

SUBMISSION REGARDING STEWARTBROWN PUBLICATIONS

Background

1. On 10 April 2019, we sought leave to file and rely on two publications from StewartBrown containing data about the financial performance of businesses in the aged care industry.
2. The relevant publications are:
 - (a) *Aged Care Financial Performance Survey - Sector Report (2018 Financial Year)*; and
 - (b) *Aged Care Financial Performance Survey - Sector Report (Six months ended December 2018)*,collectively, the **Publications**.

Findings/Conclusions to be made

3. We invite the Commission to have regard to the contents of the Publications and to make the following findings or conclusions in relation to that material.
4. Firstly, that the current funding model applying in the aged care industry is under significant financial strain.
5. Secondly, that the residential aged care sector (which is the part of the aged care industry which is covered by the *Aged Care Award 2010*) experienced a decline in financial performance due to revenue issues in the 2018 financial year, and continued to experience a decline in the second six months of 2018.
6. By way of example, for the FY18, the residential aged care sector experienced a significant decline in Facility Result (EBT) mainly due to expenses increasing at a much higher rate (4.7%) than revenue (1.7%). The Facility Result declined from \$9.39 per bed day in FY17 to \$2.37 per bed day in FY18.¹

Conclusion

7. In our respectful submission, the financial situation of the residential aged care industry is a relevant consideration that must be taken into account in the context of ensuring that the Award, together with the NES, provides a fair and relevant minimum safety net of terms and conditions when applying the modern awards objective in section 134.
8. Further, in the event that the Commission is minded to make any variation to the Award which imposes an additional monetary burden on employers, the Publications are relevant

¹ *Aged Care Financial Performance Survey - Sector Report (2018 Financial Year)*, at page 11.

and should be taken into account when determining the implementation of any such variation.

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On behalf of Australian Business Industrial and the New South Wales Business Chamber Ltd

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