

# AGED CARE FINANCIAL PERFORMANCE SURVEY



Celebrating  
**80 YEARS**  
1939 to 2019

*Q1FY20 RURAL & REMOTE RESULTS SUMMARY*

# RURAL & REMOTE RESIDENTIAL AGED CARE ANALYSIS

The September 2019 quarter Aged Care Financial Performance Survey highlights that the financial sustainability of the residential aged care sector continues to deteriorate in all geographic regions, and unless additional specific targeted funding is implemented it may lead to closure of residential aged care homes and will risk further necessary investment into the sector.

*This report specifically analyses the aged care homes located in the Outer Regional, Rural & Remote geographic locations. The geographic designations are based on the Accessibility/Remoteness Index of Australia (ARIA) which is then extracted from the Department of Health Service Listing for each aged care home.*

The accompanying financial analysis for Rural & Remote (including Outer Regional) locations confirm that the current funding model does not meet the costs in providing residential aged care services in the vast majority of homes. Our Survey indicates that the homes that are making a surplus are reliant on additional subsidy funding outside of the general ACFI subsidy and supplements.

Rural & remote homes are characterised as having:

- Smaller size of homes (majority less than 40 beds)
- Potential resident cohort substantially lower (also affects resident acuity mix)
- Difficulty in attracting staff, including skills, experience and qualifications
- Lower accommodation pricing (direct consequence of house/unit prices)
- Distance from major town/city centres
- Many associated costs (eg food, consumables and maintenance materials) are higher

## RURAL & REMOTE RESULTS - SUMMARY

- 65% of aged care homes recorded an **operating loss** for the September quarter (*Sep-18: 61%*)
- 47% of aged care homes recorded an **EBITDAR loss** (cash loss) for the September quarter (*Sep-18: 40%*)
- Average ACFI per bed day (pbd) for Survey participants increased by \$4.86 pbd to \$175.76 pbd
- Occupancy levels for survey participants decreased to 92.1% average occupancy (*Sep-18: 92.7%*)
- Total care hours per resident per day decreased by 0.06 hours to 3.31 hours (*Sep-18: 3.37 hours*)
- ACFI direct care services costs increased by 5.2% (\$7.59 pbd) to \$153.08 pbd (*Sep-18: \$145.49 pbd*)
- Costs for providing everyday living services exceeded revenue by \$15.02 pbd (*Sep-18: \$14.70 pbd exceeded*)
- Average **Net Loss** for aged care homes increased by \$1,391 per bed per annum (pbpa) to a **loss** of \$3,963 pbpa (*Sep-18: \$2,572 loss pbpa*)
- Average EBITDAR for aged care homes reduced by \$888 pbpa to \$1,945 pbpa (*Sep-18: \$2,833 pbpa*)
- Supported ratio increased to 50.7 (*Sep-18: 49.8%*)
- Average full RADs taken in the September quarter increased to \$365,389 an increase of \$13,216 in the year from Sep-18

# RESIDENTIAL CARE - SUMMARY RESULTS BY REGION

## Major Cities



**640 Aged Care Homes**

	\$236	ACH Result \$ per bed per annum
	\$6,807	ACH EBITDAR \$ per bed per annum
	\$183.74	Average ACFI Per bed day
	83.5%	ACFI services costs as % of ACFI
	3.30	Direct care hours per resident per day
	46.1%	Supported resident ratio
	94.0%	Average Occupancy
	\$396,031	Average Full RAD held
	\$428,892	Average Full RAD taken during period

## Inner Regional



**249 Aged Care Homes**

	\$(1,824)	ACH Result \$ per bed per annum
	\$4,293	ACH EBITDAR \$ per bed per annum
	\$174.87	Average ACFI Per bed day
	84.8%	Care labour costs as % of ACFI
	3.16	Direct care hours per resident per day
	48.2%	Supported resident ratio
	94.2%	Average Occupancy
	\$292,418	Average RAD held
	\$356,594	Average Full RAD taken during period

## Rural and Remote



**95 Aged Care Homes**

	\$(3,963)	ACH Result \$ per bed per annum
	\$1,945	ACH EBITDAR \$ per bed per annum
	\$175.76	Average ACFI Per bed day
	87.1%	ACFI services costs as % of ACFI
	3.31	Direct care hours per resident per day
	50.7%	Supported resident ratio
	92.1%	Average Occupancy
	\$280,022	Average RAD held
	\$365,389	Average Full RAD taken during period

# RESIDENTIAL CARE - SUMMARY RESULTS

## Residential Care Summary Results by Revenue Stream (\$ per bed day)

The Care Result which is based on resident acuity and need is an unsustainable **deficit of \$28.31** per resident per day in Rural & Remote locations

Accommodation Result (not related to resident acuity) which needs to be geared for building refurbishment and maintenance is now required to offset the Care loss (meaning recurrent expenditure on buildings will lessen and reduce the overall quality of accommodation over time)

Summary Results (Sep-19 quarter)	Major Cities 640 Homes	Inner Regional 249 Homes	Rural & Remote 95 Homes
ACFI result	\$30.26	\$26.51	\$22.70
Everyday living result	(\$6.90)	(\$9.96)	(\$15.02)
Administration result	(\$34.25)	(\$34.73)	(\$35.99)
=			
Care Result	(\$10.89)	(\$18.18)	(\$28.31)
+			
Accommodation Result	\$11.58	\$12.89	\$16.55
=			
ACH RESULT (\$pbd)	\$0.68	(\$5.29)	(\$11.76)
ACH RESULT (\$pbpa)	\$236	(\$1,824)	(\$3,963)
ACH EBITDAR (\$pbpa)	\$6,807	\$4,293	\$1,945

