



StewartBrown
Integrity + Quality + Clarity

Aged Care Financial Performance Survey Report

Three months ending

30 September 2025

1,205

Aged care homes

101,146

Beds/places

87,320

Home care packages

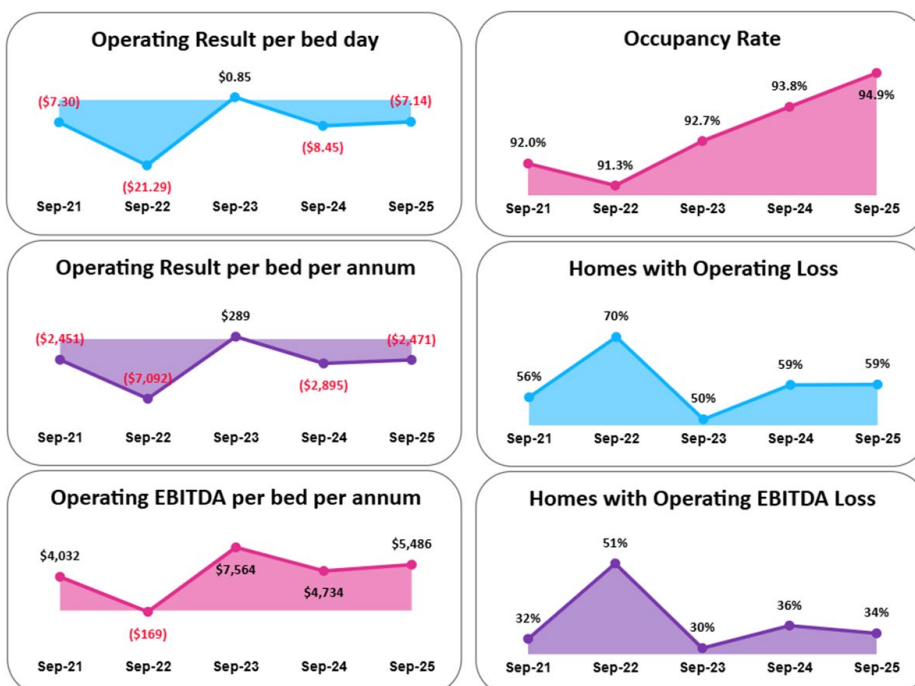
The quarterly survey is the **largest financial benchmark** in the aged care sector and provides invaluable insights into the **trends and drivers of financial performance** at the sector level and at the aged care home or program level.

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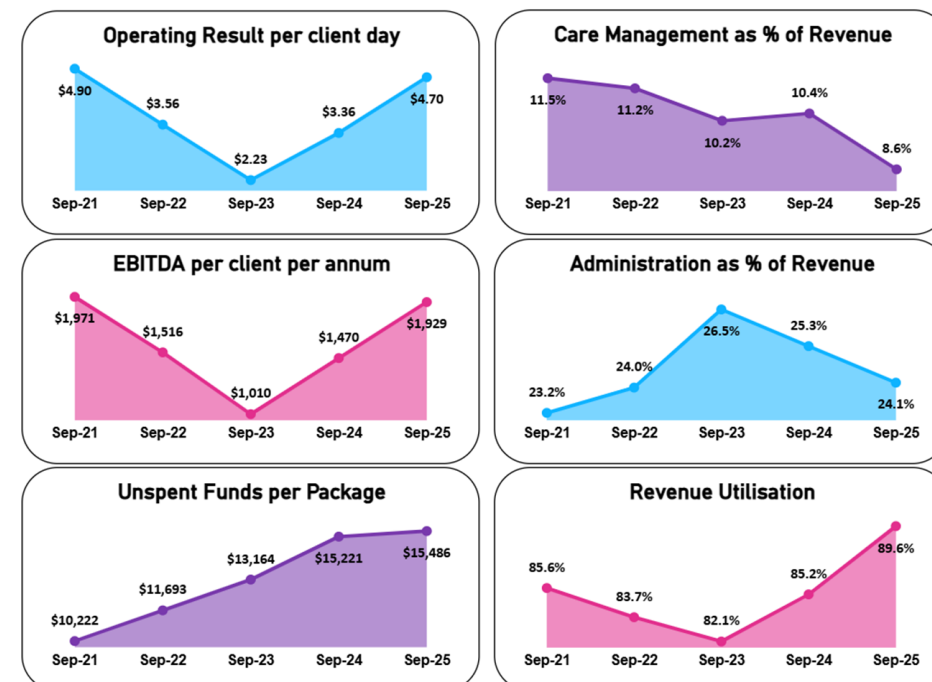
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1. Sep-25 Results Snapshots (Q1)

Residential Aged Care



Home Care



Sep-25 Financial Performance Analysis (Q1)

Residential Aged Care Results

Revenue	Direct care	Average direct care revenue (AN-ACC, supplements and other recurrent direct care income) was \$311.04 pbd, an increase of 12.6% from Sep-24 (\$276.20 pbd). This was due to increases in AN-ACC as at 1 October 2024 and 1 March 2025 respectively to fund the 5.75% National Wage Case pay increases and FWC decisions.
	Everyday living	Everyday living revenue including hotelling supplement was \$85.88 pbd, an increase of 10.2% from Sep-24 (\$80.84 pbd).
	Accommodation	Accommodation revenue was \$44.28 pbd, an increase of 2.8% from Sep-24 (\$43.09 pbd). This was due to increases in the average MPIR and the accommodation supplement.
Expenses	Direct care	Direct care labour costs (RN/EN/PCW) averaged \$239.10 pbd, which is an increase of 12.7% from Sep-24 (\$212.20 pbd). Other direct care labour costs (Care Management/Allied Health/Lifestyle costs excluding workers compensation premium) averaged \$26.45 pbd, an increase of 6.6% from Sep-24 (\$24.81 pbd). Other direct care costs (excluding workers compensation premium and overhead allocation) averaged \$12.40 pbd, an increase from Sep-24 (\$9.09 pbd). This is due to the infection control expenses now being included with direct care expense category
	Everyday living	Everyday living costs before overhead allocation was \$72.73 pbd, an increase of 7.0% from Sep-24 (\$68.00 pbd).
	Catering	Catering expenditure averaged \$44.21 pbd, an increase of 6.3% from Sep-24 (\$41.58 pbd).
	Administration	Administration costs averaged \$57.43 pbd, an increase of 7.4% from Sep-24 (\$53.47 pbd).
	Accommodation	Accommodation expenditure before overheads averaged \$40.23 pbd (depreciation \$23.00 pbd) compared to Sep-24 (\$38.13 pbd).
Operating Result	Direct care margin	Direct care margin for Sep-25 increased by \$1.52 pbd to a surplus of \$11.84 pbd (including administration) from Sep-24 \$10.32 pbd surplus, however, was a decrease of \$4.26 pbd from the FY25 annual margin.
	Everyday living margin	Everyday living margin improved to be a deficit of \$6.16 pbd (including administration) (Sep-24 deficit \$8.02 pbd). The increased hotelling supplement from 1 November 2026 to \$22.25 pbd will further improve the margin.
	Accommodation margin	Accommodation margin (including administration) was a deficit of \$12.82 pbd (Sep-24 deficit \$10.75 pbd).
	Overall result	Operating result was a deficit of \$7.14 pbd (Sep-24 operating deficit \$8.45 pbd).
	Operating EBITDA	Operating EBITDA averaged \$5,486 pbpa (Sep-24 EBITDA \$4,734 pbpa), which is significantly lower than an operating EBITDA of \$20,000 - \$22,000 pbpa required to encourage ongoing investment in the sector.
Additional Trends	Direct care minutes	Direct care minutes (RN/EN/PCW) was 220.81 minutes per resident per day (Sep-24 210.54 minutes).
	Occupancy	Occupancy for mature homes increased to 94.9% (Sep-24 93.8%) <i>Noting that occupancy is based on actual available beds.</i>
	Supported ratio	Supported resident ratio remained constant at 46.7% (Sep-24 46.2%).
	RADs	Average full RAD received during Sep-24 quarter was \$555,436 (Sep-24 \$487,854), which represents a 13.9% increase and is likely due to the increase in accommodation price cap to \$750,000 from 1 January 2025. Proportion of full RADs received for non-supported residents was 27.4%, full DAPs was 49.7% and Combinations (RAD/DAP) was 22.9%. It is important to note residents who are yet to decide the payment methods will be reported as DAP payers.

Home Care Package (HCP) Results

Revenue	Overall result	Revenue was \$88.76 per client day (pcd), an 6.9% increase from Sep-24 (\$83.01 pcd).
	Care management	Care management revenue as a proportion of total revenue was 18.0% (Sep-24 18.3%). Excluding providers who did not provide this split in the Sep-25 Survey, 96.9% programs/packages have care management revenue at over 10% of total available funding (total operating revenue divided by revenue utilisation rate).
	Package management	Package management revenue as a proportion of total revenue was 12.4% (Sep-24 12.9%).
	Utilisation	Revenue utilisation increased by 4.4% to 89.6% of funding received (Sep-24 85.2%).
Expenses	Direct service	Direct service costs increased by \$5.03 pcd to \$54.37 pcd (Sep-24 \$49.34 pcd). Due to the higher increase in revenue, direct service costs as % of revenue decreased by 0.7% to 59.9% (FY24 60.6%).
	Care management	Care management costs as % of revenue has decreased to 8.6% of revenue (Sep-24 10.4%).
	Administration	Administration and support costs represented 24.1% of revenue (Sep-24 25.3%).
Unspent Funds	Overall result	The amount of unspent funds per client (care recipient) has continued to rise and now averages \$15,486 per client (Sep-24 \$15,221 per client). In aggregate across the sector, this represents in excess of \$4.45 billion of funds that have not been utilised.
Operating Result	Overall result	Operating results have increased by \$1.34 per client per day to \$4.70 pcd (Sep-24 \$3.36 pcd).
	Profit margin	The profit margin has increased from 4.0% for Sep-4 to 5.3% for Sep-24.
Other Trends	Staff hours	Average internal staff hours per client per week was 5.15 hours (Sep-24 5.40 hours).
	Survey packages	The number of packages in the survey has increased to represent 87,320 packages for Sep-25 (Sep-24 75,482 packages).

2. Executive Summary

Abstract

The *Aged Care Financial Performance Survey* (Survey) Sector Report for the September 2025 quarter (Sep-25), which is the first quarter in financial year 2026, provides an overview of the financial performance of the aged care sector in Australia.

Survey Overview

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

1. All participating residential aged care facilities against comparable facilities
2. All participating home care program providers against comparable providers

Information and insights from the Survey are utilised 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 Sep-25 Survey uses data and information from:

- 1,205 residential aged care homes (representing 47% of the sector)
- 87,320 home care packages (representing 29% of the sector)

Data Management

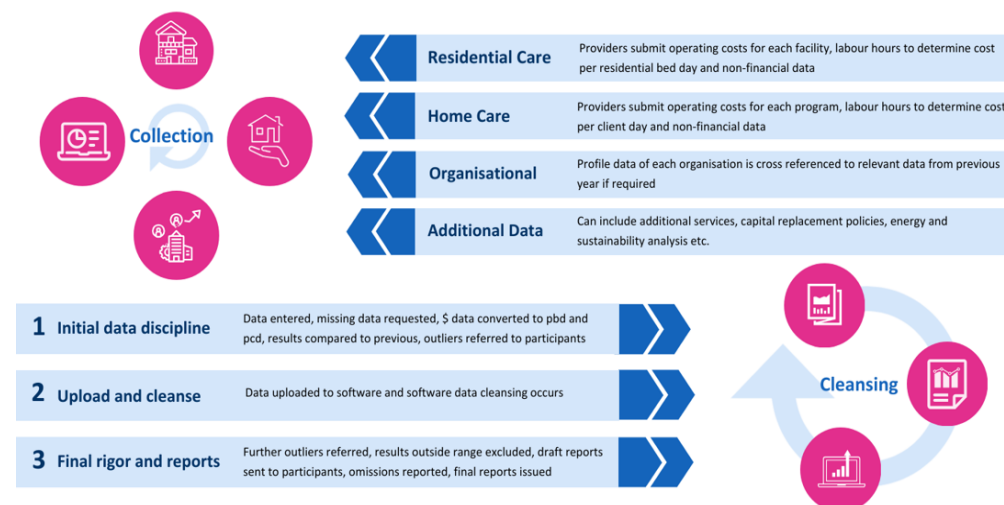
A secure and rigorous multi-stage process underpins the collection and cleansing of all data from providers to ensure integrity for results produced for individual provider reports and reports for the sector. Refer to overview in *Figure 2*.

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



Commentary

The new *Aged Care Act 2024 (Act)* commenced from 1 November 2025. Key changes include:

- New Support at Home program
- Residential care places allocated to individuals
- 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 facilities
- Regulatory model and associated obligations
- Strengthened Aged Care Quality Standards

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.

The Fair Work Commission (FWC) 6 December 2024 decision under the *Aged Care Work Value Case* includes increasing nurses award wages in three phases from the first full pay period on or after 1 March 2025, 1 October 2025 and 1 August 2026.

The remaining increase for other aged care workers as a result of FWC stage 3 decisions also commenced 1 October 2025.

The Government announced an increase in AN-ACC price from \$282.44 to \$295.64 per day from 1 October 2025. This incorporates the funding for the FWC award rate increase decisions, annual wage review for all aged care workers, and the replacement of the Aged Care Outbreak Management Support Supplement which ends 30 September 2025.

There are adjustments in the National Weighted Activity Unit (NWAU) for the new AN-ACC price for the Base Care Tariff (BCT) component for MM2-MM5 facilities, and in variable components. These adjustments generally increased the NWAU for lower care class and decreased the NWAU for higher care class.

Non-specialised facilities located in MM1 area that do not meet their care minutes targets from October 2025 may see their funding reduce from April 2026 by up to \$33.41 per resident per day (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 this Survey report.

