



NEW ZEALAND COUNCIL OF TRADE UNIONS  
*Te Kauae Kaimahi*

**New Zealand Council of Trade Unions  
Te Kauae Kaimahi**

Submission on

**Premium-only Aged Residential  
Care Facilities and Stand-down  
Provisions for Mixed Facilities**

15 February 2013

## **Summary of NZCTU Recommendations:**

We strongly oppose the proposal for Premium-only Aged Residential Care Facilities and Stand-down Provisions for Mixed Facilities.

We recommend the Government's priorities and additional investment in aged care facilities should be considered within the wider context of the provision of aged care services.

We recommend greater recognition of workforce issues in the aged care sector concerning pay parity, training and safe staffing. Additional funding should be directed towards addressing these issues and targeted funding passed on to workers in the first instance.

We recommend the promotion of fair and equitable provision of aged care services which ensures accessibility to services, quality care and sustainability of the aged care sector for older people.

If the proposal were to be implemented, we recommend that premium room rates should be capped; restrictions should be placed on the securities or guarantees provided; and prospective residents must be given a genuine opportunity to seek independent advice on the contracts.

## **Introduction**

- 1.1 The New Zealand Council of Trade Unions - Te Kauae Kaimahi (CTU) is the internationally recognised trade union body in New Zealand. The CTU represents 36 affiliated unions with a membership of over 350,000 workers.
- 1.2 The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.
- 1.3 The CTU has an active role in a number of health sector forums including the Health Sector Relationship Agreement (HSRA) and the National Bi-Partite Action Group (NBAG).
- 1.4 The CTU welcomes the opportunity to make a submission on *Premium-only Aged Residential Care Facilities and Stand-down Provisions for Mixed Facilities*. We support the submissions of CTU affiliated health sector unions.
- 1.5 The CTU supports the work of affiliated health sector unions involved in the aged care sector to improve standards of care, training and working conditions and notes the work of the New Zealand Nurses Organisation and the Service and Food Workers Union Nga Ringa Tota Inc who are affiliates of the CTU. The CTU strongly supports their work in this area.

## **2. Issues**

### *Access to services*

- 2.1 We oppose any proposal which may lead to a system that prioritises those who can afford aged residential care services over those who cannot. There is a risk that the proposal will widen the gap between rich and poor, and remove access to good services. This is an unnecessary step to take in the provision of aged care services to one of the most vulnerable groups in society. Access to health care must be based on needs and not on an individual's ability to pay.
- 2.2 The proposal is silent on safeguards around requiring independent advice for residents and their families on premium room contracts; provision of securities and guarantees; and whether there will be a cap on costs for a premium room. This absence is inconsistent with consumer best practice and on its absence must raise serious concerns about the methodology behind the proposal.
- 2.3 Although the CTU does not support the proposal, if it were to be implemented, we recommend that premium room rates should be capped; restrictions should be placed on the securities or guarantees

provided; and prospective residents must be given a genuine opportunity to seek independent advice on the contracts.

- 2.4 Whilst acknowledging the rising capital expenditure costs for aged care facilities we note too the publicly reported increases in the value of those providers listed on the New Zealand Stock Exchange and the ability of those and non-listed companies to raise capital in what is a growth sector. We note too that even the 'religious and welfare' providers now require 'returns on investment' in both the development and day to day operation of their facilities.
- 2.5 Given the above we do not consider this an issue which should be allowed to affect fairness and access to quality services and care for older people.

#### *Workforce implications*

- 2.6 The notion of premium facilities should not be confused with the perception of "better quality care". The aged care workforce is strongly committed to delivering high quality care to all residents of aged care facilities without judgement or prejudice. They are not in a position to discriminate – the same level of quality care should apply to all.
- 2.7 The expectations and perception of priority care for those in premium facilities may also lead to dissent among residents. We are concerned that without clear expectations and safeguards for staff, the proposal may create an unsafe environment for staff working in aged residential care facilities and potentially affect the quality of care delivered to residents.
- 2.8 We are concerned that staff will be pressured or feel obligated to provide a differing standard of care to residents based on financial contribution rather than need. This will create a tension within the workforce and ultimately between the residents.
- 2.9 Quality care for people within aged residential services is linked to a number of factors including levels of safe staffing, the skill mix of those workers, and the level of training they have received. These issues are long standing and have gone largely unaddressed over the years due to chronic under-funding of the aged care sector. We reiterate our calls and those of our health sector affiliate unions in the aged care sector for greater recognition of workforce issues concerning pay parity, training and safe staffing.
- 2.10 Additionally, if there is funding allocated for the provision of premium room facilities in aged residential care services, this should be linked to improving labour standards in those facilities such as paying workers a living wage and supporting greater access to recognised industry training.