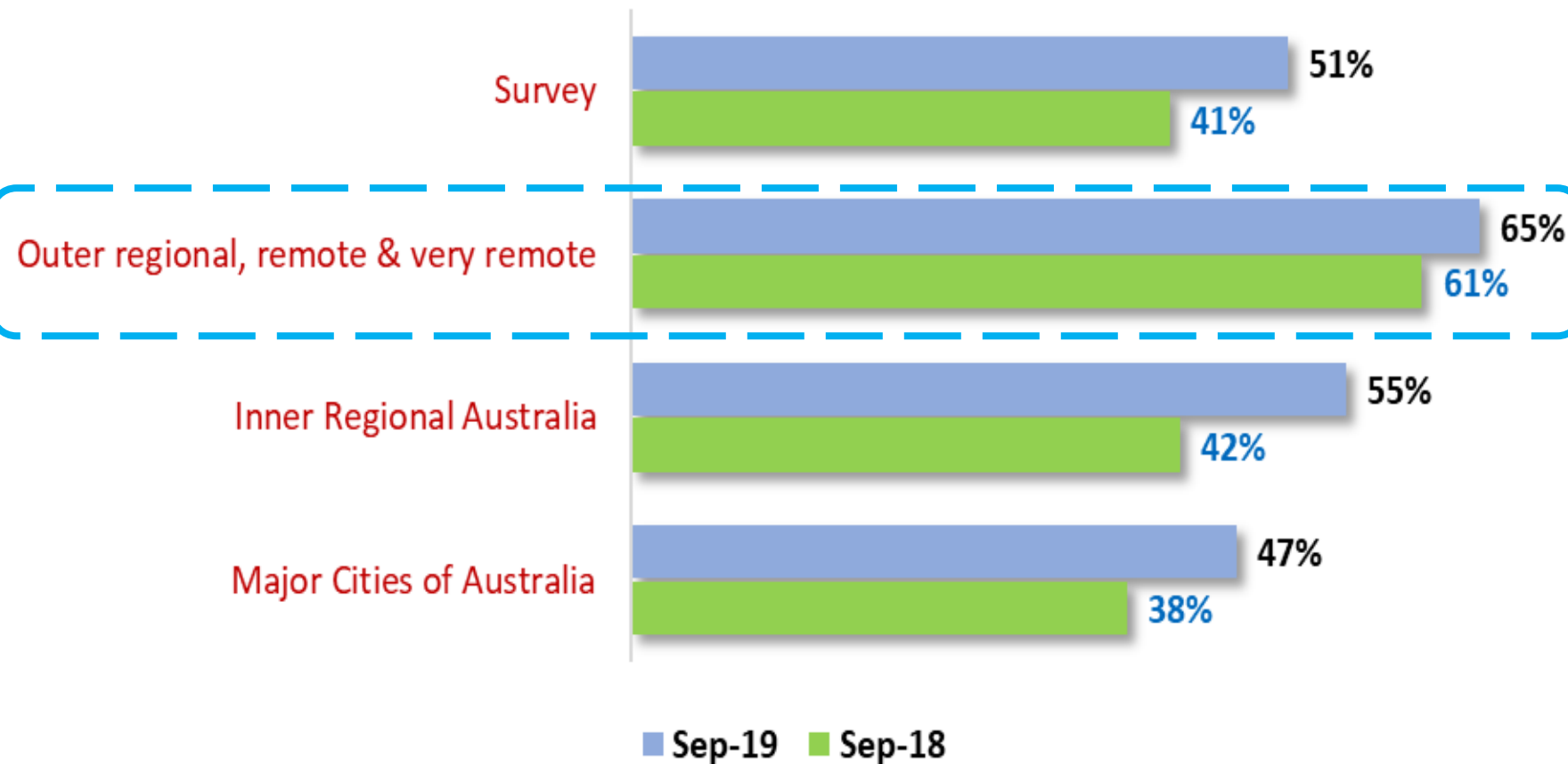
## RESIDENTIAL CARE - PERCENTAGE OF HOMES MAKING A NPBT LOSS

### RESIDENTIAL HOMES WITH NEGATIVE NET PROFIT BEFORE TAX (NPBT) (OPERATING DEFICIT)

Percentage of aged care homes who made an operating loss for Sep-19 quarter

*The September quarter is historically the best performing quarter, and each subsequent quarter results progressively decline*

### Facilities with Negative NPBT by Remoteness



## RESIDENTIAL CARE - PERCENTAGE OF HOMES MAKING AN EBITDAR LOSS

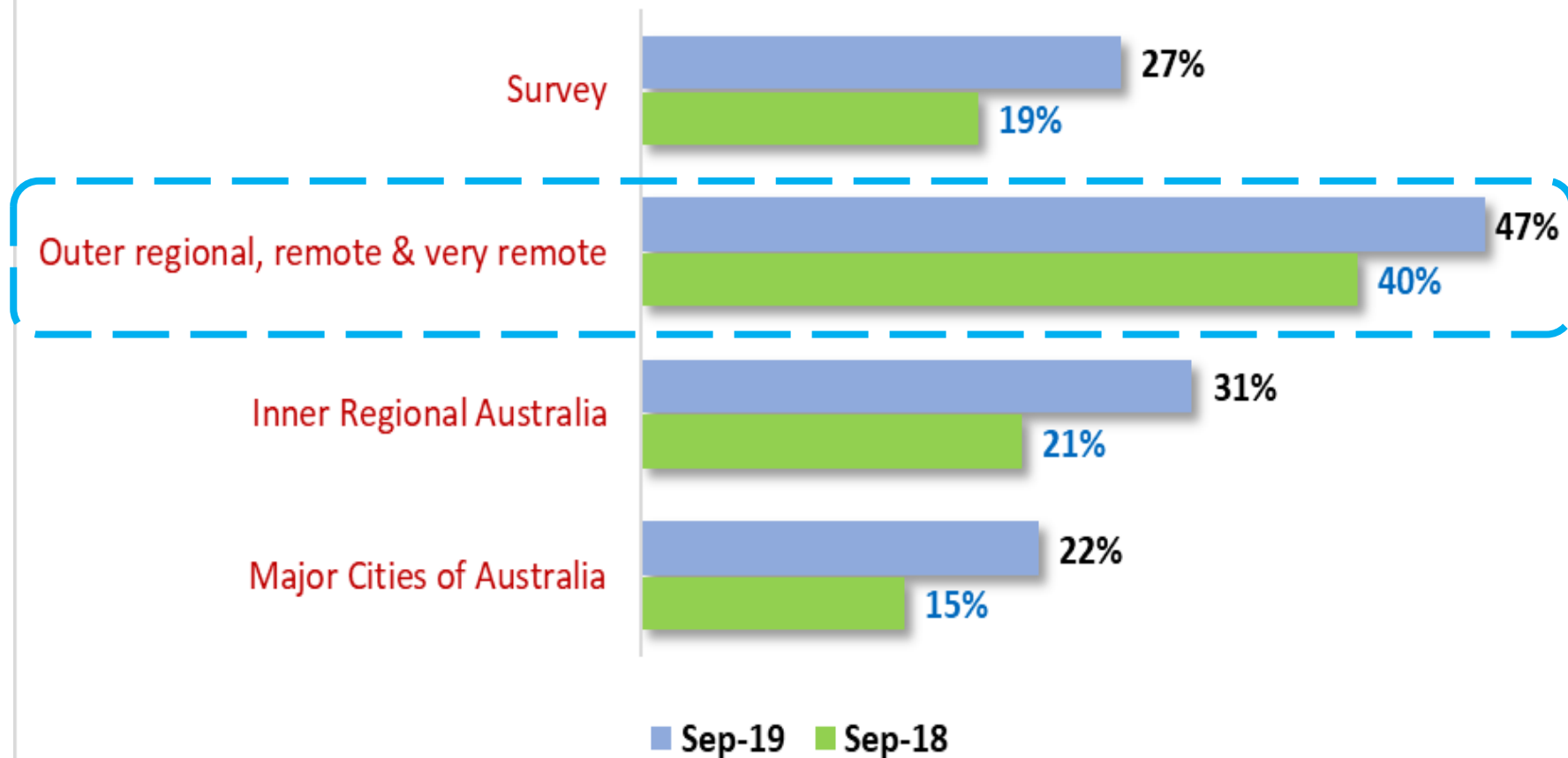
### RESIDENTIAL HOMES WITH NEGATIVE EBITDA (OPERATING CASH DEFICIT)