The Independent Health and Aged Care Pricing Authority (IHACPA) identified in the [Residential Aged Care Pricing Advice 2025-26](#) that the subsequent gap between hotel services revenue and expenses is estimated to be **\$6.24 per bed day** for the 2025-26 financial year across all facilities, and **\$12.48** per bed day for those do not provide additional services or extra services.

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 facilities.

StewartBrown forecasts a small deficit in everyday living margin for facilities that do not provide additional and extra services despite the application of this new hotelling supplement rate.

With the change that, from November 2025, new residents with sufficient means will be required to pay the hotelling supplement themselves, it is estimated that, after the transition period, the Government will pay \$500 million less per annum for the new \$22.15 pbd rate (not including indexation), compared to the current arrangement where the Government pays \$15.56 pbd for all residents irrespective of their financial means.

From 1 November 2025, providers will be able to keep 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 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 CPI rate twice a year.

While reforms deliver clear benefits, they also create undeniable increases in administrative and reporting burdens which will likely trigger additional costs.

The Support at Home (SaH) program will replace the Home Care Packages (HCP) Program and Short-Term Restorative Care (STRC) Programme from 1 November 2025.

Legislative changes that removed the package management fee and reduced the care management fee cap have prompted service providers to adjust their pricing models.

To ensure sustainability, providers need to build the previous package management fee into the direct services price, leading to a systematic price increase across the whole sector. Comprehensive cost analyses and market research are critical to validating new pricing models. The deferral of the new Act allows more time for providers to get prepared for the reform.

The Department of Health, Disability and Ageing (Department) conducted a Support at Home Service Pricing survey in February 2025. Using data from respondents, the Department published indicative price ranges by service category to guide sector participants. However, uncertainties persist regarding whether final prices post-detailed cost studies and market research will align with the survey-reported figures.

StewartBrown separately conducted a Support at Home Pricing Survey in August 2025 to collect the service prices providers would charge should Support at Home commenced 1 July 2025. The results of the [SB Survey](#) provide further insights into market pricing expectations and preparedness ahead of the revised SaH implementation timeline.

Based on recently released [Guidance for setting Support at Home prices](#), providers are allowed to set a price for units of less than 1 hour and for more than 1 hour. The variation in hourly rate for short visits versus longer visits is consistent with observations in the StewartBrown Survey. This flexibility allows providers to better align their pricing with the actual costs of delivering shorter or longer visits, ensuring sustainability and fairness for both providers and participants.

While providers can charge a range of prices for each service type, from 1 November 2025, providers must publish a standard price for each of the services on the My Aged Care website.

Financial Results Overview

Summary

The Survey for the Sep-25 quarter shows an increase in operating results for residential aged care facilities compared to the Sep-24 quarter, but a decrease compared to the overall FY25 result. The home care segment showed an increase in the operating result compared to the Sep-24 quarter and FY25 result.

The Sep-25 average operating result for **residential aged care homes** across all geographic sectors was an **operating deficit of \$7.14 per bed day (pbd)** (Sep-24 \$8.45 pbd deficit and FY25 \$3.08 pbd deficit). This represents an **operating deficit of \$2,471 per bed per annum (pbpa)**, compared to the Sep-24 operating deficit of \$2,895 pbpa (FY25 \$1,068 pbpa). The result is for mature homes, which exclude outliers.

Direct care margin in Sep-25 Survey is slightly higher compared to Sep-24 but \$4.26 pbd lower than FY25. Everyday living margin deficit improved slightly, and accommodation margin declined compared to the Sep-24 and FY25 results.

A more thorough analysis of the change in direct care result is provided in subsequent sections of this Survey report.

Direct care staffing levels delivered to residents continued to increase. On average, Survey participants recorded RN minutes of 43.92 per resident per day and total direct care minutes of 220.21 prpd (including 9.90 EN minutes) for the Sep-25 quarter. Taking the EN minutes eligible to meet RN minutes target into consideration, it is very likely that Sep-25 quarter actual minutes are higher than the 44 RN and 220 total direct care minutes average sector targets respectively.

This is an increase from the Sep-24 quarter average of 41.22 for RN minutes and 210.54 for total direct care minutes.

Compared to Sep-24 there was a slight decrease in agency usage and no change in overtime proportion for direct care minutes. Agency usage is 4.2% for Sep-25 compared to 4.8% for Sep-24. Overtime is 2.0% compared Sep-24.

Occupancy improved to 94.9% of available beds for mature homes for Sep-25 compared to 93.8% for Sep-24 and is higher than the pre-COVID Sep-20 occupancy level at 93.9%. Demand will continue to exceed supply. The average number of available places per facility 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.

For Sep-25 59% of aged care homes operated at a loss (55% for FY25) and 34% operated at an EBITDA (cash loss) compared to 29% for FY25.

The sector continues to make significant losses through the delivery of everyday living and accommodation services. The new *Act* included additional funding streams for these services. 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.

Home Care continues to operate with uncertainty as the sector awaits the transition to the Support at Home program. Although the Department is staging the introduction of service price caps, the 10% cap on the care management fee and the removal of the package management fee will still impact the pricing strategies and profitability of providers.

The Department issued [guidance](#) for setting Support at Home prices. Prices must be based on the cost of service delivery. Section 273-15 of the *Rules for the Aged Care Act 2024* requires that prices must not be unreasonable. The Department's pricing guidance specifies that reasonable prices reflect the costs of delivering the service.

However, due to system restraints and differences between the current HCP Program and Support at Home Program, providers might not have the full data set necessary to work out the costs of service delivery.

Uncertainty on care participants' behaviour in response to pricing changes driven by new legislation, coupled with reference on preliminary indicative prices based on February 2025 information published by the Department, pose significant challenges for the sector.

The current home care operating result has increased to a **surplus of \$4.70 per client day (pcd)**, compared to \$3.36 pcd for Sep-24. Revenue utilisation **increased to 89.6% of available package funding compared to 85.2%** for Sep-24 and unspent funds increased to an average of \$15,486 for every care recipient (\$15,221 for Sep-24).

Unspent funds are now estimated to be in excess of an aggregate \$4.45 billion across balances held by providers and the government.

Average total internal staff hours in providing home care services has decreased slightly to be 5.15 hours per client per week, compared to 5.40 hours in Sep-24.

It is significantly below the average nine hours per client per week provided prior to the implementation of the Consumer Directed Care model in July 2015. This is also a function of a greater level of service and consumables provided by third parties.

Consumer contributions to home care remains low and represent less than 2.0% of the overall funding envelope.

Residential Aged Care

Direct Care Result

Direct care subsidy and supplements for Sep-25 averaged \$309.06 pbd, which is an increase from Sep-24 average of \$274.88 pbd. The weighted average AN-ACC starting price for Sep-25 is \$295.64 compared \$282.44 for Jun-25.

A Survey average of 220.21 total direct care minute is recorded for the Sep-25 quarter, while there are some facilities which are still moving towards their direct care minutes target.

When compared to Jun-25 quarter, direct care costs (labour, other and administration) slightly decreased by \$0.24 pbd partly due to lower agency minutes and related staff costs. Total direct care revenue for the Sep-25 quarter is slightly higher than the Jun-25 quarter with the AN-ACC starting price increase from Jul-25. A detailed breakdown of the movement and general reasons for the increase in direct care margin is shown in *Table 1*.

The direct care expenditure remained constant between the Jun-25 and Sep-25 quarters and the increased direct care (AN-ACC) funding revenue resulted in an improvement in the direct care margin by \$2.01 pbd in the Sep-25 quarter compared to the Jun-25 quarter.

The Sep-25 quarter direct care margin is \$11.84 pbd, which is 3.8% of total direct care revenue, however, increases in costs at facilities currently below target minutes could further reduce the overall average direct care margin during FY26.

Table 1: Sep-25 quarter direct care margin movement compared to Jun-25

Sector Average (\$ per bed day)	QTD Jun-25	QTD Sep-25	Movement
Direct care revenue	308.99	311.04	2.05
Total direct care labour costs	239.34	239.10	(0.24)
Direct care labour costs increase due to minutes increase*			2.19
Direct care labour costs increase due to increase in hourly costs			(2.43)
Other direct care expenditure	37.75	38.85	1.11
Expenditure - direct care services	277.09	277.96	0.87
Administration - direct care overhead allocation	22.07	21.24	(0.83)
Direct care expenditure	299.16	299.20	0.04
Direct care margin	\$9.83	\$11.84	\$2.01

Note: Included facilities in both Sep-25 and Jun-25 Surveys *calculated using QTD Sep-25 hourly rate

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

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Registered nurses (RN)	58.53	61.71	63.48	65.86	65.44
Enrolled nurses (EN)	11.10	11.55	11.42	10.80	11.33
Personal care staff	142.57	152.15	158.26	162.68	162.33
Total direct care labour costs	\$212.20	\$225.41	\$233.16	\$239.34	\$239.10
Registered nurses minutes	41.22	41.81	42.31	43.70	43.92
Enrolled nurses minutes	10.54	10.53	9.93	9.00	9.90
Personal care staff minutes	158.78	161.77	162.94	164.47	166.39
Total direct care minutes	210.54	214.11	215.18	217.18	220.21
Agency RN costs	7.44	7.53	6.54	5.88	5.39
Agency EN costs	0.70	0.77	0.73	0.60	0.67
Agency personal care staff costs	7.47	7.84	8.04	8.36	7.50
Total agency costs	\$15.61	\$16.14	\$15.32	\$14.84	\$13.56
Agency RN minutes	3.57	3.52	3.21	2.83	2.67
Agency EN minutes	0.53	0.62	0.40	0.41	0.44
Other agency direct care minutes	6.08	6.32	6.41	6.31	6.19
Total agency minutes	10.18	10.46	10.02	9.54	9.30
Agency RN minutes as % of total RN minutes	8.7%	8.4%	7.6%	6.5%	6.1%
Agency direct care staff minutes as % of total direct care labour minutes	4.8%	4.9%	4.7%	4.4%	4.2%
Internal RN hourly rate	81.42	84.91	87.38	88.04	87.36
Agency RN hourly rate	124.99	128.31	122.20	124.80	121.06

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

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

Average internal RN hourly rate for the quarter also slightly decreased compared to Jun-25 level due to lower 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 3.8% for Sep-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.

Facilities with Direct Care Margin Deficit

For the Sep-25 Survey, 368 out of 1,205 facilities included in the Survey recorded a direct care margin deficit.

Compared to the facilities that recorded a direct care margin surplus, these 368 facilities on average recorded

- Lower occupancy (93.9% compared to 95.3%)
- Higher total direct care minutes (226.92 pbd compared to 217.29 pbd)
- Higher RN minutes (45.79 pbd compared to 43.10 pbd)
- Higher agency usage in direct care minutes (5.3% compared to 3.8%)
- Higher hourly rates for internal direct care staff (5% higher for total direct care staff, and 7% higher for RN)
- Higher other direct care staff costs (\$6.45 pbd variance)

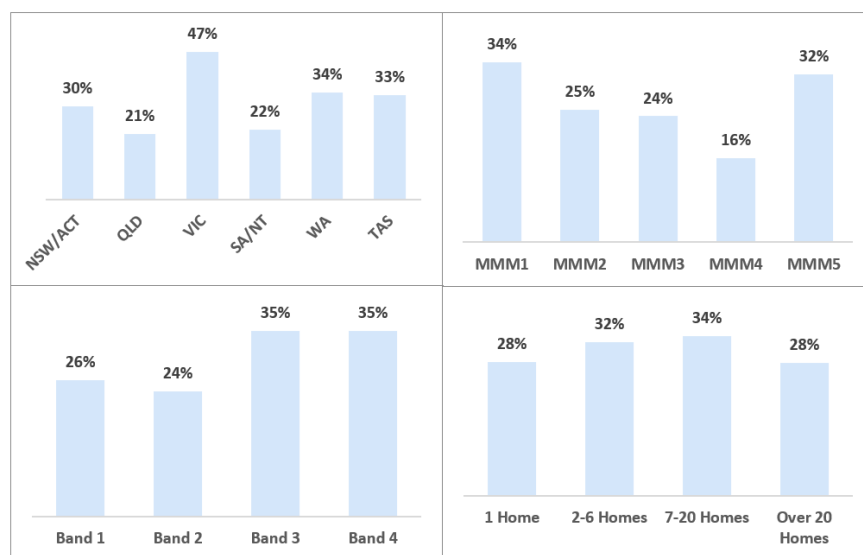
The resident mix also appears to have an impact on the ability to achieve a positive direct care margin. Those facilities in Bands 1 and 2 with higher direct care revenue streams (indicator of higher acuity) have a lower proportion of facilities with a negative direct care margin than those facilities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

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

By MM region, the percentage is highest for those facilities located in MM1 and MM5.

By number of homes is highest for providers with between 2-20 homes.

Figure 3: Profile of facilities 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 comes into effect.

Facilities 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 facilities in MM2 and MM3 locations will see a decrease in this component.

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

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 facilities in FY25 Survey.

The Government also announced an adjustment in the NWAU weighting for each Class. To understand the impact of such adjustments, StewartBrown conducted an analysis based on the occupied bed days by the AN-ACC Class data collected in the Survey.

GEN Aged Care Data released the resident AN-ACC Class mix for FY24 and FY25. 69% (813) of facilities who submitted data in the Sep-25 survey provided valid occupied bed days by each AN-ACC Class data. The data for these 813 facilities was calculated against the current and new NWAU weighting and the direct care minutes target.

