



**StewartBrown**  
Integrity + Quality + Clarity

# Residential Aged Care Financial Performance Survey Report

Six months ending

**31 December 2025**

**1,200**

Aged care homes

**100,648**

Beds/places

The quarterly survey is the **largest financial benchmark** in the aged care sector and provides invaluable insights into the **trends and drivers of financial performance** at the sector level and at the aged care home or program level.

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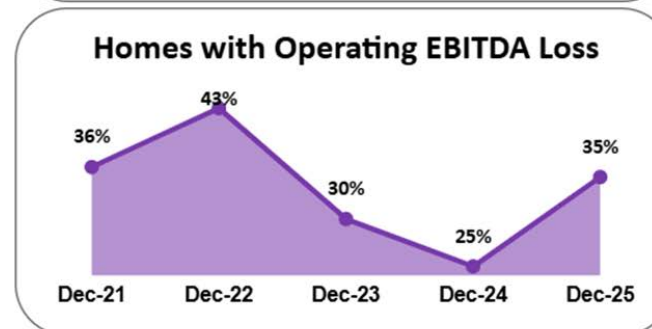
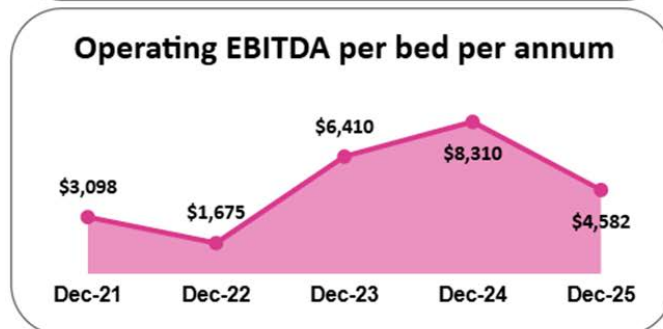
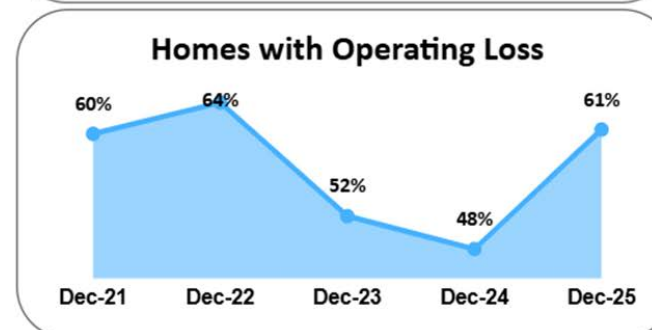
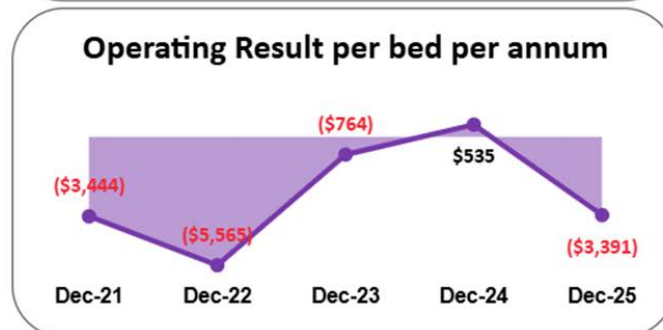
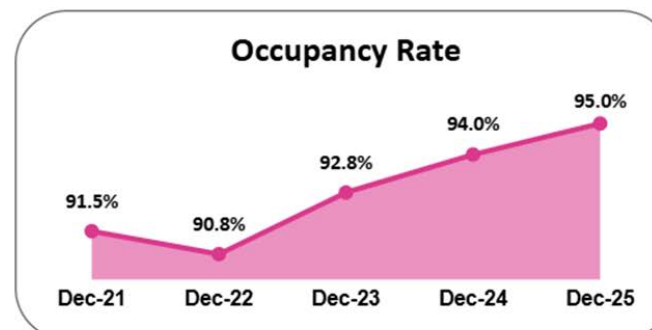
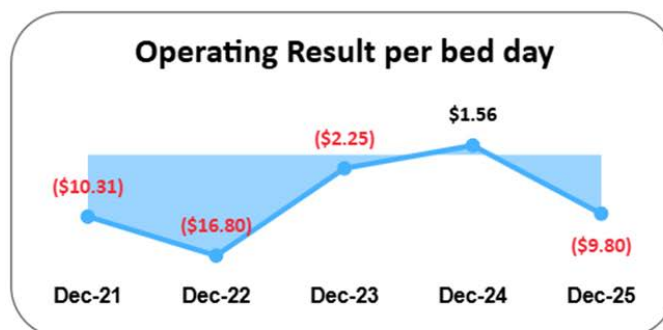
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# 1. Dec-25 YTD Results Snapshots

## Registered Provider - Aggregate

	Survey Average \$'000s	1st Quartile \$ '000s	Bottom Quartile \$'000s	Revenue >\$75M \$'000s	Revenue \$20M-\$75M \$'000s	Revenue \$10M-\$20M \$'000s	Revenue <\$10M \$'000s
<b>Operating Surplus / (Deficit)</b>	(\$1,041)	\$1,859	(\$4,011)	(\$4,148)	\$34	\$31	(\$9)
<b>Average NPBT</b>	\$629	\$2,891	(\$1,885)	\$1,589	\$612	\$194	\$107
<b>Operating EBITDA</b>	\$582	\$2,444	(\$2,888)	\$1,609	\$539	\$91	\$76
<b>EBITDA</b>	\$2,252	\$3,476	(\$763)	\$7,346	\$1,116	\$254	\$192
<b>NPBT Return on Assets</b>	0.39%	4.60%	(1.18%)	0.33%	0.66%	0.52%	0.70%
<b>Operating Surplus Return on Assets</b>	(0.65%)	2.95%	(2.50%)	(0.86%)	0.04%	0.08%	(0.06%)
<b>Cash &amp; Financial Assets % of Debt</b>	31.56%	44.62%	25.95%	27.27%	35.73%	59.02%	94.42%

## Residential Aged Care



## Dec-25 YTD Financial Performance Analysis

### Registered Provider (Organisation) Results

<b>Net Profit Before Tax (NPBT)</b>	<b>Outcome</b>	The average result (NPBT) per Registered Provider for Dec-25 YTD was a <b>\$0.63 million surplus</b> . This is a reduction from the Dec-24 YTD average surplus of \$2.1 million.
	<b>Context</b>	The NPBT was largely due to the net non-recurrent result being a surplus of \$1.67 million (Dec-24 YTD \$2.08 million), which includes fair value gain on financial and other assets, gains on acquisitions and non-recurrent grants. The recurrent operating result was an average deficit of \$1.04 million (refer below).
<b>Operating Result</b>	<b>Outcome</b>	The average financial performance remains at unsustainable levels for many providers. The Dec-25 YTD results show that the average operating result per provider was a <b>deficit of \$1.04 million</b> (Dec-24 YTD \$0.05 million surplus).
	<b>Context</b>	This result indicates that the operations of the registered provider organisations continue to have an under-recovery of the cost of the capital employed. Whilst revenue increased due to the higher AN-ACC subsidy and other supplements, this did not meet the rising staffing expenditures and costs linked to meeting regulatory requirements.
<b>Operating EBITDA</b>	<b>Outcome</b>	The average operating EBITDA (cash) result for Dec-25 YTD was a <b>surplus of \$582,000</b> (compared to the Dec-24 EBITDA \$1.84 million surplus), which represents 0.98% on operating revenue, and is not sufficient to maintain the standard of accommodation, everyday living services and care delivery.
	<b>Context</b>	As the operating result is in deficit, the depreciation and financing costs are not being recovered. The average property assets for each provider were \$233 million, and the small EBITDA return creates a financial environment that may affect future investment in the sector from existing providers and institutional lenders.
<b>Staff Costs as % of Operating Revenue</b>	<b>Outcome</b>	Staff costs as a percentage of operating revenue increased to <b>72.53%</b> compared to the Dec-24 YTD level of 70.35%.
	<b>Context</b>	The increase in the ratio is related to increasing staff expenditure due to the Fair Work Commission (FWC) case decision to increase aged care workers' pay rates and the increase in direct care minutes across the sector to meet targets.
<b>Depreciation Rate</b>	<b>Outcome</b>	The average depreciation rate of <b>2.22%</b> (as a % of property assets) has <b>reduced</b> from Dec-24 (2.46%).
	<b>Context</b>	StewartBrown continues to consider that the depreciation rate is low and should be at least 4% per annum for buildings and 10% or higher for furniture and equipment.
<b>Gearing Ratio</b>	<b>Outcome</b>	Liquid cash assets (cash and cash equivalents + financial assets) as a percentage of debt (resident refundable loans + government debts + external debt) have <b>increased to 31.56%</b> at Dec-25 (from 29.94% at Dec-24) as a result of the non-recurrent surplus accumulated during the period, contributing to a higher cash balance.
	<b>Context</b>	With the residential prudential requirements, a significant proportion of the liquid cash assets is effectively quarantined under the prudential rules for permitted uses of RADs meaning gearing ratios and financing lines of credit are impacted.

## Residential Aged Care Results

<b>Revenue</b>	<b>Direct care</b>	Average direct care revenue (AN-ACC, supplements and other recurrent direct care income) was \$314.58 pbd, an <b>increase of 7.82%</b> from Dec-24 (\$291.77 pbd). This was due to price increases in AN-ACC funding on 1 March 2025 to fund the 5.75% National Wage Case pay increases and FWC decisions, in addition to the annual base price update on 1 October 2025.
	<b>Everyday living</b>	Everyday living revenue including the hotelling supplement was \$89.66 pbd, an <b>increase of 12.62%</b> from Dec-24 (\$79.62 pbd) mostly due to increase in hotelling supplement from 20 September 2025. Additionally, higher everyday living fees (HELFF) (previously fees for additional or extra services) has increased slightly as providers consider introducing this to new and current residents.
	<b>Accommodation</b>	Accommodation revenue was \$44.45 pbd, an <b>increase of 2.72%</b> from Dec-24 (\$43.27 pbd). This was due to increases in the average MPIR and the accommodation supplement (indexed by CPI).
<b>Expenses</b>	<b>Direct care</b>	Direct care labour costs (RN/EN/PCW) averaged \$248.65 pbd, which is an <b>increase of 13.68%</b> from Dec-24 (\$218.73 pbd). Other direct care labour costs (care management/allied health/lifestyle costs excluding workers' compensation premium) averaged \$19.82 pbd, an <b>increase of 5.22%</b> from Dec-24 (\$18.84 pbd). Other direct care costs (excluding workers' compensation premium and overhead allocation) averaged \$11.58 pbd, a <b>22.56% increase from Dec-24</b> (\$9.45 pbd).
	<b>Everyday living</b>	Everyday living costs before overhead allocation was \$72.74 pbd, an <b>increase of 6.72%</b> from Dec-24 (\$68.16 pbd).
	<b>Catering</b>	Catering expenditure averaged \$44.64 pbd, an <b>increase of 6.21%</b> from Dec-24 (\$42.03 pbd).
	<b>Administration</b>	Administration costs averaged \$58.24 pbd, an <b>increase of 10.07%</b> from Dec-24 (\$52.91 pbd). This was due to rises in corporate recharges and staff costs likely resulting from increases in quality, reporting and compliance requirements.
	<b>Accommodation</b>	Accommodation expenditure before overheads <b>averaged \$40.63 pbd</b> (depreciation and right of use expenses \$23.05 pbd) compared to Dec-24 (\$38.91 pbd).
<b>Operating Result</b>	<b>Direct care margin</b>	Direct care margin for Dec-25 decreased by \$12.93 pbd to a <b>surplus of \$6.15 pbd</b> (including administration) from the Dec-24 margin of \$19.08 pbd surplus as increase in direct care staffing costs exceeding increase in AN-ACC revenue. .
	<b>Everyday living margin</b>	Everyday living margin <b>improved to a deficit of \$2.66 pbd</b> (including administration) (from the Dec-24 deficit of \$6.33 pbd). The increase in revenue was not sufficient to fund the increase in labour costs and indexation on non-labour expenses.
	<b>Accom margin</b>	Accommodation margin (including administration) was a <b>deficit of \$13.30 pbd</b> (Dec-24 deficit \$11.19 pbd).
	<b>Overall result</b>	Operating result was a <b>deficit of \$9.80 pbd</b> (Dec-24 operating surplus \$1.56 pbd).
	<b>Operating EBITDA</b>	Operating EBITDA <b>averaged \$4,582 pbpa</b> (Dec-24 EBITDA \$8,310 pbpa), which remains significantly lower than the operating EBITDA of \$20,000 - \$22,000 pbpa required to encourage ongoing investment in the sector.
<b>Additional Trends</b>	<b>Direct care minutes</b>	Direct care minutes (RN/EN/PCW) was <b>221.68 minutes per resident per day</b> (Dec-24 212.08 minutes). Direct care minutes for the Dec-25 quarter included <b>44.06 RN minutes and 9.85 EN minutes pbd</b> .
	<b>Occupancy</b>	Occupancy for mature homes <b>increased to 95.0%</b> (Dec-24 94.0%) <i>Noting that occupancy is based on actual available beds.</i>
	<b>Supported ratio</b>	Supported resident ratio <b>increased slightly to 46.3%</b> (Dec-24 45.9%).
	<b>RADs</b>	Average full RAD received during Dec-25 YTD was <b>\$563,199</b> (Dec-24 \$505,242), which represents an <b>11.5% increase</b> and reflects providers increasing accommodation pricing with the accommodation price cap at \$750,000 from 1 January 2025. Proportion of full RADs received for non-supported residents was 31.1%, full DAPs was 45.6% and Combinations (RAD/DAP) was 23.3%. It is important to note residents who are yet to decide the payment methods will be reported as DAP payers.

## 2. Executive Summary

The *Aged Care Financial Performance Survey (Survey) Organisation and Residential Sector Report* for the six months ending December 2025 (Dec-25) provides an overview of the financial performance of the aged care sector in Australia.

### Survey Overview

The Survey is derived from detailed granular financial and non-financial data submitted each quarter by aged care providers. A specialist survey team collect and analyse the data to benchmark key performance indicators (KPIs) from:

1. All participating registered providers against comparable providers
2. All participating residential aged care homes against comparable homes

Information and insights from the Survey are used by participating providers to identify business improvement measures to support their financial sustainability, ensuring quality aged care services remain both accessible and affordable.

Since the Survey was first established in 1995 it has become the most relied upon financial performance benchmark for the Australian aged care sector. Refer to overview in *Figure 1*.

### Survey Metrics

The Dec-25 Survey uses data and information from:

- 176 registered providers consolidated results
- 1,200 residential aged care homes (representing 46% of the sector)

### Data Management

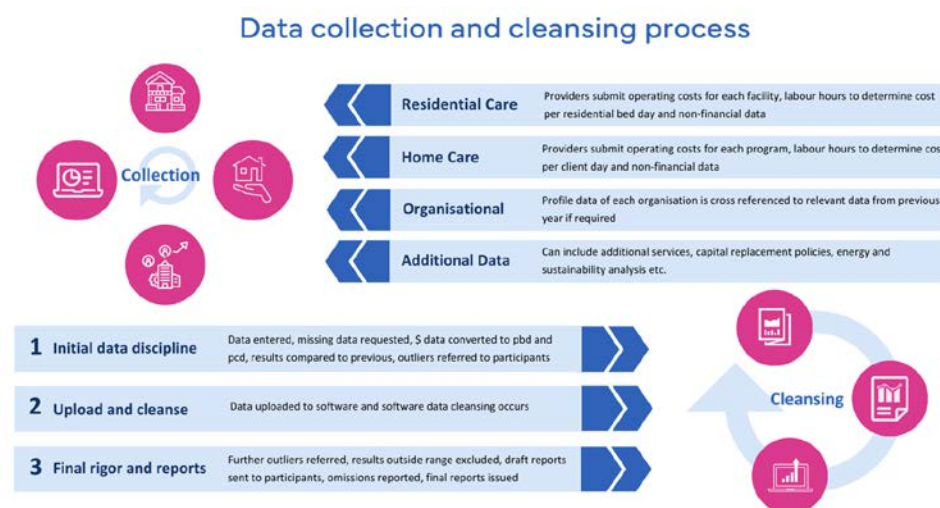
A secure and rigorous multi-stage process underpins the collection and cleansing of all provider data to ensure integrity of results produced across individual provider reports and reports for the sector. Refer to overview in *Figure 2*.

Refer also to the *Glossary*, which provides a further breakdown of the processes and explanations for key terms and metrics used throughout this Survey report.

Figure 1: Overview of Aged Care Sector Financial Performance Survey



Figure 2: Overview of data collection and cleansing process



**Note – Home Care data will be reported separately in StewartBrown’s *Support at Home Survey***

## Commentary

The six months to December 2025 signalled a pivotal phase for Australia's aged care sector, marked by significant legislative, funding, and workforce reforms.

The commencement of the new Aged Care Act 2024 (Act) on 1 November 2025 sets the stage for a new regulatory framework and environment aimed at improving care and operational transparency.

For providers, Dec-25 represents a transition quarter where reform settings moved from design to live implementation.

### Structural Reforms in Aged Care

Operationally, key structural changes became active during the quarter with the commencement of the Act: This includes:

- Transition to a Single Assessment System, centralising access and eligibility
- Movement towards individualised funding allocations with residential care places allocated to individuals
- New Support at Home program (*NB: StewartBrown will be releasing a separate report for Support at Home 6 months to December 2025*)
- Co-contributions arrangement for non-clinical care for both residential care and support at home for new residents
- Accommodation payment arrangements for new residents entering residential aged care homes
- Regulatory model and associated obligations
- Strengthened Aged Care Quality Standards

For providers, this has resulted in increased compliance burdens and reporting complexity.

### Workforce and Wage Adjustments

Over the six months to December 2025, workforce reforms and wage adjustments have significantly impacted direct care labour costs.

Key drivers included phased FWC award wage increases for nurses and personal care workers (PCW), with the second stage for nurses commencing from 1 October 2025 and the third stage scheduled for August 2026.

Other aged care workers also received wage increases from October 2025, further contributing to sector-wide cost escalation. Higher base wages led to increased superannuation, leave liabilities, and penalty rates, compounding the rise in direct care expenses.

Additionally, ongoing workforce reforms, including mandated care minutes and heightened staffing expectations, necessitated increased staffing levels and a more skilled workforce, resulting in higher total paid hours and further cost growth.

### Funding and Pricing Changes

Although this quarter has seen the rollout of user-contributed non-clinical and daily living services, it is still too early to determine the implications and full impact of this structural shift towards a more mixed funding model; noting that while the source of the funding might change from taxpayer to resident the amount of funding should not be impacted.

From 1 October 2025, the Australian National Aged Care Classification (AN-ACC) price increased from \$282.44 to \$295.64 per day. In theory, this uplift incorporated the funding for the FWC award rate increase decisions, the annual wage review for all aged care workers, and the replacement of the Aged Care Outbreak Management Support Supplement, which ended 30 September 2025. In reality, cost escalation from wages outpaced AN-ACC funding growth, driving pressure on direct care margins.

Adjustments in the National Weighted Activity Unit (NWAU) for the new AN-ACC price impact the Base Care Tariff (BCT) component for the Modified Monash Model (MM) MM2-MM5 homes, and variable components. Generally, these changes increased the NWAU for residents in lower care classes and decreased it for those in higher care classes.

Non-specialised homes in MM1 areas that do not meet their care minutes targets may face funding reductions from April 2026, potentially losing up to \$33.41 per bed day (pbd) based on the current AN-ACC price of \$295.64.

A more thorough analysis of the comparison between actual direct care minutes and target direct care minutes and the potential impact on the care minutes supplement is provided in subsequent sections of the Survey Report.

## Hotel Services, Supplements and Higher Everyday Living Fees

The Independent Health and Aged Care Pricing Authority (IHACPA) identified in the [Residential Aged Care Pricing Advice 2025-26](#) estimates that the gap between hotel services revenue and expenses is **\$6.24 per bed day** (pbd) across all homes for the 2025-26 financial year, and **\$12.48** pbd for those homes not offering additional or extra services. To better align with these costs, the hotelling supplement increased from \$15.60 pbd to \$22.15 pbd from 20 September 2025.

From November 2025, new residents with sufficient financial means are required to pay the hotelling supplement themselves. Although marginal impact would be expected in this quarter, this change is expected to reduce Government expenditure by \$500 million per annum once fully transitioned.

The introduction of Higher Everyday Living Fees (HELFF) has formalised the additional or extra services offering. Providers are now better positioned to differentiate offerings through enhanced lifestyle and other services and introduce or expand HELFF programs and revenue streams. Existing arrangements can be grandfathered until 31 October 2026.

Not all homes offer these services, and as shown over several periods in the data, the everyday living margin differs significantly between homes that do and those that do not. With the increase in the hotelling supplement, homes that do provide additional services reported a slight surplus. However, the everyday living margin is a deficit for homes that do not provide additional and extra services.

The Dec-25 data shows that more homes are now adopting additional/extra services (HELFF) to help alleviate the losses being incurred in this area.

## Accommodation Payments and Indexation

Changes to accommodation settings, particularly around Refundable Accommodation Deposits (RADs) are a key financial lever for providers.

From 1 November 2025, providers are able to retain a small portion of each new Refundable Accommodation Deposit (RAD) and Refundable Accommodation Contribution (RAC) at an annualised rate of 2% capped at five years.

The RAD/RAC retention amount will be calculated daily based on the refundable deposit balance on the day, which is expected to be diminishing during the stay in the majority of cases. Providers will be able to index new Daily Accommodation Payments (DAP) in accordance with the Consumer Price Index rate twice a year.

The Government's Accommodation Pricing Review in response to *Recommendation 14* of the Aged Care Taskforce Final Report is in progress. The review is legislated to be tabled at Parliament by 1 July 2026.

## Looking Forward to 12 months ending June 2026

These reforms deliver substantial benefits, such as enhanced care standards, fairer wages, and improved alignment of hotel service funding, but the full impact of many of the revenue reforms will take several years to reach maturity. However, the reforms also impose notable increases in administrative and reporting burdens. Over the six months to December 2025, providers were challenged to adapt to new compliance obligations, manage escalating workforce and operational costs, and address shifts in funding mechanisms. Throughout this period, the sector concentrated on maintaining quality care while striving for financial sustainability amid these sweeping changes.

As the sector moves beyond initial implementation, the focus will shift from transition to stabilisation and optimisation.

Impacts on the funding streams are forecast in subsequent sections of this report. Financial investability needs to be achieved from all service areas of a residential aged care home.

## Financial Results Overview

### Summary

The average **registered provider** operating result for Dec-25 YTD was a **deficit of \$1,041,000** (Dec-24 YTD: \$49,000) with employee expenses increasing at a greater rate than revenue.

