



New Zealand  
**Aged Care Association**

Submission to the NZ Department of Internal  
Affairs on the Proposals for Fire and Emergency  
NZ regulations – Transitional levy relief and  
Calculation of levy on insurance covering different  
property types

19 April 2017

## **Introduction**

1. This submission is from the New Zealand Aged Care Association (NZACA), the peak body for the aged residential care sector in New Zealand. With around 600 members, we represent over 90% or approximately 37,000 beds of the country's aged residential care (ARC) sector.
2. Our members range from the very small stand-alone care homes to the large co-located sites that include care services and retirement villages. Our members' services include rest home, hospital, dementia and psychogeriatric care, as well as short-term respite care and a small number of YPD (young persons with disabilities) beds. The average ARC home has 57 beds.
3. Just over 80% are privately owned or funded by charitable, religious or welfare organisations.
4. The number of people requiring ARC in New Zealand is steadily increasing and will continue to do so. The number of beds required for ARC is expected to increase from the current 38,000 to 52,000 by 2026.
5. There are 22,000 caregivers and 5,000 nurses working in the ARC sector. On average, wages account for 68% of costs.
6. Any enquiries relating to this paper should in the first instance be referred to Kathryn Maloney, Senior Policy and Research Analyst at [kathryn@nzaca.org.nz](mailto:kathryn@nzaca.org.nz) or by phone on 04 473 3159.

## **Aged residential care facilities**

7. ARC facilities are not like other commercial buildings: they are people's homes, occupied, or intended to be occupied exclusively as the home or residence of a household.
8. Due to the contractual requirements between ARC facilities and their local DHBs (Age Related Residential Care Services Agreement), ARC facilities have limited ability to pass on costs to residents, so any increase in fire levies will mean the care facility will have to absorb the costs which will ultimately have an impact on the care of the residents.
9. ARC facilities are built to a higher standard and therefore represent a lower risk than conventional residential developments. For example, they incorporate sprinkler and emergency alarm systems, incorporate fire-fighting equipment, have emergency evacuation policies and have trained staff on site to oversee any emergency.
10. In the case of private payers (who make up about 20% of total residents across the sector), ARC operators can pass on any increase in levies to these residents as long as the obligations of the Age Related Residential Care Services Agreement are met.

## **Transitional levy relief**

11. NZACA agrees that setting out the circumstances under which a policyholder may qualify for relief in formula is the best approach?

12. We disagree that only entities paying over \$100,000 in levy (under the new regime) and facing a 300% increase should qualify for relief, as this threshold is unaffordable to our members.
13. NZACA prefers a formula-based or 'by agreement' approach to determining the amount of relief for individual policyholders because we believe (as listed in points 7 to 10 above) that ARC facilities are unique when it comes to granting transitional levy relief. Also, this would ensure that none of our members are subject to an unreasonable burden as a result of levy increases. This would also ensure that the level of risk was assessed and the levy charged was commensurate with the potential risk associated with the ARC facility.

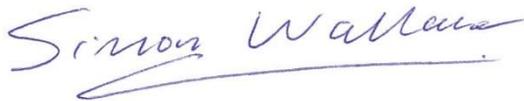
**Levy on insurance contracts covering different types of property**

14. As discussed in point 7, NZACA believes that all ARC facilities should be classified as residential property.

**Conclusion**

15. As all ARC facilities are, first and foremost, home for over 38,000 older New Zealanders across the country, they should be classified as residential property.
16. The New Zealand Aged Care Association believes that ARC facilities represent a lower risk than conventional residential developments and so need to be treated with special consideration.
17. The New Zealand Aged Care Association welcomes the opportunity to discuss this submission with Internal Affairs.

Regards,

A handwritten signature in blue ink that reads "Simon Wallace". The signature is fluid and cursive, with a long horizontal stroke underneath the name.

Simon Wallace  
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