Table 4: AN-ACC mix in % by Class for Permanent Residents (FY24 to Sep-25)

	FY24	FY25	Sep-25
Source	GEN data	GEN data	Survey
AN-ACC Classification 1	0.1%	0.1%	0.2%
AN-ACC Classification 2	2.2%	1.5%	1.6%
AN-ACC Classification 3	0.8%	0.6%	0.6%
AN-ACC Classification 4	5.8%	4.7%	5.1%
AN-ACC Classification 5	19.1%	18.0%	20.0%
AN-ACC Classification 6	7.9%	7.1%	7.9%
AN-ACC Classification 7	14.9%	14.5%	15.0%

	FY24	FY25	Sep-25
Source	GEN data	GEN data	Survey
AN-ACC Classification 8	9.9%	11.1%	10.4%
AN-ACC Classification 9	6.1%	4.6%	5.0%
AN-ACC Classification 10	5.6%	5.7%	5.8%
AN-ACC Classification 11	14.2%	14.9%	14.0%
AN-ACC Classification 12	2.7%	3.4%	3.1%
AN-ACC Classification 13	10.3%	13.5%	9.9%
AN-ACC Classification 98	0.0%	0.0%	0.1%
AN-ACC Classification 99	0.4%	0.1%	1.3%
Average NWAU - Pre Oct 25	0.551	0.569	0.556
Average NWAU - Post Oct 25	0.536	0.551	0.539
Change	(2.8%)	(3.2%)	(3.0%)

Based on StewartBrown Survey FY25 data, 26.3% of permanent residents will have an increase in their NWAU under the new arrangement and 70.6% will have a decrease. There is zero change identified for AN-ACC class 12.

Based on the adjustment in the NWAU, the AN-ACC Class mix from GEN data and the StewartBrown analysis both suggested a decrease in the NWAU for the variable components for permanent residents.

Table 5: AN-ACC mix in % by Class - Sep-25 StewartBrown Survey

AN-ACC Class 1	0.2%	AN-ACC Class 8	10.0%	AN-ACC Class 99	1.2%
AN-ACC Class 2	1.6%	AN-ACC Class 9	4.8%	AN-ACC Class 100	0.3%
AN-ACC Class 3	0.5%	AN-ACC Class 10	5.6%	AN-ACC Class 101	0.5%
AN-ACC Class 4	4.9%	AN-ACC Class 11	13.4%	AN-ACC Class 102	2.6%
AN-ACC Class 5	19.1%	AN-ACC Class 12	3.0%	AN-ACC Class 103	0.6%
AN-ACC Class 6	7.6%	AN-ACC Class 13	9.5%		
AN-ACC Class 7	14.4%	AN-ACC Class 98	0.1%		

Based on the AN-ACC mix excluding Class 98, 99 and 100. The calculation is done on the direct care minutes target before and after Oct-25 change.

Both calculations resulted in an average RN minutes around 44 and total direct care minutes around 215. No notable variation had been noted (less than 0.1%). At sector level, the cost in delivering the direct care minutes target before indexation will not change while a notable deduction in the variable component in AN-ACC NWAU is expected.

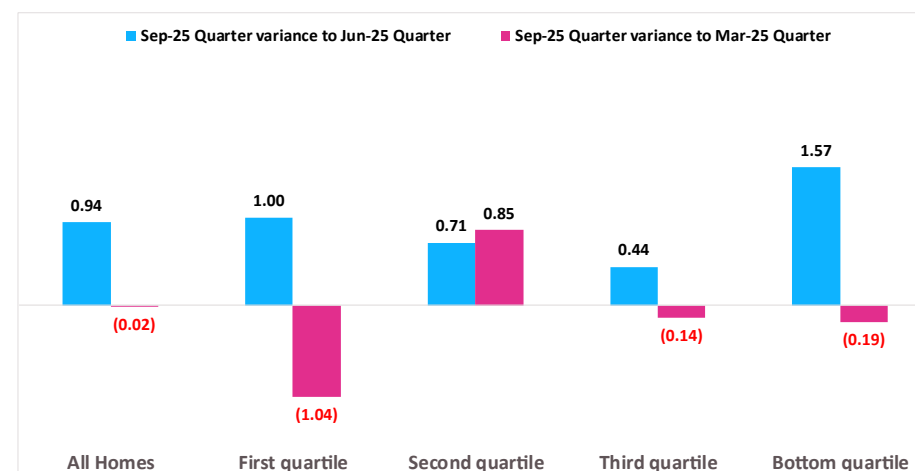
It is important to note that this analysis is done at consolidated level for the Survey average. The impact of the change in weighting and minutes target varies at facility level subject to the current resident mix.

Care Staff Costs and Minutes Movement

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

With allied health, lifestyle officers and ENs added as new staffing quality indicators from April 2025, it is observed that total other care labour (including care management, allied health and lifestyle) minutes across all homes increased in Sept-25 quarter compared to the June-25 quarter but there are some negative variances to the Mar-25 Quarter.

Figure 4: Other direct care labour minutes variance between periods



Allied health minutes marginally increased during the Sep-25 quarter but is slightly lower than the Mar-25 level on average. Lifestyle minutes for the Sep-25 quarter is higher than both the Jun-25 quarter and Mar-25 quarters.

Figure 5: Allied health minutes variance between periods

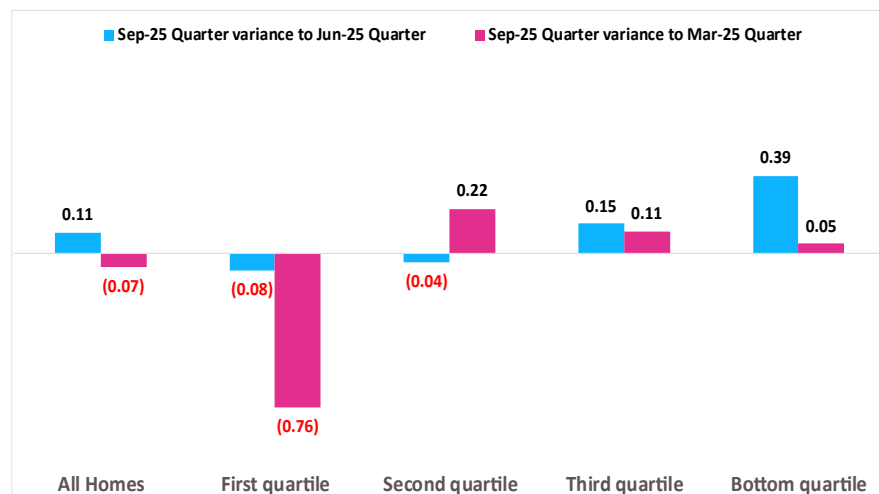
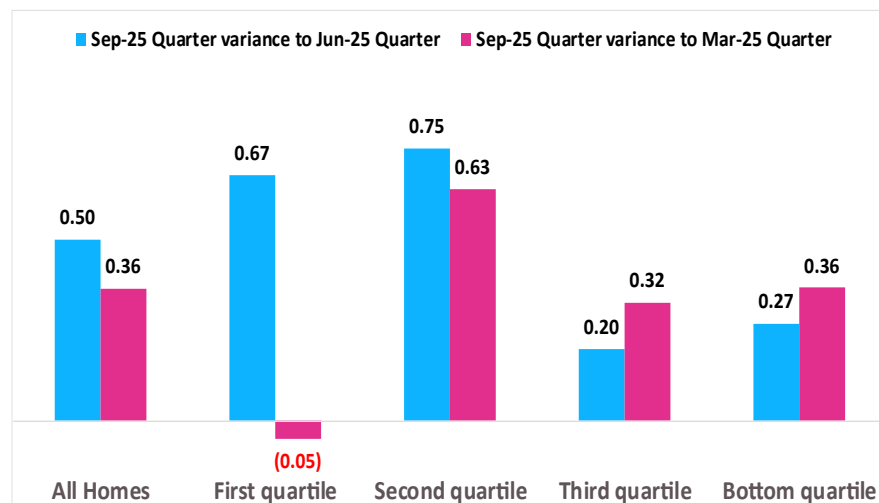
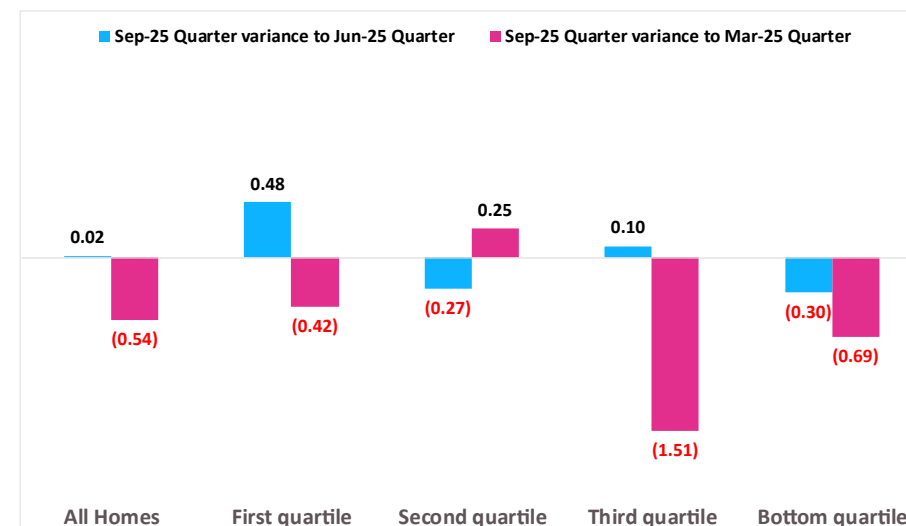


Figure 6: Lifestyle minutes variance between periods



EN minutes increased marginally in the Sep-25 quarter compared to the Jun-25 quarter however, they remain significantly lower than the Mar-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 a number of years suggest there is a significant concern as to whether the current funding and use of allied health is sufficient.

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

The majority of facilities 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	\$1.31	+	\$2.49	=	\$3.80
 Occupational Therapy	\$0.28	+	\$0.16	=	\$0.44
 Speech Pathology	\$0.04	+	\$0.22	=	\$0.26
 Podiatry	\$0.03	+	\$0.40	=	\$0.43
 Dietician / Dietetics	\$0.07	+	\$0.25	=	\$0.32
 Allied health assistants	\$0.45	+	\$0.02	=	\$0.47
 Other allied health professionals	\$0.39	+	\$0.15	=	\$0.54
 Total	\$2.56	+	\$3.69	=	\$6.25

Figure 9: Allied health minutes by category

Allied Health Minutes					
[Minutes per resident per day]	Internal staff employed	+	External contractors	=	All
 Physiotherapy	0.83	+	1.85	=	2.68
 Occupational Therapy	0.23	+	0.11	=	0.34
 Speech Pathology	0.03	+	0.10	=	0.13
 Podiatry	0.02	+	0.27	=	0.29
 Dietician / Dietetics	0.05	+	0.12	=	0.17
 Allied health assistants	0.62	+	0.01	=	0.64
 Other allied health professionals	0.21	+	0.08	=	0.29
 Total	1.99	+	2.55	=	4.55

There is evidence that there is 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 6: Percentage of allied health usage comparison by MM locations

Allied Health Usage %	ALL	MM1	MM2-3	MM4-7
Physiotherapist	96%	96%	97%	96%
Occupational Therapist	25%	30%	17%	17%
Speech Pathologist	79%	82%	75%	74%
Podiatrist	83%	82%	85%	83%
Dietician	82%	83%	82%	80%
Other allied health	42%	46%	37%	36%
Allied Health Assistants	17%	19%	16%	12%

Operating Result by MM

Operating result varies largely for facilities located in different Modified Monash Model (MM) categories.

Aged care homes located in MM1 (metropolitan areas) comprise more than 64% of all facilities in Australia. Historically, this cohort has delivered the strongest financial performance, supported by greater workforce availability and more flexible staffing arrangements.

However, as at September 2025, MM1 homes are performing below those in MM2 to MM4, reporting an Operating EBITDA of \$5,295 per bed per annum, compared with the sector average of \$5,486.

This underperformance is driven by a comparatively low direct care margin of \$7.46 pbd which is over \$8.80 less than the next closest MM category which is MM5. MM1 homes are delivering more minutes of direct care on average yet receive far lower direct care revenue at \$306.38 pbd compared to the next closest of \$314.73 for MM2 homes. This continues the trends that became evident during FY25.

Table 7: Sep-25 quarter operating result by MM locations (\$ per bed day)

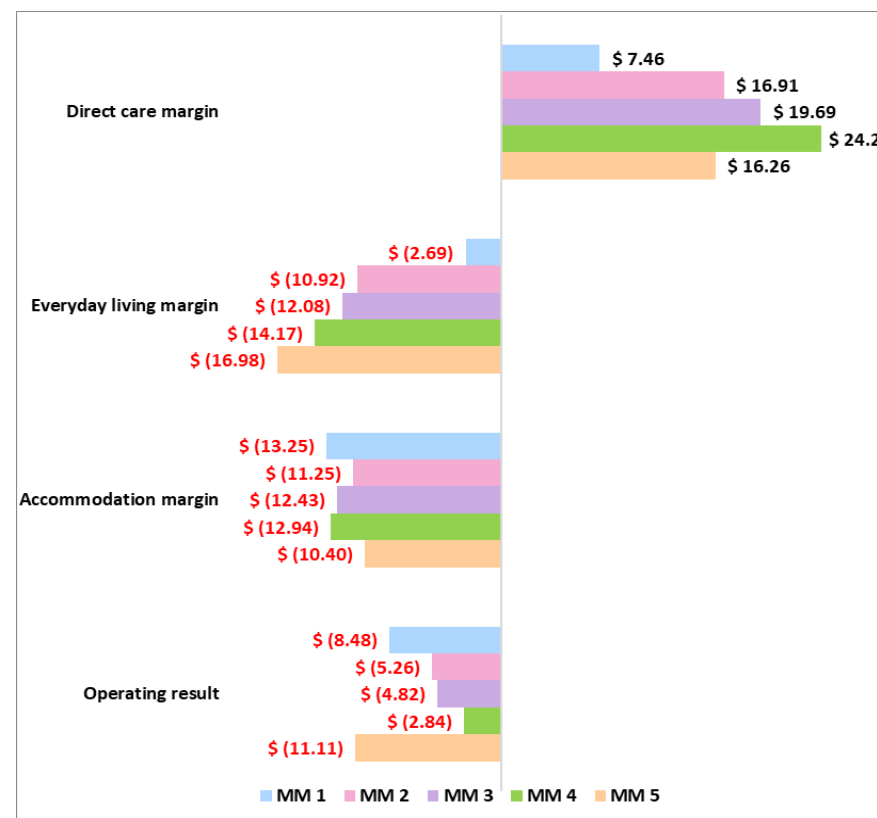
September 2025 Quarter	MM1 Homes	MM2 Homes	MM3 Homes	MM4 Homes	MM5 Homes
	\$ pbd	\$ pbd	\$ pbd	\$ pbd	\$ pbd
Direct care revenue	306.38	314.73	318.27	318.89	325.84
Total direct care labour costs	238.76	240.80	238.25	234.85	245.51
Other care labour costs	26.49	24.40	26.42	26.90	28.83
Other direct care expenditure	12.57	11.57	12.27	11.79	12.63
Administration - direct care overhead allocation	21.08	21.05	21.64	21.09	22.62
Direct care expenditure	298.91	297.82	298.58	294.62	309.58
Direct care margin	\$7.46	\$16.91	\$19.69	\$24.27	\$16.26
Everyday living revenue	87.25	83.37	84.06	82.39	81.72
Everyday living expenditure	89.94	94.29	96.14	96.55	98.70
Everyday living margin	\$ (2.69)	\$ (10.92)	\$ (12.08)	\$ (14.17)	\$ (16.98)
Accommodation revenue	44.48	44.61	42.58	44.03	43.98
Accommodation expenditure	57.73	55.85	55.01	56.97	54.38
Accommodation margin	\$ (13.25)	\$ (11.25)	\$ (12.43)	\$ (12.94)	\$ (10.40)
Operating result	\$ (8.48)	\$ (5.26)	\$ (4.82)	\$ (2.84)	\$ (11.11)
Operating EBITDA per bed per annum	5,295.38	5,868.06	5,562.30	6,973.19	2,494.10
Occupancy	95.5%	94.5%	93.9%	93.4%	93.3%
Total direct care minutes per resident day	222.03	218.08	215.13	215.13	217.81

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 are achieving the highest operating result out of any other MM category, benefitting from their high direct care margin. Considering this data is pre-October 1 and the BCT NWAU will be increased further for MM4 and MM5 homes we can expect the direct care margin performance to improve even further, whilst MM2 and MM3 homes will suffer from the reduction in their BCT NWAU, which will have a negative impact on their average direct care revenue.