The Dec-25 average operating result for **residential aged care homes** was an **operating deficit of \$9.80** pbd (YTD Sept-25 \$7.14 pbd deficit and YTD Dec-24 \$1.56 pbd surplus). This represents an **operating deficit of \$3,391 per bed per annum (pbpa)**, compared to the Dec-24 operating surplus of \$535 pbpa. The result is for mature homes, which exclude outliers.

For Dec-25, 61% of aged care homes operated at a loss (48% for Dec-24) and 35% operated at an EBITDA (cash loss) compared to 25% for Dec-24.

**The direct care margin has reduced significantly over the last 12 months** as the average care minutes delivered by each home have increased. The Dec-25 Survey direct care margin is significantly lower at \$6.15 pbd compared to Dec-24 at \$19.08 pbd.

Direct care staffing levels delivered to residents continued to increase. On average, Survey participants recorded Registered Nurse (RN) minutes of 44.06 pbd and total direct care minutes of 221.68 pbd (including 9.85 Enrolled Nurse (EN) minutes) for the Dec-25 quarter.

This is an increase from the Dec-24 quarter average of 41.23 for RN minutes and 212.08 for total direct care minutes.

Compared to Dec-24 there was a slight decrease in agency usage and in overtime proportion for direct care minutes. Agency usage is 4.0% for Dec-25 compared to 4.8% for Dec-24. Overtime is 2.0% (Dec-24: 2.1%).

**The sector continues to make significant losses through the delivery of everyday living and accommodation services.**

Everyday living margin whilst still at a deficit of \$2.66 for Dec-25 improved from the Dec-24 deficit of \$6.33. Accommodation deficit increased from \$11.19 pbd at Dec-24 to \$13.30 pbd. Whilst the new Act included additional funding streams for these services the data does not yet provide any insights into how this translates to margins.

Occupancy\* continues to improve as demand outpaces supply and was 95.0% of available beds for mature homes for Dec-25 compared to 94.0% for Dec-24. The average number of available places per home has remained at 83 to 84 since the Sep-24 Survey.

*\*The Survey reports on beds (places) that are actually available to be filled by residents, rather than using approved places as the denominator, which includes offline beds. This is due to a large number of places not being available for use due to: insufficient staffing, refurbishment, new builds and/or sanctions or approved places having been allocated but never utilised.*

## Residential Aged Care

### Direct Care Margin (Quarter to Date)

The direct care margin for the Dec-25 quarter is \$1.57 pbd. This is a significant decrease from the Sep-25 direct care margin of \$11.84 pbd. Direct care margin as a percentage of direct care revenue has fallen from 3.8% to 0.5%.

Direct care subsidy and supplements for Dec-25 QTD averaged \$317.54 pbd, which is an increase from Sep-25 average of \$309.96 pbd. The weighted average AN-ACC starting price from 1 October 2025 is \$295.64 per NWAU.

Direct care labour costs increased significantly by \$18.30 pbd in the Dec-25 quarter partly due to increase in care minutes but mostly due to wage increases in other unlicensed nurses/ personal care staff as a result of the FWC increases from 1 October 2025.

Total direct care minutes across all homes on average increased in the Dec-25 quarter up to 223.54 per resident per day (Sep-25: 220.21). However, there are still a number of homes that are still moving towards their direct care minutes target. A detailed breakdown of the movement of the 1115 homes in the Dec-25 Survey from their results at Sep-25 is shown in *Table 1*.

**Table 1: Direct care margin Dec-25 QTD vs Sep-25 QTD**

Sector Average (\$ per bed day)	QTD Sep-25	QTD Dec-25	Movement
Direct care revenue	\$309.53	\$318.40	\$8.87
<b>Total direct care labour costs</b>	\$239.89	\$257.41	\$17.52
<i>Direct care labour costs increase due to minutes increase*</i>			\$3.95
<i>Direct care labour costs increase due to increase in hourly costs</i>			\$13.57
<b>Other direct care expenditure</b>	\$38.52	\$37.41	(\$1.11)
Administration - direct care overhead allocation	\$21.19	\$21.83	\$0.64
<b>Direct care expenditure</b>	\$299.76	\$316.83	\$17.08
<b>Direct Care Result</b>	\$9.78	\$1.57	(\$8.21)

\* Calculated using QTD Dec-25 hourly rate

The increase in direct care labour hourly costs accounts for more than 75% of the increase in direct care expenditure.

Table 2: Change in direct care labour costs and hours including agency usage (QTD)

	Dec-24	Mar-25	FY25	Sep-25	Dec-25
Registered nurses (RN)	61.71	63.48	65.86	65.44	69.48
Enrolled nurses (EN)	11.55	11.42	10.80	11.33	11.75
Personal care staff	152.15	158.26	162.68	162.33	176.18
<b>Total direct care labour costs</b>	<b>\$225.41</b>	<b>\$233.16</b>	<b>\$239.34</b>	<b>\$239.10</b>	<b>\$257.41</b>
Registered nurses minutes	41.81	42.31	43.70	43.92	44.24
Enrolled nurses minutes	10.53	9.93	9.00	9.90	9.65
Personal care staff minutes	161.77	162.94	164.47	166.39	169.65
<b>Total direct care minutes</b>	<b>214.11</b>	<b>215.18</b>	<b>217.18</b>	<b>220.21</b>	<b>223.54</b>
Agency RN costs	7.53	6.54	5.88	5.39	5.54
Agency EN costs	0.77	0.73	0.60	0.67	0.71
Agency personal care staff costs	7.84	8.04	8.36	7.50	7.33
<b>Total agency costs</b>	<b>\$16.14</b>	<b>\$15.32</b>	<b>\$14.84</b>	<b>\$13.56</b>	<b>\$13.59</b>
Agency RN minutes	3.52	3.21	2.83	2.67	2.71
Agency EN minutes	0.62	0.40	0.41	0.44	0.46
Other agency direct care minutes	6.32	6.41	6.31	6.19	5.55
<b>Total agency minutes</b>	<b>10.46</b>	<b>10.02</b>	<b>9.54</b>	<b>9.30</b>	<b>8.72</b>
<i>Agency RN minutes as % of total RN minutes</i>	8.4%	7.6%	6.5%	6.1%	6.1%
<i>Agency direct care staff minutes as % of total direct care labour minutes</i>	4.9%	4.7%	4.4%	4.2%	3.9%
Internal RN hourly rate	84.91	87.38	88.04	87.36	92.38
Agency RN hourly rate	128.31	122.20	124.80	121.06	122.53

Table 2 shows that the Dec-25 quarter recorded an increase in RN minutes and the total direct care minutes compared to Sep-25 quarter.

In the Dec-25 quarter, the usage of agency for RNs stabilised at 6.1% of total RN usage. The average agency RN hourly rate slightly increased compared to Sep-25 and is still significantly higher than the internal RN hourly rate.

Average internal RN hourly rate for the quarter increased compared to Sep-25 level due to wage increases taking effect as well as slightly higher overtime usage.

Providers still need to maintain their recruitment efforts to meet their direct care minutes target, with one option being to replace agency staff with permanent employees.

The direct care margin at 0.5% of direct care revenue for Dec-25 quarter is inadequate for providers to attain an above-average Star Rating for staffing minutes. Such a rating would necessitate a significant increase in staff minutes beyond the current target.

This challenge is particularly acute given that reforms to everyday living and accommodation services, which currently operate at a deficit margin, have not yet been fully implemented to enable providers to meet their costs in those areas of operation.

### Homes with Direct Care Margin Deficit

For the Dec-25 Survey, 470 out of 1,168 (40.2%) homes included in the Survey recorded a direct care margin deficit.

Compared to the homes that recorded a direct care margin surplus, these 470 homes, on average, recorded:

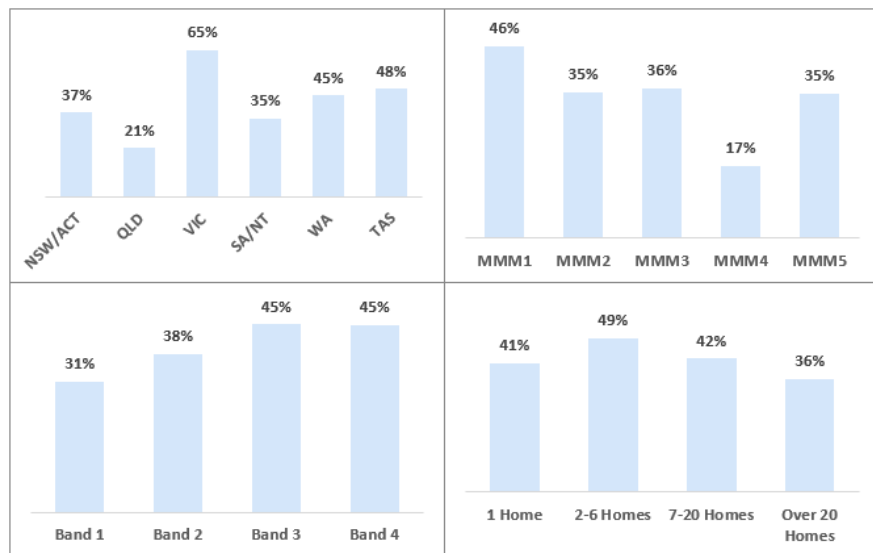
- Lower occupancy (94.2% compared to 95.6%)
- Lower direct care revenue (\$310.90 pbd compared to \$316.97 pbd)
- Higher total direct care minutes (226.76 pbd compared to 218.42 pbd)
- Higher RN minutes (44.99 pbd compared to 43.46 pbd)
- Higher agency usage in direct care minutes (4.8% compared to 3.6%)
- Higher hourly rates for internal direct care staff (4% higher for total direct care staff, and 6% higher for RN)
- Higher other direct care staff costs (\$10.93 pbd variance)

The resident mix also appears to have an impact on the ability to achieve a positive direct care margin. Homes in Bands 1 and 2 with higher direct care revenue streams (indicator of higher acuity) have a lower proportion of homes with a negative direct care margin than homes in Bands 3 and 4 with lower direct care revenue.

The percentage of homes with a direct care deficit is higher for homes located in Victoria compared to other states.

By MM region, the percentage is highest for those homes located in MM1. MM4 by contrast has lower percentage of homes with direct care losses. The percentage of homes with direct care deficits is highest for providers with between 2-6 homes.

Figure 3: Profile of homes with direct care deficit



### Change in the AN-ACC NWAU Weighting

The Government announced the change of the National Weighted Activity Unit (NWAU) weighting in both the Basic Care Tariff (BCT) and variable components from October 2025 when the new AN-ACC starting price came into effect.

Homes located in MM4 and MM5 locations will receive a higher AN-ACC funding for the BCT component due to the increase in the NWAU weighting, while homes in MM2 and MM3 locations will see a decrease in this component.

Table 3: Change in NWAU weighting for MM2 to MM5 homes.

MM Location	Current NWAU	New NWAU from 1 October 2025	Change %
MM2	0.55	0.53	(3.6%)
MM3	0.55	0.53	(3.6%)
MM4	0.57	0.58	1.8%
MM5	0.57	0.58	1.8%

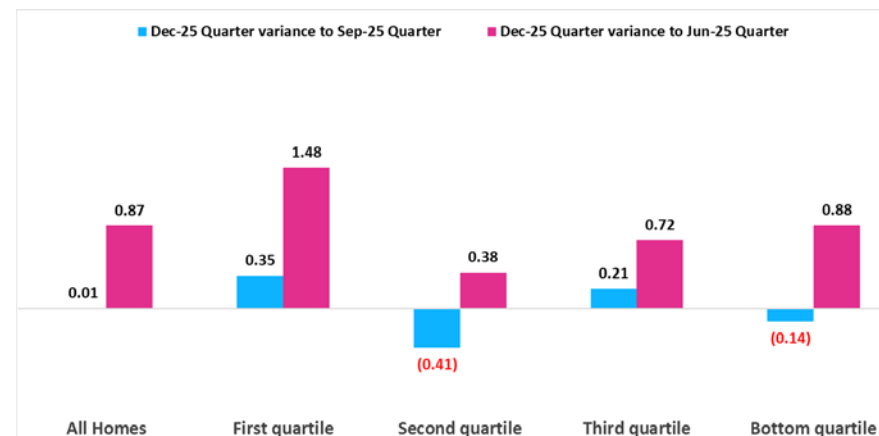
On average across all MM locations, the BCT NWAU weighting will be decreased by 0.5% for homes in FY25 Survey.

### Care Staff Costs and Minutes Movement

Analysis has been performed comparing the Dec-25 quarter Survey results against the Sep-25 quarter and Jun-25 quarter financial results for selected labour categories providing direct care services.

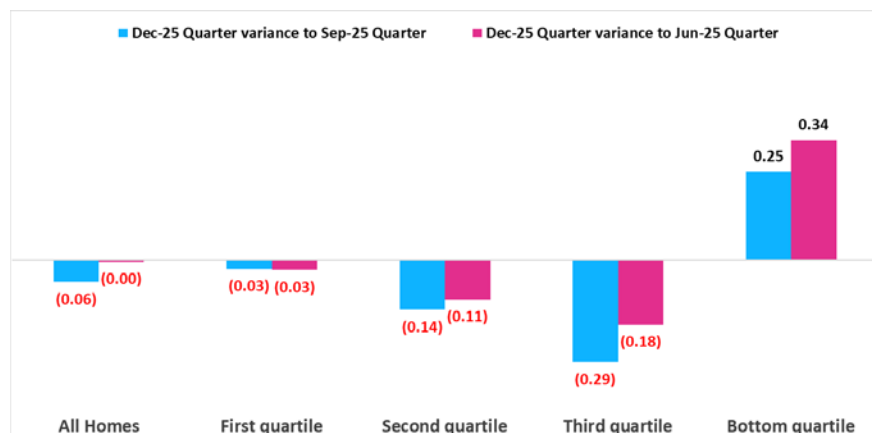
Total other care labour (including care management, allied health and lifestyle) minutes across all homes increased across all quartiles and all homes compared to Jun-25. With smaller increases and some decreases observed in quartiles when compared to Sep-25 quarter.

Figure 4: Other direct care labour minutes variance between periods



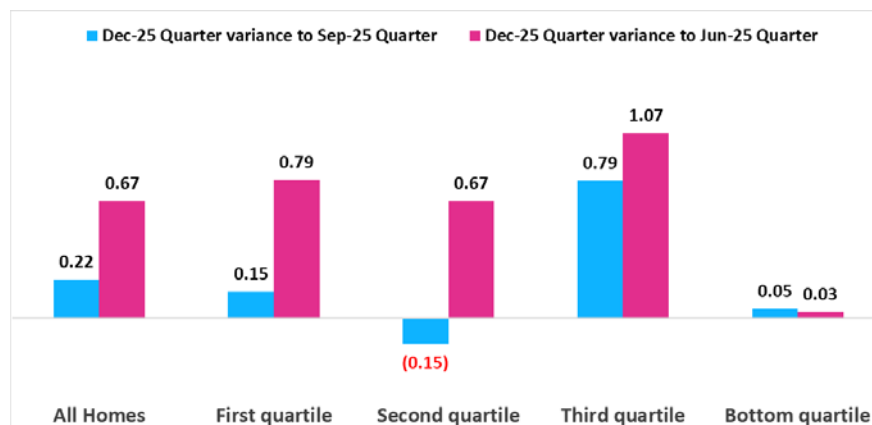
Allied health minutes decreased during the Dec-25 quarter for all quartiles apart from the bottom quartile.

Figure 5: Allied health minutes variance between periods



Lifestyle minutes for the Dec-25 quarter is higher than both the Sep-25 and Jun-25 quarters.

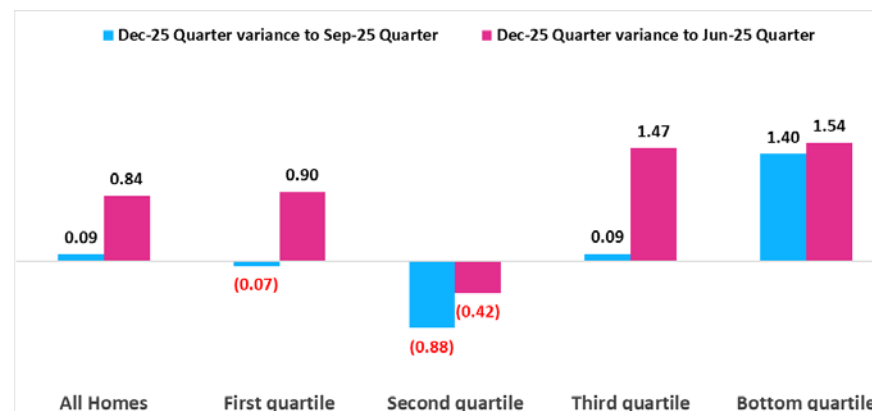
Figure 6: Lifestyle minutes variance between periods



EN minutes increased overall and, in most quartiles, (apart from the second quartile) in the Dec-25 quarter compared to the Sep-25 quarter.

However, they remain only slightly above the all-homes average for the Jun-25 quarter as providers adjust their staff mix to align with how many EN minutes can count towards RN minutes.

Figure 7: Enrolled nurses minutes variance between periods



### Allied Health Analysis

Communication from providers, residents and allied health professionals with StewartBrown over several years suggests there is a significant concern as to whether the current funding for allied health is sufficient.

Allied health data is collected in different categories and calculated by the percentage of homes with certain allied health category usage. All homes included in the Survey reported allied health costs.

The majority of homes used physiotherapists, speech pathologists, podiatrists and dieticians.

Figure 8: Allied health costs by category

















Allied Health Costs					
[\$ per resident per day]	Internal staff employed	+	External contractors	=	All
 Physiotherapy	\$1.25	+	\$2.51	=	\$3.76
 Occupational Therapy	\$0.27	+	\$0.17	=	\$0.43
 Speech Pathology	\$0.04	+	\$0.22	=	\$0.26
 Podiatry	\$0.02	+	\$0.44	=	\$0.46
 Dietician / Dietetics	\$0.06	+	\$0.25	=	\$0.32
 Allied health assistants	\$0.47	+	\$0.01	=	\$0.48
 Other allied health professionals	\$0.37	+	\$0.15	=	\$0.51
 <b>Total</b>	\$2.47	+	\$3.75	=	\$6.22

Figure 9: Allied health minutes by category

Allied Health Minutes					
[Minutes per resident per day]	Internal staff employed	+	External contractors	=	All
 Physiotherapy	0.76	+	1.84	=	2.60
 Occupational Therapy	0.21	+	0.12	=	0.33
 Speech Pathology	0.02	+	0.11	=	0.13
 Podiatry	0.02	+	0.29	=	0.31
 Dietician / Dietetics	0.05	+	0.13	=	0.18
 Allied health assistants	0.58	+	0.01	=	0.60
 Other allied health professionals	0.20	+	0.08	=	0.28
 <b>Total</b>	1.86	+	2.57	=	4.42

There is evidence that there is a decline in the access to, and therefore usage of, allied health services outside of major centres of population (MM1), particularly for those more specialised services.

Table 4: Percentage of allied health usage comparison by MM locations

Allied Health Usage %	ALL	MM1	MM2-3	MM4-7
Physiotherapist	98%	98%	97%	97%
Occupational Therapist	29%	33%	23%	22%
Speech Pathologist	84%	85%	81%	81%
Podiatrist	87%	87%	85%	89%
Dietician	87%	88%	85%	87%
Other allied health	47%	50%	44%	42%
Allied Health Assistants	18%	20%	14%	15%

### Operating Result by MM

Operating results vary for homes located in different MM categories.

Aged care homes located in MM1 (metropolitan areas) comprise more than 64% of all homes in Australia. Historically, this cohort has delivered the strongest financial performance, supported by greater workforce availability and more flexible staffing arrangements as well as higher accommodation pricing and more homes offering additional services (now HELF).

However, as at Dec-25, MM1 homes are performing below the sector average with an Operating EBITDA of \$4,438 pbpa, compared with the sector average Operating EBITDA of \$4,582 pbpa.

This underperformance is driven by a direct care deficit of \$1.90 pbd, which is \$5.57 lower than the direct care margin for MM2 homes, the next closest MM category. MM1 homes are delivering more minutes of direct care on average yet receive far lower direct care revenue at \$314.31 pbd compared to the next closest of \$319.47 for MM2 homes. This continues the trends that became evident during FY25.

Table 5: Dec-25 quarter operating result by MM locations (\$ per bed day)

December 2025 Quarter	MM1 Homes	MM2 Homes	MM3 Homes	MM4 Homes	MM5 Homes
	\$ pbd	\$ pbd	\$ pbd	\$ pbd	\$ pbd
Direct care revenue	314.31	319.47	322.82	333.28	338.24
Total direct care labour costs	256.89	259.36	259.41	253.50	260.22
Other care labour costs	26.53	25.92	26.30	27.72	30.19
Other direct care expenditure	10.97	9.57	10.90	11.40	11.28
Administration - direct care overhead allocation	21.83	20.96	21.96	21.66	23.27
Direct care expenditure	316.21	315.81	318.58	314.29	324.96
Direct care margin	(\$1.90)	\$3.67	\$4.24	\$18.99	\$13.29
Everyday living revenue	94.78	91.13	91.50	90.23	89.05
Everyday living expenditure	90.05	96.89	96.80	98.49	100.62
Everyday living margin	\$4.73	(\$5.77)	(\$5.30)	(\$8.26)	(\$11.57)
Accommodation revenue	45.26	43.54	42.91	44.07	43.82
Accommodation expenditure	58.81	56.17	56.70	59.62	56.87
Accommodation margin	(\$13.55)	(\$12.63)	(\$13.79)	(\$15.54)	(\$13.06)
Operating result	(\$10.72)	(\$14.73)	(\$14.85)	(\$4.81)	(\$11.34)
Operating EBITDA per bed per annum	4,438.83	2,709.51	2,292.03	6,489.23	2,569.37
Occupancy	95.7%	94.3%	94.2%	93.2%	94.1%
Total direct care minutes per resident day	225.20	219.91	221.22	218.60	219.79

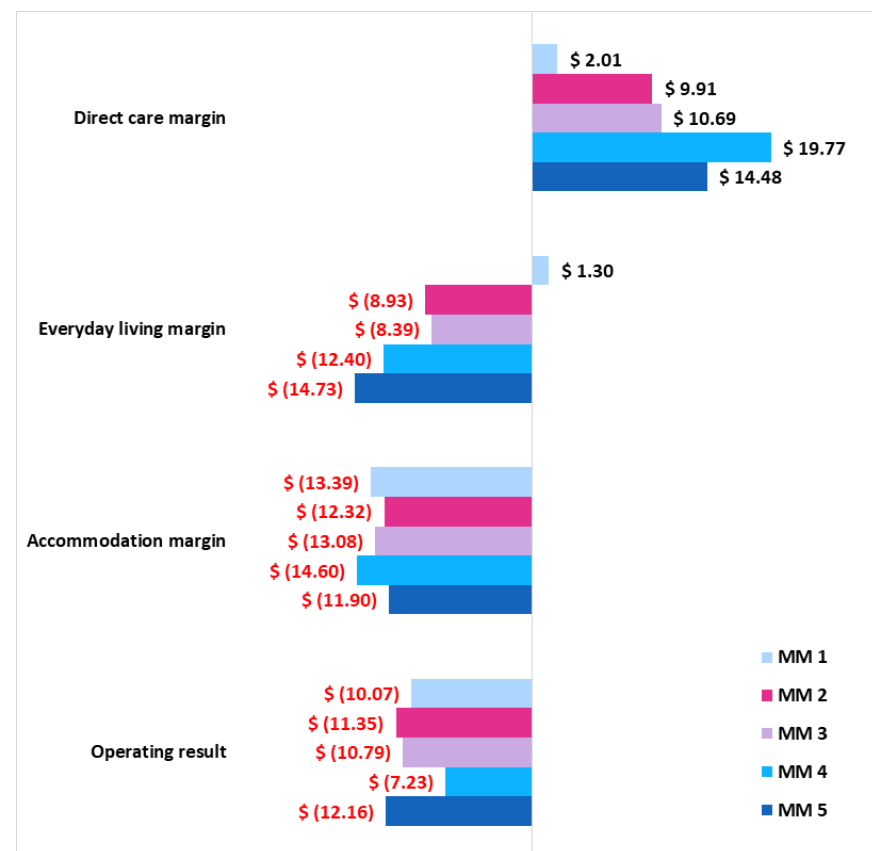
The main reason for this margin differential is that MM1 homes receive no Basic Care Tariff (BCT) loading within the AN-ACC funding, whereas other MM categories receive a higher BCT loading.

