

15 September 2022

The Honourable Justice Ross AO
President
Fair Work Commission

By email: amod@fwc.gov.au

Dear Judge

RE: *Work Value Case (Aged Care Industry) AM2020/99; AM2021/63; and AM2021/65*

I write to you following a suggestion from the Minister for Aged Care and Minister for Sport, the Hon Anika Wells MP (the Minister), to raise with the Fair Work Commission (the Commission) directly the non-government retirement living sector's concerns about the potential impact of a significant rise in aged care workers' wages on retirement living residents.

From the outset, the Retirement Living Council (RLC), our members and the retirement living sector more generally respect the Commission's independent work value process and strongly support the Australian principle of "a fair day's wage for a fair day's work".

Specifically, our concerns relate to communication by letter dated 4 August 2022 whereby the Minister advised the RLC: *"The Government is making a submission in support of a real wage increase for workers employed by approved aged care providers, which will benefit providers who deliver home care service to residents in retirement villages. The Government is unable to provide supplementary funding to offset the wages of operational village staff who are employed in a retirement village"*.

I note the *Work Value Case (Aged Care Industry)* before the Commission received applications to amend the *Aged Care Award 2010*, the *Nurses Award 2010* and the *Social, Community, Home Care and Disability Services Industry Award 2010*. This includes people who provide services within the retirement living sector.

In its 8 August 2022 submission to the Commission, the Australian Government said it "... will provide funding to support any increases to award wages made by the Commission in this matter and that will help deliver a higher standard of care for older Australians". Most commentators, Federal MPs included, suggest the Australian Government will pick up the full cost of any increase. This is inconsistent with the response provided by the Minister to the RLC, which essentially identifies that the Australian Government will not provide financial assistance to support increased costs for residents in retirement communities.

While I acknowledge submissions have now closed, I respectfully ask for consideration of the interests and concerns of Australia's retirement living sector.

The RLC notes there is a broad public misunderstanding that all people employed under the *Aged Care Award* are funded through Commonwealth payments. Many operational employees within retirement villages are employed under the *Aged Care Award*. Typically, these employees are funded by residents through service charges, levied in accordance with relevant state and territory legislation. In addition, many retirement village residents pay directly for privately funded support services that enable them to continue living with a degree of independence. These services are also delivered by people employed under the *Aged Care Award*.

On this basis, increases in the *Aged Care Award* that exceed the indexation of Age Pensions will have a direct and substantive financial impact on retirement village residents.

Retirement village residents who self-fund care and support through Serviced Apartments will be most affected. Serviced Apartments are a form of independent living, where residents are supported with low levels of care, such as the regular provision of meals, housekeeping services, medication monitoring and laundry.

Under existing funding arrangements, retirement village operators have limited capacity to supplement general service charges, which are generally required by law to be levied on a cost recovery basis. This means, without supplemental funding support from the Australian Government, retirement village operators will need to pass on the full cost of pay increases to residents.

For your consideration, the RLC has estimated that retirement village residents in Serviced Apartments could be required to pay an average of \$27 per week extra to cover the costs of a 25 per cent increase in wages. In similar circumstances, residents in Independent Living Units are likely to see increased costs of about \$5.56 per week.

Given these potential financial impacts on individual retirement village residents, I respectfully draw your attention to the Australian Government testimony that it *"... will provide funding to support any increases to award wages made by the Commission in this matter and that will help deliver a higher standard of care for older Australians."*

Should you require further information in relation to these concerns, please contact Leida Pirts, National Policy Manager – Retirement Living, on 0447 667 502 or by email at lpirts@propertycouncil.com.au.

Yours sincerely



Ben Myers
Executive Director – Retirement Living