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: Sep-25 margin performance by MM location



While homes in all MM categories achieved direct care minutes greater than 215 minutes, it is possible that one or more of these categories are not meeting their target minutes given the sector average target minutes for the Sep-25 quarter was 215.85 minutes (<https://www.health.gov.au/sites/default/files/2026-01/care-minutes-in-residential-aged-care-dashboard.pdf>).

A high-level forecast was conducted to understand the impact of the NWAU adjustment from October 2025 on direct care margin for each MM category.

The direct care margin is adjusted to reach an average of 215 minutes based on Sep-25 hourly cost for MM3 and MM4 facilities as in *Table 8*.

Analysis from the previous section on the variable component of AN-ACC is utilised in this forecast. Financial impact on care minutes supplement for MM1 facilities is not included in the estimation.

Table 8: High-level estimate on NWAU adjustment impact for facilities in different locations

	MM1 Homes	MM2 Homes	MM3 Homes	MM4 Homes	MM5 Homes
Direct care revenue	306.38	314.73	318.27	318.89	325.84
Adjustment in AN-ACC weighting	(0.76)	5.88	5.82	8.50	0.57
Adjusted direct care revenue	\$305.62	\$320.60	\$324.09	\$327.39	\$326.41
Adjusted direct care margin	\$6.71	\$22.79	\$25.52	\$32.77	\$16.83
Adjusted operating result	(\$9.23)	\$0.62	\$1.00	\$5.67	(\$10.54)

It is estimated that MM1 and MM5 facilities will continue to have an operating deficit after these adjustments but those facilities in MM2 through MM4 locations may achieve a positive operating result after these adjustments.

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 facilities on average recorded 36.28 pbd lower direct care minutes compared to bottom quartile facilities. The gap reduced to 15.96 pbd for FY25 and in the Sep-25 quarter this gap has narrowed further to 11.73 minutes pbd as providers move towards meeting their target minutes.

For the Sep-25 quarter, the gap was 11.73 minutes pbd with first quartile homes averaging 215.33 direct care minutes per bed day while bottom (fourth) quartile homes averaged 227.06 minutes per bed day.

Additional analysis was conducted to estimate what the operating result for each quartile would be with target average minutes being achieved (refer to *Table 9*). It is assumed that the staffing structure remains the same for this analysis. The impact of EN minutes counting towards RN minutes are not included for the purpose of this analysis.

Table 9: Operating result and adjusted operating result for target minutes

	All Homes	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
Staff Minutes					
Registered nurses	43.92	42.91	43.08	44.24	45.64
Enrolled and licensed nurses	9.90	8.40	10.43	9.83	10.97
Other unlicensed nurses/personal care staff	166.39	164.02	164.46	167.12	170.45
Total direct care minutes per resident day	220.21	215.33	217.98	221.19	227.06
Gap from target minutes (EN impact excluded for analysis purpose)					
Registered nurses	0.08	1.09	0.92	(0.24)	(1.64)
Other direct care labour	(5.30)	(1.42)	(3.90)	(5.95)	(10.42)
Additional costs					
Registered nurses	0.12	1.60	1.34	-0.36	-2.55
Other direct care labour	(5.17)	(1.36)	(3.75)	(5.87)	(10.35)
Additional costs - without restructuring	0.12	1.60	1.34	0.00	0.00
Potential costs saving from restructuring	5.17	1.36	3.75	6.23	12.90
Total additional costs after costs saving	(5.04)	0.24	(2.41)	(6.23)	(12.90)
Direct care margin	\$11.84	\$36.09	\$16.68	\$4.10	(\$12.40)
Direct care margin after additional costs	\$11.71	\$34.49	\$15.33	\$4.10	(\$12.40)
Direct care margin after additional costs	\$16.88	\$35.85	\$19.09	\$10.32	\$0.50
Everyday living margin	(6.16)	1.86	(3.12)	(6.51)	(18.45)
Accommodation margin	(12.82)	0.20	(10.49)	(16.01)	(26.66)
Operating result	(\$7.14)	\$38.15	\$3.07	(\$18.43)	(\$57.51)
Operating result after additional costs	(\$7.27)	\$36.55	\$1.73	(\$18.43)	(\$57.51)
Operating result after costs saving	(\$2.10)	\$37.91	\$5.48	(\$12.20)	(\$44.61)

Based on the analysis, homes in the first quartile will require an additional \$1.60 pbd direct care labour costs on average to meet the average mandated minute targets, while the fourth quartile might be able to save up to \$12.90 pbd from restructuring staffing to bring their minutes down to the target level of 215 minutes, including 44 RN minutes.

Taking this into account, the difference in operating result between first quartile and fourth quartile would decrease from \$95.66 pbd to \$82.52 pbd. The direct care minutes is not the single driver for the result difference.

On average, the personal care staff hourly rate for bottom quartile facilities is 3.7% higher than those in first quartile. For registered nurses, this variance is 6%. If bottom quartile providers are able to deliver the direct care services at the same cost for first quartile providers, this represents a \$17.99 pbd cost saving.

In addition, the variance between everyday living margin and accommodation margin are also significant, representing \$20.31 pbd and \$26.86 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 charged in some facilities. The BDF (calculated at 85% of the single pension) is the same for all residents, irrespective of financial means and acuity.

The costs of providing these services are greater than the revenue earned and currently the sector average everyday living margin is a \$6.16 pbd deficit. The deficit for those without additional/ extra services is \$13.23 pbd.

The deficit is inclusive of the average \$16.46 per resident per day hotelling supplement paid by the government.

It is worth noting that facilities which provide additional or extra services (i.e. revenue for additional services being over \$1.00 pbd for this analysis) increased from 18.3% in FY22, 25.7% in FY23, 33.8% in FY24 to 41.6% in the FY25 Survey, which means more facilities are now adopting additional services to help alleviate the losses being incurred in this area.

The Higher Everyday Living Fee (HELFF) under the new *Act* poses some uncertainty to future movements in this revenue stream.

Table 14 provides a summary of the margin for facilities that do not provide additional/extra services as compared to the facilities that provide these services.

This analysis is based on facilities that **charge and provide** additional services. Other facilities may still provide the services as part of their normal service offering but do not have a separate charge as additional services.

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 costs differentials.

Table 10: Everyday living margin comparison

	Facilities with additional/extra services	Facilities without additional/extra services	Difference
Basic daily fee - resident	63.69	63.89	(0.20)
Hotelling supplement - government	16.43	16.50	(0.07)
Fees for additional/extra services	9.90	-	9.90
Everyday living revenue	\$ 90.02	\$ 80.38	\$ 9.63
Hotel services expenditure	61.61	64.21	(2.60)
Utilities	9.75	10.32	(0.58)
Administration allocation	19.48	19.08	0.40
Everyday living expenditure	\$ 90.84	\$ 93.62	\$ (2.78)
Everyday living margin	\$ (0.82)	\$ (13.23)	\$ 12.41
Other resident services and consumables	\$ 2.99	\$ 2.44	\$ 0.55

Facilities without additional/extra services recorded an average everyday living margin deficit of \$13.23 pbd, while facilities with additional/extra services recorded a deficit of \$0.82 pbd.

Under the current funding arrangements additional/extra services on their own are not sufficient to reduce the everyday living margin deficit unless they are at a higher fee level.

As previously noted, this source of additional services income is likely to have more uncertainty when HELFF replaces additional/ extra services fee under the new *Act*.

IHACPA identified in the [Residential Aged Care Pricing Advice 2025-26](#) that the subsequent gap between hotels services revenue and expenses is estimated to be **\$6.24 per bed day** for the 2025-26 financial year across all facilities, and **\$12.48** per bed day for those do not provide additional services or extra services.

Recommendation 10 of the Taskforce Report stated “Funding for daily living needs to cover the full cost of providing these services. It is recommended this be composed of the Basic Daily Fee and a supplement.” This was noted and agreed in the Government response.

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.

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 facilities.

When replacing hotelling supplement in *Table 10* with the new rate of \$22.15 pbd, without considering further indexation, facilities without additional/ extra services recorded an everyday living deficit of \$7.58 pbd (from \$13.23 pbd deficit).

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

It is recommended that the hotelling supplement not be a broad-based amount but be adjusted depending on the geographic location of the residential aged care facility to provide a more equitable basis.

Table 11: Everyday living margin by MM category

	MM1	MM2	MM3	MM4	MM5
Basic daily fee - resident	63.72	63.73	63.80	63.77	63.67
Hotelling supplement - government	16.48	16.32	16.48	16.52	16.30
Fees for additional/extra services	7.04	3.31	3.78	2.10	1.76
Everyday living revenue	\$ 87.25	\$ 83.37	\$ 84.06	\$ 82.39	\$ 81.72
Hotel services expenditure	61.46	63.14	65.45	66.01	67.28
Utilities	9.31	12.02	11.03	11.38	10.87
Administration allocation	19.16	19.13	19.66	19.16	20.56
Everyday living expenditure	\$ 89.94	\$ 94.29	\$ 96.14	\$ 96.55	\$ 98.70
Everyday living margin	\$ (2.69)	\$ (10.92)	\$ (12.08)	\$ (14.17)	\$ (16.98)
Other resident services and consumables	\$ 2.93	\$ 2.81	\$ 2.34	\$ 1.99	\$ 2.31

Catering

An increasing proportion of facilities utilising internal catering services was noted in recent Surveys. 75% of facilities in the Sep-25 Survey used internal catering services only, compared to the proportion of 70% in Sep-24.

Table 12: Catering costs comparison Survey average versus in-house (\$ pbd)

Catering (all homes)	Sep-23	Sep-24	Sep-25
Labour costs	20.81	21.62	23.19
Consumables - food	12.16	13.67	13.77
Consumables - other	0.57	0.80	0.78
Contract catering	6.01	5.73	6.81
Income from sale of meals	(0.28)	(0.24)	(0.35)
Total catering cost	\$ 39.28	\$ 41.58	\$ 44.21
Catering (in-house)	Sep-23	Sep-24	Sep-25
Labour costs	24.28	24.83	28.08
Consumables - food	14.60	15.85	16.25
Consumables - other	0.60	0.71	0.84
Contract catering	0.02	(0.07)	0.03
Income from sale of meals	(0.32)	(0.27)	(0.37)
Total catering (in house)	\$ 39.18	\$ 41.06	\$ 44.83
<i>% of facilities using in-house catering only</i>	<i>75%</i>	<i>74%</i>	<i>70%</i>

With an increased focus on food and nutrition in aged care homes, providers have increased the level of internal catering services provided. This is to increase the quality and experience relating to food but might result in slightly higher costs compared to outsourcing.

Accommodation

Accommodation continues to be the deficit cost centre for an aged care facility. The Sep-25 Survey recorded an average margin deficit of \$12.82 pbd compared to a deficit of \$10.75 pbd for Sep-24 and \$12.05 pbd for FY25.

While there has been an increase in the MPIR over recent years which has seen the average MPIR (over a rolling 3.3 year period) increase from a low of 4.7% at Jun-22 to 7.4% for the Sep-25 quarter, overall accommodation revenues has only increased by an average of \$1.19 pbd between Sep-24 and Sep-25 quarters. This includes a small increase of \$0.53 pbd from DAP revenue.

However, costs, before administration allocations have increased by a total of \$2.09 pbd with the biggest contributions to that increase being from depreciation \$0.72 pbd and property maintenance \$0.94 increase. On top of that, administration overheads have increased by \$1.16 pbd over the same period.

It is clear that revenue increases are not keeping pace with increases in accommodation costs.

A declining trend in percentage of incoming resident paying by DAP had been observed from FY23. The proportion of non-supported residents choosing the DAP as the method of payment declined from 54.4% in Sep-24 quarter to 49.7% in the Sep-25 quarter.

The actual MPIR experienced the first drop since June 2022 for the Jun-25 quarter. 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.

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

Depreciation expense represented \$23.28 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 the ongoing maintenance, refurbishment, and eventual replacement of aged care facilities.