MM4 homes continue to achieve the highest operating result out of any other MM category, benefitting from their high direct care revenue and lower direct care minutes per resident per day. The higher direct care revenue for MM4 and MM5 reflects the Oct-25 BCT NWAU increase.

MM2 and MM3 homes, in contrast, have suffered from the reduction in their BCT NWAU, with lower direct care margins compared to Sep-25 margins of \$16.91 and \$19.69 respectively.

The margins of MM1 homes may decline further in FY26 once the policy for adjusting the care minute supplement comes into effect, whereby homes that do not meet care minute targets in MM1 locations will not receive the full supplement.

Figure 10: Dec-25 margin performance by MM location



### Operating Result by Quartile

Quartile analysis is based on the ranking of operating result (\$ pbd) for each aged care home and then banding them into the respective quartiles.

Average direct care minutes vary significantly by quartile. In FY23, when direct care minutes were not mandatory, first quartile homes on average recorded 36.28 pbd lower direct care minutes compared to bottom quartile homes. The gap reduced to 15.96 pbd for FY25 and in the Dec-25 quarter this gap has narrowed further to 10.79 minutes pbd as providers move towards meeting their target minutes.

Additional analysis was conducted to estimate what the operating result for each quartile would be with the target average minutes being achieved (refer to *Table 6*). It is assumed that the staffing structure remains the same for this analysis. The impact of EN minutes counting towards RN minutes is not included for the purpose of this analysis.

**Table 6: Operating result and adjusted operating result for target minutes**

	All Homes	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Government subsidies - care	306.28	307.67	303.99	305.96	307.71
<b>Staff Minutes</b>					
Registered nurses	44.24	43.40	43.70	44.18	45.90
Enrolled and licensed nurses	9.65	8.32	8.81	9.73	12.07
Other unlicensed nurses/personal care staff	169.65	167.50	169.41	169.96	172.02
Imputed agency direct care minutes implied					
<b>Total direct care minutes per resident day</b>	<b>223.54</b>	<b>219.21</b>	<b>221.93</b>	<b>223.86</b>	<b>230.00</b>
<b>Gap from target minutes (EN impact excluded for analysis purpose)</b>					
Registered nurses	(0.24)	0.60	0.30	(0.18)	(1.90)
Other direct care labour	(8.30)	(4.81)	(7.22)	(8.69)	(13.10)
<b>Additional costs</b>					
Registered nurses	(0.38)	0.92	0.46	(0.28)	(3.09)
Other direct care labour	(8.62)	(4.89)	(7.42)	(9.10)	(13.96)
<b>Additional costs - without restructuring</b>	<b>0.00</b>	<b>0.92</b>	<b>0.46</b>	<b>0.00</b>	<b>0.00</b>
Potential costs saving from restructuring	9.00	4.89	7.42	9.38	17.05
<b>Total additional costs after costs saving</b>	<b>(9.00)</b>	<b>(3.97)</b>	<b>(6.96)</b>	<b>(9.38)</b>	<b>(17.05)</b>
<b>Direct care margin</b>	<b>\$1.57</b>	<b>\$23.55</b>	<b>\$7.17</b>	<b>(\$2.36)</b>	<b>(\$24.92)</b>
<b>Direct care margin after additional costs</b>	<b>\$1.57</b>	<b>\$22.63</b>	<b>\$6.71</b>	<b>(\$2.36)</b>	<b>(\$24.92)</b>
<b>Direct care margin after additional costs</b>	<b>\$10.57</b>	<b>\$27.52</b>	<b>\$14.13</b>	<b>\$7.02</b>	<b>(\$7.87)</b>
<b>Everyday living margin</b>	<b>0.83</b>	<b>11.57</b>	<b>3.82</b>	<b>(1.71)</b>	<b>(11.74)</b>
<b>Accommodation margin</b>	<b>(13.59)</b>	<b>(1.67)</b>	<b>(9.34)</b>	<b>(17.04)</b>	<b>(27.81)</b>
<b>Operating result</b>	<b>(\$11.19)</b>	<b>\$33.45</b>	<b>\$1.64</b>	<b>(\$21.10)</b>	<b>(\$64.47)</b>
<b>Operating result after additional costs</b>	<b>(\$11.19)</b>	<b>\$32.53</b>	<b>\$1.18</b>	<b>(\$21.10)</b>	<b>(\$64.47)</b>
<b>Operating result after costs saving</b>	<b>(\$2.19)</b>	<b>\$37.42</b>	<b>\$8.60</b>	<b>(\$11.73)</b>	<b>(\$47.42)</b>

Based on the analysis, homes in the first quartile might be able to save \$3.97 pbd, while the fourth quartile might be able to save up to \$17.05 pbd from restructuring staffing to bring their minutes down to the average target level of 215 minutes, including 44 RN minutes.

Taking this into account, the difference in operating result between the first quartile and fourth quartile would decrease from \$97.92 pbd to \$84.84 pbd. With similar AN-ACC revenue at around \$307 pbd, this shows that the bottom quartile can improve through staff and roster management to deliver the target care minutes. However, the direct care minutes is not the single driver for the result difference. There is also a significant variance between the everyday living margin and the accommodation margin at \$23.31 pbd and \$26.14 pbd respectively.

### Everyday Living

Everyday living includes hotel services (catering/cleaning/laundry), utilities and an administration cost allocation. The major revenue components comprise the Basic Daily Fee (BDF), hotelling supplement, and additional/extra services (now HELF) charged in some homes.

The BDF (calculated at 85% of the single pension) is the same for all residents, irrespective of financial means and acuity.

From 20 September 2025, the hotelling supplement increased from \$15.60 per bed day (pbd) to \$22.15 pbd. This \$6.55 pbd increase better aligns the supplement with the average gap in hotel services costs across all residential aged care homes.

Fees for additional/ extra services include the HELF, with existing arrangements preserved for current residents until 31 October 2026.

The costs of providing everyday living services are greater than the revenue earned, and currently, the sector average everyday living margin is a \$2.66 pbd deficit. The increase of \$3.50 pbd since Sep-25 is due to the uplift in everyday living revenue resulting from the increase in hotelling supplement.

*Table 7* provides a summary of the margin for homes that do not provide additional/extra services as compared to the homes that provide these services. This analysis is based on homes that **charge and provide** additional services. Other homes may still provide the services as part of their normal service offering, but do not have a separate charge as additional services.

Table 7: Everyday living margin comparison

	All Homes	Homes with additional/extra services	Homes without additional/extra services	Difference
Basic daily fee - resident	64.60	64.56	64.76	(0.19)
Hotelling supplement - government	19.29	19.31	19.26	0.05
Fees for additional/extra services	5.78	10.07	-	10.07
<b>Everyday living revenue</b>	<b>\$ 89.66</b>	<b>\$ 93.94</b>	<b>\$ 84.01</b>	<b>\$ 9.93</b>
Hotel services expenditure	63.38	62.31	64.80	(2.49)
Utilities	9.36	9.01	9.83	(0.81)
Administration allocation	19.58	19.81	19.27	0.54
<b>Everyday living expenditure</b>	<b>\$ 92.32</b>	<b>\$ 91.13</b>	<b>\$ 93.89</b>	<b>\$ (2.76)</b>
<b>Everyday living margin</b>	<b>\$ (2.66)</b>	<b>\$ 2.81</b>	<b>\$ (9.88)</b>	<b>\$ 12.69</b>

The deficit for those without additional/ extra services is \$9.88 pbd. The deficit is inclusive of the average \$19.26 per resident per day hotelling supplement paid by the government.

Homes with additional/extra services recorded a surplus of \$2.81 pbd. It is worth noting that homes which provide additional or extra services (i.e. revenue for additional services being over \$1.00 pbd for this analysis) have increased from 33.7% in Dec-22 to 53.1% for Dec-25 Survey, which means more homes are now adopting additional/extra services (HELFF) to help alleviate the losses being incurred in this area.

Additional services income has increased in uncertainty as homes roll out HELFF to new and existing residents. Unfortunately, HELFF has become one of the most contentious elements of the new Act, with media scrutiny focused on equity, transparency, and the risk of reclassifying core services as “extras”, exposing a gap between policy intent and early provider implementation. This gap needs to be closed as HELFF enables choice, flexibility and sustainability.

Adjusting fully for the new rate of hotelling supplement of \$22.15 pbd without considering further indexation, homes without additional/extra services will still report an everyday living deficit of \$6.98 pbd. The calculation for the hotelling supplement should be based on the revenue and expenses for the provision of the stipulated everyday living services and exclude the impact of the additional services.

The differential in everyday living margin for each MM category has been consistently noted in the StewartBrown survey. More remote areas recorded lower average HELFF revenue, while higher everyday living expenditure.

There are differences in the cost of providing everyday living services within regions, with MM2 to MM7 having significantly higher costs than MM1, which also explains some of the cost differentials.

StewartBrown recommends that the hotelling supplement not be a broad-based amount but be adjusted depending on the geographic location of the residential aged care home to provide a more equitable basis.

Table 8: Everyday living margin by MM category

	MM1	MM2	MM3	MM4	MM5
Basic daily fee - resident	64.61	64.58	64.60	64.80	64.35
Hotelling supplement - government	19.27	19.28	19.35	19.37	19.22
Fees for additional/extra services	7.14	3.36	3.81	2.30	1.87
<b>Everyday living revenue</b>	<b>\$ 91.02</b>	<b>\$ 87.22</b>	<b>\$ 87.76</b>	<b>\$ 86.47</b>	<b>\$ 85.44</b>
Hotel services expenditure	61.50	65.11	66.65	68.63	69.31
Utilities	8.70	11.83	9.90	10.75	10.10
Administration allocation	19.52	19.21	19.59	19.48	20.76
<b>Everyday living expenditure</b>	<b>\$ 89.72</b>	<b>\$ 96.15</b>	<b>\$ 96.15</b>	<b>\$ 98.87</b>	<b>\$ 100.17</b>
<b>Everyday living margin</b>	<b>\$ 1.30</b>	<b>\$ (8.93)</b>	<b>\$ (8.39)</b>	<b>\$ (12.40)</b>	<b>\$ (14.73)</b>

## Hotel Services

Hotel services expenditure comprises of catering, cleaning and laundry, plus a small amount for other hotel services. Hotel services performance varies by MM region, reflecting differences in resident mix, pricing power and cost base. Table 9 shows the breakdown of hotel services cost by MM region.

MM1 homes typically achieve higher everyday living revenue driven by greater uptake of additional services and capacity to charge higher accommodation and lifestyle fees, and benefit from flexible staffing arrangements for catering staff, resulting in lower total catering costs.

In contrast, MM2 and MM3 have a more moderate revenue but higher hotel service costs. This trend of lower revenue and higher costs continues for homes in more regional areas, as these homes generally have limited ability to charge for discretionary services and face higher supply and logistics costs, resulting in weaker hotel services performance overall.

This is evident in the contract catering and catering labour costs - homes in MM4 and MM5 are limited in their ability to outsource catering to contractors, and as a result have higher in-house catering labour costs. The costs of these services are also generally fixed, and regional homes are often smaller than those in major centres, so the costs are spread over fewer residents and as a result are higher on a per bed day basis.

Table 9: Hotel services breakdown by MM classification

\$ per bed day	MM1	MM2	MM3	MM4	MM5
<b>Everyday living revenue</b>	<b>91.02</b>	<b>87.22</b>	<b>87.76</b>	<b>86.47</b>	<b>85.44</b>
Catering labour costs	21.70	27.32	25.12	27.47	29.56
Consumables - food	13.79	16.03	13.98	15.04	15.41
Consumables - other	0.84	0.88	0.81	1.10	1.10
Contract catering	7.05	2.85	7.55	6.28	3.54
Income from sale of meals	(0.35)	(0.51)	(0.38)	(0.33)	(0.10)
<b>Total Catering</b>	<b>43.02</b>	<b>46.56</b>	<b>47.09</b>	<b>49.56</b>	<b>49.52</b>
Cleaning labour costs	7.09	9.38	8.49	8.94	9.66
Consumables	1.79	1.93	1.91	1.88	2.04
Contract cleaning	3.25	0.64	2.32	1.66	1.17
<b>Total Cleaning</b>	<b>12.14</b>	<b>11.95</b>	<b>12.72</b>	<b>12.48</b>	<b>12.87</b>
Laundry labour costs	2.73	3.81	3.21	3.65	3.45
Consumables	0.32	0.44	0.41	0.40	0.42
Contract laundry	2.13	1.12	1.83	1.21	1.67
<b>Total Laundry</b>	<b>5.18</b>	<b>5.37</b>	<b>5.45</b>	<b>5.26</b>	<b>5.54</b>
Total other hotel services	1.16	1.23	1.39	1.33	1.38
<b>Hotel services expenditure</b>	<b>61.50</b>	<b>65.11</b>	<b>66.65</b>	<b>68.63</b>	<b>69.31</b>
<i>Hotel services expenditure as % of revenue</i>	68%	75%	76%	79%	81%

## Accommodation

Accommodation continues to be the deficit cost centre for an aged care home. The Dec-25 Survey recorded an average margin deficit of \$13.30 pbd compared to a deficit of \$11.19 pbd for Dec-24. Revenues relating to retentions will take some time before it contributes any significant improvement to the overall revenue base. Retentions only contributed \$0.01 pbd to Dec-25 YTD accommodation revenues and contributed \$0.03 pbd to the Dec-25 standalone quarter revenue stream.

While there has been an increase in the Maximum Permissible Interest Rate (MPIR) over recent years, which has seen the average MPIR (over a rolling 3-year period)

increase from a low of 4.61% at Jun-22 to 7.87% for the Dec-25 quarter, overall accommodation revenue has only increased by an average of \$1.18 pbd between Dec-24 and Dec-25 quarters. This includes a small increase of \$0.68 pbd from DAP revenue.

Costs, before administration allocations, have increased by a total of \$1.72 pbd spread across all items. Additionally, administration overheads have increased by \$1.57 pbd over the same period.

Revenue increases are not keeping pace with increases in accommodation costs.

The proportion of non-supported residents choosing the DAP as the method of payment increased from 43% in the Dec-24 quarter to 45.6% in the Dec-25 quarter. This may be in response to a mixture of falling MPIR and the introduction of a retention on RADs, however it is too early to see if this will be a lasting trend.

The actual MPIR has been decreasing since Mar-25. It dropped from 8.42% for the Mar-25 quarter to 8.17% for the Jun-25 quarter. It has subsequently reduced to 7.78% for the Sep-25 quarter and 7.61% for the Dec-25 quarter.

Quarterly MPIR changes based on the underlying interest rates are not comparable to the actual cost of capital. The basis for setting the DAP needs to be more appropriate and less volatile to ensure greater revenue certainty for providers as well as incoming residents.

A review of how an MPIR is set and utilised in converting a RAD to a DAP is within the scope of the Accommodation Pricing Review, which should report soon.

Depreciation expense (building, non-building and right of use) represented \$23.05 pbd. Whilst depreciation is a non-cash component (and excluded from EBITDA calculations), it is a crucial operating expense that must be recovered to fund ongoing maintenance, refurbishment, and eventual replacement of homes.

StewartBrown considers the sector underestimates building depreciation, with over 50% of homes being depreciated over 40 years (2.5% pa). Cognisant of the significant change in the resident acuity cohort over the last 10 years and noting that future residents will increasingly come from the next generation (known as “baby boomers”) with much more varied accommodation expectations, it could be considered that depreciating over 25 years (4% pa) is more realistic. It is also important to note that many homes depreciate based on cost, not a revalued building value or ultimate replacement value.

Ensuring that there are sufficient funds available, or the ability to service debt for capital expenditure, is important because new residents typically prefer a more modern and up-to-date aged care home when given a choice. As a result, older or less appealing homes may struggle with lower occupancy rates, especially in highly competitive areas. This level of competition is likely to increase with the removal of the ACAR process.

Cost and funding for accommodation is one of the least understood components of residential aged care.

There is general confusion as to how accommodation fits into the Government's funding framework. Australia has a robust safety net for residents without the financial means, and this will continue.

Residents with financial means should reasonably be expected to make a fair contribution towards their accommodation costs. The new *Act* which allows for RAD retention, addresses this issue by creating a more balanced approach to funding accommodation in aged care homes.

The accommodation supplement for those with lower means remains an issue. The supplement is \$70.94 pbd as a maximum at Dec-25 rate. At an MPIR of 8%, this is equivalent to an accommodation (RAD) price of \$323,664, compared to the current maximum room price without approval being at \$750,000.

**A DAP based on an accommodation price of \$650,000 (MPIR 8%) is \$142.46 pbd compared to the supplement of \$70.94 pbd. This significant differential places providers with a higher supported ratio into a disadvantaged financial position. Although it must be noted that the accommodation supplement is paid for by the taxpayer and should provide a cost recovery for providers as well as a reasonable margin, it is unlikely to match the amount that a DAP will return to a provider. Striking a balance is crucial to ensure that providers receive adequate funding for supported residents, promoting equitable access to residential aged care, while also making sure that taxpayer money is not used to cover accommodation expenses for individuals who can afford to pay for their housing.**

The Accommodation Pricing Review includes a review of the accommodation supplement (as noted in Taskforce *Recommendation 14*).

Construction costs for a bed are currently estimated to be at least \$500,000.

A reasonable return on accommodation is essential for a sustainable operation to upgrade, improve, refurbish or replace the residential bed to meet residents' needs and quality standards.

Providers need to understand the required accommodation revenue level needed to achieve the target return. Supported residents' proportion, payment preference mix, and accommodation price are the key drivers for accommodation revenue.

Currently when comparing median accommodation prices against median house prices, the result varies significantly by state and remoteness.

It is important for providers to conduct their own analysis to understand what accommodation pricing level is required for the necessary return on the fair value of their investment.

**StewartBrown has developed a tool for providers to use to calculate the price required from a DAP to earn the desired overall return on the investment in accommodation it has made at the facility level. This tool will be available in late April 2026, and more information will be provided on our website once it is released.**

Figure 11: Median accommodation price and house price by MM classification

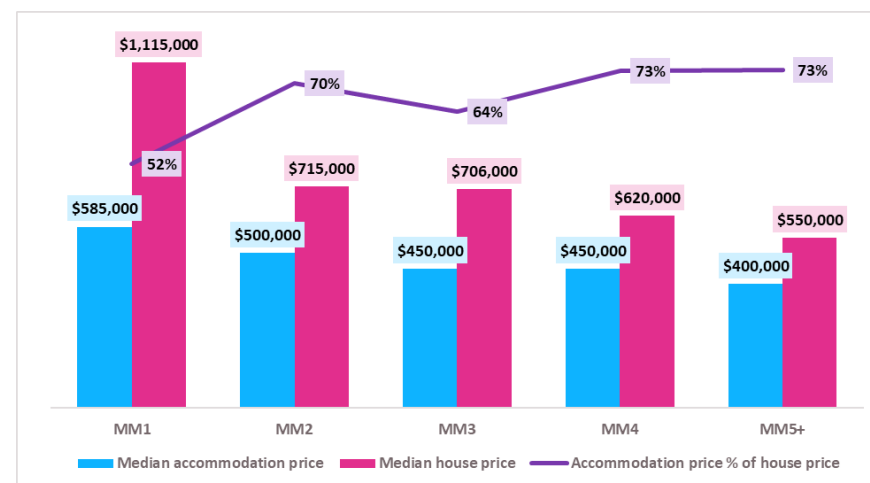
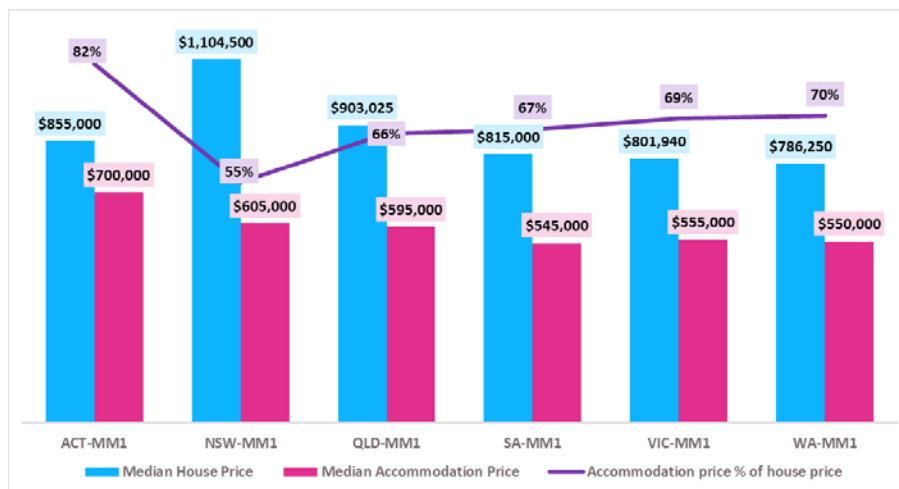


Figure 12: Median accommodation price and house price in MM1 area by state



### RAD Price Movements

As part of the Government response to the Aged Care Taskforce recommendations the maximum RAD price was increased on 1 January 2025 to \$750,000. Applications for a higher accommodation price have to be made to IHACPA. The maximum price is indexed by CPI annually on 1 July. At Dec-25 the maximum price now stands at \$758,627.

