
SUBMISSION ON THE REVIEW OF INSTITUTIONAL LAUNDRY SERVICES IN SASKATCHEWAN



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By: CUPE Health Care Council
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Submission on the Review of Institutional Linen Services in Saskatchewan

Introduction

The Canadian Union of Public Employees (CUPE) represents approximately 13,000 health care workers in five health regions in Saskatchewan. Our members work in a variety of health occupations, including as laundry services workers. CUPE also represents the approximate 100 unionized laundry workers at North Sask Laundry Services in Prince Albert and laundry workers at Valley View Centre in Moose Jaw.

We appreciate the opportunity to present our views and proposals to 3sHealth around the provision of health laundry services in the province. CUPE is the largest union representing laundry services workers in the province, and we support the efficient provision of public laundry services in health care.

Our submission will outline our views on what we believe should be included among the objectives for laundry services review, what should be included among the key considerations, and what we see are the opportunities for laundry services for 3sHealth and the health regions.

CUPE and Laundry Services Workers in health care

CUPE represents laundry services workers in the following health regions and facilities:

- Sun Country Health Region: 58 laundry service workers
- Sunrise Health Region: 40 laundry service workers
- PA/Parkland Health Region: 32 laundry service workers
- North Sask Laundry Services: 100 laundry workers
- Prairie North: 41 laundry service workers
- Moose Jaw Valley View Centre: 21 permanent and 40 relief laundry workers

Most of our laundry services workers work in central laundries, and a significant number of them do the cleaning of personal laundry of residents in long term care on site. In some health regions with central laundries, there are facilities that do all of their own laundry. For example, St. Joseph's Hospital in Estevan and Lloydminster Hospital do all of their own laundry and do not receive linens from central regional laundries.

Although Moose Jaw Valley View Centre is funded by Social Services, its laundry provides institutional linens for Valley View Centre and has a contract to clean laundry for three major

facilities in Five Hills Health Region. The facility is unique in that it also employs 15 disabled workers from group homes in the community who otherwise would not have meaningful work.

CUPE also represents laundry workers at Pioneer Village and other affiliates within Regina Qu'Appelle Health Region.

Objectives for a Modernized Laundry System

The objectives for a modernized laundry system outlined by 3sHealth are:

- Safe working environments
- High quality of service
- High standard of infection control
- Efficient and sustainable laundry system

CUPE supports the above objectives but we would like to propose additional objectives for this review of the laundry services in health care:

- Publicly-controlled and accountable
- Responsive to local needs
- Incorporates environmental practices and reduces our carbon footprint

There are a number of reasons why we believe 3sHealth and the Regional Health Authorities should expand their objectives to the additional three objectives mentioned above.

- **Publicly-controlled and accountable**

Regional Health Authorities (RHAs) are publicly funded and authorized through legislation to provide health services to the population in their area. RHAs are accountable for how they spend tax dollars and for the decisions they make. They must report to the public on their activities, finances and they are subject to the *Local Authorities Freedom of Information and Protection of Privacy Act*.

Private companies are not accountable to the public. They are accountable only to their shareholders or directors. If a private company is contracted to provide a service to a health region, that contract is considered confidential for commercial reasons and is not subject to freedom of information legislation.

- **Responsive to local needs**

There is a danger that by centralizing public services, services will not meet the needs of people who use them at the local level. It is critical to build in local interests and needs when considering how to restructure the delivery of public services.

Responding to local needs may also mean protecting local employment. In health care laundry services, many workers may be employed on a part-time or casual basis. Eliminating laundry services at the local level would eliminate employment that is vital for local communities and local economies.

Centralizing services may, at times, create efficiencies and cost-savings through larger economies of scale. Centralizing services, however, without consideration of the impact on the local service, employment and economy does not make sense. There needs to be a balance between the two objectives and an analysis of the impact of centralization on local needs.

- **Incorporate environmental practices and reduce carbon footprint**

CUPE proposes that 3sHealth include environmental objectives in its review of laundry services in the province. Developing environmental objectives is important to guide decisions around environmental upgrades to equipment, energy conservation and reduced transportation of linens.

The shared services organization of New Brunswick (FacilicorpNB) includes “environmental stewardship” as one of the key values in its mission statement. Its mission statement says “We are diligent in identifying and adopting practices that will reduce our environmental footprint.”