Setting aside funds to match accumulated depreciation is particularly important because new residents typically prefer a more modern and up-to-date aged care facility when given a choice. As a result, older or less appealing facilities may struggle with lower occupancy rates, especially in highly competitive areas.

The 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 strong and 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 *Aged Care Act* from November 2025, which allows for RAD retention, addresses this issue by creating a more balanced approach to funding accommodation in aged care facilities.

The accommodation supplement for those with lower means remains an issue. The supplement is \$70.94 pbd as a maximum at Sep-25 rate. At an MPIR of 8%, this is equivalent to 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 higher supported ratio into a disadvantaged financial position.

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

Construction costs for a bed is 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.

Figure 11: Median accommodation price and house price by MM

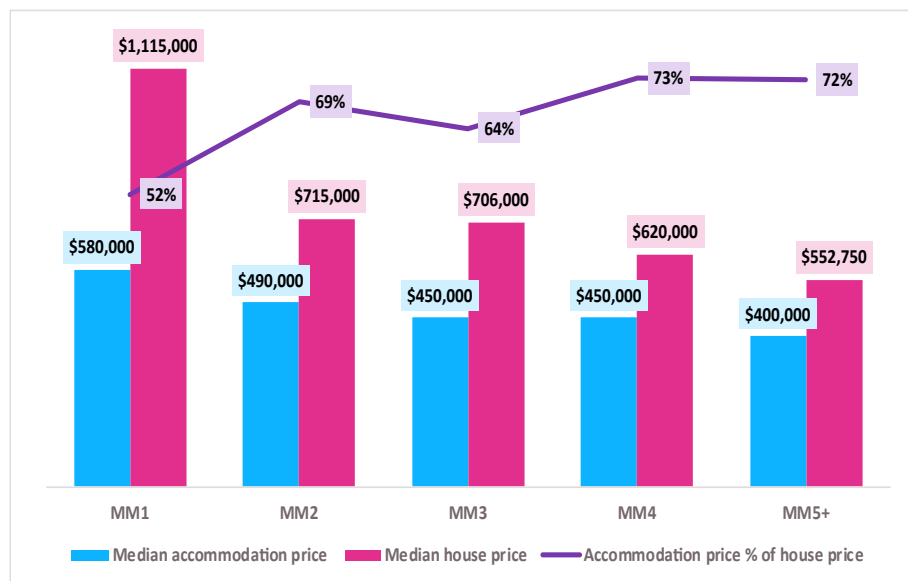
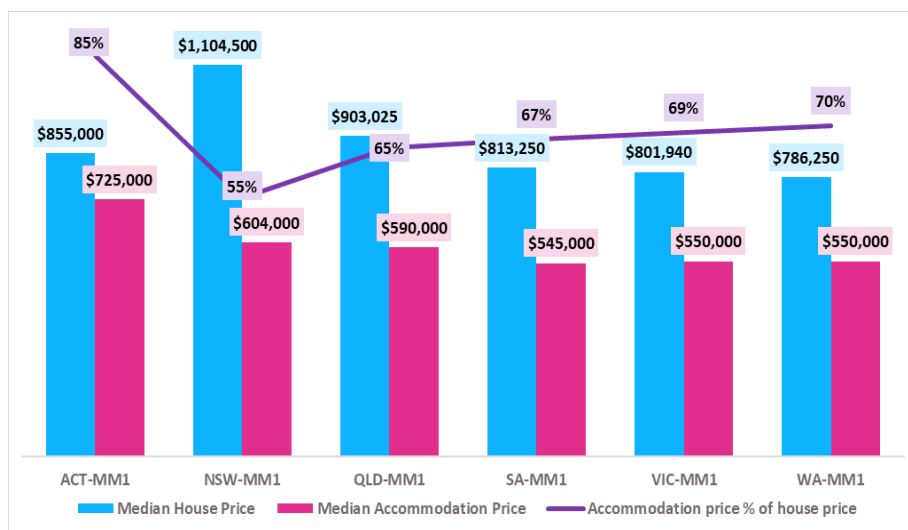


Figure 12: Median accommodation price and house price in MM1 area by state



Financial Impact of RADs

There is considerable discussion on the financial impact of RADs for the residential aged care sector, both from a debt perspective and investment returns.

How much of an incoming RAD is used for Investment Purposes

This differs between for profit (FP) and not-for-profit (NFP) approved providers (excluding Government). Refer to below *Table 15*, and the relevant ratios to be considered are:

- Cash and financial assets (liquid cash assets) as a % of refundable loans (range 34.11%-37.8% in periods included in the table)
- Cash and financial assets (liquid cash assets) as % of debt (total borrowings) (range 30.49%-36.25% in periods included in the table)

Please note that most organisations do not quarantine liquid assets into separate identifiable deposits for each operating segment. Instead, these assets are combined into a single pool.

Accordingly, the liquid cash assets (cash and cash equivalents plus financial assets) also include normal operating cash and investments from past retained earnings (profits) and current working capital, so whilst this is not an exact science, it does provide a good overview.

For this reason, if the percentage of liquid cash assets in an overall (aggregate sense) is (say) an average of 35.0% of refundable loans (RADs and ILU loans) or more realistically an average of 32.0% of total debt, it would be a reasonable assumption that an approved provider would retain a maximum of 25% of an incoming RAD (to be held as a liquid cash asset) and more likely around 20% (the balance being working capital and accumulated retained earnings not distributed).

The amount of liquid cash assets held needs to be sufficient to ensure compliance with the permitted use of RADs within their regulatory requirement.

This is the net amount of an incoming RAD that is retained over a time period.

The above averages are for the whole sector, but FP providers retain less due to having to pay company tax and shareholder distributions from the liquid cash assets (not directly from RADs).

Accordingly, they run their liquid cash assets at much more leaner levels, so their percentage is in the 10%-15% range at best, and often, in the 5%-10% range, whereas NFPs (being the majority) are in the 22.5%-27.5% range (at best).

In summary, it can be considered that (say) only 20%-25% of an incoming RAD is actually invested to provide investment revenue.

Interest Rate for RAD Investment Earnings

Once again, this differs for FP and NFP providers. *Table 17* includes investment return ratios (highlighted).

The analysis is a little complex, as financial assets are a combination of listed equities, managed funds and term deposits (being the major component). This is dependent upon market fluctuations.

The ratio of net investment revenue percentage (E / A) is probably the best measure. With the current interest rates and the ASX rising, it is reasonable that the expected average return currently is between 4.00% p.a. and 4.50% p.a.

NFP providers have the advantage of receiving the imputation credit benefit on equity investments and managed funds investments (due their status, like super funds) so their current net percentage return would be in the order of 5.00% p.a. -5.50% p.a., whilst FPs would be in the 3.75%-4.25% p.a. return (on less investment amounts as noted above).

Summary

Based on our analysis and general discussions with approved providers we would make the following comments:

- On average, the amount of incoming RADs that can be directly invested average in the range of 20%-25% of the RAD amount over the time period of the RAD holding
- The average current investment return on the net RAD amount that is invested (being 20%-25% of the incoming RAD) is currently between 4.0% p.a. to 4.5% p.a.

Table 13: RAD analysis (approved provider organisation level)

	Average Dec-23 6 months	Average FY24 12 months	Average Dec-24 6 months	Average FY25 12 months
Balance Sheet Extract (\$'000)				
Assets				
Cash and cash equivalents	25,227	21,239	29,057	25,791
Financial assets	25,542	25,430	29,950	29,889
Liquid cash assets (A)	50,769	46,669	59,007	55,680
Property assets	195,799	169,948	213,671	184,996
Liabilities				
Residential Refundable loans	83,639	74,396	96,936	84,618
Retirement Living Refundable loans	65,216	56,955	73,052	62,664
Resident refundable loans (B)	148,855	131,351	169,989	147,282
Borrowings	15,176	5,633	11,565	5,383
Unspent Home Care Package Funds	969	1,038	694	562
Unspent CHSP Grants	1,487	353	419	381
Total Borrowings (C)	166,487	138,374	182,666	153,608
Ratios				
Cash + financial assets % refundable loans (A / B)	34.11%	35.53%	34.71%	37.80%
Cash + financial assets % debt (A / C)	30.49%	33.73%	32.30%	36.25%
Investment Income and Finance Costs (\$'000)				
Interest and investment revenue received (D)	954	2,134	1,265	2,575
Fair value gain on financial assets	170	537	219	513
Fair value loss on financial assets	(2)	(4)	(1)	(15)
Investment revenue (net) (E)	1,122	2,667	1,482	3,074
Finance costs	(423)	(469)	(478)	(508)
Net financing return (F)	700	2,198	1,004	2,567
Ratios				
Investment revenue received percentage (D / A)	3.8%	4.6%	4.3%	4.6%
Net investment revenue percentage (E / A)	4.4%	5.7%	5.0%	5.5%
Net financing return percentage (F / A)	2.8%	4.7%	3.4%	4.6%

From an approved provider perspective, there is a large differential from receiving a DAP (MPIR is 7.61% from 1 Oct 2025) and based on 100% of the RAD equivalent, and the investment return from a RAD, being (say) 22.5% of the RAD amount and a return (MPIR equivalent) of 4.25% pa on average.

Taking a room with an accommodation price of \$750,000 as an example, the following table calculates the annualised revenue amount received by the providers for DAP and RAD payment methods respectively. Despite the retention of 2% p.a. under the reform from 1 July 2025, a significant difference in the amount remains.

Annualised amount - DAP (\$750,000 x 7.61%)	\$57,075
Annualised amount - RAD (A + B)	\$22,172
RAD - 2% retention (A)	\$15,000
Investment return (B) (\$750,000 x 22.5% x 4.25%)	\$7,172

From a consumer's point of view, this arrangement remains unfair as it significantly advantages those with the financial means to pay a RAD over those who must resort to DAP due to lack of funds. The system only becomes financially beneficial for someone capable of paying a RAD to choose a DAP instead if they can invest that money elsewhere and achieve a minimum annual return of 6%. This creates a clear financial divide based on residents' initial wealth and investment capabilities.

Economy of Scale

The sector has observed a number of mergers and acquisitions in the past few years. Some large 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 Sep-25 results based on the number of facilities held by the provider (refer *Table 14*).

Based on the Sep-25 Quarter result, larger providers with more than 20 facilities have the highest operating result and the highest adjusted operating result compared to other groups. This is also the case for the direct care result without adjustment which largely contributes to the overall financial result. Other care labour costs are the lowest for providers with 21 or more homes.

These larger providers have lower total direct care minutes than smaller providers, but the RN minutes level are higher than single facility providers. This should not be interpreted as large providers having a lower quality/standard of care as it may be due to a range of factors.

Providers with 7-20 facilities recorded the highest average RN minutes at 44.55 pbd. Providers with 2-6 facilities recorded the highest average total direct care minutes at 223.93 pbd for the quarter. Single facility providers recorded the lowest RN minutes at 42.03 pbd.

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

Table 14: Operating result for target minutes by provider size (Sep-25 quarter)

QTD Sep-25 Survey	Single Facility	2-6 Facilities	7-20 Facilities	21+ Facilities
	\$ pbd	\$ pbd	\$ pbd	\$ pbd
Direct care revenue	309.87	309.22	311.41	311.68
Direct care labour costs	232.86	234.00	237.40	243.16
Other care labour costs	31.77	31.77	26.96	23.20
Other direct care costs	32.52	34.27	35.21	32.54
Direct care expenditure	297.15	300.04	299.57	298.90
Direct care margin (A)	\$12.72	\$9.18	\$11.85	\$12.78
Everyday living margin	(\$14.84)	(\$9.03)	(\$9.82)	(\$1.34)
Accommodation margin	(\$13.25)	(\$13.96)	(\$12.37)	(\$12.64)
Operating result (B)	(\$15.38)	(\$13.81)	(\$10.34)	(\$1.20)
<i>Expenditure - administration (included above)</i>	<i>52.71</i>	<i>57.23</i>	<i>61.06</i>	<i>55.90</i>
Staff Minutes				
Registered nurses	42.03	43.42	44.55	44.00
Enrolled and licensed nurses	14.71	11.34	11.16	7.81
Other unlicensed nurses/personal care staff	163.30	168.17	166.51	166.11
Total direct care minutes per resident day	220.04	222.93	222.22	217.92
Gap from target minutes (EN impact excluded for analysis purpose)				
Registered nurses	2.97	1.58	0.45	1.00
Other direct care labour	(8.02)	(9.51)	(7.67)	(3.92)
Additional costs				
Registered nurses	4.27	2.30	0.68	1.50
Other direct care labour	(7.68)	(8.92)	(7.29)	(3.96)
Additional costs - without restructuring (C)	4.27	2.30	0.68	1.50
Operating result after additional costs (B - C)	(\$19.64)	(\$16.12)	(\$11.02)	(\$2.70)
Potential costs saving from restructuring (D)	7.68	8.92	7.29	3.96
Total net additional costs (E = C - D)	(3.41)	(6.62)	(6.61)	(2.46)
Operating result after costs saving (B - E)	(\$11.96)	(\$7.20)	(\$3.73)	\$1.26
Direct Care Margin after costs saving (A - E)	\$16.13	\$15.80	\$18.46	\$15.24

Based on the Sep-25 Survey, providers with over 20 facilities have a lower everyday living deficit (\$1.34 pbd) compared to smaller providers due to higher efficiency and lower costs delivering such services.

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 2-6 facilities recorded the highest accommodation margin deficit.

Comparison of Survey Result to the Quarterly Financial Snapshot

With the introduction of the QFR, the Department has been able to report on the consolidated results of the Residential Aged Care and Home Care sectors in the Quarterly Financial Snapshot (QFS) released after the end of each quarter.

It is noted that there is a difference in the QFR Snapshot results and the StewartBrown Survey results. To explain the differences in these results it is important to understand the different methods of analysis, data collection and data cleansing that are used.

Operating Result

The StewartBrown Survey places primary focus on the *operating result* rather than the Net Profit Before Tax (NPBT). The distinction is the exclusion of non-recurrent revenue and expenditure from NPBT to obtain the operating result. The Department Aged Care Financial Report also makes this distinction when preparing its annual report.