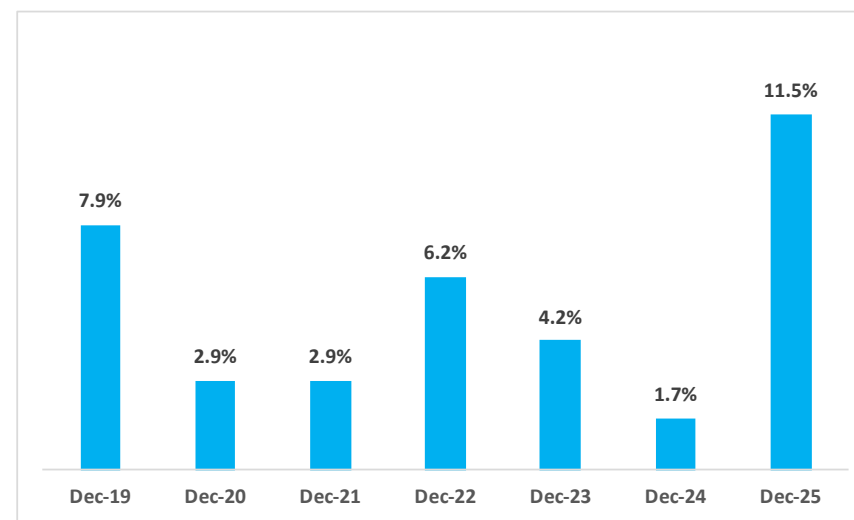
Traditionally, the annual increase in accommodation prices have not moved materially as shown in the following below where accommodation price is represented by the average amount of full RAD taken. There have been some years where prices have increased by a material amount, however, generally prices have tracked at or below CPI.

The movement in the year since the maximum price was increased to \$750,000 has seen a marked increase in the prices that providers are setting of 11.5% (based on average RAD amount taken) compared with only a 1.7% increase in the prior year.

This indicates two things:

- There was a latent appetite to increase RAD prices above \$550,000 but providers did not want to have to go through the approval process to do so, and
- Incoming residents are able to pay the higher accommodation price given that at the same time, occupancy rates have not declined but instead increased.

Figure 13: Annual movement in average full RAD taken across all homes in Survey



An analysis of published accommodation prices also reinforces that accommodation prices have risen significantly since the change to the maximum accommodation price to \$750,000 and there remains key differences in accommodation prices in major centres compared to more regional areas as well as between states.

Table 10: Movements in average published accommodation prices

	Jun-24	Dec-24	Jun-25	Dec-25	% change YoY
MM1	581,648	601,119	634,000	666,743	11%
MM2	463,166	485,574	513,684	535,660	10%
MM3	454,214	471,994	501,241	519,819	10%
MM4	425,266	442,944	471,488	493,983	12%
MM5+	409,909	426,341	445,340	465,208	9%

Those homes outside the major centres have average accommodation prices materially less than those homes in the major centres with the average price in homes in MM5 through MM7 averaging a full \$200,000 less than the average for MM1 homes. This is for a variety of reasons including that house prices in those regions are also considerably less than in major centres. This will need to be considered in future policy decision making regarding capital support for regional areas so residents can have access to modern facilities that cost just as much, if not more, to construct in regional areas. It is also notable that there are similar increases in prices, not just at the average, but at the minimum and maximum prices as the following graphs show.

Figure 14: Increase in average minimum published accommodation price by State for period to Dec-25

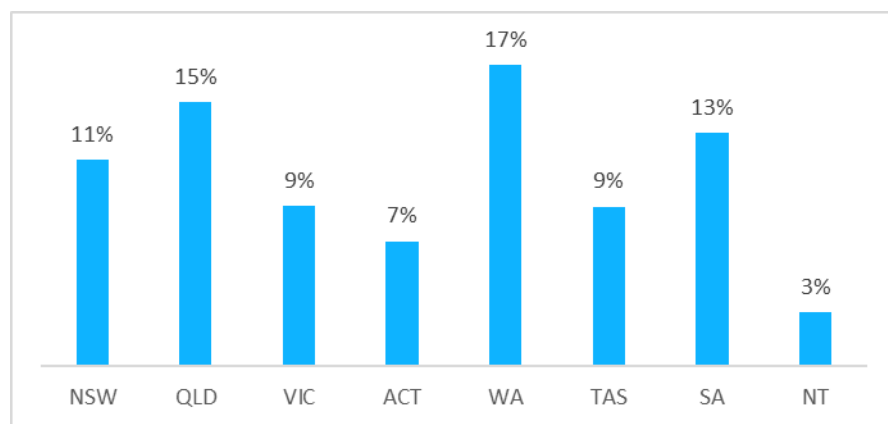


Figure 15: Increase in average maximum published accommodation price by State for period to Dec-25

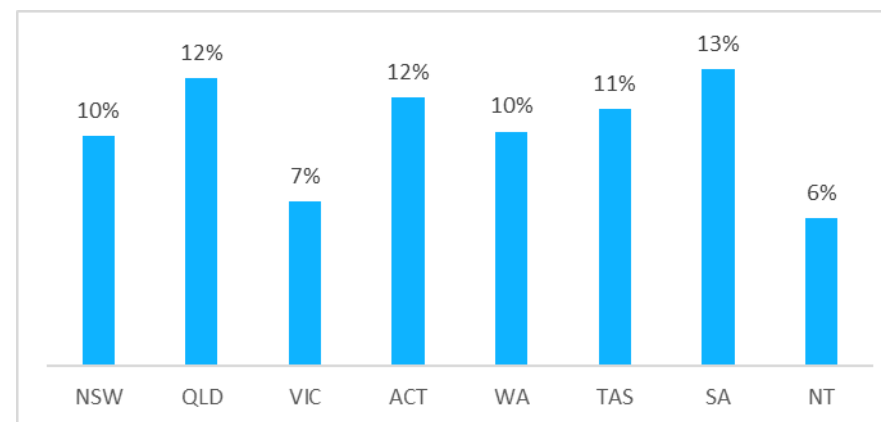
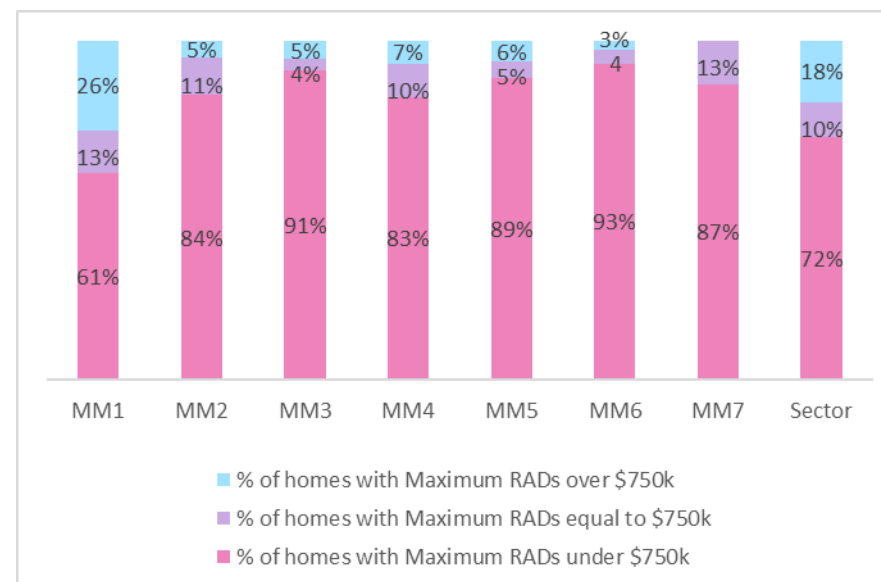


Figure 16: Percentage of homes with maximum RAD price under/over or at \$750K by MM classification



Outside of MM1 areas, the proportion of homes with a RAD price above the maximum remains small (*Figure 16*) but even in regional areas there is now a growing proportion of homes with RAD prices at the maximum price level, and this is expected to grow as the attention to accommodation pricing and strategies grows.

Accommodation revenue will become increasingly important to the sustainability of aged care homes. With the introduction of RAD retentions for new residents and as providers become more realistic in setting accommodation prices, accommodation revenues should grow. However, it will require providers to take some action in setting the daily fee, and subsequently RAD required to earn an adequate level of revenue and achieve sufficient return on their investment.

### Economy of Scale

The sector has observed a number of mergers and acquisitions in the past few years. Some large for-profit providers like Opal, Regis and Estia had been active in this aspect as have some of the larger not-for-profit providers.

A common discussion point has been whether there is economy of scale in the residential aged care sector, and the following is an analysis of the QTD Dec-25 results based on the number of homes held by the provider (refer *Table 11*).

Based on the Dec-25 Quarter result, larger providers with 21+ homes have the highest operating result (albeit still a deficit) and the highest adjusted operating result compared to other groups.

Providers with 7-20 homes and providers with 21+ homes recorded the highest average RN minutes at 44.73 pbd.

Providers with 7-20 homes recorded the highest average total direct care minutes at 224.64 pbd for the quarter. Single home providers recorded the lowest RN minutes at 41.30 pbd.

If the operating result is adjusted to reflect the costs involved in meeting the minutes target for the quarter, providers with over 20 homes are still estimated to have the best operating result, compared to providers with 2-6 homes having the lowest operating result.

Based on the Dec-25 Survey, providers with over 20 homes have an everyday living surplus (\$5.32 pbd) compared to the other size categories that comprise providers with deficits.

This performance difference might be attributed to larger providers being more likely to provide additional services, leveraging greater purchasing power to reduce costs of consumables, or negotiating more favourable contracts for outsourced services.

Providers with single homes recorded the highest accommodation margin deficit.

**Table 11: Operating result for target minutes by provider size (Dec-25 quarter)**

QTD Dec-25 Survey	Single Home	2-6 Homes	7-20 Homes	21+ Homes
	\$ pbd	\$ pbd	\$ pbd	\$ pbd
<b>Direct care revenue</b>	<b>318.34</b>	<b>313.71</b>	<b>321.00</b>	<b>318.36</b>
Direct care labour costs	250.24	250.18	257.78	260.57
Other care labour costs	35.25	32.22	28.34	22.68
Other direct care costs	31.87	33.28	35.30	30.97
<i>Direct care expenditure</i>	<i>317.36</i>	<i>315.69</i>	<i>321.41</i>	<i>314.21</i>
<b>Direct care margin (A)</b>	<b>\$0.98</b>	<b>(\$1.98)</b>	<b>(\$0.41)</b>	<b>\$4.15</b>
<b>Everyday living margin</b>	<b>(\$6.53)</b>	<b>(\$1.48)</b>	<b>(\$3.42)</b>	<b>\$5.23</b>
<b>Accommodation margin</b>	<b>(\$18.46)</b>	<b>(\$13.85)</b>	<b>(\$12.77)</b>	<b>(\$13.39)</b>
<b>Operating result (B)</b>	<b>(\$24.01)</b>	<b>(\$17.31)</b>	<b>(\$16.60)</b>	<b>(\$4.01)</b>
<i>Expenditure - administration (included above)</i>	<i>54.01</i>	<i>58.19</i>	<i>64.89</i>	<i>56.31</i>
<b>Staff Minutes</b>				
Registered nurses	41.30	42.98	44.73	44.73
Enrolled and licensed nurses	14.58	10.10	11.24	7.90
Other unlicensed nurses/personal care staff	165.01	168.40	168.67	171.26
<b>Total direct care minutes per resident day</b>	<b>220.89</b>	<b>221.48</b>	<b>224.64</b>	<b>223.88</b>
<b>Gap from target minutes (EN impact excluded for analysis purpose)</b>				
Registered nurses	3.70	2.02	0.27	0.27
Other direct care labour	(9.59)	(8.50)	(9.91)	(9.15)
<b>Additional costs</b>				
Registered nurses	5.55	3.17	0.44	0.43
Other direct care labour	(9.98)	(8.63)	(10.17)	(9.64)
<b>Additional costs - without restructuring (C)</b>	<b>5.55</b>	<b>3.17</b>	<b>0.44</b>	<b>0.43</b>
<b>Operating result after additional costs (B - C)</b>	<b>(\$29.57)</b>	<b>(\$20.49)</b>	<b>(\$17.04)</b>	<b>(\$4.43)</b>
<b>Potential costs saving from restructuring (D)</b>	<b>9.98</b>	<b>8.63</b>	<b>10.17</b>	<b>9.64</b>
<b>Total net additional costs (E = C - D)</b>	<b>(4.43)</b>	<b>(5.46)</b>	<b>(9.74)</b>	<b>(9.22)</b>
<b>Operating result after costs saving (B - E)</b>	<b>(\$19.59)</b>	<b>(\$11.85)</b>	<b>(\$6.86)</b>	<b>\$5.21</b>
<b>Direct Care Margin after costs saving (A - E)</b>	<b>\$5.40</b>	<b>\$3.48</b>	<b>\$9.33</b>	<b>\$13.36</b>

### 3. Forecast Operating Results

#### Residential Aged Care

The financial impact of the reforms from the new Act has been modelled using two scenarios based on the Survey result of a deficit of \$9.80 pbd.

The financial impact of EN staffing minutes counting towards the RN minutes target is excluded in this forecast.

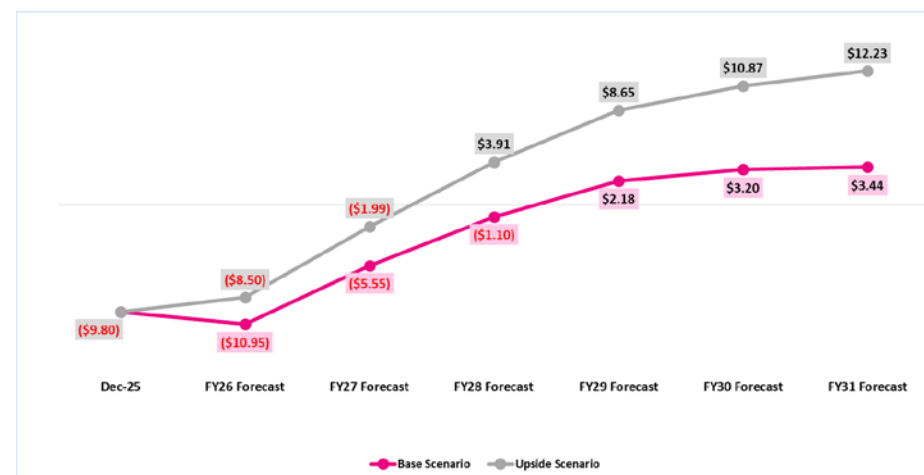
##### Base Scenario: Operating result based on reforms as announced

- The sector reached an average total direct care of 221 minutes including 44 of RN minutes
- Hotelling supplement is \$22.15 per day (as per increase from 20 September 2025) and indexed based on this amount
- RAD retention of 2% pa to be phased in for new residents
- RAD pricing (accommodation price) to be increased by CPI each year
- DAP pricing to be based on 8% pa floor (MPIR)

##### Upside Scenario: Operating result based on reforms as announced with moderate accommodation price increase

- The sector reached an average total direct care of 221 minutes including 44 of RN minutes
- Hotelling supplement is \$22.15 per day (as per increase from 20 September 2025) and indexed based on this amount
- RAD retention of 2% pa to be phased in for new residents
- RAD pricing (accommodation price) to be increased by 15% in FY26 and by 5% each year
- DAP pricing to be based on 8% pa floor (MPIR)

Figure 17: Projected Operating Results FY26 to FY31 (\$ pbd)



With new Act commencing on 1 November 2025 and with average resident turnover of 35%, FY30 will be the first year to have the full financial impact of the reforms.

Projections for FY31 indicate varying levels of financial performance across different scenarios.

**Base scenario** assumes that the sector will average at 221 total direct care minutes (what was achieved in Dec-25 YTD) and accommodation pricing is indexed by CPI. Under these conditions, the forecast result for FY31 is an **operating surplus of \$3.44 pbd**.

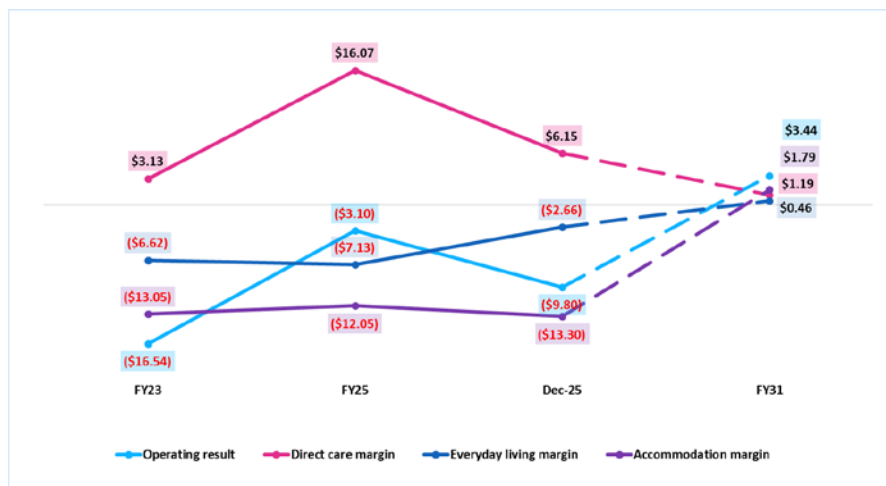
The **Upside Scenario** assumes the same direct care minutes as per the base scenario however, the accommodation pricing differs with a 15% RAD price increase in FY26 and 5% each year thereafter. These changes present a significantly improved result, projecting an **operating surplus of \$12.23 pbd**.

The forecasts based on Dec-25 results are significantly worse than what was previously forecast by StewartBrown due to the understated net impact of FWC changes in the previous quarter and the effect of the changes to the AN-ACC classification structures and BCT loading changes.

It should be noted that the scenario forecasts do not include any increase other than CPI in the accommodation supplement, which remains significantly less than the equivalent DAP amount.

Figure 18: Forecast margin by cost centre for FY31 (Base Scenario)

The reforms are anticipated to improve everyday living and accommodation margins from a deficit over the next four years to a surplus.

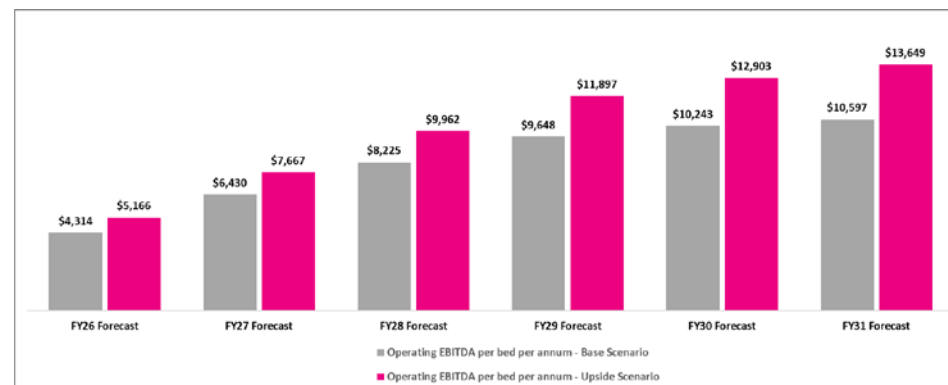


Operating EBITDA in FY31 is forecasted to range from \$10,597 to \$13,649 pbpa based on the scenarios. This is significantly lower than a sustainable EBITDA.

With a high capital requirement to meet increasing demand, and a lower effective life of buildings than commercial, residential and retirement villages, a sustainable EBITDA of between \$20,000 to \$22,000 pbpa would be considered a minimum level of an investable return.

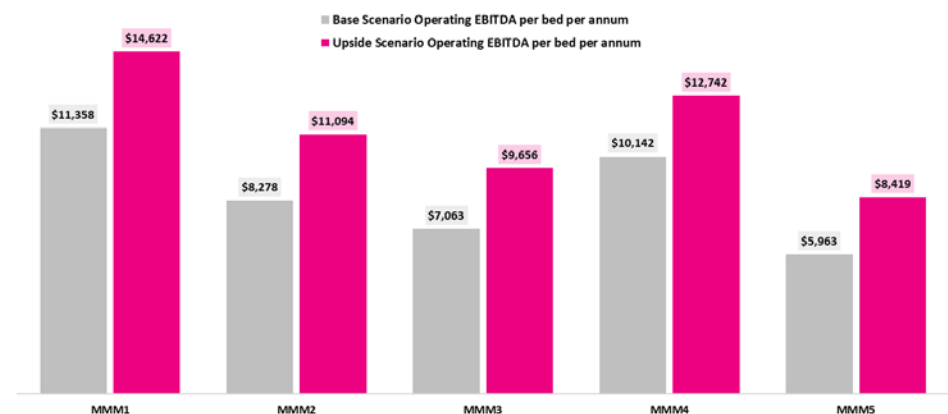
Even under the Upside Scenario, the forecast still doesn't reach the \$20,000 EBITDA return, which should be considered the minimum level to attract new investment into the sector.

Figure 19: EBITDA forecast FY26 to FY31 (\$ pbpa)



When considering the forecast EBITDA by MM location it highlights that additional funding will be required for across all regions to attract additional capital investment (refer Figure 20). However, MM1 and MM4 have the higher EBITDAs whilst MM5 has the lowest EBITDA.

Figure 20: EBITDA forecast by MM location for FY31 (\$ pbpa)



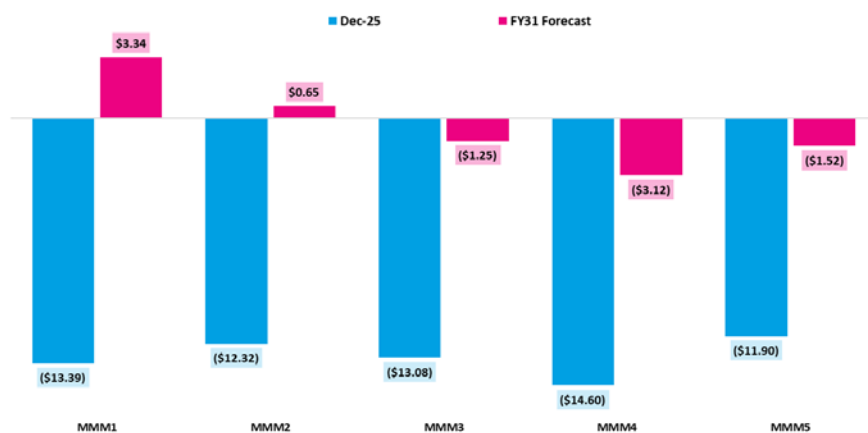
## Accommodation Margin Forecast

54.2% of homes recorded over \$10 pbd deficit in accommodation services in the YTD Dec-25 Survey.