Percentage of aged care homes who made an EBITDAR (cash) operating loss for Sep-19 quarter

*The September quarter is historically the best performing quarter, and each subsequent quarter results progressively decline*

*\* "R" in EBITDAR is for Rent (where there is no building depreciation)*

### Facilities with Negative EBITDAR by Remoteness



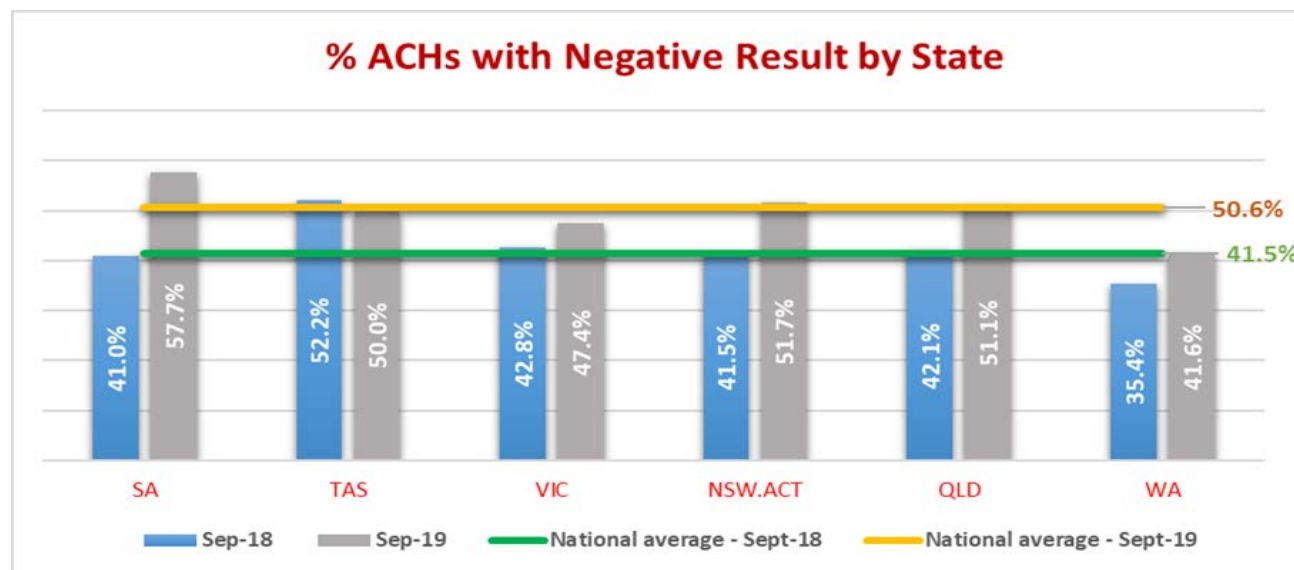
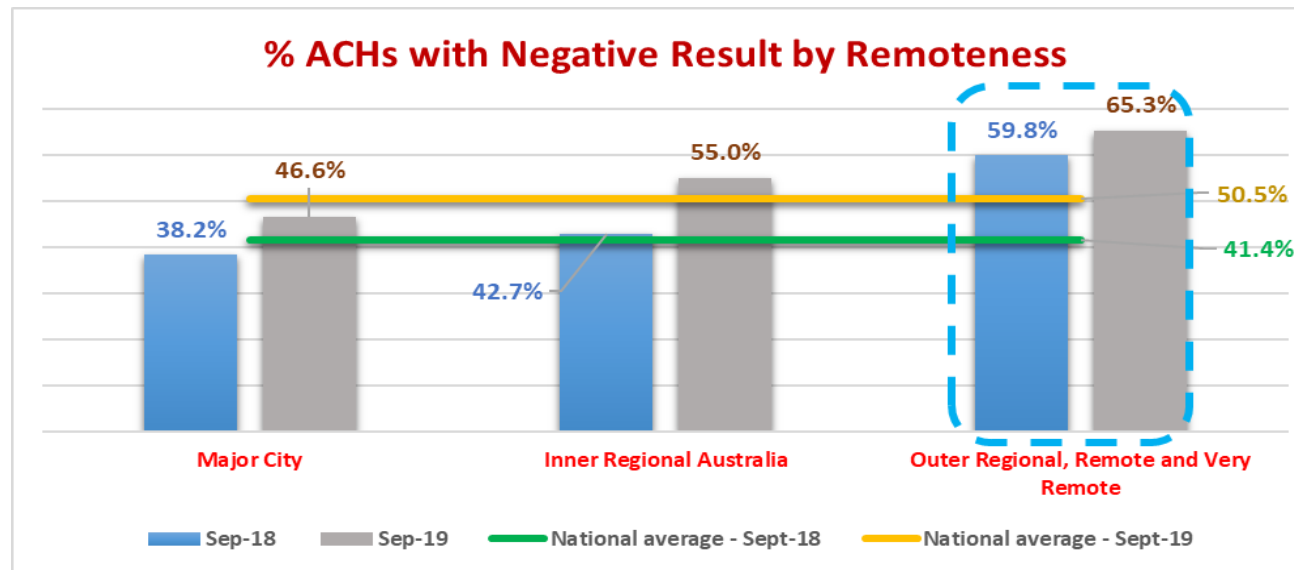


# RURAL & REMOTE RESULTS - COMPARISON WITH OTHER REGIONS

## Negative Operating Results: Sep-19 and Sep-18

Rural & Remote number of homes with a negative result (loss) increased from 59.8% to 65.3%

Overall number of homes with a negative results (loss) increased in each state except Tasmania year-on-year from Sep-18 to Sep-19