Some of the green initiatives of FacilicorpNB include the coordination of an energy retrofit of health facilities and the use of energy management software to monitor electricity, natural gas and water consumption at Fundy Linen.

Key Considerations

The presentation by 3sHealth to CUPE Local 4980 (Sunrise Health Region) asks a number of questions about what should be the key considerations for the review of laundry services. We will comment on the considerations raised in the presentation.

- **Ability of options to help standardize service and quality**

The model of North Sask Laundry provides a good example of how to provide standardized services and good quality. The linens that North Sask Laundry cleans and supplies are owned by the non-profit facility and provided to the six health regions it services. When North Sask Laundry temporarily provided laundry services to the Saskatoon Health Region, the linens were owned by Saskatoon Health Region and had to be cleaned separately from the rest of the linens, creating additional work and shift scheduling.

Our laundry services workers told us that the quality of linens from the Saskatoon Health Region were not in as good condition as the linens from North Sask Laundry and much of it would have been rejected under their quality control systems.

One of the key considerations for 3sHealth is how to ensure a high quality and consistent supply of linens across the province. Bulk purchasing of linens reduces the cost, and a consistent supply of linens would allow for efficient cleaning of linens by any laundry facility in the province should emergencies arise in one health region.

- **Logistics – transportation of linens**

North Sask Laundry services the largest geographic area of all the laundry facilities in the province. Hospital linens are delivered to six health regions (PA Parkland, Heartland, Kelsey, Trail, Prairie North and the two northern health regions) reaching to the Alberta and Manitoba borders. North Sask Laundry also provides linens to three facilities within the Saskatchewan Health Region (Lanigan, Humboldt and Wakaw).

The review of laundry services should take into consideration not only the distance to be travelled but also the condition of roads and traffic congestion on certain routes.

The single-lane highway between Yorkton and Regina, for example, has high traffic levels and suffers from congestion and delays. The highways connecting Regina to Weyburn and Estevan also experience high levels of traffic, especially with heavy trucks and equipment travelling to the oil drilling projects.

This review needs to take into account the possible impact of greater centralization of laundry services. The higher the degree of centralization, the greater the reliance on transportation and increased need for the storage of linens at local facilities. Some facilities currently doing their own laundry may not have adequate room to store linens if they had to rely on infrequent deliveries from a central laundry.

- **Adapting laundry services to LEAN**

As health regions begin to implement LEAN, we may have a better understanding of how laundry services will be affected. One of the key concerns we have is ensuring appropriate storage and access to linens in any restructured laundry service. We ask that laundry service workers and other front line staff be consulted and involved in any adaptation of LEAN to laundry processes.

- **How much redundancy is needed to allow for growth or emergencies?**

The public owners of North Sask Laundry were visionaries when they renovated the facility with space for future growth. There is room to accommodate an additional tunnel washer and additional driers. If the facility were to expand its capacity, the docking station and storage area would need renovations, according to the manager. North Sask Laundry was able to quickly take on half of the hospital linens from Saskatoon Health Region when their central laundry had to close this year and in 2007.

- **What are the risks to consider?**

There are a number of risks that need to be considered in this review. If 3sHealth chooses to dramatically centralize laundry (to two or three facilities) this will increase our dependence on delivery trucks, and leave us vulnerable to increases in transportation costs. In 2004, oil prices were about \$40 a barrel and today they hover close to \$100 a barrel.

There are also risks that too much centralization may result in a service that doesn't meet local needs and that small facilities will have no input into how services are provided.

There are also risks to the environment with increased transportation. Saskatchewan has the highest per capita emissions of green house gases. Any proposal should not increase green house gases but rather work to reduce them.

- **How can 3sHealth work with unions to mitigate impacts on employees?**

CUPE appreciates the consultations that 3sHealth has held with us regarding this review. We believe that an ongoing dialogue and full disclosure of information is important throughout this review process. We look forward to reviewing the business case that is developed and we would like to have further input before any options are selected.

We would like to point out that the shared service organization in New Brunswick, FacilicorpNB, frequently comments in its newsletters the "great cooperation" from the union as it transitioned laundry employees to FacilicorpNB.

