

New Zealand's healthcare crisis

Tom Peters**15 January 2016**

A number of recent reports illustrate the growing crisis resulting from chronic underfunding of New Zealand's public health system.

The National Party government repeatedly claims that it has made no cuts to health spending since the 2008 financial crisis. The reality is that public hospitals and other medical services throughout the country have been subject to severe austerity measures. Along with cuts to welfare and education, the underfunding of the health system is designed to transfer the burden of the economic crisis onto the backs of the working class, particularly the most vulnerable and in need of care.

Successive health budgets, while technically providing more money, have failed to fund the system to cope with population growth, ageing and inflation. Last year's budget, according to the doctors' union, the Association of Salaried Medical Specialists, had a shortfall of \$260 million in operational funds and the figure for previous years is similar.

On January 7, the *Press* interviewed elderly people in the Canterbury region who have been denied operations such as knee and hip surgery. Jean Hodges, 77, who lives in constant pain due to arthritis and had asked for a knee replacement, said: "I got a letter to say I'm not even going to be assessed let alone treated. How urgent have you got to be, do you have to be crawling around on the floor?" Her husband Ted added: "The worst part is if you've got the money you can have it done tomorrow" in the private system.

Canterbury District Health Board chief executive David Meates told the newspaper that funding was a "constraint." Following the 2010 and 2011 earthquakes that struck the region around the city of Christchurch, "Overwhelming demand for mental health has taken away any ability for us to increase spending on electives [surgeries] above what is required to meet the [government's] health target," he said.

Research published in November 2014 in the *New*

Zealand Medical Journal found that one in three people in need of surgery were not even placed on hospital waiting lists. Figures released in August 2015 showed 140,000 people had been denied a surgery assessment since 2010. Phil Bagshaw, who runs the Canterbury Charity Hospital, told Fairfax Media the number of assessments had increased by an average of 3.8 percent per year, but there needed to be a 6–8 percent increase to keep up with population growth, "let alone to make any impact on the backdated need that we've got."

Children are also suffering due to a lack of services, combined with high levels of illnesses linked to poverty. Asthma and Respiratory Foundation medical director Kyle Perrin told Radio NZ on January 7 that the government's failure to reduce rates of respiratory disease was "an absolute scandal," particularly among Maori and Pacific Island children who are disproportionately affected.

Dr Innes Asher from Starship Children's Hospital highlighted the link between poverty and hospitalisations for diseases such as asthma, bronchiolitis and bronchiectasis. She called for more "basic resources to the families, around income resources, housing adequacy, and access to healthcare," adding that also "educational achievement needs to be improved in all these populations ... we should be quite ashamed that we have such marked disparities."

Price rises mandated by the government have reduced access to essential medicines. A University of Otago study, published in December, involving 17,000 people found that 10 percent were at times unable to afford needed prescription drugs. Some poor patients were skipping meals and cutting their doses.

Every District Health Board is under government pressure to reduce spending. Doctors, nurses and other staff are increasingly overworked and have seen a drop in their standard of living. According to the Association of Salaried Medical Specialists, public health workers'

wages have not kept pace with inflation over the past five years: pay increased 6.4 percent while prices have gone up 9.4 percent. Last year, health workers had a 0.5 percent pay increase.

In November, over 3,000 Auckland health workers took part in several two-hour work stoppages to protest under-staffing and a proposed new roster. The region's three District Health Boards are seeking to cut costs by imposing time-and-a-half weekend rates for new employees. Currently workers are paid double time for weekend work after midday Saturday.

The opposition Labour Party's health spokesperson Annette King has criticised the government for what she says is a shortfall of \$1.7 billion in health spending over the past five years. At the party's conference in November, King declared that over the past 80 years "five Labour governments sought to build a public health system based on affordability, and accessibility for all New Zealanders. Five National governments have sought to corporatise, privatise, and dismantle it."

In reality both parties are responsible for the present crisis. From 1981 to 1991, according to researcher Jane Kelsey's book *The New Zealand Experiment*, waiting lists for surgery lengthened by 61 percent, while "[f]unding from public health sources as a proportion of total health spending [fell] from 88 percent in 1980 to 81.7 percent in 1991." This period included the 1984–1990 Labour government of David Lange, which introduced patient fees for prescription medicines in 1985.

During the 1990s the National-led government further restructured the health system along business lines, with tight caps on spending. The 1999–2008 Labour government retained essentially the same system. According to a 2010 Statistics New Zealand report, *Measuring government sector productivity in New Zealand: a feasibility study*, the publicly-funded share of health care had dropped to 77 percent.

The Labour Party, notwithstanding King's hypocritical and false statements, essentially agrees with the current government's austerity agenda. Labour has repeatedly called for slashing the levies charged to workers and businesses to run the state-owned Accident Compensation Corporation, which supports people with debilitating injuries. In her November speech, King made no pledge to increase overall health funding and attacked the government for failing to reduce the "cost

to ... the tax-payer." She declared that Labour "will commit to addressing cost pressures in health"—i.e., further reduce spending.



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