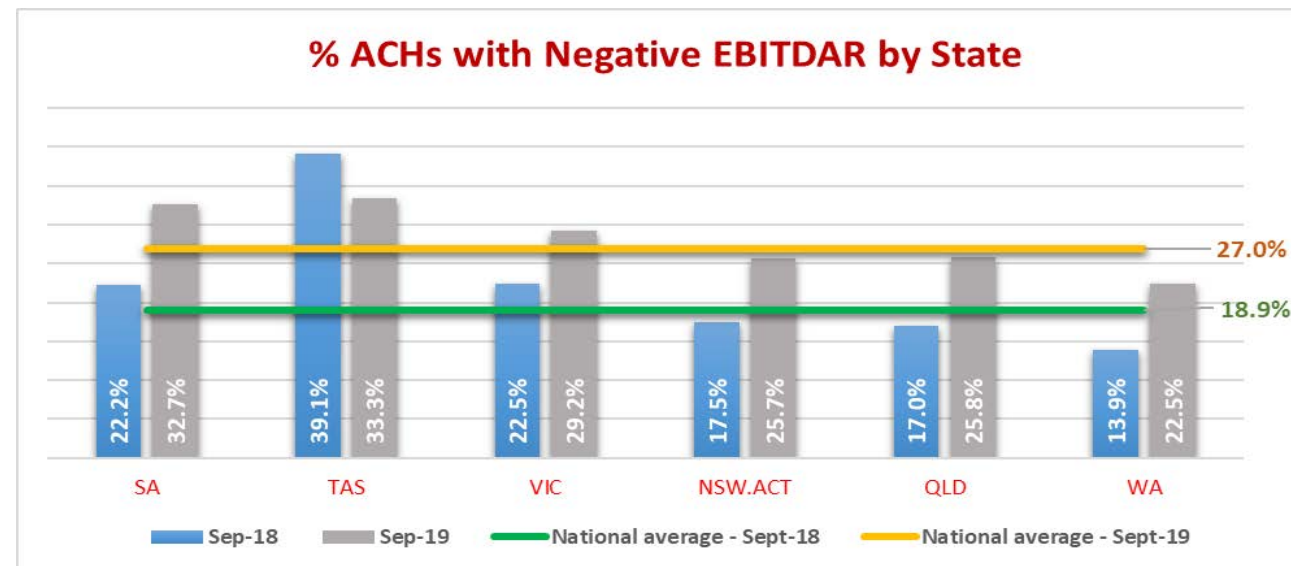
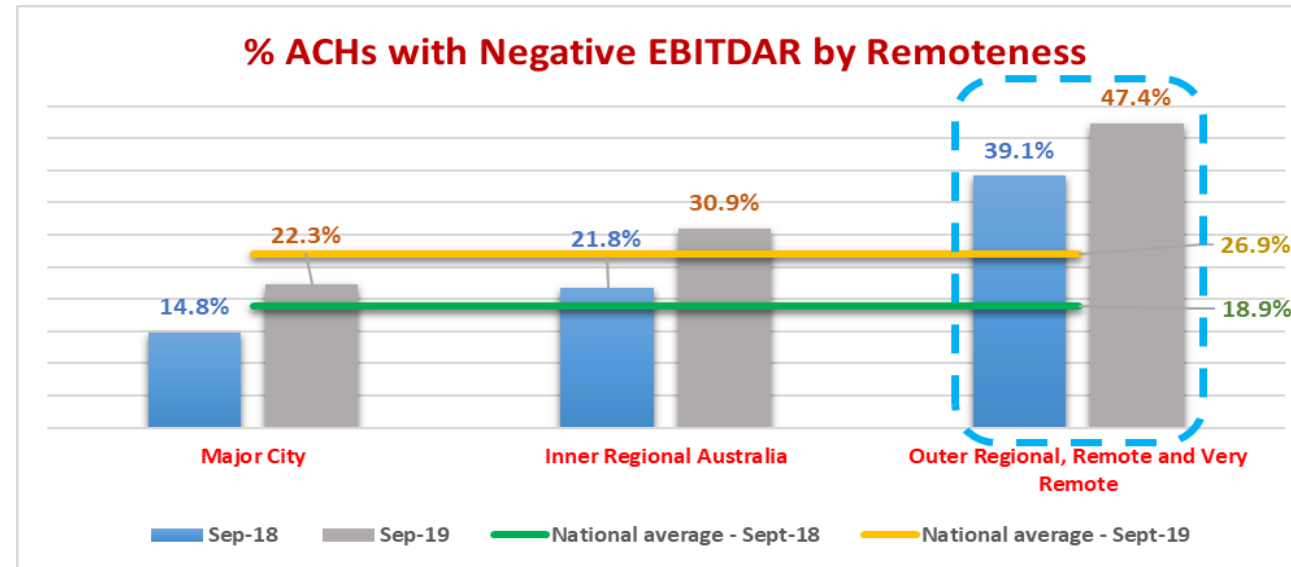


# RURAL & REMOTE EBITDAR RESULTS - COMPARISON WITH OTHER REGIONS

## Negative EBITDAR Results: Sep-19 and Sep-18

Rural & Remote number of homes with a negative EBITDAR result (loss) increased from 39.1% to 47.4%

Overall number of homes with a negative EBITDA results (loss) increased in each state except Tasmania year-on-year from Sep-18 to Sep-19