It is important that 3sHealth work closely with our and other unions at every step of the process so that employees are not negatively impacted by any changes to laundry services. If there is a proposal to move laundry service workers to the employ of 3sHealth, our union needs to negotiate any transfers and our collective agreements must be honoured and respected. If there is a proposal to transfer laundry service workers currently represented by CUPE to a different laundry facility – public or private – then we will exercise our legal rights under *The Trade Union Act* to ensure the bargaining unit work and collective agreements are transferred with those employees. CUPE’s position on this has been clearly articulated in a letter to Mike Shaw on September 2, 2011.

We are very concerned about any potential loss of jobs in rural Saskatchewan as health care jobs provide an important source of income to rural communities.

Options under consideration

The presentation from 3sHealth explains that it is in the process of examining the state of infrastructure in health care laundries in developing its business case. The options being considered are:

- upgrading or rebuilding existing facilities,
- consolidate into fewer facilities,
- outsource to a third party, or
- a combination of the first three.

Our union does not have access to detailed information on the current state of laundry infrastructure in the province. This information is being gathered by 3sHealth during this review. Therefore we are at a disadvantage to comment with specifics about all existing infrastructure and which facilities could be upgraded or replaced.

With respect to Option One – maintaining or upgrading the laundry facilities - we would like to limit our comments to North Sask Laundry, Sun Country Health Region and Sunrise Health Region.

North Sask Laundry and Support Services

The North Sask Laundry and Support Services Ltd. is a non-profit organization owned and governed by the four health regions of Kelsey Trail, Mamawetan Churchill River, Prairie North and Prince Albert Parkland. It is the first shared facility for the cleaning of health care institutional linens in the province and a good model to follow. The facility is efficient and

provides quality linen services for acute and long term care facilities in six health regions. Currently the facility processes 6 million pounds of laundry per year.

This facility can continue to efficiently service the six health regions and would only need minor investments in new equipment to become even more efficient. It recently purchased a new tunnel washer that dramatically reduced water usage. The old washer used 3 gallons of water for every pound of laundry while the new tunnel washer uses only half a gallon of water for every pound of laundry.

North Sask Laundry also has the physical capacity to expand its services, if needed, with the investment of an additional tunnel washer, additional driers and modification of its sorting area and loading dock. The manager estimates that their facility could double its capacity with a total investment of about \$8 million (\$3 million for a tunnel washer, additional driers, changes to sorting area, and an expansion of the loading dock).

This investment is significantly less than the cost of building a brand new laundry facility, which could cost \$30 to \$40 million.

Sun Country Health Region

Currently all institutional laundry for facilities in the Sun Country health region is done at Tatagwa View in Weyburn, with the exception of laundry from St. Joseph's hospital in Estevan, and facilities in Gainsborough, Bengough, Coronach and Arcola. Tatagwa View also does the personal laundry for Weyburn Special Care Home and Radville Marion Health Centre. All other personal laundry is done at facilities in Oxbow, Stoughton, Kipling, Redvers, Midale, Lampman, Carlyle, Wawota and Fillmore. St. Joseph's Hospital cleans all of its institutional laundry as well as laundry for Estevan Regional Nursing Home.

Tatagwa currently processes just over 800,000 pounds of laundry per year.

Sun Country Health Region went through a centralization of its laundry services in 2004. The closure of laundries at smaller facilities in the region created a controversy at the time, with many workers and citizens publicly raising concerns about the loss of jobs in rural communities and the risks and cost of transporting linens throughout the region. The CEO of the health region at the time reported that the centralization of laundry to Tatagwa View in Weyburn saved a mere \$216,000.¹

¹ Lee Spencer, "Controversial laundry decision: why it was made," Letter to the Editor, *The Leader-Post*, September 4, 2004, p. B8.

The current review of institutional linen services does not include the laundry at St. Joseph's hospital in Estevan, which is an affiliate to the region. When the centralization of laundry took place in 2004, a decision was made to exclude St. Joseph's hospital. The argument given was that St. Joseph's hospital had modern laundry equipment and that trucking "laundry materials between Weyburn and Estevan didn't make much economic sense."²

One of the concerns raised by our union facility vice-presidents is that facilities have less ability to store linens since centralization. Previously an aide could request additional linens for a shift if they knew a resident was going to need multiple bed sheet changes. Now a shortage of space for storage and policies against "hoarding" limit requests for additional linen. There is a concern that if laundry services are centralized even more, there will be less responsiveness to local needs.

