

Aged care in 2022 – fixing a once in a generation challenge

By Perpetual Private Insights

21 February 2022



Aged care providers
Time for a strategic shift?

Section Two: Pressure to consolidate

One part of the Government's reform package is the Business Improvement Program. They're aimed at improving governance and operations in small and medium providers particularly those located in regional, rural, and remote areas.

Why are they required? To reduce the risk of business failure amongst the most vulnerable residential aged care providers as they adjust to changes in the sector. They lead some to expect that the intent and funding structure developed by the Government, as it looks out in the future, is a deliberate consolidation strategy.

Michael Sutcliffe, a Lead Partner at accounting and advisory firm, Fordham, says: "From 1 July 2024, residential aged care places will be allocated to providers instead of providers. Providers will now compete for customer care packages for now, I can't put it too much into the future, but it's a competitive market which providers must prepare for now. I can't put it too much into the future, but it's a competitive market which providers must prepare for now. I can't put it too much into the future, but it's a competitive market which providers must prepare for now."

According to Fordham, this has the following implications:

- Unless they're in a strategically superior location with proven high demand, providers are likely to be under pressure to consolidate or exit the sector. It's a competitive market which providers must prepare for now.
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Expert advice makes the difference

Perpetual works with Aged Care providers and understands the complexities faced by operators. We help them to improve performance against industry benchmarks.

Preparing businesses for consolidation

Whether as target partners, buyers or sellers, analysis is underpinned by Fordham's experience on all sides of buy/sell/transfer transactions and their whole point of purpose as an advisory board members providing external insight into the financial health of the business.

Working with operators on projects that increase compliance burden and optimise the financials

Lease with funding providers to ensure providers can access capital on suitable terms

Perpetual's investment expertise into play to meet the needs of providers. Perpetual works with the largest not-for-profit organisations, as trustees, investment managers and/or advisors. In the sector, it's the ability to access funds and to secure all assets on their balance sheet are part of their operations.

Providers dealing with major reform, consolidation and a more competitive market, getting the most out of your assets is crucial. Those optimised to support the strategic shifts required.

The time is now

Whilst the white paper has outlined a strategy of challenges to providers, the focus at ACSA, Fordham and Perpetual are on the industry's ability to secure the future. The focus is on the industry's ability to secure the future. The focus is on the industry's ability to secure the future.

ACSA
Aged & Community Services Australia

fordham

Perpetual

Expert insights for Aged Care providers grappling with reform, labour shortages and consolidation.

The government calls its reform of Aged Care a 'once in a generation' reform. It is that. And most Aged Care providers welcome the reform. But they are being asked to manage this landmark systemic change whilst dealing with a web of interconnecting challenges:

- The ongoing effects of Covid on clients, operations and budgets.
- A critical labour shortage exacerbated by Covid-immigration restrictions and competition for key staff.
- The difficulty of attracting clients into centres given Covid fears, staff shortages and increased HomeCare funding.

How can providers manage these reforms, ensure their future viability and protect the interest of their clients?

The answers can be found in a new white paper, jointly produced by Aged & Community Services Australia (ACSA), advisory group Fordham and investment specialist Perpetual.

[Download the whitepaper](#)

This white paper draws on ACSA's expertise to paint a picture of the current environment and look at the social implications of reform and consolidation.

Just as importantly, it explains how Aged Care providers can adapt to the systemic shift they face through strategic thinking that helps them answer key questions:

- How adaptable is the organisation and its people?
- What are the financial metrics providers need to manage to survive and thrive?
- Predator, prey or partner – where does an organisation sit in a consolidating aged care sector?

Ultimately, the white paper is designed to help Aged Care providers and their leaders make the crucial decision – Stay and Grow. Or go.

It's an invaluable, practical roadmap for all providers.

[Download the whitepaper](#)

MORE INFORMATION

Perpetual runs Investment Strategy Management workshops that can help aged care providers tailor their investment strategy to today's low-rate investment environment – and in doing so, help manage today's high-costs operating environment.

If your organisation would like to talk through these issues – including a tailored investment strategy and liquidity management assessment – please fill in the form below or contact Anthony Hamawi on 03 9611 6665, 0402 495 448 or anthony.hamawi@perpetual.com.au

Want to speak with an expert?

Get in touch with our Aged Care specialists through the contact details in the white paper or by submitting the form below.

[Get in touch](#)

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