Figure 20 shows the forecast accommodation margin by MM category based on **Base Scenario**. On average, homes in MM 1 and MM 2 locations are forecasted to have accommodation margin surplus in FY31 as a result of RAD retention, increased accommodation price and increased average MPIR for existing residents.

MM3 to MM5 still have accommodation margin deficits in FY31 with MM4 having the largest deficit.

Figure 21: Accommodation margin comparison - Dec-25 vs FY31 Forecast



## 4. Financial Results - Key Metrics

### Organisation (Registered Provider)

Trend Graph (average by provider)

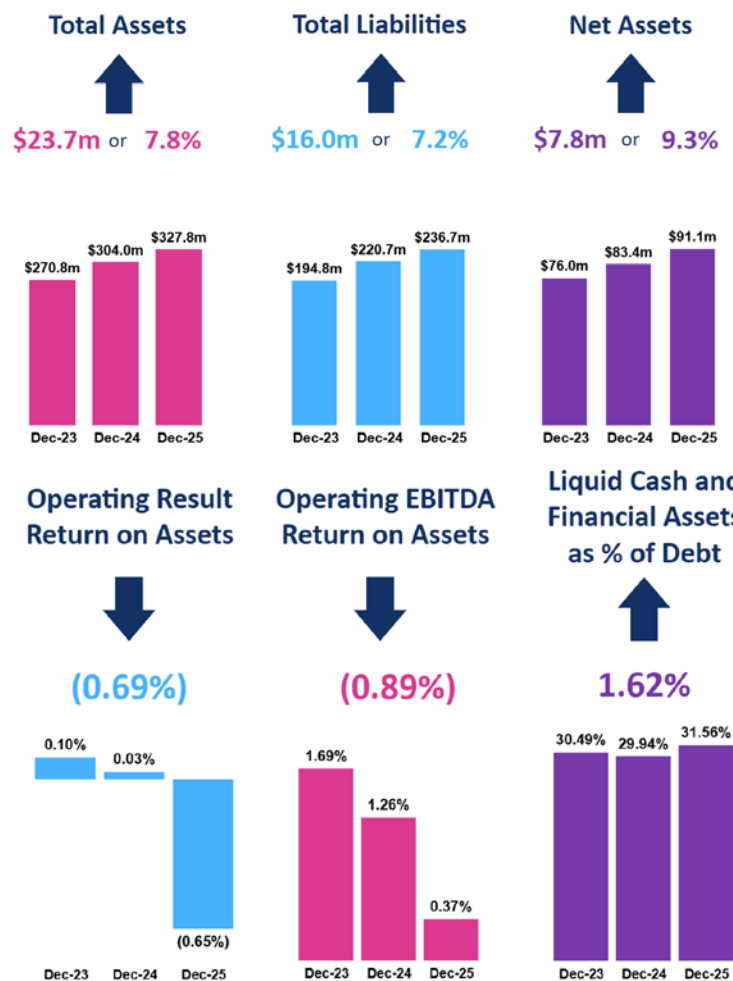


Table 12: Income & Expenditure Comparison (average by Registered Provider)

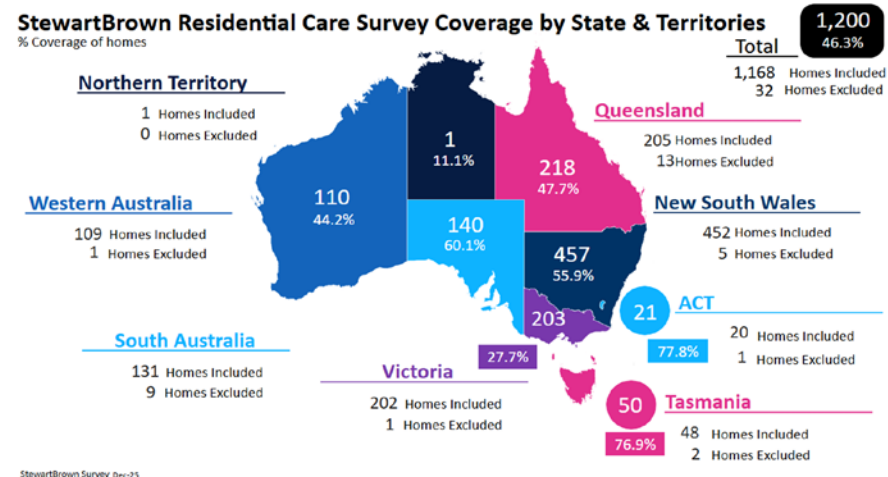
	Survey Dec-25 173 Providers (6 months) (Average)	Survey Dec-24 173 Providers (6 months) (Average)
	\$'000	\$'000
<b>Income &amp; Expenditure</b>		
<b>Operating Result</b>		
<b>Revenue</b>		
Service revenue	57,943	54,791
Investment revenue	1,364	1,287
<b>Total operating revenue</b>	<b>59,307</b>	<b>56,078</b>
<b>Expenses</b>		
Employee expenses	43,015	39,451
Depreciation and amortisation	2,509	2,554
Depreciation on Right of Use Assets	205	198
Interest Expenses on Lease Liabilities	70	72
Finance costs	479	526
Other expenses	14,069	13,328
COVID-19 net impact	2	(99)
<b>Total operating expenses</b>	<b>60,348</b>	<b>56,028</b>
<b>Operating surplus (deficit)</b>	<b>(1,041)</b>	<b>49</b>
Non-recurrent income and expenses	1,670	2,078
<b>Total surplus (deficit) (NPBT)</b>	<b>629</b>	<b>2,128</b>
<b>Operating EBITDA</b>	<b>582</b>	<b>1,842</b>
<b>EBITDA</b>	<b>2,252</b>	<b>3,920</b>
<b>Ratios</b>		
NPBT return on assets (ROA)	0.4%	1.5%
Operating surplus return on assets (ROA)	(0.7%)	0.0%
Operating EBITDA return on assets	0.4%	1.3%
Operating surplus % of operating revenue	(1.8%)	0.1%
Employee expenses % of operating revenue	72.5%	70.4%
Depreciation as % of property assets	2.2%	2.5%

\* EBITDA calculations exclude AASB 16 Leases accounting entries

Table 13: Summary Equity (Balance Sheet) comparison

	Survey Dec-25 173 Providers (Average)	Survey Dec-24 173 Providers (Average)
<b>Balance Sheet</b>		
<b>Assets</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and financial assets	62,806	56,193
Operating assets	22,432	20,007
Property assets	233,401	215,239
Right of use assets	3,339	3,414
Intangibles - other	5,803	9,158
Intangibles - bed licences	0	34
<b>Total assets</b>	<b>327,782</b>	<b>304,045</b>
<b>Liabilities</b>		
Refundable loans - residential	108,838	98,256
Refundable loans - retirement living	80,504	75,508
HCP unspent funds liability	590	774
Borrowings	8,821	12,222
Other liabilities	37,910	33,921
<b>Total liabilities</b>	<b>236,663</b>	<b>220,682</b>
<b>Net assets</b>	<b>91,119</b>	<b>83,363</b>
<b>Net tangible assets</b>	<b>85,316</b>	<b>74,171</b>
<b>Ratios</b>		
Net assets proportion % total assets	27.8%	27.4%
Property assets proportion % total assets	71.2%	70.8%
Cash + financial assets % refundable loans	33.2%	32.3%
Cash + financial assets % debt	31.6%	29.9%

## Residential Aged Care



## Dec-25 Results Snapshot

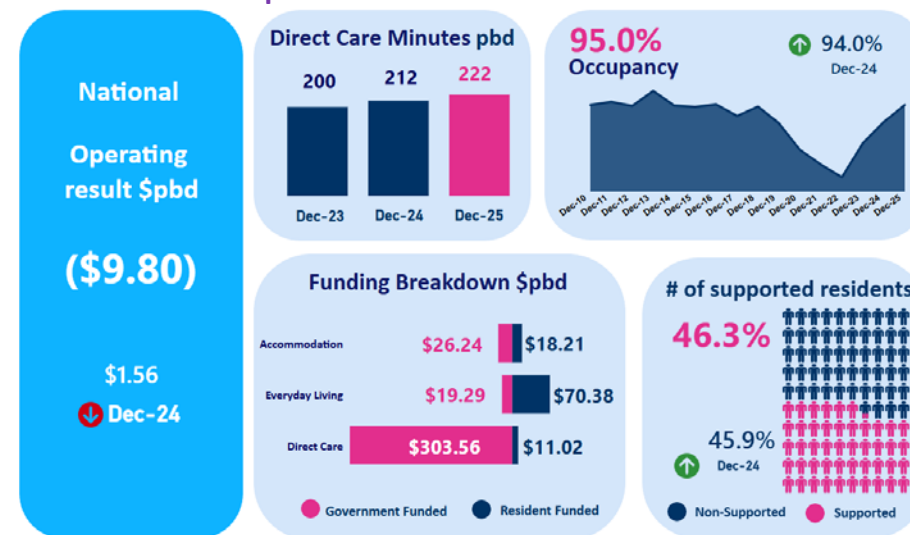


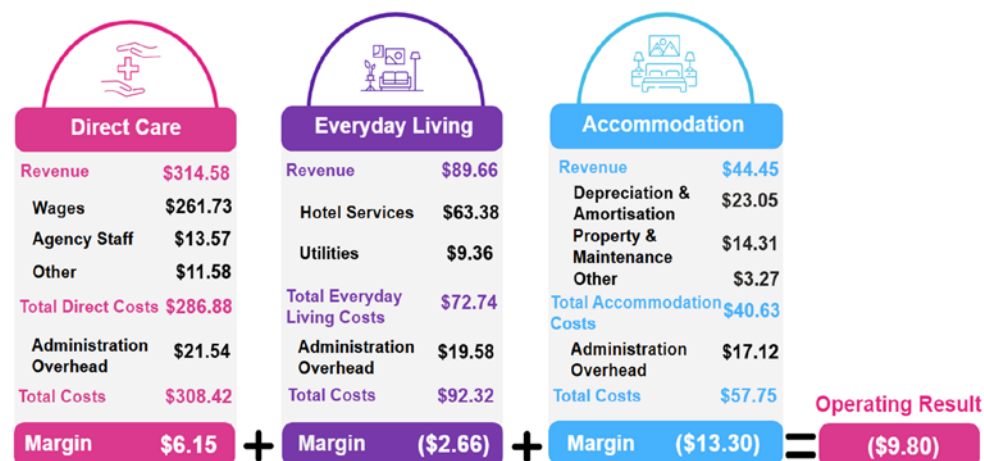
Table 14: Summary income and expenditure comparison (\$ per bed day)

	Survey		Survey FY25 1,165 Homes
	Dec-25 1,168 Homes	Dec-24 1,140 Homes	
<b>DIRECT CARE</b>			
<b>Revenue</b>	\$314.58	\$291.77	\$299.24
<b>Expenditure</b>			
Direct care labour costs	248.65	218.73	227.70
Other direct care labour costs	26.66	24.94	25.78
Other direct care costs	11.58	9.45	9.79
Administration	21.54	19.57	19.90
	<b>\$308.42</b>	<b>\$272.68</b>	<b>\$283.17</b>
<b>DIRECT CARE MARGIN (A)</b>	<b>\$6.15</b>	<b>\$19.08</b>	<b>\$16.07</b>
	2.0%	6.5%	5.4%
<b>EVERYDAY LIVING</b>			
<b>Revenue</b>	\$89.66	\$79.62	\$80.84
<b>Expenditure</b>			
Catering	44.64	42.03	43.15
Cleaning	12.25	11.37	11.65
Laundry	5.26	4.88	5.06
Other hotel services expenses	0.06	0.11	0.07
Payroll tax	0.06	0.05	0.05
Overhead allocation (workcover & education)	1.11	1.06	1.08
Utilities	9.36	8.65	8.81
Administration	19.58	17.79	18.09
	<b>\$92.32</b>	<b>\$85.95</b>	<b>\$87.97</b>
<b>EVERYDAY LIVING MARGIN (B)</b>	<b>(\$2.66)</b>	<b>(\$6.33)</b>	<b>(\$7.13)</b>
<b>ACCOMMODATION</b>			
<b>Revenue</b>			
Residents	18.21	17.53	17.74
Government	26.24	25.74	26.00
	<b>\$44.45</b>	<b>\$43.27</b>	<b>\$43.74</b>
<b>Expenditure</b>			
Depreciation	23.05	22.66	22.89
Property maintenance	14.31	13.78	14.42
Property rental	1.15	0.90	1.03
Other	2.13	1.58	1.64
Administration	17.12	15.55	15.81
	<b>\$57.75</b>	<b>\$54.46</b>	<b>\$55.78</b>
<b>ACCOMMODATION MARGIN (C)</b>	<b>(\$13.30)</b>	<b>(\$11.19)</b>	<b>(\$12.05)</b>
<b>OPERATING RESULT (\$ per bed day) (A + B + C)</b>	<b>(\$9.80)</b>	<b>\$1.56</b>	<b>(\$3.10)</b>
<b>OPERATING RESULT (\$ per bed per annum)</b>	<b>(\$3,391)</b>	<b>\$535</b>	<b>(\$1,068)</b>
<b>EBITDA (\$ per bed per annum)</b>	<b>\$4,582</b>	<b>\$8,310</b>	<b>\$6,817</b>

Table 15: Summary KPI results comparison

Summary KPI Results	Dec-25 1,168 Homes	Dec-24 1,140 Homes	Difference (YoY)	FY25 1,165 Homes
Operating Result (\$pbd)	(\$9.80)	\$1.56	↓ (\$11.36)	(\$3.10)
Operating Result (\$pbpa)	(\$3,391)	\$535	↓ (\$3,926)	(\$1,068)
EBITDA (\$pbpa)	\$4,582	\$8,310	↓ (\$3,728)	\$6,817
Average Occupancy (all homes)	94.9%	93.5%	↑ 1.4%	93.5%
Average Occupancy (mature homes)	95.0%	94.0%	↑ 1.0%	94.4%
Average direct care revenue (\$pbd)	\$314.58	\$291.77	↑ \$22.81	\$299.24
Total direct care minutes per resident per day	221.68	212.08	↑ 9.60	214.04
Direct care expenditure % of direct care revenue	98.0%	93.5%	↑ 4.6%	94.6%
Supported Ratio %	46.3%	45.9%	↑ 0.4%	46.4%
Average Full RAD/Bond held	\$490,966	\$470,897	↑ \$20,069	\$482,536
Average Full RAD taken during period	\$563,199	\$505,242	↑ \$57,957	\$516,770

Figure 22: Residential operating result snapshot (\$ per bed day)



## Modified Monash Model (MM) Analysis

Figure 23: Aged care homes making an operating loss by MM category

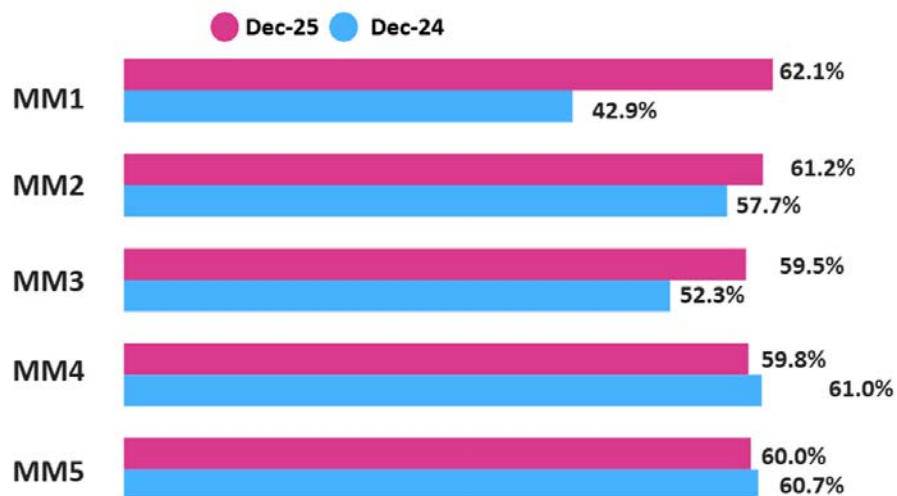


Figure 24: Aged care homes making an EBITDA (cash) loss by MM category

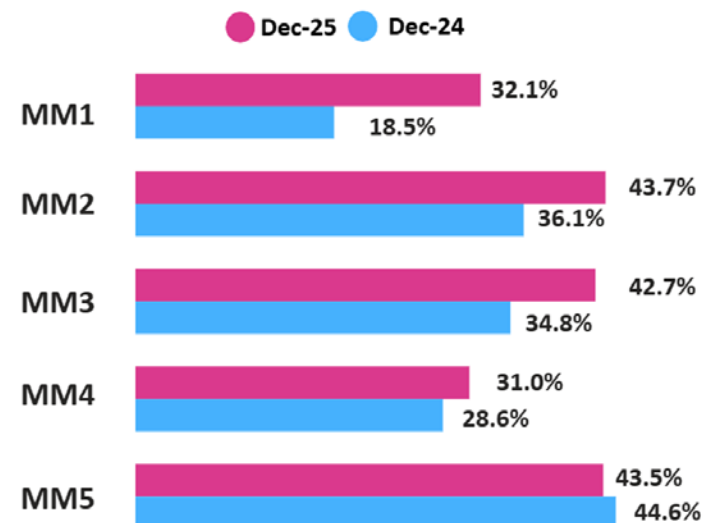


Table 16: Summary KPI results by MM category

MM 1 723 Aged Care Homes	MM 2 103 Aged Care Homes	MM 3 131 Aged Care Homes	MM 4 87 Aged Care Homes	MM 5 115 Aged Care Homes
Operating Result \$ per bed per annum (\$3,515)	Operating Result \$ per bed per annum (\$3,911)	Operating Result \$ per bed per annum (\$3,691)	Operating Result \$ per bed per annum (\$2,400)	Operating Result \$ per bed per annum (\$4,108)
Operating EBITDA per bed per annum \$4,718	Operating EBITDA per bed per annum \$3,842	Operating EBITDA per bed per annum \$3,641	Operating EBITDA per bed per annum \$5,583	Operating EBITDA per bed per annum \$2,161
Average Direct Care Revenue per bed day \$309.74	Average Direct Care Revenue per bed day \$317.42	Average Direct Care Revenue per bed day \$319.75	Average Direct Care Revenue per bed day \$326.60	Average Direct Care Revenue per bed day \$331.34
Direct care expenditure as % of direct care revenue 99.3%	Direct care expenditure as % of direct care revenue 96.9%	Direct care expenditure as % of direct care revenue 96.7%	Direct care expenditure as % of direct care revenue 93.9%	Direct care expenditure as % of direct care revenue 95.6%
Catering costs as % of everyday living revenue 47.3%	Catering costs as % of everyday living revenue 53.4%	Catering costs as % of everyday living revenue 53.7%	Catering costs as % of everyday living revenue 57.3%	Catering costs as % of everyday living revenue 58.0%
Direct care minutes per resident per day 223.4	Direct care minutes per resident per day 218.7	Direct care minutes per resident per day 217.9	Direct care minutes per resident per day 217.5	Direct care minutes per resident per day 218.4
Supported resident ratio 46.5%	Supported resident ratio 46.8%	Supported resident ratio 45.7%	Supported resident ratio 44.0%	Supported resident ratio 46.4%
Average occupancy 95.6%	Average occupancy 94.4%	Average occupancy 94.2%	Average occupancy 92.9%	Average occupancy 93.7%
Average full accommodation deposit held \$531,643	Average full accommodation deposit held \$422,299	Average full accommodation deposit held \$398,132	Average full accommodation deposit held \$389,902	Average full accommodation deposit held \$376,883
Average full RAD taken during the period \$613,911	Average full RAD taken during the period \$480,852	Average full RAD taken during the period \$463,704	Average full RAD taken during the period \$436,641	Average full RAD taken during the period \$414,962

Figure 25: Operating result by MM classification (\$ per bed day)

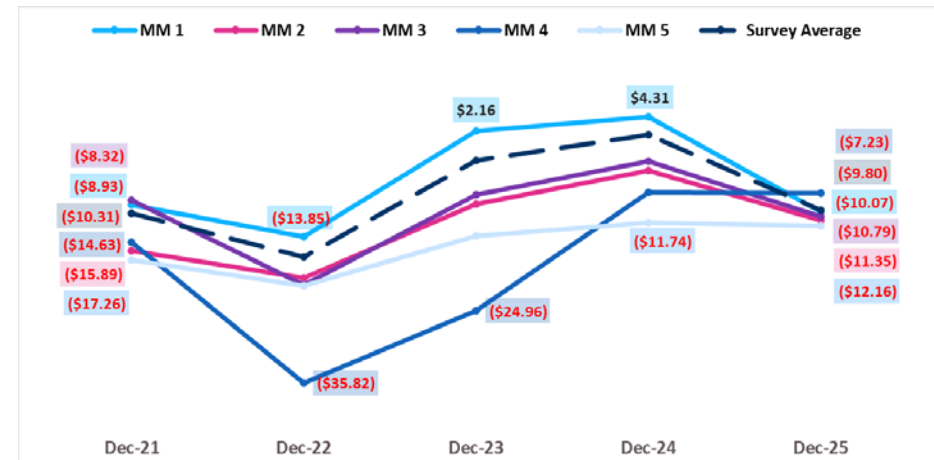


Figure 26: Operating EBITDA result by MM classification (\$ per bed per annum)

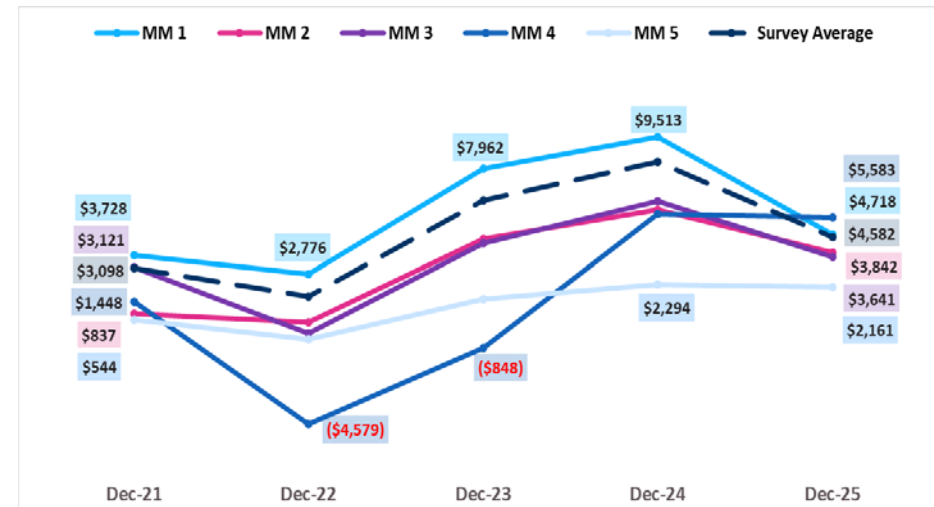


Figure 27: Everyday living margin by MM classification (\$ per bed day)