Non-recurrent income and expenditure are generally one off and include items such as the revaluation of assets (property and financial), gain/loss on acquisition, gain/loss of disposal of assets, impairment (including impairment reveals), write-off of intangible assets, capital grants received, bequests/donations/fundraising, and income derived from non-aged care sources.

For this reason, the operating result indicates how the respective segments (Residential/HCP/CHSP) are financially performing based on the current regular funding envelope. This allows comparison and policy to be formulated based on the normal operating environment rather than consideration of non-recurrent items that are variable and not related to normal operations.

Data Sources

The StewartBrown Survey result is sourced from granular data obtained at the individual aged care home and home care package level, where data is collected for every income and expense line item as well as a significant amount of other data.

The overall residential and home care results are the aggregate of each individual aged care home and home care program. The University of Technology Sydney (UARC) use the same granular methodology in their analysis and reporting.

The Survey data input forms collect data from over 270 data points from each residential aged care facility and over 120 data points from each home care service.

The collection of granular data at both the aged care home and home care program levels facilitates a comprehensive data validation process.

This process involves extensive cleansing and cross-referencing of a wide range of metrics for each data entry line, including comparisons with previous quarters, regional data, resident/client mix, and the size of homes/programs.

A de-identified Survey aged care facility report that is provided to participants is included as *Appendix 2*.

The Department QFS result is sourced from the high-level Summary Profit and Loss Statement at the consolidated approved provider (organisation) level, not the individual facility/program level, as included in the respective QFR.

As the reporting is only by the approved provider, this also excludes any related party or external entities that the approved provider may have transactions with.

The QFR summary profit and loss is collected at the aggregate consolidated segment level (residential/home care/retirement/other). The respective segment results may not include all corporate costs, related-party expenses and some specific expenses relating to each segment and will also include non-recurrent items such as revaluations of assets and financial assets, donations and bequests and gains/losses on sale of assets.

In this respect the QFS shows the result in terms of NPBT and not operating result. The summarised QFR template is included as *Appendix 1*.

The methodology for determining the allocation to each operating segment in the QFR varies between providers. By way of further comparison, there are only 14 data points collected in the QFR for each residential home and home care package.

From the Mar-25 QFS, the Department separated non-operating expenses as \$25.50 pbd, which is believed to include depreciation, amortisation, and fair value losses, but not include other non-recurrent expenditure reported under "other expenses" in QFR approved provider data.

The definition of “non-operating expense” in QFS is different from what StewartBrown recognised as “non-recurrent expenditure”). No non-recurrent revenue had been separated in QFS.

The FY24 Financial Report on the Australian Aged Care Sector (FRAACS) recorded \$8.28 pbd interest and investment income and \$12.29 pbd other non-recurrent income excluding RADs AASB 16 revenue for FY24.

Non-recurrent expenditure recorded at \$6.98 pbd including financing costs but excluding RADs AASB 16 expenditure and amortisation/ impairment of bed licenses which is minimal in the FY25 StewartBrown survey.

Comparison (June 2025 twelve months)

	Department	StewartBrown
	\$ pbd	\$ pbd
Revenue	456.17	436.41
Costs	440.13	430.54
NPBT (DoHDA)	16.04	5.87
add/less		
Non-recurrent *	(13.59)	(8.97)
Operating result	\$2.45	\$(3.10)

*Estimate based on FY24 FRAACS

The QFS reported a surplus of \$19.29 pbd in NPBT for YTD Mar-25 period.

Comment

StewartBrown is very supportive of the ongoing initiatives of the Government to provide timely financial information to assist consumers and providers and extend the overall financial transparency of the sector. Importantly, this is also fulfilling the recommendations from the Royal Commission.

As with any financial analysis and comparison, understanding the data sources and the inherent limitations is important. The Department QFS provides a valuable guide to how the sector is performing in an aggregate sense at the NPBT level.

The individual residential and home care segment results are more variable due to the extent of the data provided and the methodology around making segment allocations being inconsistent between providers as there are no strict criteria for determining segment revenue and expense allocations.

This is also relevant in relation to the allocation of corporate administration between segments, with some providers allocating all corporate costs to each business segment and others only allocating a portion, with the balance being included in the “Other” segment. The allocation methodology between segments is also inconsistent.

Home Care Program

Home Care Summary Results

Table 15: Home Care summary results and key KPIs

	Survey		Survey
	Sep-25	Sep-24	FY25
Revenue			
Direct services	43.82	44.60	43.51
Sub-contracted and brokered services	17.42	12.51	14.35
Care management	16.02	15.22	15.85
Package management	11.04	10.67	11.18
Participant contributions and private fees	0.18	-	-
Grants and other operating revenue	0.28	-	-
Total recurrent revenue	\$ 88.76	\$ 83.01	\$ 84.89
Expenditure			
Direct service costs			
Internal	32.65	31.85	31.46
External	21.72	17.49	19.36
Direct service costs	54.37	49.34	50.83
Care management and advisory	7.68	8.64	7.91
Administration and support	21.43	21.00	21.71
Depreciation	0.59	0.67	0.67
Total recurrent expenditure	\$ 84.07	\$ 79.65	\$ 81.12
Operating Result (\$ per client day)	\$ 4.70	\$ 3.36	\$3.77
EBITDA (\$ per client per annum)	\$ 1,929	\$ 1,470	\$1,620
KPI's			
Direct services revenue as % total revenue	49.4%	53.7%	51.3%
Sub-contracted/brokered services revenue % total revenue	19.6%	15.1%	16.9%
Care management revenue as % total revenue	18.0%	18.3%	18.7%
Package management revenue as % total revenue	12.4%	12.9%	13.2%
Direct services costs (% total revenue)	61.3%	59.4%	59.9%
Operating result margin (% of total revenue)	5.3%	4.0%	4.4%

Care Management and Package Management Fees in Home Care

The Sep-25 quarter represents the financial performance of home care providers prior to the start of the Support at Home program.

Table 16 shows that based on the Sep-25 Survey, care management revenue makes up 18.0% of the total revenue, while package management makes up 12.4% combining to account for a total of 30.4% of the revenue earned by home care providers.

Table 16: Financial impact of Support at Home reform

(Dollars per package per day unless otherwise stated)	Current Position Sep-25 Survey Average (Actual)	Scenario 1 Sep-25 Adjusted for Reforms	Scenario 2 Adjusted for Reforms + Increased Return	Scenario 3 Adjusted for Reforms + Increased Return
Revenue				
Direct and brokered services	61.24	78.40	80.98	82.99
Care management	16.02	9.90	9.90	9.90
Package management	11.04	-	-	-
Participant contributions and private fees	0.18	0.18	0.18	0.18
Grants and other operating revenue	0.28	0.28	0.28	0.28
Total revenue	88.76	88.77	91.34	93.35
Costs				
Direct and brokered services	54.37	54.37	54.37	54.37
Care management	7.68	7.68	7.68	7.68
Administration and support services	22.02	22.02	22.02	22.02
Total costs	84.07	84.07	84.07	84.07
Operating result (per package per day)	\$ 4.70	\$ 4.70	\$ 7.28	\$ 9.29
Operating EBITDA (per package per annum)	\$ 1,929	\$ 1,715	\$ 2,656	\$ 3,389
KPIs				
Operating result return on revenue	5.3%	5.3%	8.0%	9.9%
Direct & brokered service revenue increase %		28.0%	32.2%	35.5%
Gross margin on direct and brokered services (dollars)	\$ 6.87	\$ 24.03	\$ 26.61	\$ 28.62
Gross margin on direct and brokered services (%)	11.2%	30.7%	32.9%	34.5%
Gross margin on care management (dollars)	\$ 8.34	\$ 2.23	\$ 2.23	\$ 2.23
Gross margin on care management (%)	52.1%	22.5%	22.5%	22.5%
Direct and brokered services as % of revenue	69.0%	88.3%	88.7%	88.9%
Care management as % of revenue	18.0%	11.2%	10.8%	10.6%
Package management as % of revenue	12.4%	0.0%	0.0%	0.0%
Revenue utilisation	89.6%	89.6%	92.2%	94.3%
Available package revenue (per client per day)	\$ 99.04	\$ 99.04	\$ 99.04	\$ 99.04
Available package revenue (per annum)	\$ 36,150	\$ 36,150	\$ 36,150	\$ 36,150
Care management as % of available package revenue	16.2%	10.0%	10.0%	10.0%
Package management as % of available package revenue	11.2%	0.0%	0.0%	0.0%

Under the Support at Home program, package management fees will no longer be charged, and care management fees will be capped at 10% of the package value.

This means that 20.4% of the total revenue stream will now need to be recovered through direct service provision and pricing.

Please note that any costs for delivery of care management services must be met from within care management funding and cannot be rolled into the price for other services.

When the 10% cap is implemented, home care providers are estimated to lose at least \$6.12 per client per day care management revenue (\$16.02 pcd moving to \$9.90 pcd), and the removal of package management fee means providers will need to build the \$11.04 pcd into service revenue.

Table 17: Provider profitability by size (number of packages)

Operating Performance by Provider Size	Up to 250 Packages	250 to 500 Packages	500 to 750 Packages	750 to 1,250 Packages	1,250 to 2,000 Packages	2,000 to 3,000 Packages	3,000 plus Packages
Revenue Utilisation %	92.4%	90.2%	84.1%	94.9%	87.0%	88.9%	89.8%
Financial Results (\$ per client day)							
Operating Revenue	\$83.37	\$86.95	\$85.81	\$88.55	\$92.88	\$84.33	\$90.86
Direct Care (internal and external)	\$54.98	\$50.06	\$50.43	\$52.48	\$54.69	\$49.29	\$57.77
Care management	\$11.95	\$17.16	\$17.80	\$18.17	\$18.32	\$13.50	\$16.09
Administration and support services	\$20.66	\$23.09	\$21.05	\$23.46	\$20.96	\$21.77	\$20.96
Depreciation	\$0.52	\$0.52	\$0.25	\$0.25	\$0.48	\$0.49	\$0.76
Operating Result	(\$0.91)	\$5.05	\$7.35	\$4.17	\$7.72	\$5.77	\$3.81
Operating EBITDA (\$ per client per annum)	(\$143)	\$2,031	\$2,777	\$1,611	\$2,994	\$2,284	\$1,671
Key Performance Indicators							
Direct care costs as % of revenue	65.9%	57.6%	58.8%	59.3%	58.9%	58.5%	63.6%
Care management costs as % of revenue	9.7%	9.5%	7.8%	9.3%	9.7%	8.3%	8.3%
Administration costs as % of revenue	24.8%	26.6%	24.5%	26.5%	22.6%	25.8%	23.1%
Profit margin %	(1.1%)	5.8%	8.6%	4.7%	8.3%	6.8%	4.2%
Level 1 Package mix %	4.3%	4.7%	2.3%	4.9%	3.5%	4.5%	3.4%
Level 2 Package mix %	38.0%	36.1%	30.7%	36.7%	35.0%	36.3%	33.6%
Level 3 Package mix %	37.7%	36.1%	41.6%	36.0%	39.7%	38.3%	37.7%
Level 4 Package mix %	20.0%	23.1%	25.4%	22.3%	21.8%	20.9%	25.3%

Based on modelling, on average, direct services revenue including sub-contracted services revenue will need to increase to \$78.40 pcd compared to current \$61.24 pcd to fully recover this loss of revenue to maintain the current level of margin at 5.3%.

To reach a 7.5% margin, the average direct services revenue needs to be further increased to \$80.98 pcd, and \$82.99 pcd for a 9.5% margin.

Therefore, the increased pricing for each home care service that will be required is driven by the new funding model, and not through providers merely seeking to increase their operating margins. This is an important narrative.

The direct margin on service delivery (both internal and sub-contracted) will need to increase to 30.2% from the current 11.2% to maintain the present operating surplus. Please note that whilst related, it is separate to the required service price increases.

Price under Support at Home

By the end of June 2025, the majority of providers had undertaken the work to have in place prices ready for the original commencement date of Support at Home on 1 July 2025. Many providers had started to socialise their proposed pricing levels with existing participants in preparation for having new Home Care Agreements in place and agreement for the new pricing structures.

StewartBrown conducted a [Support at Home Price Survey](#) in August 2025 to collect the service prices providers would charge should Support at Home have commenced on 1 July 2025.

The SB Survey received 82 valid provider responses representing approximately 9% of total approved HCP providers and covers 95,673 packages, representing 33% of total HCP packages as of 31 March 2025.

A comparison between Jun-25 median home care published price against the survey result for some common services suggested that in response to the Support at Home reform, to recover the loss in revenue, the price for some of the most common service categories will increase by 37% - 43%.

More recent scans of prices using provider price lists and information published on My Aged Care (November 2025 and February 2026) re-affirms these average price increases. A report will be published shortly with detailed analysis of these price scans.

