

A GUIDE TO NEGOTIATING THE UNPREDICTABLE OUTCOMES OF THE AGED CARE ROYAL COMMISSION



PERPETUAL IMPACT

12/12/2018

The timeframe is short, the 100 largest Australian Aged Care providers have been asked to make initial submissions to the impending Royal Commission by 7th January and the remaining providers by 8th February. So, if you are a leader in the Aged Care sector, now's the time to get serious about your approach.

In this article, we discuss what to expect from a Royal Commission, how to prepare and potential opportunities that may lay ahead.

What to expect

It's difficult to know for certain, but insights from our colleagues at Nous Group suggest the final outcomes of the Royal Commission into Aged Care will be focused on:

- quality of care,
- the impact of person-centred care,
- governance
- challenges of demography, and

- potential for sustainable improvement.

It will be important to analyse the specific language in the terms of reference and for this to guide your submissions and any statements you make.

What you can be assured of is that transparency will be paramount. Everything will be out in the open in this process and you'll need to have your records and your data well-ordered and understood.

Similarly, there's little doubt the workload will be substantial. You need to allocate resources and prepare your staff.

Preparations

Many providers will need preliminary submissions by the start of the new year. So, time is of the essence.

A dedicated team

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry showed that the process is incredibly time consuming and unpredictable. You're going to need resources for a dedicated team, and they'll need flexibility to deal with sudden requests and the potential for a Public Relations crisis.

Run a tight ship

If you haven't done so already, you need to consolidate your records and your data in a format that is thorough and easy to access. The last thing you want is for there to be unexplained inconsistencies in your records when being examined under the bright lights of a hearing.

Be transparent

Thus far, there have been no mandatory requests for submissions, but we know the commission does have these powers. This early 'invitation' has the potential to put any particular organisation in the spotlight, but one must be wary of seeing it as optional. Avoiding scrutiny is likely to backfire.

Opportunities

Julie Hough a Chartered Accountant at Fordham Business Advisors, a specialist part of Perpetual, has extensive experience advising on compliance-related investigations like these. She's taken a broad perspective and says opportunities can arise from the process.

"For providers it offers the opportunity to reinforce and reset relationships with the key interest groups – consumers, families, staff, service managers, the executive and the Board.

Also, different providers will respond in different ways to the challenges ahead – there is the potential for substantial differentiation from other operators if the opportunity to face up to the challenge is taken promptly."

Stronger regulation and compliance responsibilities

Aged care is a unique business model, it requires both a high level of care and sensitivity, as well as complex financial responsibilities for clients' funds. Having a clear understanding about the rules, and having systems in place to manage them, is vital to ensure your organisation doesn't step outside the boundaries.

This becomes even more important given the high likelihood that the rules will change as a result of proceedings.

Perpetual has deep experience as a trusted fiduciary and investment adviser. We have direct and relevant in-house knowledge of the aged care sector and we understand the need for reliable support for key stakeholders in the sector.

Perpetual's team of specialists can work with you to provide advice on liquidity management, governance and long-term investment strategies. Our knowledge and expertise in legislations and regulations has prepared us for this dynamically changing environment.

Scott Hawker is National Manager, Not-for-Profit Endowments at Perpetual Private and he's an expert on the unique nature of the aged care sector. Whether it be liquidity management of Refundable Accommodation Deposits, or developing an investment management statement, you need a partner with strong foundations - feel free to reach out to Scott and our team.

Conclusion

A Royal Commission is never called lightly; to minimise any downside potential, and to understand the potential changes to the industry, you need to ensure you are prepared with adequate resourcing and advice from those with the right experience. Now is the time to prepare yourself and your Board for what is to come.

Perpetual Private advice and services are provided by Perpetual Trustee Company Limited (PTCo), ABN 42 000 001 007, AFSL 236643. This publication has been prepared by PTCo and may contain information contributed by third parties. It contains general information only and is not intended to provide you with advice or take into account your personal objectives, financial situation or needs. The information is believed to be accurate at the time of compilation and is provided by PTCo in good faith. You should consider whether the information is suitable for your circumstances and we recommend that you seek professional advice. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. PTCo does not warrant the accuracy or completeness of any wording in this document which was contributed by a third party. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act. Past performance is not indicative of future performance.