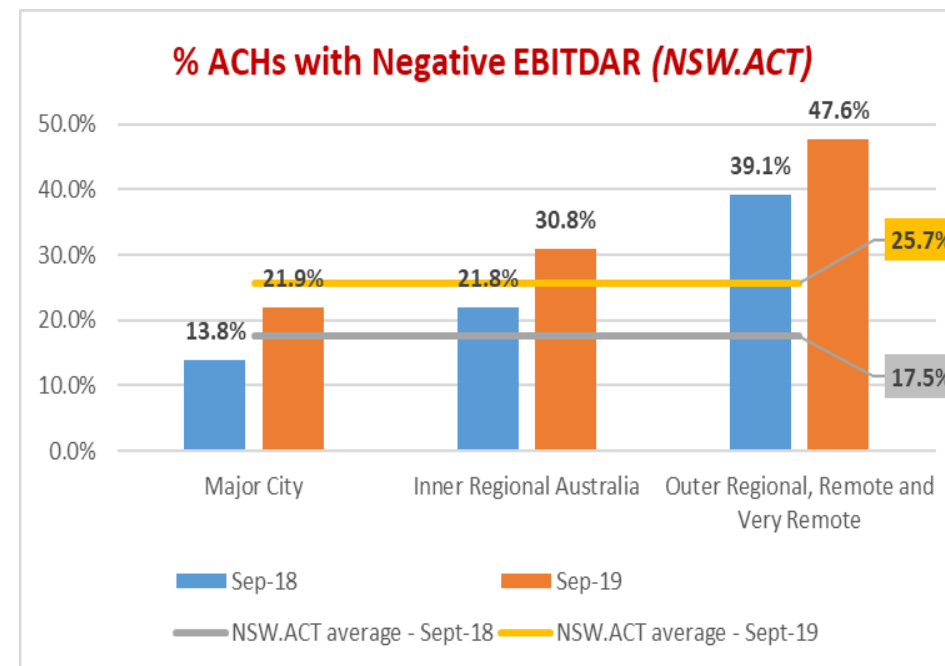
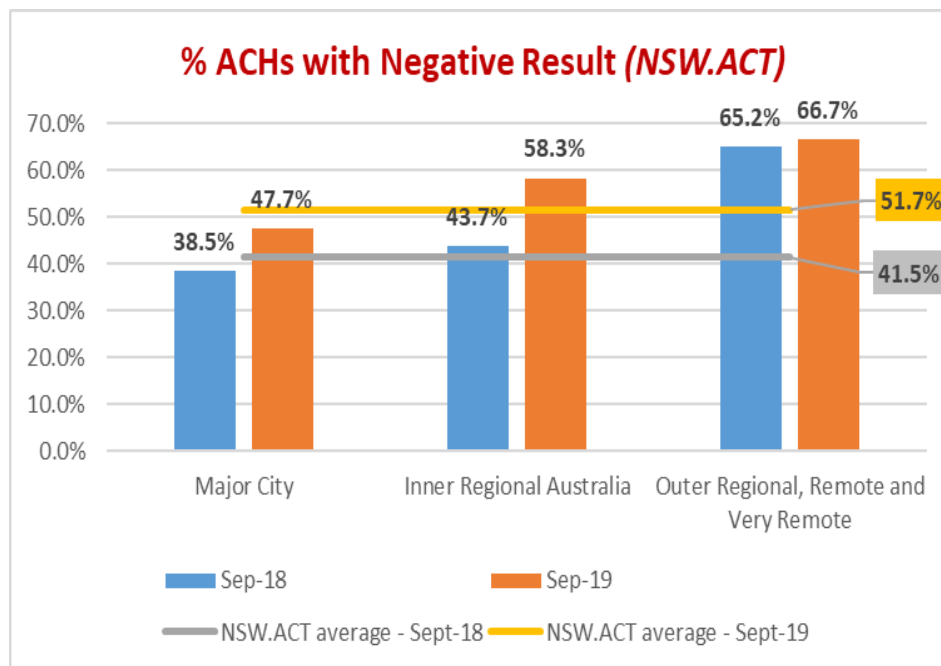
# RURAL & REMOTE RESULTS ANALYSIS - BY STATE (NSW.ACT)

## Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

The average result for Rural & Remote homes in NSW & ACT is a deficit of \$4,738 per bed per annum

NSW.ACT	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	93.8%	45.0%	(\$0.58)	(\$198)	\$19.63	\$6,740
Inner Regional Australia	93.8%	45.2%	(\$8.38)	(\$2,877)	\$10.77	\$3,698
Outer Regional, Remote and Very Remote	91.2%	46.3%	(\$14.19)	(\$4,738)	\$6.55	\$2,186
<b>Total</b>	<b>93.7%</b>	<b>45.2%</b>	<b>(\$3.19)</b>	<b>(\$1,094)</b>	<b>\$16.75</b>	<b>\$5,746</b>



## RURAL & REMOTE RESULTS ANALYSIS - BY STATE (VICTORIA)

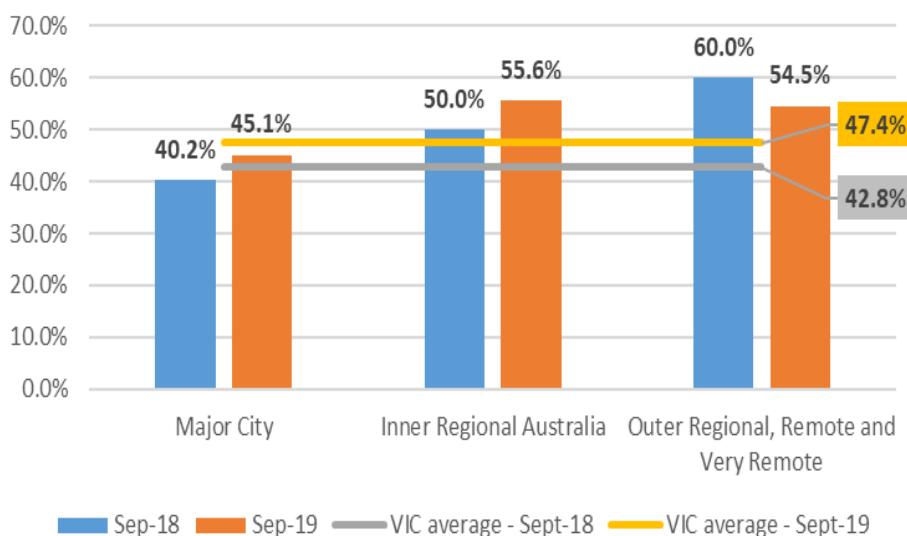
### Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

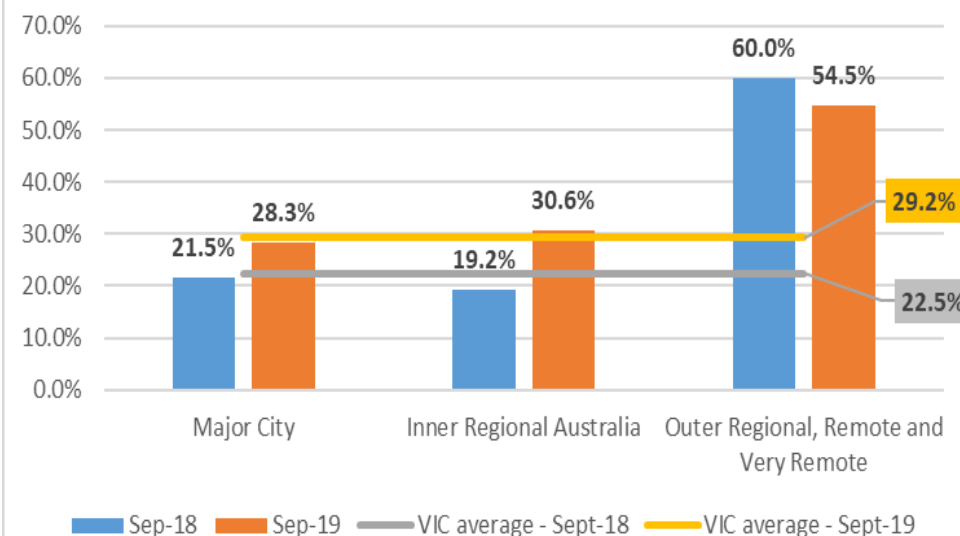
The average result for Rural & Remote homes in Victoria is a **deficit of \$2,178 per bed per annum**