Table 18: Comparison between Home Care Service price and Support at Home Pricing Survey price

Service	National Median Price June 2025 (\$ per hour)	National Median Price November 2025 (\$ per hour)	% Price increase
Cleaning and household tasks	79	110	39%
In-home respite	80	114	43%
Light gardening	81	114	40%
Nursing	132	181	37%
Personal care	80	114	43%
Average			40%

3. Funding Reform

Residential Funding Reforms

Contributions to Clinical Care

- The AN-ACC subsidy is to be split between Clinical Care and Non-Clinical Care. The Clinical Care component will be fully funded by a taxpayer subsidy and no means-testing arrangements will be in place

Contributions to Non-Clinical Care

- Means-tested Care Fee (MTCF) to be abolished and replaced with a Non-Clinical Care Contribution (NCCC) as part of the AN-ACC subsidy. This contribution were indexed from September 2025 to be capped at a maximum of \$105.30 per day
- No Annual Cap for the means-tested NCCC
- Lifetime Cap to be increased to \$135,318.69 (indexed) or 4 years in residential aged care whichever comes sooner
- *No financial benefit to Providers*

AN-ACC Subsidy

- Price includes FWC “work value” stages 3 and decision to increase nursing wages, superannuation guarantee increase and inflation adjustment
- Revised BCT weighting for MM2 (Regional centres) to MM5 (small rural towns)
- National Weighting Activity Units (NWAU) revised for AN-ACC classes
- Remote and specialised base care tariffs will be reviewed
- MM categories being reviewed
- *It is anticipated that the overall average Direct Care (AN-ACC) margin will decrease or eliminate.*

Contributions to Everyday Living costs

- All residents will continue to pay a BDF equal to 85% of single aged pension
- Additional/extra services will be replaced with a new Higher Everyday Living Fee (HELF) which will have specific requirements attached, including agreement after entering care, cooling off period and regular review. Residents may continue to pay additional service fees or extra service fees up until 31 October 2026
- From November 2025 people with sufficient means will pay up to the current value of the hotelling supplement

- The hotelling supplement will not contribute to the Lifetime Cap
- The hotelling supplement will continue to be indexed each six months (March/September)
- IHACPA has been tasked with providing advice on the appropriate level for the hotelling supplement, to ensure providers can fully meet the actual cost to supply high quality everyday living services for older people from the BDF and hotelling supplement
- IHACPA released the “Residential Aged Care Pricing Advice 2025-26”, which noted their estimate of everyday living funding gap is \$6.24 pbd for 2026 financial year across all facilities, and \$12.48 pbd for facilities without additional services and extra services fee
- In response to the IHACPA report, 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 facilities

Contributions to Accommodation

- The price cap on RADs (accommodation price) was increased to \$758,627 from 20 September 2025 and will be indexed annually by CPI
- A 2% retention on RADs for up to 5 years will come into effect (on a \$550,000 RAD this equates to additional revenue for providers of around \$11,000 per annum; on a \$750,000 RAD equates to around \$15,000 additional revenue per annum)
- The DAP payments will be indexed twice yearly by CPI
- The Accommodation Supplement for supported residents to be independently reviewed and a report provided to the government by 1 July 2026
- *Accommodation funding reform increases revenue to providers*

StewartBrown included a recommendation for the Accommodation Pricing Review that the MPIR methodology be changed to either represent the Weighted Average Cost of Capital (WACC) and have a floor cap of 8% per annum or a floating conversion rate.

Accommodation Supplement

- The accommodation supplement plays an important role to incentivise aged care providers to provide accommodation to residents that do not have the financial ability to pay a RAD or DAP

- From a taxpayer point of view, the supplement should cover the costs of providing accommodation of supported residents as well as provide sufficient return to providers to incentivise investment and to admit supported residents into the aged care home
- The question is - what is the true cost of accommodation, including a sufficient margin?
- Based on Sep-25 data, the total cost of accommodation, excluding a return on investment, is \$57.11 pbd. At that rate the current higher accommodation supplement could be seen to cover the costs.
- However, 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
- If costs were adjusted for a more realistic depreciation rate, we estimate that the costs of accommodation would be \$63.21 pbd which is still less than the higher accommodation supplement - in fact that would leave a \$7.73 pbd margin
- If a margin of say 5% was required, that would represent an asset base of \$56,429 which is insufficient. If the average fair value of an aged care bed was currently \$150,000 (allowing for the age of average building stock and the fact that over 80% of homes have been significantly refurbished since 2012) the margin would need to increase to \$20.54 pbd which would mean that the supplement would need to increase to \$83.75pbd to cover costs of accommodation and provide a sufficient return on investment
- From the point of view of a provider, there is inequity in so far as the revenue that can be earned from a non-supported resident is significantly higher than the current level of the accommodation supplement as shown in the following example

Currently, the maximum accommodation supplement payable to providers with a supported resident ratio in excess of 40% is \$70.94 per day which, if it was a DAP would equate to an accommodation price of \$323,664 at MPIR rate of 8%.

The average agreed accommodation price, based on average full RAD taken, is now above \$550,000 and the equivalent DAP would be \$120.55 per day, significantly higher than the maximum accommodation supplement. This difference will further increase should the accommodation price cap to \$750,000 leads to increased accommodation prices.

- However, the accommodation supplement should not be tasked with doing too many things. Its primary purpose should be to cover the costs of accommodation and provide sufficient return to encourage investment in respect of supported residents
- The re-design of the accommodation supplement and how capital investment is incentivised will be a primary focus for the Accommodation Pricing Review and the recommendations are likely to set the stage for capital investment in the sector for the next 10 to 15 years
- While the accommodation supplement will play a major role, providers also have a role to play in ensuring that they are maximising revenue through pricing strategies so that the burden does not fall totally on the taxpayer
- *StewartBrown will be releasing a paper on accommodation pricing in coming weeks which will provide further discussion and supporting analysis*

Funding Reform Financial Modelling

The financial impact of the *Aged Care Act 2024* reforms has been modelled using two scenarios based on the Sep-25 StewartBrown Survey result.

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

Scenario 1: Operating Result based on reforms as announced - average 220 minutes

- Sector reached an average total direct care of 220 minutes including 44 of RN minutes
- Hotelling supplement to be \$15.60 per day from July 2025 and \$22.15 per day from 20 September 2025 and indexed based on this amount (FY26 weighted average \$20.79 pbd)
- RAD retention of 2% pa to be phased in for new residents from 1 November 2025
- RAD pricing (accommodation price) to be increased by CPI each year
- DAP pricing to be based on 8% pa floor (MPIR)

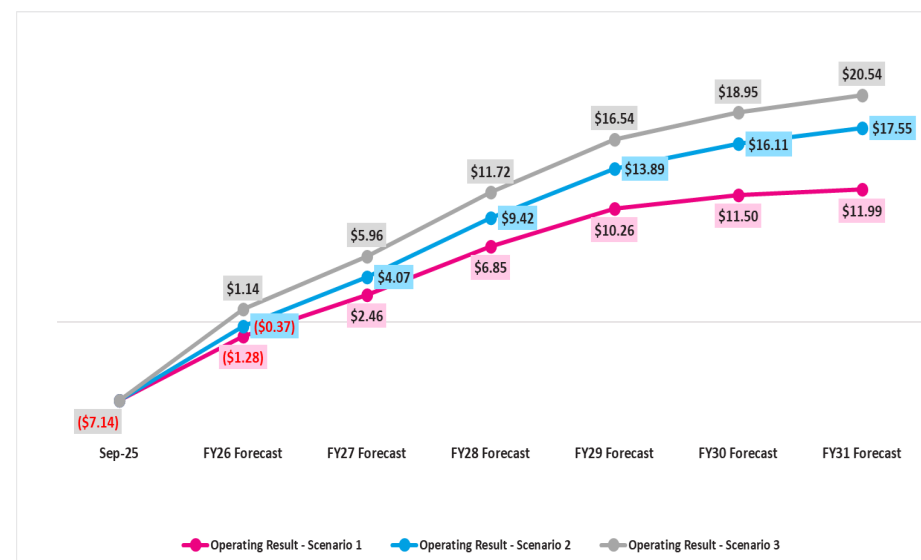
Scenario 2: Operating Result based on reforms as announced – average 220 minutes

- Sector reached an average total direct care of 220 minutes including 44 of RN minutes
- Hotelling supplement to be \$15.60 per day from July 2025 and \$22.15 per day from 20 September 2025 and indexed based on this amount (FY26 weighted average \$20.79 pbd)
- RAD retention of 2% pa to be phased in for new residents from 1 November 2025
- RAD pricing (accommodation price) to be increased by 7.5% in FY26 and by 5% each year
- DAP pricing to be based on 8% pa floor (MPIR)

Scenario 3: Operating Result based on reforms as announced with moderate accommodation price increase – average 220

- Sector reached an average total direct care of 220 minutes including 44 of RN minutes
- Hotelling supplement to be \$15.60 per day from July 2025 and \$22.15 per day from 20 September 2025 and indexed based on this amount (FY26 weighted average \$20.79 pbd)
- RAD retention of 2% pa to be phased in for new residents from 1 November 2025
- 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 13: Projected Operating Results FY26 to FY31 by scenario (\$ pbd)



Due to the delay in the new Act until 1 November 2025, with resident turnover of around 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. **Scenario 1** is the base care scenario with the assumption that the sector will average at 220 total direct care minutes and index accommodation pricing by CPI. The forecast result for FY31 is \$11.99 per bed day.

Scenario 2 is the mid-point with a 7.5% increase in RAD prices, followed by 5% increases each year. This forecasts a \$5.56 improvement on Scenario 1 by 2031, with the sector expected to achieve an operating surplus of \$17.55 per bed day.

Scenario 3 presents a more significant improvement, projecting an operating surplus of \$20.54 per bed day, whilst the only assumption difference to Scenario 2 being the larger RAD price increase in FY26 being 15% instead of 7.5%.

Even with all the increases to RAD pricing, the forecasting still doesn't reach the \$20,000 EBITDA return which should be considered the minimum level to attract new investment into the sector.

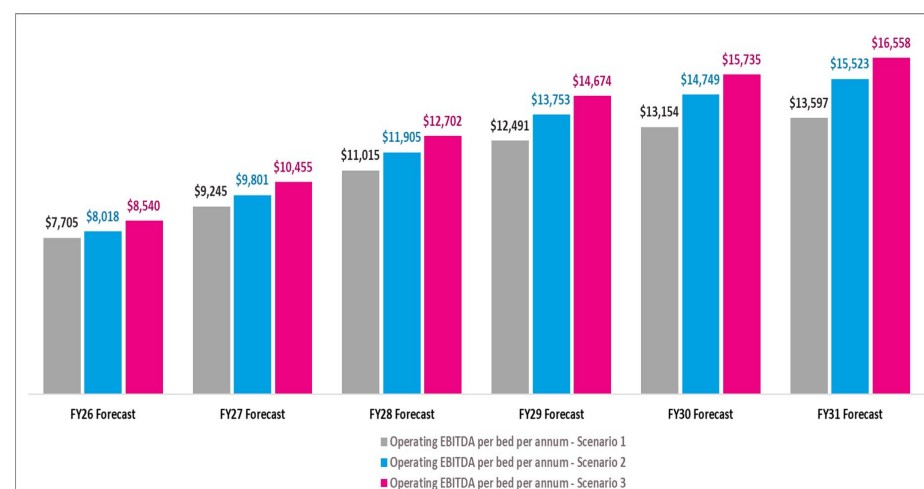
It should be noted that the scenario forecasts do not include any increase other than CPI in the accommodation supplement which remains significantly less than the equivalent DAP amount.

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

Table 19: RAD and DAP pricing based on the three scenarios

Sep-25 Accommodation Forecast Assumptions	FY25	FY26	FY29	FY30	FY31
	\$	\$	\$	\$	\$
Scenario 1 RAD	550,000	566,500	619,030	637,601	656,729
Scenario 2 RAD	550,000	591,250	684,446	718,668	754,601
Scenario 3 RAD	550,000	632,500	732,198	768,808	807,248
	\$pbd	\$pbd	\$pbd	\$pbd	\$pbd
Scenario 1 DAP equivalent	121	124	136	140	144
Scenario 2 DAP equivalent	121	130	150	158	165
Scenario 3 DAP equivalent	121	139	160	169	177

Figure 14: EBITDA forecast FY26 to FY31 by scenario (\$ pbpa)



Operating EBITDA in FY31 is forecasted to range from \$13,597 to \$16,558 per bed per annum based on various scenarios.

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

A decrease in direct care margin is forecasted after the announcement of the AN-ACC starting price change from Oct 2025 including the adjustment in the NWAU. This factor led to lower forecasted operating result compared to previous analysis.

When considering the forecast EBITDA by MM location it highlights that additional funding will be required for MM3 to MM5 in particular as their results will still not be sufficient to attract additional capital investment (refer Figure 15 below).

Figure 15: EBITDA forecast by MM location for FY31 (three scenarios) (\$ pbpa)

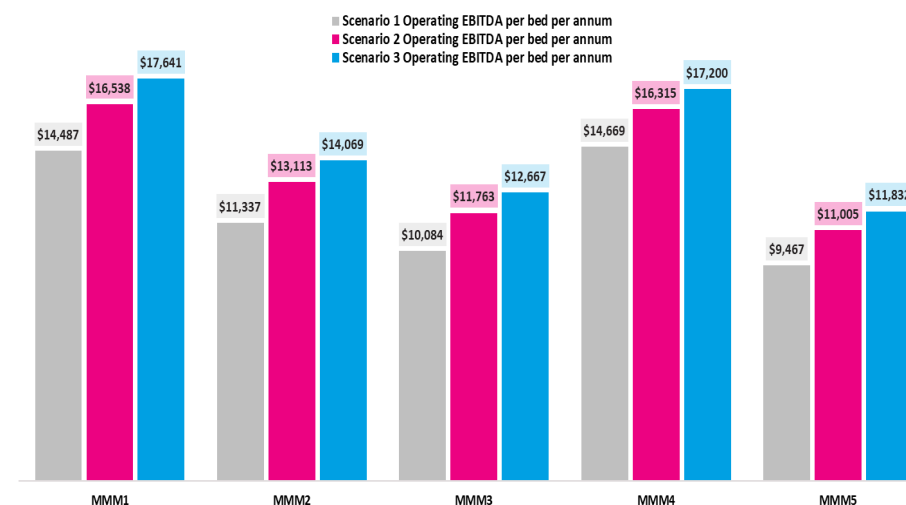
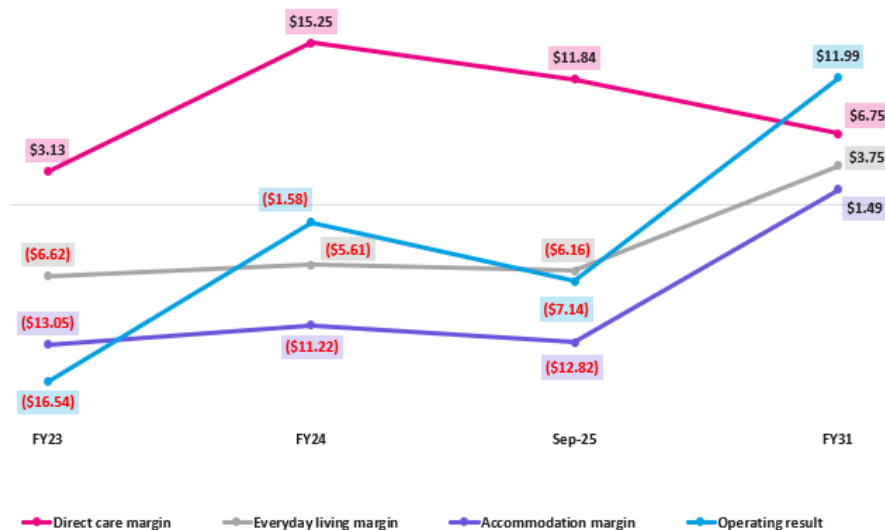