Considering the turmoil that Sun Country Health Region went through eight years ago to centralize its laundry, and considering that the health region recently made significant investments in new equipment at Tatagwa View, it makes no sense to further restructure or dismantle the laundry services in the health region at this time.

Sunrise Health Region

Sunrise Health Region has a central laundry in Yorkton that processes 3.4 million pounds of laundry in a year. The central laundry does all the linens for the 22 facilities in the region, with the exception of personal laundry which is done in smaller facilities on site and Operating Room (OR) linen for Melville which is processed in Melville.

The central laundry supplies and cleans the institutional linens for the region and also cleans Spanko mattresses, OR linen, baby linen, bedding, garments, lifters, sliders, and towels. Although smaller facilities normally do personal laundry at their site, a significant amount of personal laundry arrives with institutional linens by accident about two or three times a week. The central laundry staff reports that patients misplace thousands of dollars worth of personal items such as clothing, bedding, dentures, glasses, and hearing aids in the laundry.

Laundry employees take pride in the cleaning and careful handling of these items and ensure that items are returned to the patients or residents in a safe and timely manner. Employees question whether the same level of care and ability to return items would occur in a larger, more centralized laundry facility.

² "Laundry services in health regions being scrutinized," Estevan Mercury, March 21, 2012, p. A2.

Laundry staff is also proud of the fact that they have the highest fill rate of any region, meaning they have the lowest number of errors when filling linen cart orders. Efficient and excellent service, high quality of linens and pride in work are some of the advantages with regional laundries.

One of the advantages of maintaining central laundry services in Yorkton is that the city acts as a hub to the communities in the region which allows for ease in the transportation of linens. The furthest distances the delivery trucks travel to are Preeceville (83km one way) and Lestock (106km).

If Yorkton lost its central laundry to Regina or Saskatoon, the distances to deliver linens would significantly increase (two and a half hours from Regina to Yorkton and over four hours from Regina to Preeceville). There would also be logistical delays as both Highway #10 to Regina and the Yellowhead highway to Saskatoon are single lane and experience heavy traffic congestion.

Bad weather would become more of an issue when trucks need to travel up to four hours to make delivery. Servicing the region's linen from a distant location would also make it more difficult to respond to an increased demand for linens in the case of an infection outbreak or other emergencies.

The loss of regional laundry jobs would have a tremendous impact on 45 families who contribute to their communities and local economies.

CUPE supports the maintenance of central laundry services in the Sunrise Health Region. The provincial government would have to invest in new and more efficient equipment but we feel that this would be an incredibly worthwhile investment to maintain quality laundry service to patients and residents in the region.

Option 3: Outsourcing to a third party/private company

CUPE does not support the outsourcing of laundry services to private, for-profit companies. We do not believe that this is in the best interests of Saskatchewan taxpayers, health regions or patients in our health care facilities. In our view, this option should not be considered.

The shared services model of North Sask Laundry shows that it is possible to provide centralized and high quality linen services in the public sector. Another example of an efficient, high quality non-profit organization is HLS Linen Services in Ottawa.³ We understand that a number of health care laundry managers from Saskatchewan recently toured this facility.

³ For more information on HLS Linen Services, go to www.hlslinenservices.com

There are a number of reasons why public services like hospital laundry should not be contracted to private for-profit companies:

- Public tax dollars should not be directed into the profits of private companies, whose primary interest is to make money for their shareholders.
- On July 1, 2012, the MASH sector, which includes health care, will be subject to the provisions of the New West Partnership Trade Agreement. Once we contract out services to the private sector, the terms of the trade agreement will make it more difficult to bring the service back into the public sector. Favoring local economic development is not permitted by the trade deal.
- There is almost no competition in the private sector for the provision of institutional linen services in Canada. Currently there is one company that has a monopoly in this sector: K-Bro Linens based in Alberta. They have a monopoly in the provision of health care linens in Alberta and are aggressively expanding into British Columbia and Quebec.
- Private companies are not accountable to the public, only to their shareholders. Terms of their contracts are not subject to public scrutiny as the companies claim they need to protect their commercial interests.
- Contracts are not flexible to changes if different service needs or requirements arise. If changes in a contracted service are required, contracts have to be re-negotiated at additional costs and legal fees. K-Bro Linens is currently negotiating 10 and 15-year contracts in health care.
- Choosing a combination of public and private laundry delivery would defeat the purpose of 3sHealth, which is to standardize linen services. Having a private company in the mix would fragment laundry services and limit the ability of 3sHealth and the health regions to effectively manage the system.