VICTORIA	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	92.2%	40.6%	\$3.89	\$1,312	\$22.29	\$7,520
Inner Regional Australia	95.0%	42.6%	\$1.58	\$548	\$19.33	\$6,718
Outer Regional, Remote and Very Remote	88.3%	41.4%	(\$6.74)	(\$2,178)	\$7.28	\$2,354
<b>Total</b>	<b>92.7%</b>	<b>41.4%</b>	<b>\$3.12</b>	<b>\$1,058</b>	<b>\$21.27</b>	<b>\$7,219</b>

% ACHs with Negative Result (Victoria)



% ACHs with Negative EBITDAR (Victoria)



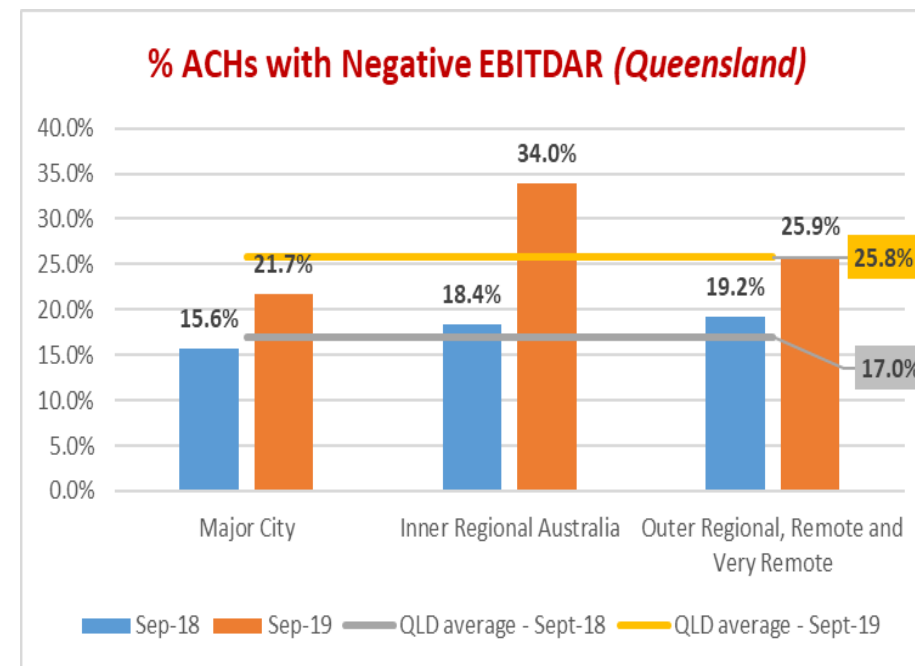
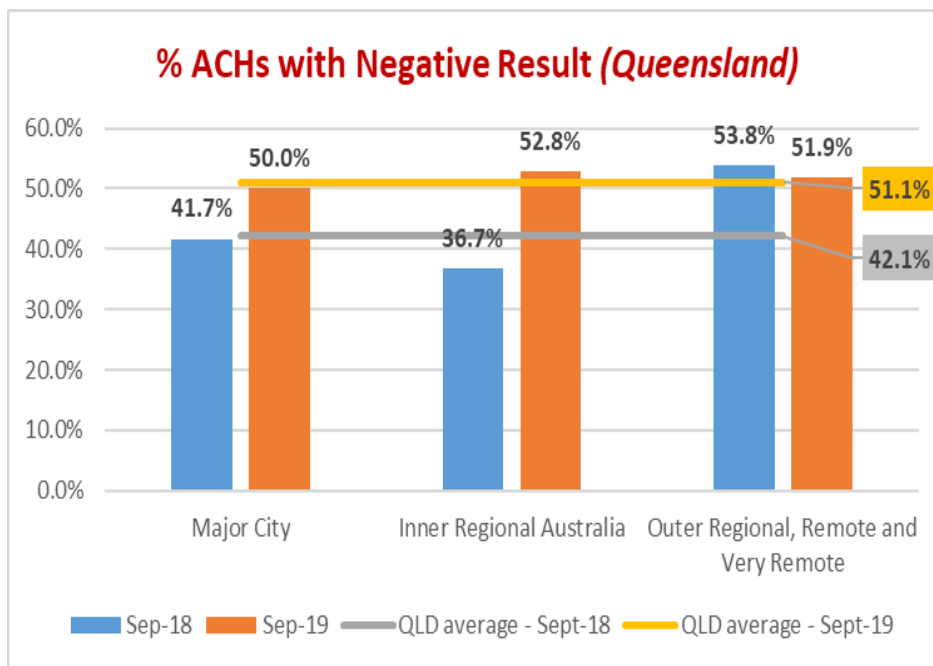
# RURAL & REMOTE RESULTS ANALYSIS - BY STATE (QUEENSLAND)

## Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

The average result for Rural & Remote homes in Queensland is a **deficit of \$2,204 per bed per annum**

QUEENSLAND	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	93.4%	48.9%	(\$2.35)	(\$804)	\$18.64	\$6,370
Inner Regional Australia	93.5%	55.6%	(\$5.28)	(\$1,807)	\$11.65	\$3,986
Outer Regional, Remote and Very Remote	92.1%	57.1%	(\$6.54)	(\$2,204)	\$15.23	\$5,134
<b>Total</b>	<b>93.3%</b>	<b>52.4%</b>	<b>(\$3.60)</b>	<b>(\$1,229)</b>	<b>\$16.44</b>	<b>\$5,610</b>



# RURAL & REMOTE RESULTS ANALYSIS - BY STATE (SOUTH AUSTRALIA)

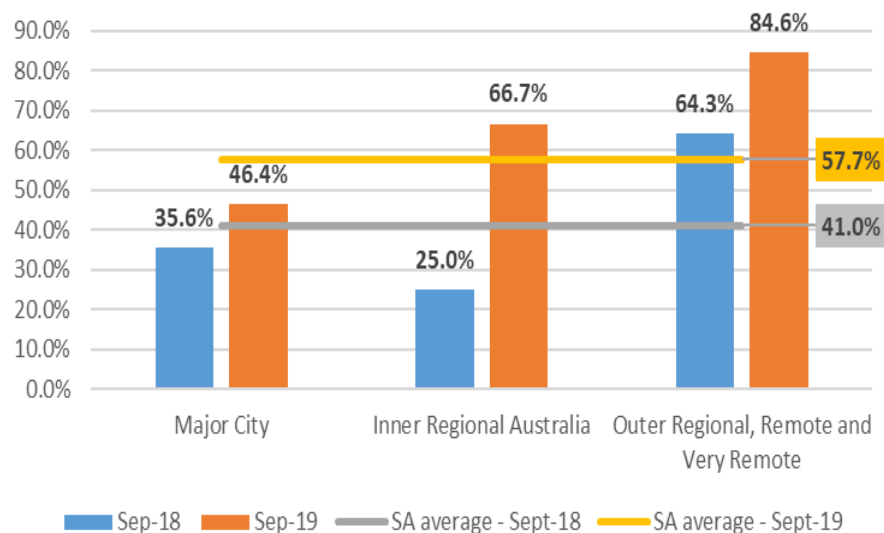
## Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