### *Under-funding of aged care sector*

- 2.11 It is particularly disappointing to see the Government's priority for the aged care sector in the immediate future is to address capital expenditure costs rather than addressing key issues affecting delivery of services, maintaining quality care and workforce issues. The proposal reflects a narrow and blinkered approach in the wider context of issues affecting the aged care sector.
- 2.12 The issues affecting the aged care sector are well known and documented and cannot continue to go ignored in pursuit of greater profits for aged residential care providers. The workers often bear the burden of the cost of insufficient funding through increased workloads, insufficient training, inadequate wages and employment conditions.
- 2.13 The Human Rights Commission report into the Aged Care Workforce, *Caring Counts* provides a comprehensive insight into the systemic issues that need addressing in the aged care sector, the impact of the ageing population and the ability of the aged care sector to meet the challenges given the chronic underfunding of the workforce. These issues should be a government priority in preference to a move that seeks to extract further monies from residents on a 'user pays' basis. The failure to do so will be detrimental to the health of older people and New Zealand now and in the future.
- 2.14 The proposal also presents a "way out" for the government to avoid possible litigation and associated costs arising from differing views on additional charges. Providers already want to charge different rates for rooms in aged residential care facilities which is resisted by some DHBs. The proposal seeks to validate poor provider behaviour which we consider as unacceptable.

### *Accountability*

- 2.15 We are concerned at the use of public funding to support aged residential care providers (largely overseas-owned companies) in the proposal for premium-only aged residential care facilities and stand-down provisions for mixed facilities.
- 2.16 Staff working in aged residential care services already report instances of 'rest home' staff being asked to visit residents in retirement and village apartments despite the staff's prime responsibility and funding being to those who are in the home or hospital complex of a village environment. Where hospital care staff are used to support apartment residents there may already be a contractual breach of the providers Aged-Related Residential Care (ARRC) agreement with the local DHB. This proposal risks further breaching those obligations leaving staff in a conflicted and vulnerable position.

- 2.17 We note the impact of deregulation within the aged residential care sector and the fragile financial position of smaller providers and not-for-profit organisations such as religious and welfare facilities. It is of considerable concern if the delivery of health care services such as aged residential care is pushed further to large private sector providers.
- 2.18 We acknowledge the contribution that large private sector providers make to the provision of aged residential care services in New Zealand, however, we are concerned that the proposal may inevitably lead to health care being increasingly privatised and that will increase costs for people needing health care.
- 2.19 We are also concerned about the ability of national chains and multinationals with little or no link to New Zealand in meeting the needs of all New Zealanders. Given their obligations under the Companies Act 1993 to act in such a manner as to secure returns for shareholders, the risk of capital flight or transfer amongst providers will only grow as the sector is increasingly dominated by profit providers. In the event that an offshore controlled equity firm decided – with no need for share market disclosure to exit or reduce the provision of services, this would leave the country in a very susceptible position in delivering aged residential care services.
- 2.20 There are considerable risks in the proposal surrounding accountability and transparency of information and the use of tax-payers funding for private profit-making ventures. It is disappointing that in spite of healthy profits the workers of privately run facilities are still paid considerably less than their counterparts working for DHBs. This practice can only be seen as undermining the workforce and the sector. We do not believe public funding should be intended for ventures where there is likely to be little benefit to the public and which inevitably increases profits for shareholders of aged residential care providers.
- 2.21 We consider that drivers behind the proposal and greater private health involvement will seriously weaken the public health sector and undermine the public health system. Instead, the focus should be on improving the effectiveness of the current structure and identifying opportunities that improve the delivery of services, functions of the aged care sector and improving health care outcomes.
- 2.22 We see the present proposal as a reactive and ineffective way of responding to what may be legitimate funding pressures on providers and again direct your attention to the recommendations of the Human Rights Commission report *Caring Counts*.

### **3. Conclusion**

- 3.1 We strongly oppose the Government's proposal for Premium-only aged Residential Care Facilities and Stand-down Provisions for Mixed Facilities.
- 3.2 The proposal risks creating a two-tier system between those who can afford premium facilities (which raises perceptions of preferential treatment) and those who cannot due to their socio-economic status. This is an unnecessary step to take and is likely to have a negative effect on a vulnerable group in society and their families.
- 3.3 The proposal is a narrow approach to addressing complex and long standing issues in the aged care sector. The aged care sector will continue to suffer from the chronic lack of funding and sustainable mechanisms to the detriment of the health of older people if issues pertaining to workforce, delivery of services and models of care are not addressed urgently.
- 3.4 We recommend the Government's priorities and additional investment in aged care facilities should be urgently reviewed within the wider context of the provision of aged care services.
- 3.5 The CTU welcomes further consultation opportunities in regards to this proposal and related work on the provision of aged care services.