still required to pay capital charges to Government and expend valuable resources on consultation processes. Then there is the billion dollar plus debt inherited from the Crown Health Enterprise days which still has to be serviced.

While it is true that NCWNZ has stated more than once in earlier submissions that we are opposed to taxes being used to safeguard inheritance rights when assets are used to support residential care, the Committee members question the right of private investors in DHB debt to profit thereby. The welfare of our older citizens must surely have priority.

Along with other organisations, we find anomalies in the Bill relating to fairness. One particular concern is where a person may need residential care because of the onset of illness or disability incurred in earlier days because of exposure to hazards as say a volunteer firefighter or as a member of the military - doing duties on behalf of the public good. People who have led more sheltered lives are often spared having to go into long-term care and so retain assets to bequeath to heirs. Then there are some who recover from illness to find their assets no longer available.

It is pleasing that the Bill preserves the family home for the spouse.

NCWNZ has also commented in the past on the way assets vary in value both geographically and through time.

### **Specific Comments**

**Clause 136** 'funder means an entity responsible under the New Zealand Health and Disability Act 2002 for paying ... some or all of the cost of specified care services...' As the funders are identified as District Health Boards, NCWNZ is concerned that underfunding may prevent fair allocation of resources because of imperatives from Treasury to cut deficits.

**Clause 142 (2)** NCWNZ approves of this clause i.e. that the funder must pay the full cost of specified care services to the elderly victim of crime. But members are concerned about victims of misdiagnosis and delayed medical / surgical treatment because of resource constraints.

**Clause 148 (1) & (2)** As noted in the general comments above, the administration costs of these requirements do not seem entirely warranted. NCWNZ appreciates the need to spend taxpayer dollars carefully but this should also apply to those portions of the relevant Government Health Vote currently dedicated to consultants and debt servicing.

**Clause 149 (b)** Regarding assets which 'can only be realised with extreme difficulty' members assume that these are assets tied up in trusts, thus making someone who has been means assessed eligible for a loan to pay for their residential care. This could be seen as unfair if the trust assets are earning handsome returns whilst the applicant has the benefit of a cheap loan.

### **Summary**

In general NCWNZ is pleased with the direction the Bill is taking, although still concerned about some of the anomalies that will inevitably arise. Fairness and the observation that health is a people business so each should expect to be dealt with as a person not an entity that needs to fit a criteria.



Funding of DHBs is an on-going concern with the suggestion that maybe it is time the debt inherited from the CHEs was written off, thus releasing scarce resources for benefit of the DHBs and consequently the people they serve, particularly the elderly.

Thank you for the opportunity to comment on this Bill.

Beryl Anderson  
**National President**

Heather M Smith  
**Convener, Economics Standing Committee**