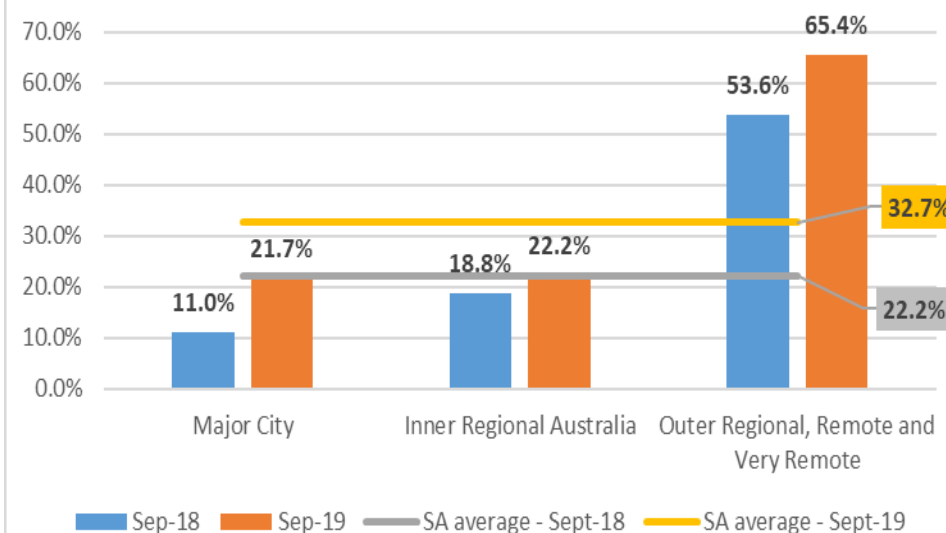
The average result for Rural & Remote homes in South Australia is a **deficit of \$5,635 per bed per annum**

SOUTH AUSTRALIA	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	96.4%	48.3%	(\$0.55)	(\$194)	\$16.55	\$5,842
Inner Regional Australia	95.1%	46.6%	(\$3.06)	(\$1,065)	\$14.26	\$4,960
Outer Regional, Remote and Very Remote	94.5%	54.8%	(\$16.29)	(\$5,635)	(\$4.17)	(\$1,441)
<b>Total</b>	<b>96.0%</b>	<b>48.7%</b>	<b>(\$3.22)</b>	<b>(\$1,131)</b>	<b>\$13.12</b>	<b>\$4,610</b>

% ACHs with Negative Result (South Australia)



% ACHs with Negative EBITDAR (South Australia)



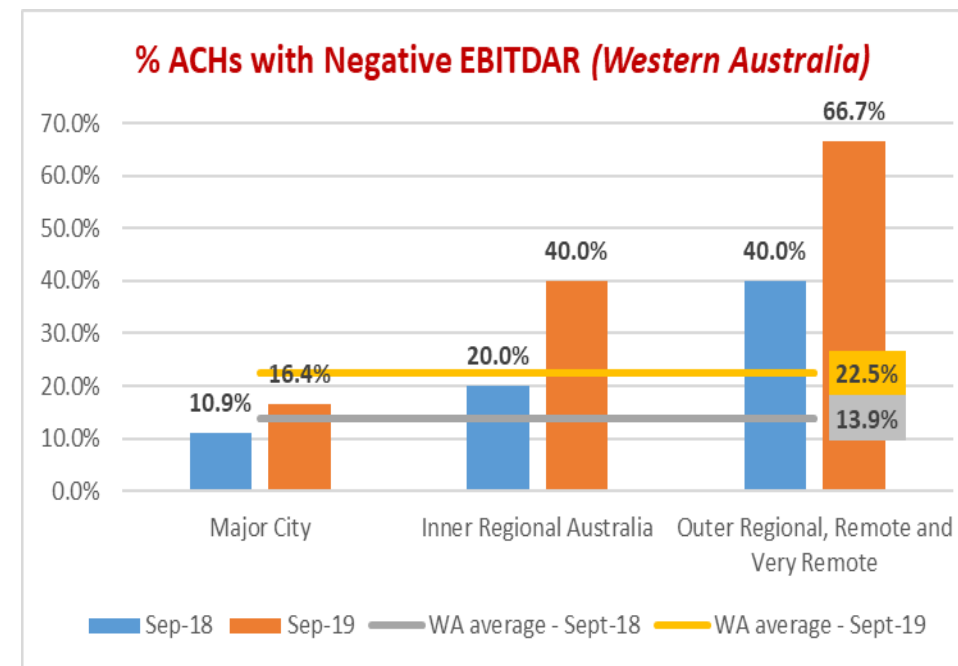
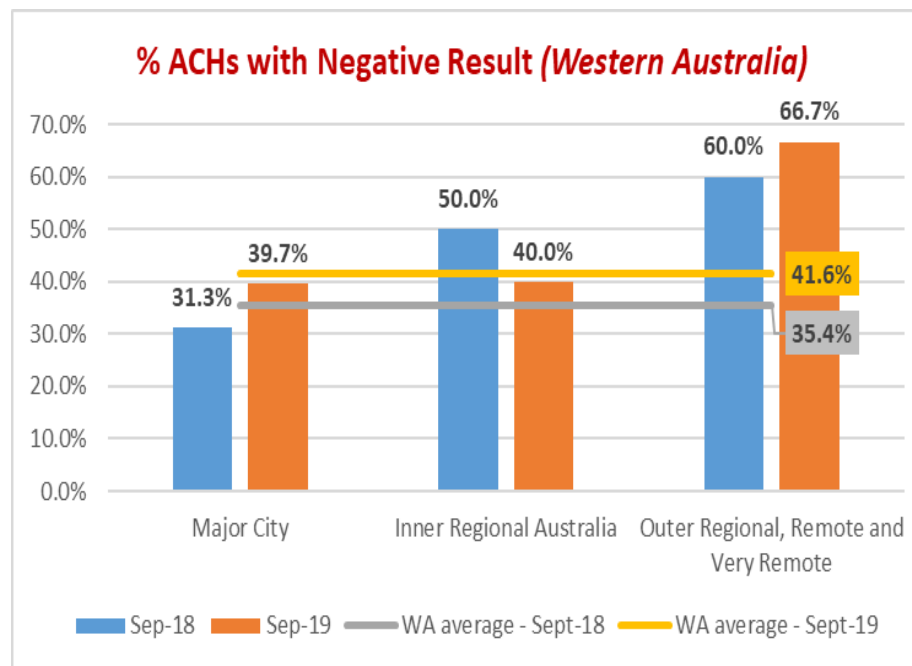
# RURAL & REMOTE RESULTS ANALYSIS - BY STATE (WESTERN AUSTRALIA)

## Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

The average result for Rural & Remote homes in Western Australia is a **deficit of \$7,699 per bed per annum**

WESTERN AUSTRALIA	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	96.4%	50.6%	\$7.53	\$2,658	\$22.18	\$7,830
Inner Regional Australia	96.0%	39.7%	\$1.33	\$467	\$18.15	\$6,376
Outer Regional, Remote and Very Remote	93.6%	50.7%	(\$22.48)	(\$7,699)	(\$4.38)	(\$1,502)
<b>Total</b>	<b>96.2%</b>	<b>50.3%</b>	<b>\$4.88</b>	<b>\$1,717</b>	<b>\$20.03</b>	<b>\$7,052</b>



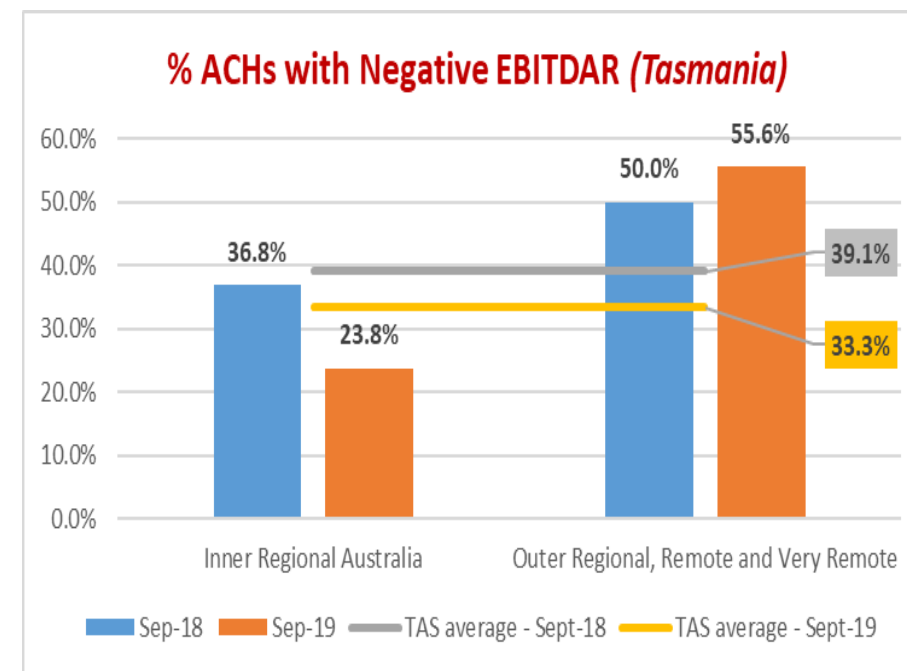
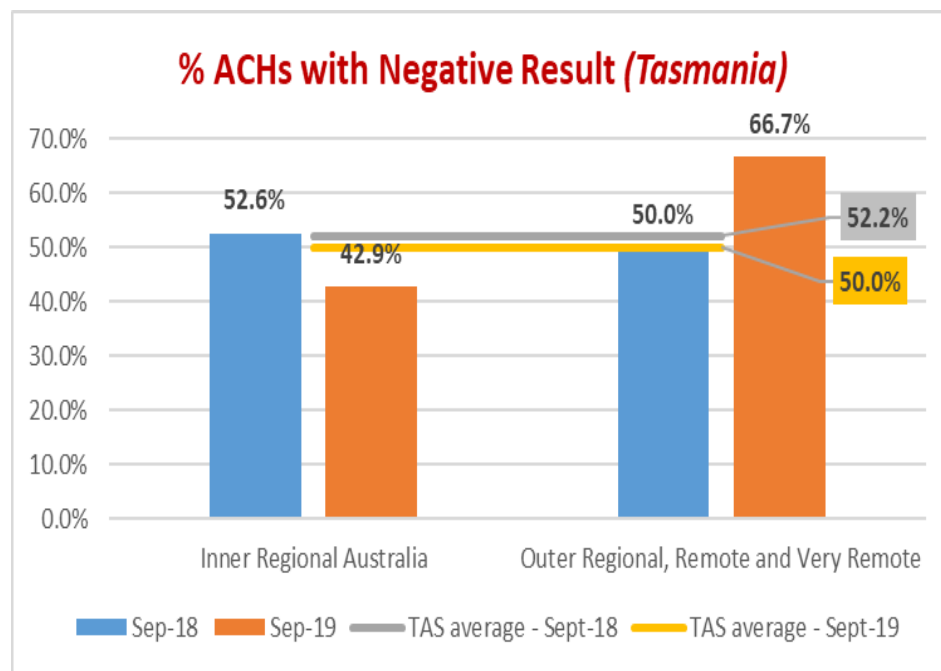
## RURAL & REMOTE RESULTS ANALYSIS - BY STATE (TASMANIA)

### Rural & Remote comparison by geographic location

The table and graphs compare the results for Rural & Remote homes with Major City and Inner Regional located homes

The average result for Rural & Remote homes in Tasmania is a **deficit of \$3,437 per bed per annum**

TASMANIA	Occupancy Rate	Supported Ratio	ACH Result (\$pbd)	ACH Result (\$pbpa)	ACH EBITDAR (\$pbd)	ACH EBITDAR (\$pdpa)
Major City	NA	NA	NA	NA	NA	NA
Inner Regional Australia	94.8%	50.0%	(\$5.72)	(\$1,983)	\$7.77	\$2,694
Outer Regional, Remote and Very Remote	88.7%	48.4%	(\$10.59)	(\$3,437)	\$2.06	\$670
<b>Total</b>	<b>93.1%</b>	<b>49.6%</b>	<b>(\$6.97)</b>	<b>(\$2,376)</b>	<b>\$6.30</b>	<b>\$2,147</b>





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

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