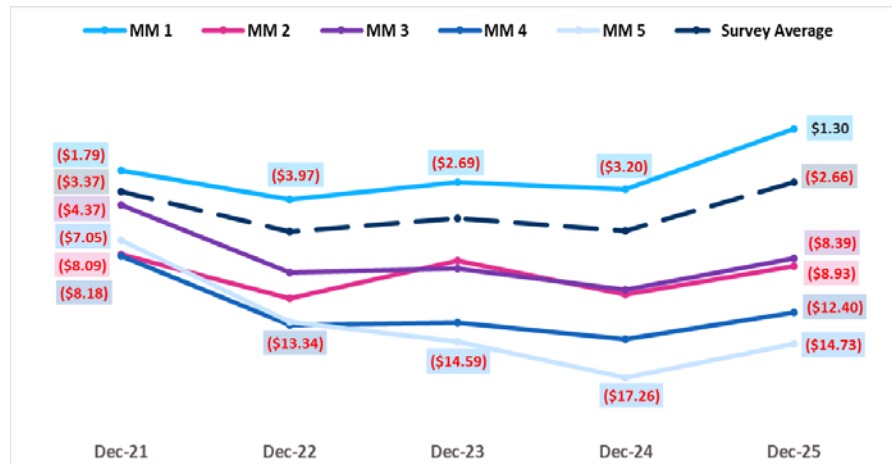
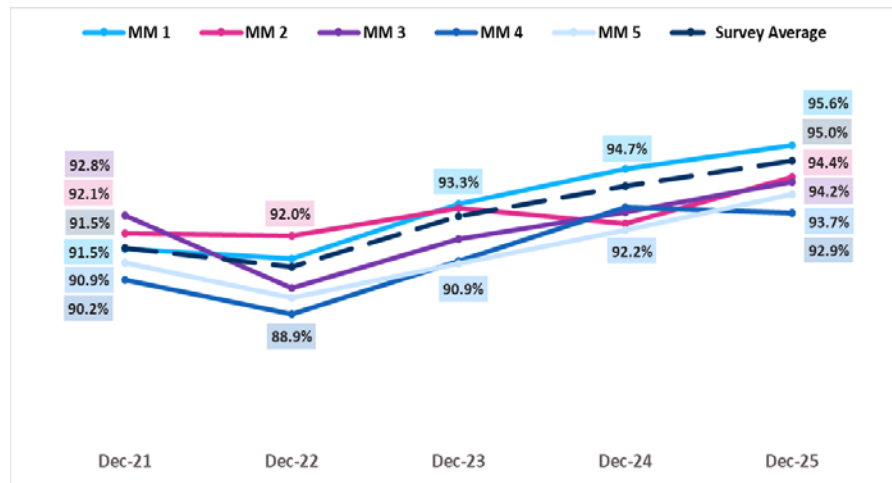


Figure 28: Occupancy percentage by MM classification



Direct Care Staffing Minutes (per resident per day)

Table 17: Direct care staffing metrics

Staffing Category	Survey Average			Survey Average FY25
	Dec-25	Dec-24		
Registered nurses	44.06	41.23	↑	42.23
Enrolled & licensed nurses	9.85	10.81	↓	10.01
Other unlicensed nurses & personal care staff	167.77	160.04	↑	161.80
<b>Total Direct Care Minutes</b>	<b>221.68</b>	<b>212.08</b>	<b>↑</b>	<b>214.04</b>
Care management	3.68	3.92	↓	3.88
Allied health	4.42	4.35	↑	4.50
Diversional/Lifestyle/Activities	7.51	7.04	↑	7.07
<b>Total Care Minutes</b>	<b>237.29</b>	<b>227.39</b>	<b>↑</b>	<b>229.50</b>

Table 18: Agency direct care staffing metrics

Staffing Category	Survey Average			Survey Average FY25
	Dec-25	Dec-24		
Agency - Registered nurses	2.70	3.46	↓	3.24
Agency - Enrolled & licensed nurses	0.44	0.58	↓	0.47
Agency - Other unlicensed nurses & personal care staff	5.83	6.15	↓	6.20
Imputed agency direct care minutes implied		0.00		0.00
<b>Total Direct Care Agency Minutes</b>	<b>8.96</b>	<b>10.19</b>	<b>↓</b>	<b>9.91</b>

Figure 29: Direct care staff (RN/EN/PCW) trend (minutes per resident per day)

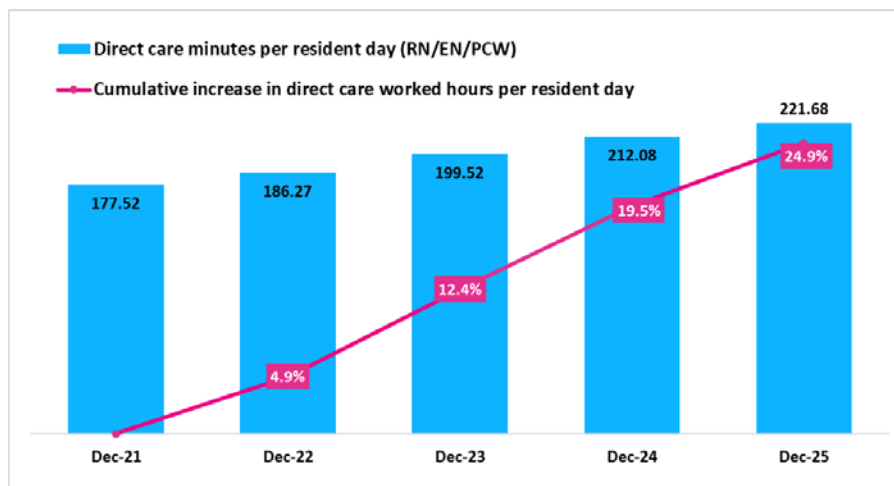
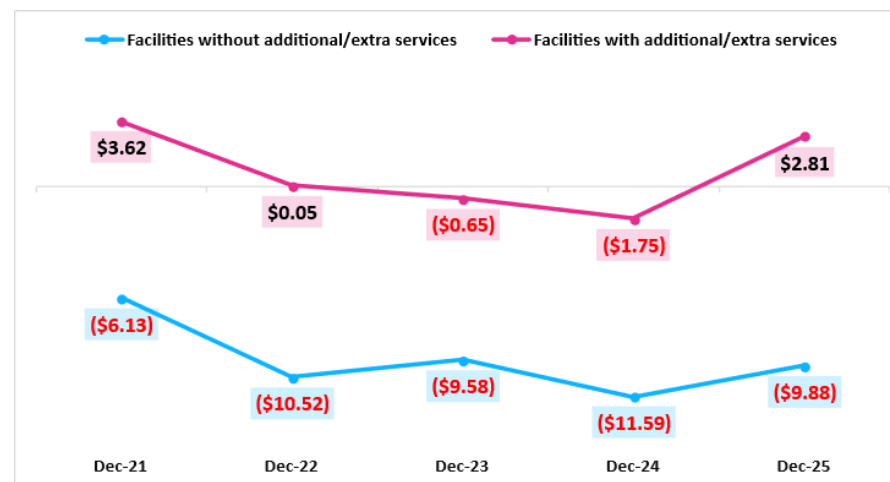


Figure 30: Everyday living margin trend for homes with/ without additional/ extra services fee



## Everyday Living

Table 19: Everyday living revenue and expenses (\$ pbd)

	Dec-25 1,168 Homes	Dec-24 1,140 Homes	YoY Movement	FY25 1,165 Homes	YoY Movement
Hotelling supplement - government	\$19.29	\$12.02	↑	\$12.56	\$7.27
Basic daily fee - resident	\$64.60	\$62.83	↑	\$63.22	\$1.77
Other resident income	\$5.78	\$4.77	↑	\$5.06	\$1.01
<b>Everyday Living revenue</b>	<b>\$89.66</b>	<b>\$79.62</b>	↑	<b>\$80.84</b>	<b>\$10.05</b>
Hotel services	\$63.38	\$59.51	↑	\$61.07	\$3.87
Utilities	\$9.36	\$8.65	↑	\$8.81	\$0.71
<b>Everyday Living expenses</b>	<b>\$72.74</b>	<b>\$68.16</b>	↑	<b>\$69.88</b>	<b>\$4.58</b>
Administration overhead	\$19.58	\$17.79	↑	\$18.09	\$1.79
<b>Everyday Living margin</b>	<b>(\$2.66)</b>	<b>(\$6.33)</b>	↑	<b>(\$7.13)</b>	<b>\$3.67</b>

Figure 31: Food and Preparation Costs in Aged Care

**Fact 1 - Survey Average**

**\$45.00 pbd**

The average total spend on food, supplements, cooking ingredients, consumables and food preparation per resident per day across all homes (contract and in-house service delivery) for the six months to Dec-25 (\$42.28 in Dec-24, an increase of 6.4%)

**Fact 2 - Food Costs Deep Dive**

**\$17.97 pbd**

Average spend per resident per day on food, supplements, consumables and cooking ingredients for the six months to Dec-25 (\$17.39 Dec-24). Based on 814 homes that deliver catering services in-house in Dec-25. Includes \$0.69 pbd in supplements (\$0.64 Dec-24).

**Fact 3 - Spend/Revenue**

**50.2%**

The proportion of Everyday Living revenue (including hotelling supplement) that is spent on food, supplements, consumables, ingredients and food preparation.

**Fact 4 - Contract Service**

- 58%** Onsite kitchen with contract catering staff and management
- 33%** Central kitchen for multiple facilities (own staff)
- 9%** 3rd Party external kitchen

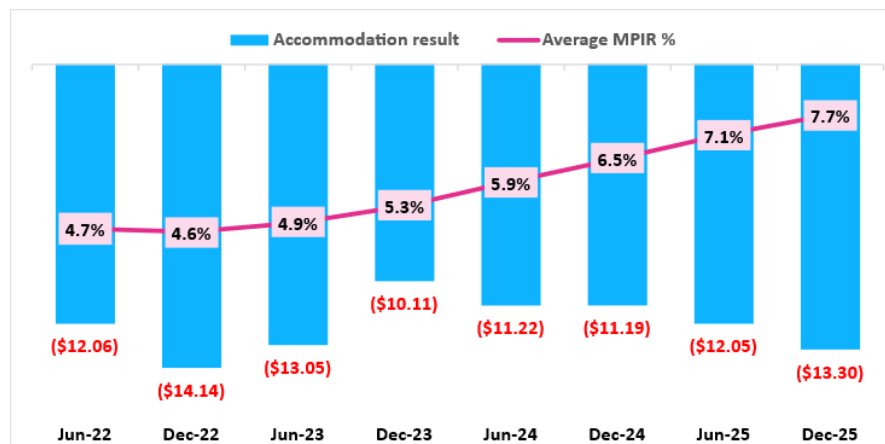
In-house catering	Survey Average	
Break down of in-house food and food preparation costs (homes in who are providing in-house catering service)	Dec-25 (814 Homes)	Dec-24 (844 Homes)
Staff costs	\$28.68	\$25.68
Consumables - food and supplements	\$17.06	\$16.73
Consumables - other	\$0.91	\$0.66
Contract catering costs	\$0.03	\$0.04
<b>Total costs on food and food preparation</b>	<b>\$46.68</b>	<b>\$43.11</b>

## Accommodation Analysis

Table 20: Accommodation revenue and expenses (\$ pbd)

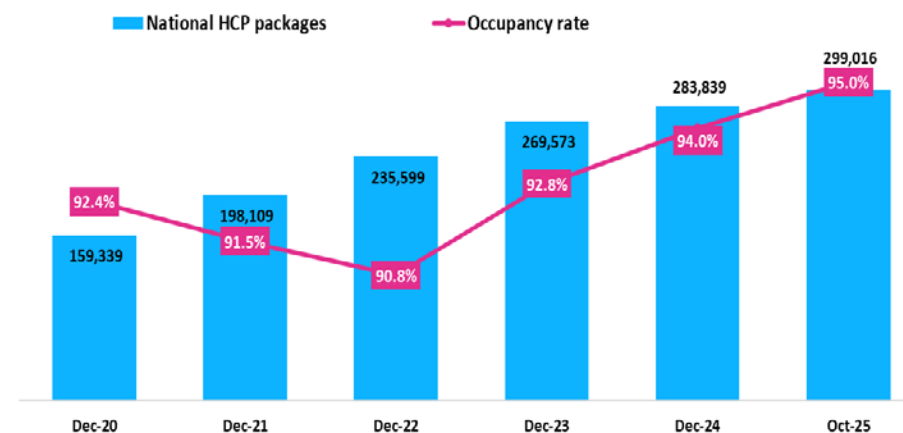
	Dec-25 1,168 Homes	Dec-24 1,140 Homes	YoY Movement	FY25 1,165 Homes	YoY \$ movement
Accommodation revenue	\$44.45	\$43.27	↑	\$43.74	\$1.18
Accommodation expenses					
Depreciation	23.05	22.66	↑	22.89	0.39
Refurbishment	0.30	0.28	↑	0.34	0.02
Property maintenance	14.29	13.75	↑	14.39	0.54
Property rental	1.15	0.90	↑	1.03	0.25
Other accommodation costs	1.86	1.33	↑	1.33	0.52
Administration overhead	17.12	15.55	↑	15.81	1.57
<b>Accommodation expenses</b>	<b>\$57.75</b>	<b>\$54.46</b>	<b>↑</b>	<b>\$55.78</b>	<b>\$3.28</b>
Accommodation Margin (\$ per bed day)	(\$13.30)	(\$11.19)	↓	(\$12.05)	(\$2.10)
Accommodation Margin (\$ per bed pa)	(\$4,600)	(\$3,841)	↓	(\$4,150)	(\$759)
Depreciation charge (\$ per bed pa)	\$7,973	\$7,775	↑	\$7,885	\$198

Figure 32: Effect of MPIR % on accommodation margin (\$ per bed day)



## Occupancy

Figure 33: Residential occupancy comparison to home care packages



\*Home care package Dec-25 number estimate based on Oct-25 amount

## Administration Costs

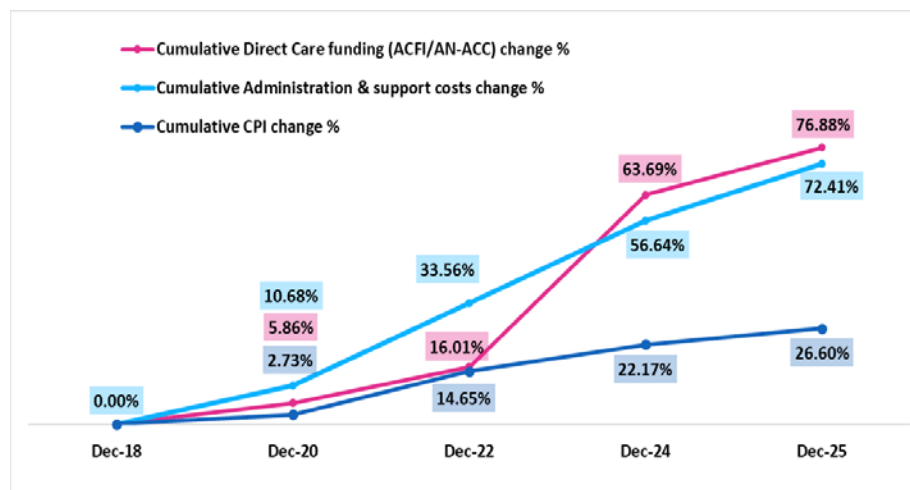
Table 21: Administration costs (\$ pbd)

	Dec-25 1,168 Homes	Dec-24 1,140 Homes	YoY Movement	FY25 1,165 Homes	YoY Movement
Administration (corporate) recharges	38.94	34.44	↑	34.70	\$4.50
Labour costs - administration (facility)	9.53	8.92	↑	9.09	\$0.60
Other administration costs	7.44	7.33	↑	7.72	\$0.11
Workers compensation	0.24	0.23	↑	0.23	\$0.01
Payroll tax - administration staff	0.02	0.01	↑	0.01	\$0.00
Fringe Benefits Tax	0.00	0.00	↑	0.01	\$0.00
Quality & education - labour costs	0.04	0.05	↓	0.05	(\$0.00)
Quality and education - other	0.02	0.03	↓	0.02	(\$0.01)
Bad debts expense	0.03	0.00	↑	0.00	\$0.03
Insurances	1.98	1.90	↑	1.97	\$0.08
<b>Total Administration Costs</b>	<b>\$58.24</b>	<b>\$52.91</b>	<b>↑</b>	<b>\$53.80</b>	<b>\$5.33</b>

Table 22: Administration costs by provider size (\$ pbd)

	Provider Size: 1 Home	Provider Size: 2 to 6 Homes	Provider Size: 7 to 20 Homes	Provider Size: Over 20 Homes
Administration (corporate) recharges	8.99	33.68	45.50	40.97
Labour costs - administration (facility)	23.13	11.75	7.82	7.85
Other administration costs	16.59	9.94	7.40	5.20
Workers compensation	0.82	0.30	0.19	0.19
Payroll tax - administration staff	0.05	0.07	0.01	0.00
Fringe Benefits Tax	0.02	0.01	0.00	0.00
Quality & education - labour costs	0.19	0.07	0.06	0.01
Quality and education - other	0.07	0.03	0.01	0.02
Bad debts expense	0.00	-0.04	0.10	0.01
Insurances	3.38	2.49	1.61	1.83
<b>Total Administration Costs</b>	<b>\$53.26</b>	<b>\$58.32</b>	<b>\$62.70</b>	<b>\$56.08</b>

Figure 34: Administration costs increase % comparison



## Agency Analysis

Figure 35: Agency direct care staff costs (\$ per bed day)

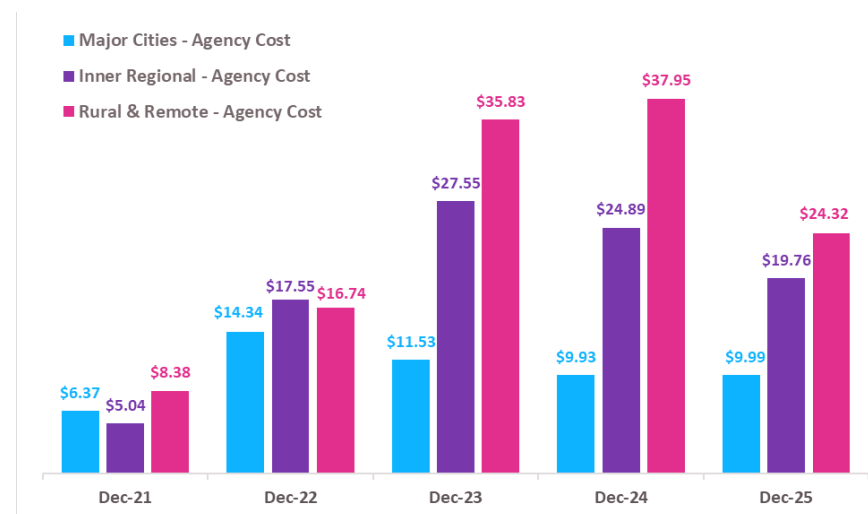


Figure 36: Agency direct care staff minutes (per resident per day)

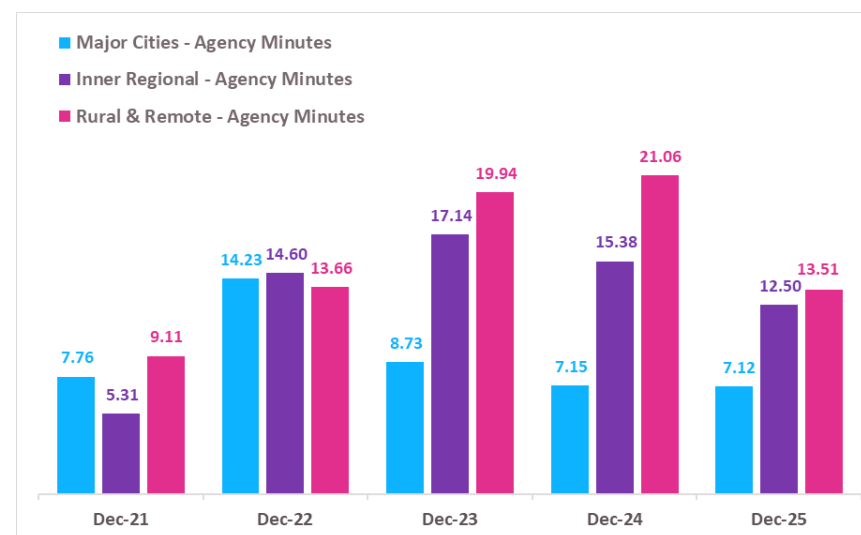


Figure 37: Agency direct care minutes accumulative trend

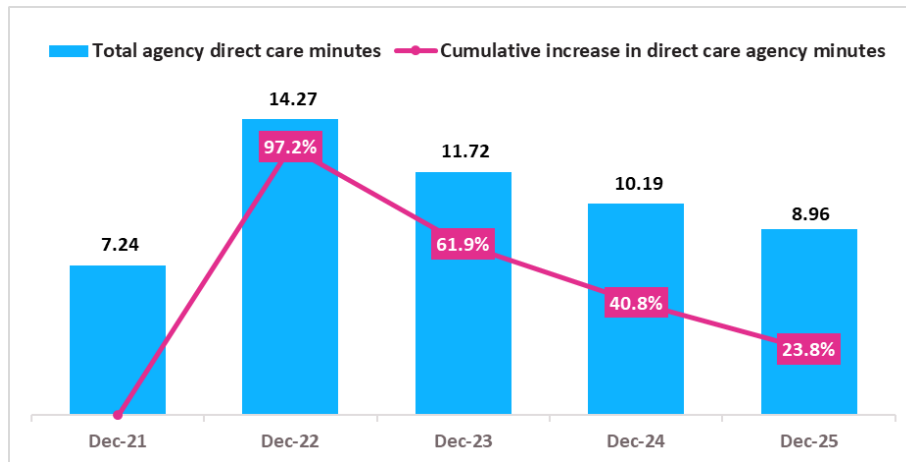
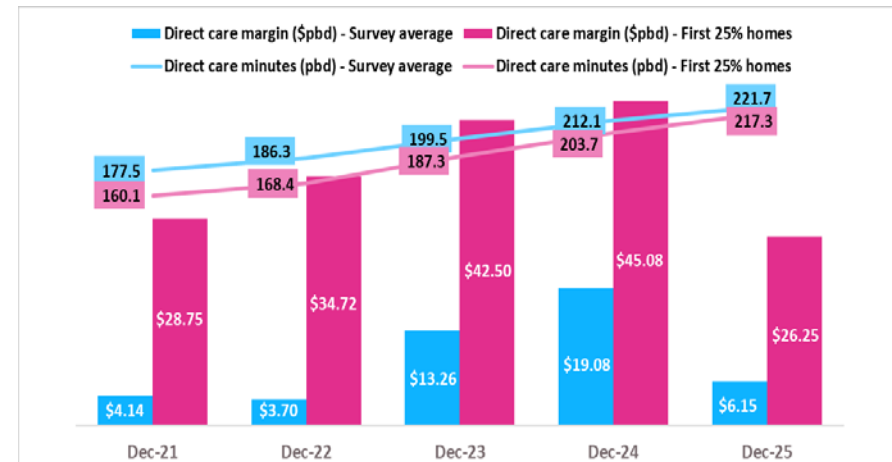


