



**Submission to the
Economic Development, Science and Innovation Committee
on the Business Payment Practices Bill**

22 December 2022

About the NZACA

1. This submission is from the NZ Aged Care Association (NZACA), the peak body for the aged residential care (ARC) sector in New Zealand. NZACA members' care facilities provide 93 percent of the country's 40,745 aged care beds.
2. Our members provide rest home, hospital, dementia and psychogeriatric care, respite care, and care for around 700 young people with disabilities.
3. Thirty four percent of services are operated by publicly listed companies, and the remaining 66 percent are run by religious institutions, charitable trusts, family-owned, not-for-profits, and privately owned facilities.
4. We provide leadership, policy and advocate for a sustainable and thriving aged residential care sector where every person can access care where and when they need it.
5. We offer professional development, research, information and publications to help our members make informed business decisions, improve capability and keep them up to date with sector developments.
6. The NZACA welcomes the opportunity to make a submission to the Economic Development, Science and Innovation Committee on the Business Payment Practices Bill.
7. We would appreciate an opportunity to make an oral submission.
8. Enquiries relating to this submission should be referred to Kathryn Maloney, Principal Policy Analyst, kathryn@nzaca.org.nz or 04 473 3159.

NZACA supports the intent of the Bill

9. The NZACA supports the intent of the Bill but suggests that it goes nowhere far enough to hold large entities to account for their business practices.
10. Requiring large entities to shine a light on their payment practices is a good first step but more steps are needed.
11. The Association is pleased to note that it covers departments and offices of Parliament, including Crown entities, and local authorities.

The state of the aged residential care sector

12. New Zealand has over 650 aged residential care centres that provide over 40,000 beds. Two thirds of these are small to medium enterprises that rely on timely payments to maintain their businesses and provide quality care.
13. Core funding is a mix of means-tested user-pays and government subsidies. Aged residential care providers are contracted by Te Whatu Ora to provide care services at a rate that is set annually.
14. It is acknowledged by government and the sector that funding for the sector is inadequate. More than 1,200 aged care beds have closed in the last 18 months due to a severe shortage of registered nurses. The sector is close to 25% short of the nurses it needs to provide care to every New Zealander who needs it.

15. Many of the Association's members are in financially precarious situations and delayed payments have the potential to force ARC providers into insolvency.

Suggested additions to the Bill

16. The NZACA would like the Bill to go further. There is no provision in the Bill for creditors to act should they not be paid on time. If, however, the Bill in its current form is enacted, the government will be able to fine an entity where it does not meet the disclosure regime set in the regulations. Further, should the fine not be paid to government on time, the government may take further action to enforce payment.
17. NZACA agrees that the purpose of the Bill will "lead to businesses having better information to inform their decision-making when trading", but only where there is a choice of trader available. By far the largest and longest outstanding payments due to our members are from government, in particularly Te Whatu Ora. Under this Bill, ARC providers will have the ability to review Te Whatu Ora's disclosures but will have no ability to contract to a different "trader". We suggest that a pathway for suppliers who deal with monopolies and duopolies is considered.
18. Currently, there is a severe backlog of payments owed to ARC providers by Te Whatu Ora. This backlog is approximately three months. Some individual providers are owed monies over \$1 million.

Conclusion

19. The NZACA supports moves to make large entities accountable for their business practices but would like to see this Bill go further, by providing recourse for SMEs if payments are delayed, and by providing a pathway for SMEs when dealing with monopolies and duopolies.