

Workshop 6: Developing Growth Strategies FAQs

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Frequently Asked Questions

The following table provides suggested guidance to answer questions asked during the Developing Growth workshops on 27 November 2025. The responses aim to provide general guidance to assist aged care providers prepare for the SAH reforms.

Question	Response
<p>Sorry if you covered this, but how would a joint venture/strategic alliance work with one (or both) organisations being incorporated, member based associations? I'm assuming the constitution would need to be changed?</p>	<p>A Joint Venture involves creating a separate legal entity jointly owned by the parties. Incorporated associations can participate as shareholders or members of the JV entity if their constitution permits it. It may also require approval from the members under a resolution.</p> <p>Strategic Alliance are usually a contractual arrangement without forming a new entity. You may need to confirm whether the alliance aligns with the association's objectives/values under its constitution.</p> <p>We recommend you seek legal advice when considering your options for pursuing inorganic growth strategies.</p>
<p>Where can we find benchmarking data?</p>	<p>The Department and other government agencies provide information on the Aged Care sector that can be used for benchmarking. A number of resources are provided below:</p> <ul style="list-style-type: none"> ▪ Quarterly Financial Snapshot of the aged care sector - Quarter 4 2024-25 -1 April-to-30 June-2025 Australian Government Department of Health, Disability and Ageing ▪ Financial Report on the Australian Aged Care Sector 2023-24 ▪ Sector Performance Report - Quarter 4 (April - June 2025) Aged Care Quality and Safety Commission ▪ Home - AIHW Gen ▪ National Aged Care Data Asset - Australian Institute of Health and Welfare
<p>For an organisation that isn't making a profit on SAH, what do you suggest as the first steps to take to turn it around?</p>	<p>There are a number of activities which can be implemented to help address business concerns:</p> <ol style="list-style-type: none"> 1. Understand costs including direct, indirect and corporate costs per service type and per client 2. Determine cost drivers and compare against sector benchmarks 3. Identify opportunities to reduce costs, prioritise initiatives and develop a business case 4. Build a plan which includes timelines, risks, resources, governance and budget



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Question	Response
	<p>5. Test, scale and embed initiatives including regular reporting and flagging when initiatives are off track early</p> <p>More information can be found in Workshop 2: Approaches to Business Cost Out. If you would you like free and confidential information, please feel free to apply for the Business and Workforce Advisory Service: Aged Care Business and Workforce Advisory Service EY Restructuring Oceania</p>
<p>What is a healthy margin of profit indicator example?</p>	<p>Benchmarks for profit depend on many variables, including your service offering, location and remoteness, and competition.</p> <p>In broad and general terms, for SAH providers, a margin of 5% or above is generally considered reasonable to support business sustainability and breakeven. A margin of 10% and above ensures enough free cash flows are generated to invest in people, technology and assets.</p> <p>For RAC provider, as the service offering is more asset-intensive, higher margins may be required to enable ongoing reinvestment into the facility and capabilities of staff.</p> <p>As a first step, this resource can be used to look at benchmarks: Financial Report on the Australian Aged Care Sector 2023-24</p>
<p>I've noticed there are providers who do franchising. Is that an inorganic growth approach? What are the risks?</p>	<p>Franchising is generally considered an inorganic growth strategy, because a provider expands by partnering with independent franchise owners who invest in and operate services under the organisation's brand, systems and standards.</p> <p>It is different from organic growth, where the provider expands by opening and running new services that it owns and funds itself.</p> <p>That said, franchising can be seen as a hybrid approach – the provider grows its footprint through external partners, while still scaling its internal model (quality framework, clinical governance, training, digital systems and brand).</p> <p>Like all inorganic strategies, there are many benefits and risks associated with a franchise model which will need to be thoroughly explored before committing to the business model.</p>