Figure 39: First 25% Direct Care result (\$ pbd) and direct care minutes trend



### First 25% Trends

Figure 38: First 25% EBITDA result trend (\$ per bed per annum)



Table 23: First 25% direct care staffing metrics

Staffing Category	Survey First 25%			Survey First 25% FY25
	Dec-25	Dec-24		
Registered nurses	43.04	39.74	↑	41.00
Enrolled & licensed nurses	8.91	9.41	↓	8.27
Other unlicensed nurses & personal care staff	165.34	154.56	↑	157.58
Imputed agency direct care minutes implied				
<b>Total Direct Care Minutes</b>	<b>217.29</b>	<b>203.70</b>	<b>↑</b>	<b>206.85</b>
Care management	3.37	3.86	↓	3.46
Allied health	3.48	3.42	↑	3.79
Diversional/Lifestyle/Activities	6.05	5.51	↑	5.61
Imputed agency other care minutes implied		0.00		
<b>Total Care Minutes</b>	<b>230.19</b>	<b>216.50</b>	<b>↑</b>	<b>219.71</b>

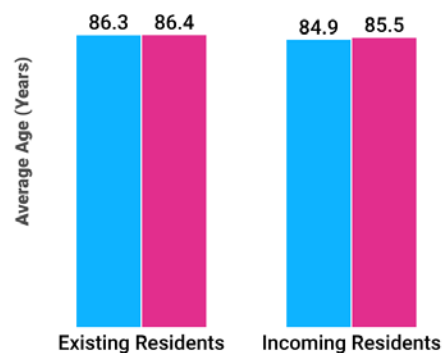
Table 24: First 25% Agency direct care staffing metrics

Staffing Category	Survey First 25%			Survey First 25% FY25
	Dec-25	Dec-24		
Agency - Registered nurses	2.13	2.33	↓	2.28
Agency - Enrolled & licensed nurses	0.49	0.52	↓	0.38
Agency - Other unlicensed nurses & personal care staff	4.23	3.47	↑	3.79
Imputed agency direct care minutes implied				
<b>Total Direct Care Agency Minutes</b>	<b>6.85</b>	<b>6.32</b>	<b>↑</b>	<b>6.45</b>

## Residential Demographic

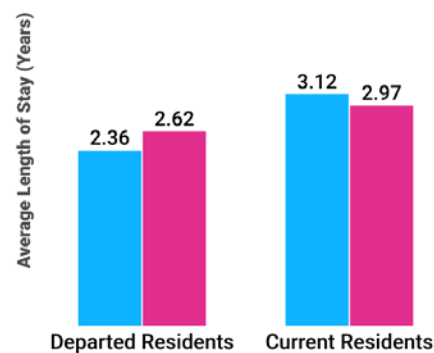
### Average Age of Residents in Care

● Dec-24 ● Dec-25



### Average Length of Stay in Care

● Dec-24 ● Dec-25



## 5. Appendix

### StewartBrown Survey

#### Survey Outline

The StewartBrown *Aged Care Financial Performance Survey* (Survey) commenced in 1995 and has grown exponentially since that date. The use of the term “Survey” is probably a misnomer, as unlike many public surveys which have a limited data set, the StewartBrown Survey is subscription based, quarterly and very granular in respect of data covered and depth.

The Survey is primarily for the benefit of aged care providers in reviewing their financial performance and considerations of strategic direction on an individual aged care home (home) basis and home care package program basis.

Providers compare their performance of aged care homes using a number of metrics through a range of data attributes, including resident mix and acuity, staffing levels (cost and hours/minutes), geographic region, age of building, type of building, number of places (beds), accommodation pricing and administration costs. Home care has a similar range of metrics. The Survey participants utilise an interactive website with high level dashboards, business intelligence tools and the ability to drill down on all data fields as required.

A secondary benefit is that the aggregate of the data provides a significant level of trend data and detailed analysis as included in our Survey reports and now through independent analysis undertaken by the University of Technology (UTS Ageing Research Collaborative) which provides an additional level of academic rigour.

Each participant completes detailed data input forms for each quarter. Once received, the data undergoes a substantial cleansing and checking process (refer Glossary) which identifies all material variances, by comparison to previous quarters for each home and to equivalent benchmark homes. In this context, all variances identified through this automated cleansing process are followed up with the respective provider for comment and further amendment if required.

**To join the Survey** please email [benchmark@stewartbrown.com.au](mailto:benchmark@stewartbrown.com.au)

#### Survey Results Matrix

As noted above, the primary purpose of the Survey is for participating providers to benchmark individual aged care home and home care programs against similar de-identified comparators using a range of metrics. To ensure accurate and relevant benchmark comparisons, all outlier aged care homes and home care programs are excluded from the Survey results. Examples of outliers include:

- Homes/programs under sanction
- Homes with significant infectious disease outbreaks (such as COVID-19)
- Homes undergoing major refurbishment
- Newly built homes still in the ramping up stage
- Recently acquired homes/programs undergoing structural operation changes
- Homes/programs closed during the financial year (and reporting period)
- Homes with occupancy less than 80%.

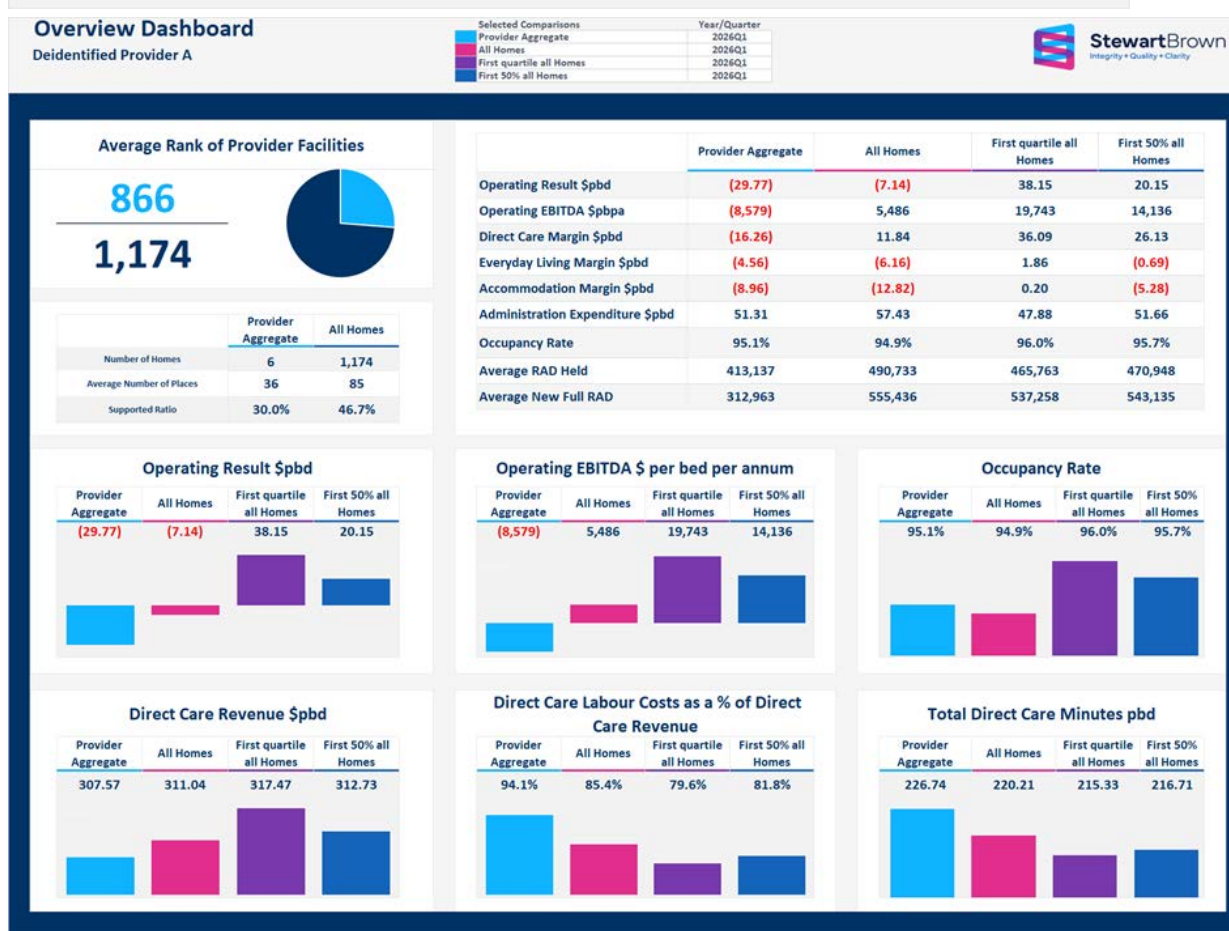
For the purpose of the Survey analysis, all homes/programs included are referred to as being **mature**.

The *StewartBrown Retirement Village Financial Performance Survey* has also now been launched, incorporating the same granular analysis as the *StewartBrown Aged Care Financial Performance Survey*.

## Appendix 1: StewartBrown Sample Home Report (individual home level)

Interactive dashboard (provider aggregate and individual home level):

Facility Name/Benchmark	Report Link	Operating Result Rank	Operating Margin	Operating EBITDA \$pbpa	Direct Care Margin	Everyday Living Margin	Accommodation Margin	Administration Expenditure	Occupancy Rate
All Homes			(7.14)	5,485.55	11.84	(6.16)	(12.82)	57.43	94.9%
Deidentified Provider Aggregate	<a href="#">Report</a>	866 /1174	(29.77)	(8,578.69)	(16.26)	(4.56)	(8.96)	51.31	95.1%
Facility A	<a href="#">Report</a>	844 /1174	16.53	6,760.12	(9.82)	10.23	16.13	41.95	96.2%
Facility B	<a href="#">Report</a>	731 /1174	(18.30)	(4,198.04)	11.73	(11.51)	(18.52)	66.10	95.2%
Facility C	<a href="#">Report</a>	1023 /1174	(50.63)	(15,632.70)	(30.15)	(6.80)	(13.68)	48.39	94.7%



<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
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## Summary Results

### Direct care

Direct care revenue	295.38	299.24	302.55	296.58	300.49
Expenditure - direct care services	(260.77)	(263.27)	(246.05)	(258.45)	(263.42)
Administration - direct care overhead allocation	(19.72)	(19.90)	(16.39)	(19.11)	(20.65)
<b>Direct care margin (A)</b>	<b>\$ 14.89</b>	<b>\$ 16.07</b>	<b>\$ 40.11</b>	<b>\$ 19.02</b>	<b>\$ 16.42</b>

### Everyday living

Everyday living revenue	82.11	80.84	80.63	81.16	82.34
Expenditure - hotel services	(60.04)	(61.07)	(56.97)	(58.15)	(60.53)
Expenditure - utilities	(8.21)	(8.81)	(8.61)	(8.42)	(8.49)
Administration - everyday living overhead allocation	(17.92)	(18.09)	(14.90)	(17.37)	(18.77)
<b>Everyday living margin (B)</b>	<b>\$ (4.06)</b>	<b>\$ (7.13)</b>	<b>\$ 0.15</b>	<b>\$ (2.78)</b>	<b>\$ (5.45)</b>

### Accommodation

Accommodation revenue	43.77	43.74	46.81	43.90	44.21
Expenditure - accommodation services	(40.67)	(39.97)	(33.73)	(38.43)	(40.17)
Administration - accommodation overhead allocation	(15.67)	(15.81)	(13.03)	(15.18)	(16.41)
<b>Accommodation margin (C)</b>	<b>\$ (12.56)</b>	<b>\$ (12.05)</b>	<b>\$ 0.05</b>	<b>\$ (9.71)</b>	<b>\$ (12.37)</b>

### Operating result (A + B + C)

<b>Operating result (\$ per bed per annum)</b>	<b>\$ (1.74)</b>	<b>\$ (3.10)</b>	<b>\$ 40.32</b>	<b>\$ 6.53</b>	<b>\$ (1.41)</b>
<b>Operating EBITDA (\$ per bed day)</b>	<b>\$ (602)</b>	<b>\$ (1,068)</b>	<b>\$ 14,039</b>	<b>\$ 2,270</b>	<b>\$ (486)</b>
<b>Operating EBITDA (\$ per bed per annum)</b>	<b>\$ 21.87</b>	<b>\$ 19.79</b>	<b>\$ 58.58</b>	<b>\$ 29.03</b>	<b>\$ 21.77</b>
<b>Operating EBITDA (\$ per bed per annum)</b>	<b>\$ 7,588</b>	<b>\$ 6,817</b>	<b>\$ 20,399</b>	<b>\$ 10,097</b>	<b>\$ 7,515</b>

### Profile

Number of places	700	97,600	24,430	26,518	37,430
Average number of places	70	84	84	91	82
Number of occupied days	24,287	33,622,416	8,507,026	9,223,289	12,921,142
Occupancy rate	95.1%	94.4%	95.4%	95.3%	94.6%
Supported ratio	46.4%	46.4%	50.0%	46.9%	45.4%

	<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
<b>KPI's</b>					
Direct care revenue	295.38	299.24	302.55	296.58	300.49
Total operating revenue	421.26	423.82	429.99	421.63	427.03
Operating results as % of total operating revenue	(0.4%)	(0.7%)	9.4%	1.5%	(0.3%)
Direct care costs as % of direct care revenue	95.0%	94.6%	86.7%	93.6%	94.5%
Total direct care minutes per resident per day	214.93	214.04	206.85	212.20	213.57
Agency direct care staff minutes as % of total direct care labour	3.4%	4.6%	3.1%	4.3%	4.1%
Agency direct care staff costs as % of total direct care labour	4.6%	6.8%	4.8%	6.3%	6.5%
Overtime minutes as % of total direct care minutes	1.8%	2.1%	2.2%	2.2%	2.7%
Average full RAD taken	562,316	516,770	498,435	506,632	551,253
Average full RAD held	522,338	482,536	466,085	473,947	503,486
<b>Expenses as % of total revenue</b>					
Direct care (excl administration allocation)	61.9%	62.1%	57.2%	61.3%	61.7%
Hotel services (excl administration allocation)	14.3%	14.4%	13.2%	13.8%	14.2%
Utilities	1.9%	2.1%	2.0%	2.0%	2.0%
Accommodation (excl administration allocation)	9.7%	9.4%	7.8%	9.1%	9.4%
Administration services	12.7%	12.7%	10.3%	12.3%	13.1%
<b>Total expenses as % of total revenue</b>	<b>100.4%</b>	<b>100.7%</b>	<b>90.6%</b>	<b>98.5%</b>	<b>100.3%</b>
<b>Staff costs as % of total revenue</b>					
Direct care	59.5%	59.8%	55.3%	58.9%	59.2%
Everyday Living	7.5%	7.9%	7.5%	7.3%	6.7%
Accommodation	0.8%	0.8%	0.8%	0.8%	0.9%
Administration services	2.1%	2.2%	1.7%	2.1%	2.1%
<b>Total staff costs as % of total revenue</b>	<b>69.9%</b>	<b>70.8%</b>	<b>65.2%</b>	<b>69.1%</b>	<b>68.8%</b>
<b>Staff costs</b>					
Labour costs	286.49	292.10	272.70	284.61	284.82
Workers' compensation premium	7.17	7.42	6.47	6.48	8.46
Payroll tax	0.64	0.46	1.18	0.32	0.63
Fringe benefits tax	0.01	0.01	0.01	0.00	0.01
<b>Total staff costs</b>	<b>\$ 294.31</b>	<b>\$ 299.98</b>	<b>\$ 280.36</b>	<b>\$ 291.41</b>	<b>\$ 293.92</b>
<b>Quality, education and compliance</b>	<b>\$ 2.31</b>	<b>\$ 2.26</b>	<b>\$ 1.37</b>	<b>\$ 2.55</b>	<b>\$ 2.38</b>
<b>Workers compensation expense as % of staff costs</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.9%</b>

## Detailed Results

### Direct care

#### Direct care revenue

Government subsidies - care	283.71
Means-tested care fee	10.66
<b>Direct care subsidy &amp; supplements</b>	<b>294.37</b>
Recurrent grants and other care	1.01
Non-recurrent operating care grants	-

#### Direct care revenue (A)

#### Direct care expenditure

##### Care labour costs

Registered nurses	60.75
Enrolled and licensed nurses ( <i>registered with the NMBA</i> )	9.73
Other unlicensed nurses/personal care staff	155.04
FWC 15% leave entitlement increase	-

##### Total direct care labour costs

Care management	6.39
Allied health	6.26
Lifestyle/ Recreation/ Activities Officer /Diversional Therapy	5.99
Workers' compensation - care services	6.11
Payroll tax - care services	0.55

##### Total care labour costs

Medical, incontinence supplies & nutritional supplements	6.43
Chaplaincy / Pastoral care	0.81
Quality and education allocation to care services	1.97
Other resident services and consumables	1.87
Infection prevention and Covid-19	(1.14)

##### Expenditure - direct care services

Administration - direct care overhead allocation

#### Direct care expenditure (B)

#### Direct care margin (C = A - B)

#### Total care labour costs as a % of direct care revenue

#### Direct care expenditure as a % of direct care revenue

<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
	288.80	292.69	285.97	289.44
	9.25	8.07	9.47	10.19
<b>294.37</b>	<b>298.05</b>	<b>300.76</b>	<b>295.44</b>	<b>299.63</b>
1.01	1.19	1.79	1.14	0.86
-	-	-	-	-
<b>295.38</b>	<b>299.24</b>	<b>302.55</b>	<b>296.58</b>	<b>300.49</b>
	62.30	58.31	60.65	62.63
	11.27	9.49	10.65	3.06
	154.13	147.02	152.83	160.20
-	-	-	-	-
<b>225.52</b>	<b>227.70</b>	<b>214.83</b>	<b>224.13</b>	<b>225.89</b>
6.39	6.63	5.68	6.20	7.10
6.26	6.26	5.58	6.20	6.06
5.99	6.24	5.06	5.97	5.88
6.11	6.27	5.48	5.52	7.28
0.55	0.38	1.00	0.27	0.54
<b>250.83</b>	<b>253.48</b>	<b>237.63</b>	<b>248.30</b>	<b>252.76</b>
6.43	6.46	6.03	6.43	6.47
0.81	0.76	0.59	0.88	1.12
1.97	1.91	1.16	2.17	2.05
1.87	1.79	1.68	1.78	1.93
(1.14)	(1.13)	(1.04)	(1.11)	(0.90)
<b>260.77</b>	<b>263.27</b>	<b>246.05</b>	<b>258.45</b>	<b>263.42</b>
19.72	19.90	16.39	19.11	20.65
<b>280.48</b>	<b>283.17</b>	<b>262.44</b>	<b>277.55</b>	<b>284.07</b>
<b>\$ 14.89</b>	<b>\$ 16.07</b>	<b>\$ 40.11</b>	<b>\$ 19.02</b>	<b>\$ 16.42</b>
<b>84.9%</b>	<b>84.7%</b>	<b>78.5%</b>	<b>83.7%</b>	<b>84.1%</b>
<b>95.0%</b>	<b>94.6%</b>	<b>86.7%</b>	<b>93.6%</b>	<b>94.5%</b>

	<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
<b>Everyday Living</b>					
<b>Everyday living revenue</b>					
Basic daily fee - resident	63.26	63.22	63.16	63.14	63.14
Hotelling supplement – government	12.58	12.56	12.58	12.56	12.62
Fees for additional services and extra or optional service fees	6.27	5.06	4.89	5.46	6.57
<b>Everyday living revenue (D)</b>	<b>82.11</b>	<b>80.84</b>	<b>80.63</b>	<b>81.16</b>	<b>82.34</b>
<b>Everyday living expenditure</b>					
<b>Hotel services</b>					
<b>Catering</b>					
Labour costs	21.42	22.70	21.29	20.83	19.99
Consumables - food	14.12	14.26	14.57	14.17	14.15
Consumables - other	0.78	0.76	0.76	0.71	0.81
Contract catering	6.20	5.72	3.33	5.83	8.03
Income from sale of meals (usually a credit amount)	(0.31)	(0.29)	(0.25)	(0.33)	(0.19)
<b>Total catering</b>	<b>42.21</b>	<b>43.15</b>	<b>39.70</b>	<b>41.21</b>	<b>42.79</b>
<b>Cleaning</b>					
Labour costs	6.63	7.16	7.15	6.69	5.17
Consumables	1.80	1.78	1.73	1.65	1.68
Contract cleaning	3.25	2.71	2.51	2.71	4.89
<b>Total cleaning</b>	<b>11.68</b>	<b>11.65</b>	<b>11.39</b>	<b>11.05</b>	<b>11.75</b>
<b>Laundry</b>					
Labour costs	2.60	2.84	2.82	2.67	2.51
Consumables	0.48	0.48	0.54	0.51	0.61
Contract laundry	1.92	1.73	1.39	1.67	1.66
<b>Total laundry</b>	<b>4.99</b>	<b>5.06</b>	<b>4.75</b>	<b>4.85</b>	<b>4.78</b>
Workers' compensation - everyday living	0.77	0.83	0.74	0.69	0.82
Payroll tax - everyday living	0.07	0.05	0.14	0.03	0.06
Expenditure - quality and education (allocation to everyday living)	0.25	0.25	0.16	0.27	0.23
Other hotel services expenses	0.07	0.07	0.10	0.05	0.10
<b>Total other hotel services</b>	<b>1.16</b>	<b>1.21</b>	<b>1.14</b>	<b>1.04</b>	<b>1.21</b>
<b>Expenditure - hotel services (X)</b>	<b>60.04</b>	<b>61.07</b>	<b>56.97</b>	<b>58.15</b>	<b>60.53</b>

