

14 October 2022

Independent Health and Aged Care Pricing Authority – **by email**

Dear Pricing Authority

I write to you on behalf of Arcare Pty Ltd, a 4,500 bed aged care operator, operating across QLD, NSW, and VIC. Arcare has been operating residential aged care facilities for approximately 25 years. We welcome the opportunity to engage in our consultation regarding the proposed pricing principles for developing aged care costing and pricing advice.

I am sure that a number of industry participants have provide voluminous submission for consideration. In contrast I will keep my suggestions brief.

1. I highlight the difference in cost components for different provider structures (i.e. for profit, not for profit, state funded). Specifically, I believe the consultation should consider **the impacts of payroll tax** that form part of the cost base of for the for profit operators.

Furthermore , for profit operators do not enjoy being able to offer **salary packaging benefits to employees** and therefore gross salary costs are consequently higher.

I note that 70% of our cost base is represented by labour costs. To get this element right is important to the accuracy of your advice to government.

2. Whist we recognise and support the need for **regulation, this remains an ever-increasing unfunded cost**. I note that Arcare enjoys the benefits of operational scale however this cost to smaller operators would be a far larger impost per bed.
3. Arcare proudly provides high quality accommodation. Over the last 10 year we have built and opened circa 35 facilities representing 3,500 beds. This is a special purpose investment and requires of the operator significant **ongoing repair, maintenance, and capital refurbishment**.

To attract investment the industry needs consistent and **fair commercial rates of return** that are appropriate for the risk involved and competitive with returns in other comparable industries (for example private hospitals)

I would welcome to opportunity to further engage on this very important work. That may include the provision of actual operational data across our 48 sites.

Regards



Colin Singh
CEO, Arcare Aged Care