

COMPANY SPOTLIGHT - ESTIA HEALTH

Australia's population is ageing at an increasing rate with the number of people over the age of 80 expected to rise by approximately 50% over the next 10 year¹⁰. To meet the needs of an increasingly older population, we expect a significant rise in demand for a broad range of healthcare services including residential aged care.

Estia Health Limited (EHE), as one of the largest residential aged care providers in Australia is well placed to service the growing community need for aged care. Estia operates over 6,000 aged care places across homes in NSW, QLD, South Australia and Victoria.

The last few years have been challenging for the aged care sector but many of the headwinds the sector faced are now shifting to tailwinds. The adoption of legislated minimum care minutes for residents above historic levels, along with additional reporting and oversight, has been designed to address poor care outcomes exposed by The Royal Commission into Aged Care in March 2021.

Related reform to the government funding regime delivers a step change in revenue to accommodate the cost of providing better care. An independent pricing authority has been established to ensure industry revenue keeps up with the increasing cost of providing the care and a pay rise of at least 15% for workers in the aged care sector, to be directly funded by the government, is expected to partly alleviate labour supply constraints. Estia's recent trading update indicated that the decline in occupancy that started with revelations coming from the Royal Commission compounded by the impact of COVID-19 is beginning to reverse.

We are engaging with Estia across a range of advocacy topics. The business has set near term emission reduction targets but is yet to make a net zero commitment. The aged care regulator has developed a Reconciliation Action Plan but Estia is yet to do the same. Estia can also improve its cyber risk disclosures. We will also be encouraging the Board to partly link key ESG metrics to long term incentive payments for key management personnel.

¹⁰ Australian Bureau of Statistics population projections



Company Impact KPIs (FY22)

- Operates 6,163 residential aged care places across 68 homes in NSW, QLD, SA and VIC
- Provide care to over 8000 elderly residents per year
- Share of residents with concessional (government subsidised) status – 48%



SDG Alignment:

SDG 3.4 & 3.8: EHE's aged care homes "reduce...premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being". Estia's aged care homes facilitate "universal health coverage [by providing] access to quality essential health-care services"