	<b>Deidentified Provider</b>	<b>All Homes</b>	<b>First quartile all Homes</b>	<b>Second quartile all Homes</b>	<b>NSW Homes</b>
	<b>(10 Homes) FY25 \$pbd</b>	<b>(1,165 Homes) FY25 \$pbd</b>	<b>(291 Homes) FY25 \$pbd</b>	<b>(292 Homes) FY25 \$pbd</b>	<b>(455 Homes) FY25 \$pbd</b>
<b>Utilities</b>					
Electricity	3.89	4.14	3.84	4.00	4.36
Gas	1.08	1.17	1.13	1.08	1.09
Rates	1.59	1.80	1.98	1.63	1.26
Rubbish removal	1.65	1.70	1.66	1.71	1.78
<b>Expenditure - utilities (Y)</b>	<b>8.21</b>	<b>8.81</b>	<b>8.61</b>	<b>8.42</b>	<b>8.49</b>
<b>Expenditure - everyday living services (X + Y)</b>	68.25	69.88	65.58	66.57	69.03
Administration - everyday living overhead allocation	17.92	18.09	14.90	17.37	18.77
<b>Everyday living expenditure (E)</b>	86.17	87.97	80.48	83.94	87.79
<b>Everyday living margin (F = D - E)</b>	<b>\$ (4.06)</b>	<b>\$ (7.13)</b>	<b>\$ 0.15</b>	<b>\$ (2.78)</b>	<b>\$ (5.45)</b>
<b>Accommodation</b>					
<b>Accommodation revenue</b>					
Accommodation revenue - residents	18.17	17.74	16.59	17.44	18.14
Subsidy - Accommodation supplement	23.51	23.86	27.97	24.48	24.05
Subsidy - Respite supplement	2.09	2.14	2.25	1.98	2.02
<b>Accommodation revenue (G)</b>	43.77	43.74	46.81	43.90	44.21
<b>Accommodation expenditure</b>					
Labour costs - maintenance	3.11	3.47	3.33	3.30	3.71
Workers compensation - accommodation staff	0.08	0.09	0.08	0.08	0.11
Payroll tax - accommodation staff	0.01	0.01	0.01	0.00	0.01
Routine repairs & maintenance	10.56	10.53	9.99	9.85	10.57
Motor vehicle expenses	0.24	0.30	0.28	0.25	0.27
Quality, compliance and training external costs	0.03	0.03	0.02	0.03	0.03
Depreciation - building	13.68	13.57	10.65	12.48	14.29
Depreciation & amortisation - non building	7.87	7.75	6.79	6.98	8.62
Right of use assets - depreciation and finance cost	2.05	1.57	0.83	3.05	0.27
Rent - buildings (not captured by AASB 16)	1.29	1.03	0.46	0.82	0.31
Refurbishment	0.35	0.34	0.28	0.34	0.41
Bond/RAD interest expense	1.40	1.31	1.02	1.25	1.56
<b>Expenditure - accommodation services</b>	<b>40.67</b>	<b>39.97</b>	<b>33.73</b>	<b>38.43</b>	<b>40.17</b>
Administration - accommodation overhead allocation	15.67	15.81	13.03	15.18	16.41
<b>Accommodation expenditure (H)</b>	<b>56.34</b>	<b>55.78</b>	<b>46.75</b>	<b>53.61</b>	<b>56.58</b>
<b>Accommodation margin (I = G - H)</b>	<b>\$ (12.56)</b>	<b>\$ (12.05)</b>	<b>\$ 0.05</b>	<b>\$ (9.71)</b>	<b>\$ (12.37)</b>

	<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
<b>Administration expenditure</b>					
Administration recharges	35.64	34.70	29.39	33.89	38.91
Labour costs - administration	8.57	9.09	6.97	8.62	8.50
Other administration costs	6.90	7.72	6.20	7.03	6.31
Workers' compensation - other	0.21	0.23	0.17	0.20	0.25
Payroll tax - administration staff	0.02	0.01	0.03	0.01	0.02
Fringe Benefits Tax	0.01	0.01	0.01	0.00	0.01
Quality & education - labour costs	0.05	0.05	0.02	0.05	0.06
Quality & education - other	0.02	0.02	0.02	0.02	0.02
Insurances	1.89	1.97	1.53	1.84	1.75
<b>Expenditure - administration</b>	<b>53.30</b>	<b>53.80</b>	<b>44.32</b>	<b>51.66</b>	<b>55.82</b>
Direct care overhead allocation	(19.72)	(19.90)	(16.39)	(19.11)	(20.65)
Everyday living overhead allocation	(17.92)	(18.09)	(14.90)	(17.37)	(18.77)
Accommodation overhead allocation	(15.67)	(15.81)	(13.03)	(15.18)	(16.41)
<b>Net administration after allocation (J)</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>(0.00)</b>
<b>Administration costs % of total revenue</b>	<b>12.7%</b>	<b>12.7%</b>	<b>10.3%</b>	<b>12.3%</b>	<b>13.1%</b>
<b>Operating result (K = C + F + I)</b>	<b>\$ (1.74)</b>	<b>\$ (3.10)</b>	<b>\$ 40.32</b>	<b>\$ 6.53</b>	<b>\$ (1.41)</b>
<b>Operating result (\$ per bed per annum)</b>	<b>\$ (602)</b>	<b>\$ (1,068)</b>	<b>\$ 14,039</b>	<b>\$ 2,270</b>	<b>\$ (486)</b>
<b>Operating EBITDA (\$ per bed day)</b>	<b>\$ 21.87</b>	<b>\$ 19.79</b>	<b>\$ 58.58</b>	<b>\$ 29.03</b>	<b>\$ 21.77</b>
<b>Operating EBITDA (\$ per bed per annum)</b>	<b>\$ 7,588</b>	<b>\$ 6,817</b>	<b>\$ 20,399</b>	<b>\$ 10,097</b>	<b>\$ 7,515</b>

## Detailed Staff Analysis

### Staff Minutes Analysis (Normal + Overtime + Agency + Contract)

Registered nurses	42.35
Enrolled and licensed nurses	8.75
Other unlicensed nurses/personal care staff	163.83
<b>Total direct care minutes per resident day</b>	<b>214.93</b>

Care management	3.74
Allied health	4.68
Lifestyle	6.75
<b>Total care minutes per resident per day (A)</b>	<b>230.10</b>

Hotel services - Catering	25.81
Hotel services - Cleaning	9.86
Hotel services - Laundry	3.90
<b>Total Hotel services</b>	<b>39.57</b>
Routine maintenance and accommodation	3.79
Administration	8.22
Quality and education	0.85

**Total other staff minutes per resident per day**

**Total staff minutes**

Total agency minutes (including imputed agency)

### Agency & Overtime Analysis

Agency costs - Registered nurses	3.87
Agency costs - Enrolled and licensed nurses	0.53
Agency costs - Other unlicensed nurses/personal care staff	5.89
<b>Total agency direct care labour costs</b>	<b>10.29</b>

Agency direct care staff costs as % of total direct care labour costs

Agency minutes - Registered nurses	2.02
Agency minutes - Enrolled and licensed nurses	0.40
Agency minutes - Other unlicensed nurses/personal care staff	4.84
<b>Total agency direct care minutes</b>	<b>7.26</b>

**Total agency direct care minutes**

Agency direct care staff minutes as % of total direct care labour minutes

Overtime minutes - Registered nurses	0.78
Overtime minutes - Enrolled and licensed nurses	0.11
Overtime minutes - Other unlicensed nurses/personal care staff	3.06
<b>Total overtime direct care minutes</b>	<b>3.95</b>

**Total overtime direct care minutes**

Overtime direct care staff minutes as % of total direct care labour minutes

<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
42.35	42.23	41.00	41.58	42.11
8.75	10.01	8.27	9.55	2.64
163.83	161.80	157.58	161.07	168.82
<b>214.93</b>	<b>214.04</b>	<b>206.85</b>	<b>212.20</b>	<b>213.57</b>
3.74	3.88	3.46	3.90	4.13
4.68	4.50	3.79	4.44	3.87
6.75	7.07	5.61	6.93	6.82
<b>230.10</b>	<b>229.50</b>	<b>219.71</b>	<b>227.47</b>	<b>228.40</b>
25.81	27.47	27.89	25.69	25.41
9.86	10.44	11.35	9.78	8.68
3.90	4.14	4.35	4.11	3.89
<b>39.57</b>	<b>42.06</b>	<b>43.59</b>	<b>39.59</b>	<b>37.97</b>
3.79	4.27	4.13	4.04	4.27
8.22	8.70	7.86	8.78	8.78
0.85	0.83	0.43	0.91	1.04
<b>52.43</b>	<b>55.86</b>	<b>56.01</b>	<b>53.32</b>	<b>52.06</b>
<b>282.53</b>	<b>285.36</b>	<b>275.72</b>	<b>280.80</b>	<b>280.46</b>
10.38	13.33	10.47	12.04	11.55

3.87	6.98	4.80	6.06	6.34
0.53	0.69	0.58	0.67	0.13
5.89	7.87	4.87	7.35	8.12
<b>10.29</b>	<b>15.54</b>	<b>10.25</b>	<b>14.07</b>	<b>14.58</b>
4.6%	6.8%	4.8%	6.3%	6.5%
2.02	3.24	2.28	2.89	2.81
0.40	0.47	0.38	0.47	0.07
4.84	6.20	3.79	5.67	5.89
<b>7.26</b>	<b>9.91</b>	<b>6.45</b>	<b>9.03</b>	<b>8.77</b>
3.4%	4.6%	3.1%	4.3%	4.1%
0.78	0.81	0.72	0.85	1.04
0.11	0.16	0.18	0.16	0.06
3.06	3.46	3.57	3.58	4.62
<b>3.95</b>	<b>4.43</b>	<b>4.47</b>	<b>4.60</b>	<b>5.71</b>
1.8%	2.1%	2.2%	2.2%	2.7%

	<u>Deidentified Provider</u>  (10 Homes) FY25 \$pbd	<u>All Homes</u>  (1,165 Homes) FY25 \$pbd	<u>First quartile all Homes</u>  (291 Homes) FY25 \$pbd	<u>Second quartile all Homes</u>  (292 Homes) FY25 \$pbd	<u>NSW Homes</u>  (455 Homes) FY25 \$pbd
<b>Accommodation Analytics</b>					
<b>Accommodation revenue</b>					
Accommodation revenue	43.77	43.74	46.81	43.90	44.21
Imputed DAP (based on RAD holdings)	56.08	50.96	45.17	49.65	52.90
<b>Benchmark accommodation revenue</b>	<b>99.85</b>	<b>94.70</b>	<b>91.97</b>	<b>93.55</b>	<b>97.10</b>
<b>Accommodation expenditure</b>					
Depreciation/amortisation/rent	24.90	23.91	18.72	23.32	23.49
Other accommodation expenditure	15.77	16.06	15.01	15.11	16.68
Administration - accommodation overhead allocation	15.67	15.81	13.03	15.18	16.41
<b>Accommodation expenditure</b>	<b>56.34</b>	<b>55.78</b>	<b>46.75</b>	<b>53.61</b>	<b>56.58</b>
<b>Benchmark accommodation result</b>	<b>\$ 43.52</b>	<b>\$ 38.91</b>	<b>\$ 45.22</b>	<b>\$ 39.94</b>	<b>\$ 40.53</b>
<b>Accommodation Payment Analysis</b>					
<b>Incoming residents accommodation payment split</b>					
Full RAD	38.3%	37.0%	37.0%	37.2%	35.0%
Full DAP	39.7%	40.6%	39.4%	39.6%	43.5%
Combination - Part RAD, Part DAP	22.0%	22.4%	23.6%	23.2%	21.5%
Total number of incoming RADs/DAPs/Combinations	14,136	21,548	4,957	5,735	7,982
<b>Average incoming RAD (current financial year)</b>					
Average of new FULL RADs / RACs	562,316	516,770	498,435	506,632	551,253
Average of new PART RADs / RACs	285,611	261,092	247,297	273,154	273,558
<b>Average RAD/Bond held (as at reporting date)</b>					
Average of FULL RADs/RACs held at reporting date	522,338	482,536	466,085	473,947	503,486
Average of PART RADs/RACs held at reporting date	280,673	258,987	246,427	260,591	272,420

**Note: Accommodation pricing is as published on the My Aged Care website as at the end of current survey period**  
 Market data listed supplied by Cotality RP Data as at the end of the current survey period



<b>Default column definitions</b>	
<b>Column 1 - Provider Result</b>	the result for Provider's consolidated residential segment
<b>Column 2 - All Homes</b>	the sector average for all homes
<b>Column 3 - Results of 1st Quartile</b>	the average of the First 25% of Sector
<b>Column 4 - Results of 2nd Quartile</b>	the average of the 2nd quartile of Sector
<b>Column 5 - State Average</b>	the average across all homes in this State

## 6. Glossary

### Accommodation Margin

Accommodation Margin is the net result of accommodation revenue (DAPs/DACs/Accommodation supplements) and expenses related to capital items such as depreciation, property rental and refurbishment costs. It includes an allocation of administration costs.

### AN-ACC Direct Care Subsidy

From 1 October 2022 the Australian National Aged Care Classification (AN-ACC) replaced the previous Aged Care Funding Instrument (ACFI) funding model. Direct care revenue includes the subsidy received from the Commonwealth and the means-tested care fee component levied to the resident. Direct care revenue includes the additional care supplement subsidies and some specific grant (not capital) funding.

### Administration Costs

Administration Costs includes the direct costs related to administration and support services and excludes the allocation of workers compensation and quality and education costs to direct care, everyday living and accommodation.

Although administration costs are unfunded specifically, each of the respective revenue streams requires a significant component. The allocation of the administration costs has been based on the average provider responses received from the FY23 *StewartBrown Corporate Administration Financial Survey*.

The allocation for each revenue stream is as follows:

- Direct care: 37.0%
- Everyday living: 33.6%
- Accommodation: 29.4%.

### Aged Care Home

Individual discrete premises that a registered provider uses for residential aged care. "Aged Care Home" is the term approved at the Department of Health, Disability and Ageing; in some contexts, "home" is used, with an identical meaning.

### Averages

For residential care all *averages* are calculated using the total of the raw data submitted for any line item and then dividing that total by the total occupied bed days for the aged care homes in the group. For example, the average for contract catering across all homes would be the total amount submitted for that line item divided by the total occupied bed days for all aged care homes in the Survey.

For home care all *averages* are calculated using the total of the raw data submitted for any line item and then dividing that total by the total client days for the programs in the group. For example, the average for sub-contracted and brokerage costs across all programs would be the total amount submitted for that line item divided by the total client days for all programs in the Survey.

### Average by line item

This measure is *averaged* across only those aged care homes that provide data for that line item. All other measures are *averaged* across all the homes in the particular group. The *average* by line item is particularly useful for line items such as contract catering, cleaning and laundry, property rental, extra service revenue and administration fees as these items are not included by everyone.

### Basic Daily Fee (BDF)

The Basic Daily Fee (BDF) is a mandatory daily payment for all residential aged care residents in Australia, covering everyday living costs like meals, cleaning, and laundry. It is set at 85% of the single person rate of the basic age pension, adjusted every March and September.

### Bed day

The number of days that a residential care place is occupied in the Survey period. Usually represents the days for which a direct care subsidy or equivalent respite subsidy has been received.

### Benchmark

We consider the benchmark to be the average of the *First 25%* in the group of programs being examined. For example, if we are examining the results for aged care homes (homes) / programs in Band 4, then the benchmark would be the average of the *First 25%* of the aged care homes (homes) / programs in Band 4.

### **Benchmark bands**

#### *Residential Care*

For the purpose of benchmarking homes against each other, we sort homes into “benchmark groups (bands)” based on the levels of Government care subsidies + means-tested care fees received.

Based on Average Direct Care Subsidy & Supplements (including respite) (\$ per bed day):

Band 1 - Over \$324

Band 2 - Between \$315 and \$324

Band 3 - Between \$306 and \$315

Band 4 - Under \$306

### **Direct Care Margin**

The Direct Care (AN-ACC and formerly ACFI) Margin represents the net result from revenue and expenses directly associated with direct care. It includes AN-ACC (formerly ACFI) and Supplements (including means-tested care fee) revenue less total direct care expenditure. This includes an allocation of workers compensation, quality and education costs and administration costs.

### **Dollars per bed day**

This is the common measure used to compare items across aged care homes (homes). The denominator used in this measure is the number of occupied bed days for any home (home) or group of homes (homes).

### **EBITDA – Provider and Home**

This measure represents earnings before interest (including investment revenue), taxation, depreciation and amortisation. The calculation excludes interest (and investment) revenue as well as interest expense on borrowings.

### **EBITDA per bed per annum**

Calculation of the aged care home (home) EBITDA for the financial year-to-date divided by the number of operational beds in the aged care home (home).

### **NPBT**

Net Profit Before Tax is the total or net result including non-recurrent revenue and expenses.

### **Home**

An aged care home is sometimes called a “home” for convenience. The Home Result is the result for each aged care home being considered. Often called Aged Care Home and abbreviated to ACH.

### **Everyday living margin**

Revenue from the BDF, hotelling supplement and additional service fees including HELF less the costs of hotel services (catering, cleaning, laundry) and utilities (includes allocation of workers compensation premium and quality and education costs and administration costs to hotel services staff).

### **Higher Everyday Living Fee (HELFF)**

This is an optional fee for people who choose to receive higher quality everyday living services in permanent or respite residential aged care. The HELFF replaces additional service fees and extra service fees.

### **Location - City**

Aged care homes have been designated as being city based according to the designation by the Department of Health, Disability and Ageing in their listing of aged care services. Those that were designated as being a “Major City of Australia” have been designated City.

### **Location - Regional**

Aged care homes have been designated as being regionally based according to the designation by the Department of Health, Disability and Ageing in their listing of aged care services. Those that were designated as being an “Inner Regional”, “Outer Regional” or “Remote” have been designated as Regional.

### **Modified Monash Model (MM)**

The Modified Monash Model (MM) measures remoteness and population size on a scale of Modified Monash (MM) categories MM 1 to MM 7. MM 1 is a major city, and MM 7 is very remote.

### **Non-recurrent revenue and expenses**

Non-recurrent revenue and expense refers to income or costs that arise from one-off, irregular or infrequent events and are not expected to occur as part of the normal, ongoing operations of an aged care provider. These items are excluded from

recurrent or underlying operating results to enable more meaningful assessment of sustainable financial performance and benchmarking. Non-recurrent revenue includes but is not limited to fair value gains, one-off government or capital grants, insurance recoveries and proceeds from legal settlements or asset sales. Non-recurrent expenses include but are not limited to impairments or write-downs, major rectification or remediation works outside normal maintenance, restructuring or redundancy costs, one-off legal or settlement expenses.

### Operating Result - Aged Care Home (Home)

This is the combination of the direct care margin, everyday living margin and accommodation margin. It excludes all “provider revenue and expenditure” including fundraising revenue, revaluations, donations, capital grants and sundry revenue.

This measure is more consistent across the aged care homes (homes) because it excludes all those items which are generally allocated at the aged care home (home) level on an inconsistent and arbitrary basis depending on the policies of the individual provider

### Operating Result - Provider

This is the total of service revenue and investment revenue less operating expenses at the provider level. It excludes any non-recurrent revenue and expenses.

### Operating EBITDA - Aged Care Home (Home)

The starting point for this calculation is the Home Operating Result which is then adjusted to excludes interest (including investment revenue and any interest expense on borrowings), taxation, depreciation and amortisation.

### Operating EBITDA - Provider

The starting point for this calculation is the Provider Operating Result which is then adjusted to excludes interest (including investment revenue and any interest expense on borrowings), taxation, depreciation and amortisation.

### Quartiles - Residential Care

The Residential Care results are distributed for the Survey period from highest to lowest by Care Result. This is then divided into quartiles - the *First 25%* (the first quartile), second 25%, third 25%, fourth 25% and the average of each quartile is

reported. The *First 25%* represents the quartile of homes with the highest Care Result.

**Survey** is the abbreviation used in relation to the StewartBrown *Aged Care Financial Performance Survey*.

## Data Collection Process

### Data collection process



Each tab (spreadsheet) requires an extensive level of input  
 Each row must be completed unless it is not applicable  
 Data definitions must be strictly adhered to ensure accurate comparability

### Data cleansing process



## StewartBrown Contact Details

For further analysis of the information contained in the Survey report please contact our specialist analyst team

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<p style="text-align: center;"><b>Analyst, IT and Administration Team</b></p> <table border="0"> <tr> <td><b>Jimmy Gurusinga</b> Senior Manager</td> <td><b>Daniel Adeniyi</b> Business Analyst</td> <td><b>Kieron Brennan</b> Senior Manager</td> <td><b>Robert Krebs</b> Manager - Analyst &amp; Consulting</td> </tr> <tr> <td><b>Vega Li</b> Senior Business Analyst</td> <td><b>Vicky Stimson</b> Survey Administrator</td> <td><b>Nathan Ryan</b> Senior Business Analyst</td> <td><b>Teanne Lundie</b> Business Analyst</td> </tr> <tr> <td><b>Joshua Pacque</b> Business Analyst</td> <td><b>Jason Boude</b> Senior Internal Auditor</td> <td><b>Zachary Weeks</b> Analyst Cadet</td> <td><b>Felice Irwandi</b> Analyst</td> </tr> <tr> <td><b>Marjorie Moniaga</b> Analyst Cadet</td> <td><b>Harry Hanavan</b> IT Support</td> <td><b>Steven Toner</b> Survey Administrator</td> <td><b>Karen East</b> Commercial Editor</td> </tr> <tr> <td><b>Annette Greig</b> Systems Accountant</td> <td><b>Rhys Terzis</b> Systems Analyst</td> <td><b>Lachlan Scott</b> Data Manager</td> <td><b>Rachel Corderoy</b> Events, Marketing &amp; Media</td> </tr> </table>		<b>Jimmy Gurusinga</b> Senior Manager	<b>Daniel Adeniyi</b> Business Analyst	<b>Kieron Brennan</b> Senior Manager	<b>Robert Krebs</b> Manager - Analyst & Consulting	<b>Vega Li</b> Senior Business Analyst	<b>Vicky Stimson</b> Survey Administrator	<b>Nathan Ryan</b> Senior Business Analyst	<b>Teanne Lundie</b> Business Analyst	<b>Joshua Pacque</b> Business Analyst	<b>Jason Boude</b> Senior Internal Auditor	<b>Zachary Weeks</b> Analyst Cadet	<b>Felice Irwandi</b> Analyst	<b>Marjorie Moniaga</b> Analyst Cadet	<b>Harry Hanavan</b> IT Support	<b>Steven Toner</b> Survey Administrator	<b>Karen East</b> Commercial Editor	<b>Annette Greig</b> Systems Accountant	<b>Rhys Terzis</b> Systems Analyst	<b>Lachlan Scott</b> Data Manager	<b>Rachel Corderoy</b> Events, Marketing & Media
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