Information on K-Bro Linens

K-Bro Linen Systems Inc. is the largest provider of laundry and linen services in Canada, according to its website. Its headquarters are in Edmonton and it has laundry processing facilities in Quebec City, Montreal, Toronto, Edmonton, Calgary, Vancouver and Victoria. It employs more than 1,600 people.

On January 1, 2011, K-Bro Linen Systems became a publicly-traded corporation. Its stock is traded on the Toronto Stock Exchange.

K-Bro Linens paid out \$7.1 million in dividends to its shareholders in 2011, according to its 2011 financial statement. Considering that 75% of K-Bro Linen's revenues come from public healthcare contracts, this means that millions of public dollars are being re-directed into shareholders' hands, rather than in front line services.

K-Bro has had difficulty hiring employees and “mitigates labour shortages through utilization of the Temporary Foreign Worker program” according to its annual financial statement.⁴

We are opposed to the one year contract that Saskatoon Health Region signed with K-Bro and feel that the Minister of Health should not have permitted this contract, especially while this review is underway. North Sask Laundry had the capacity to supply half of Saskatoon’s linens and could have done all of their linen with additional equipment. The contract with K-Bro has meant a loss of 29 temporary full time jobs in Prince Albert which is a significant blow to the community. It also means that Saskatchewan tax dollars are going to support a for-profit private company in Alberta.

Conclusion – CUPE’s Proposal

Without complete information about the state of laundry infrastructure in health care, we are providing our views with the expectation that we can provide further input at a later date.

In terms of the options being considered by 3sHealth, we support option one (upgrade and rebuild existing facilities) and possibly option two (consolidate into fewer facilities) in the future.

North Sask Laundry, which supplies linens to six health regions, already meets one of the objectives of the shared services review: standardizing and providing high quality linens to several health regions.

We believe that there is no need to make changes to laundry services in Sun Country Health Region because it has already gone through a process of centralizing its laundry services and purchasing new equipment. Changing laundry services in Sun Country at this time does not make sense. It would create additional and unnecessary costs and create disruption to employees, patients and facilities.

We also see no need eliminate the existing laundry services in Sunrise Health Region. Upgrading laundry equipment at the Yorkton Regional Health Centre would allow the region to continue to provide excellent service to the northeast corner of Saskatchewan.

It is important to point out that the shared services organization FacilicorpNB brought all health care laundry services in New Brunswick under its authority effective April 1, 2012, yet the eight hospital laundry facilities in the province continue to operate as they did before the transition.⁵

⁴ 2011 Financial Statement, K-Bro Linen Systems Inc., page 33.

⁵ “Hospital Laundries now part of FacilicorpNB,” INFOEvolution:Newsletter of FacilicorpNB, vol. 4, Issue 4, Spring 2012, p. 1.

The business case for laundry services in New Brunswick was not released to CUPE, but a manager at FacilicorpNB told us that their goal was to move toward three central laundries in the future, but in a gradual manner as capital equipment needs replacement.

CUPE feels that the approach in New Brunswick seems fair and logical. Rather than dismantling functioning laundries and forcing an immediate centralization of laundries, they are continuing to utilize their existing laundries while preparing for future centralization.

It is important to note that New Brunswick is a much smaller province geographically than Saskatchewan (73,000 sq. Km vs 651,000 sq. Km in Saskatchewan) and it is utilizing eight hospital laundries.

CUPE believes that all existing regional laundries should be maintained or replaced. If 3s Health and the RHAs do not support this proposal, then we propose that you consider an expansion of North Sask Laundry and build a similar facility in Regina that is non-profit and publicly owned.

It is feasible for North Sask Laundry to process all of the linens for Saskatoon Health Region for a fraction of the investment required to build a brand new facility in Saskatoon. This should be seriously considered.

CUPE Research
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