Figure 16: Forecast margin by cost centre for FY31 (Scenario 3)



Accommodation Margin Forecast

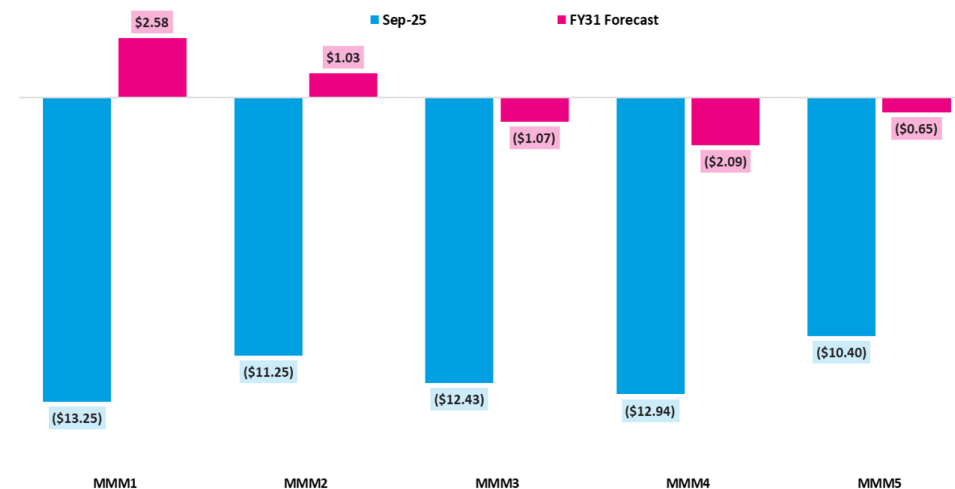
50% of facilities recorded over \$10 pbd deficit in accommodation services in the FY25 Survey.

Figure 17 shows the forecast accommodation margin by MM category based on **Scenario 1**. On average, facilities 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.

The issue from a sustainability and future investment is that the accommodation margin is not a sufficient from a return on capital perspective.

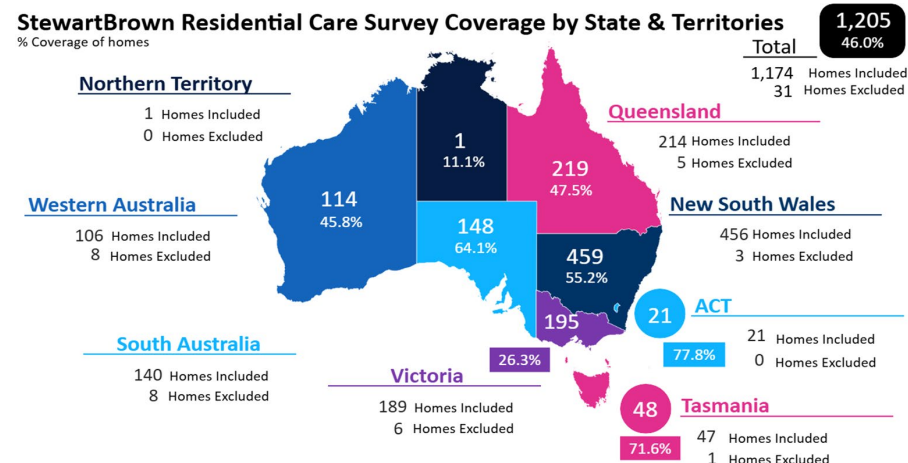
StewartBrown recommends that a 4.5% return on assets employed (including depreciation) is required to ensure the residential aged care sector is investible.

Figure 17: Accommodation margin comparison – Sep-25 vs FY31 Forecast



4. Financial Results – Key Metrics

Residential Aged Care



Sep-25 Results Snapshot

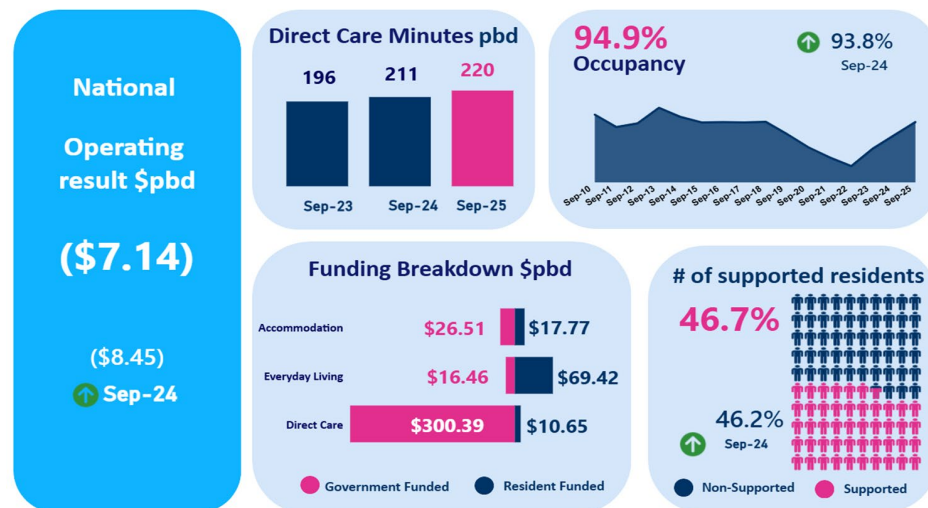


Table 20: Summary income and expenditure comparison (\$ per bed day)

	Survey Sep-25 1,174 Homes	Survey Sep-24 1,181 Homes	Survey FY25 1,165 Homes
DIRECT CARE			
Revenue	\$311.04	\$276.20	\$299.24
Expenditure			
Direct care labour costs	239.10	212.20	227.70
Other direct care labour costs	26.45	24.81	25.78
Other direct care costs	12.40	9.09	9.76
Administration	21.24	19.78	19.90
	\$299.20	\$265.88	\$283.14
DIRECT CARE MARGIN (A)	\$11.84	\$10.32	\$16.10
	3.8%	3.7%	5.4%
EVERYDAY LIVING			
Revenue	\$85.88	\$77.95	\$80.84
Expenditure			
Catering	44.21	41.58	43.15
Cleaning	12.16	11.35	11.65
Laundry	5.13	4.77	5.06
Other hotel services expenses	0.09	0.07	0.07
Payroll tax	0.05	0.05	0.05
Overhead allocation (workcover & education)	1.09	1.06	1.08
Utilities	10.00	9.12	8.81
Administration	19.31	17.98	18.09
	\$92.03	\$85.98	\$87.97
EVERYDAY LIVING MARGIN (B)	(\$6.16)	(\$8.02)	(\$7.13)
ACCOMMODATION			
Revenue			
Residents	17.77	17.24	17.74
Government	26.51	25.85	26.00
	\$44.28	\$43.09	\$43.74
Expenditure			
Depreciation	23.00	22.28	22.89
Property maintenance	14.28	13.35	14.42
Property rental	0.99	0.91	1.03
Other	1.96	1.59	1.64
Administration	16.88	15.71	15.81
	\$57.11	\$53.85	\$55.78
ACCOMMODATION MARGIN (C)	(\$12.82)	(\$10.75)	(\$12.05)
OPERATING RESULT (\$ per bed day) (A + B + C)	(\$7.14)	(\$8.45)	(\$3.08)
OPERATING RESULT (\$ per bed per annum)	(\$2,471)	(\$2,895)	(\$1,068)
EBITDA (\$ per bed per annum)	\$5,486	\$4,734	\$6,817

Table 21: Summary KPI results comparison

Summary KPI Results	Sep-25 1,174 Homes	Sep-24 1,181 Homes	Difference (YoY)	FY25 1,165 Homes
Operating Result (\$pbd)	(\$7.14)	(\$8.45)	↑ \$1.31	(\$3.10)
Operating Result (\$pbpa)	(\$2,471)	(\$2,895)	↑ \$423	(\$1,068)
EBITDA (\$pbpa)	\$5,486	\$4,734	↑ \$752	\$6,817
Average Occupancy (all homes)	94.8%	93.5%	↑ 1.3%	93.5%
Average Occupancy (mature homes)	94.9%	93.8%	↑ 1.1%	94.4%
Average direct care revenue (\$pbd)	\$311.04	\$276.20	↑ \$34.84	\$299.24
Total direct care minutes per resident per day	220.21	210.54	↑ 9.67	214.04
Direct care expenditure % of direct care revenue	96.2%	96.3%	↓ (0.1%)	94.6%
Supported Ratio %	46.7%	46.2%	↑ 0.4%	46.4%
Average Full RAD/Bond held	\$490,733	\$464,293	↑ \$26,440	\$482,536
Average Full RAD taken during period	\$555,436	\$487,854	↑ \$67,582	\$516,770

Figure 18: Residential operating result snapshot (\$ per bed day)

Direct Care	Everyday Living	Accommodation	
Revenue	Revenue	Revenue	
Wages	Hotel Services	Depreciation & Amortisation	
Agency Staff	Utilities	Property & Maintenance	
Other	Total Everyday Living Costs	Other	
Total Direct Costs	Administration Overhead	Total Accommodation Costs	
Administration Overhead	Total Costs	Administration Overhead	
Total Costs		Total Costs	
Margin	Margin	Margin	Operating Result
\$11.84	(\$6.16)	(\$12.82)	(\$7.14)

Modified Monash Model (MM) Analysis

Figure 19: Aged care homes making an operating loss by MM category

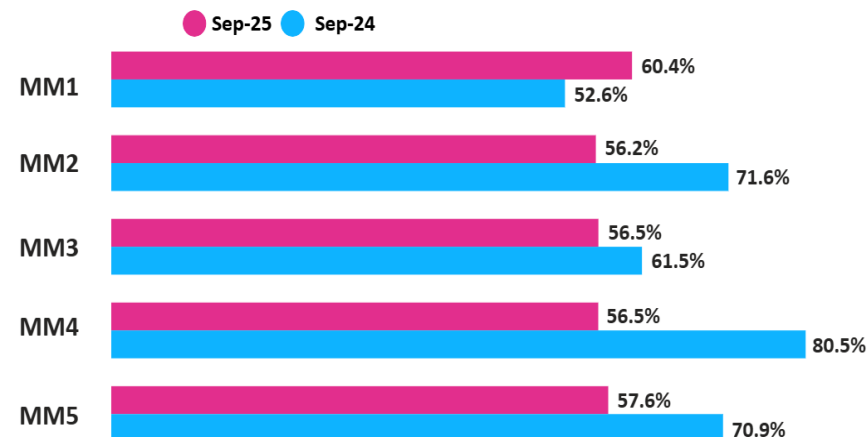


Figure 20: Aged care homes making an EBITDA (cash) loss by MM category

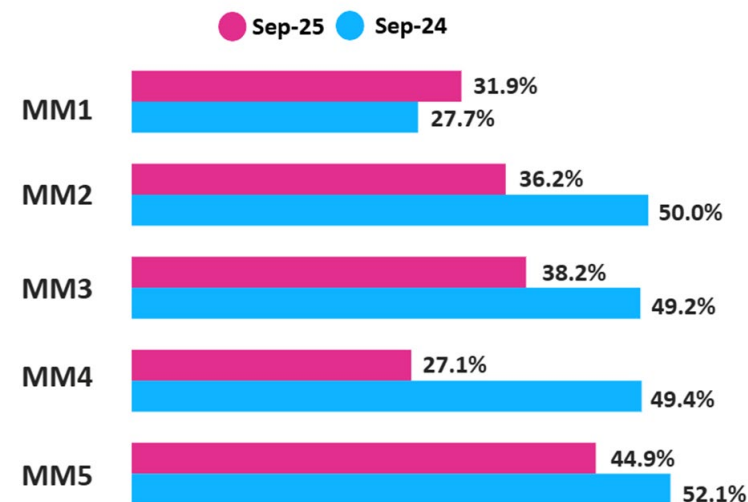


Table 22: Summary KPI results by MM category

MM 1 727 Aged Care Homes	MM 2 105 Aged Care Homes	MM 3 131 Aged Care Homes	MM 4 85 Aged Care Homes	MM 5 118 Aged Care Homes
(\$2,949) Operating Result \$ per bed per annum	(\$1,807) Operating Result \$ per bed per annum	(\$1,652) Operating Result \$ per bed per annum	(\$966) Operating Result \$ per bed per annum	(\$3,784) Operating Result \$ per bed per annum
\$5,295 Operating EBITDA per bed per annum	\$5,868 Operating EBITDA per bed per annum	\$5,562 Operating EBITDA per bed per annum	\$6,973 Operating EBITDA per bed per annum	\$2,494 Operating EBITDA per bed per annum
\$306.38 Average Direct Care Revenue per bed day	\$314.73 Average Direct Care Revenue per bed day	\$318.27 Average Direct Care Revenue per bed day	\$318.89 Average Direct Care Revenue per bed day	\$325.84 Average Direct Care Revenue per bed day
97.6% Direct care expenditure as % of direct care revenue	94.6% Direct care expenditure as % of direct care revenue	93.8% Direct care expenditure as % of direct care revenue	92.4% Direct care expenditure as % of direct care revenue	95.0% Direct care expenditure as % of direct care revenue
49.3% Catering costs as % of everyday living revenue	54.2% Catering costs as % of everyday living revenue	55.3% Catering costs as % of everyday living revenue	57.9% Catering costs as % of everyday living revenue	58.4% Catering costs as % of everyday living revenue

MM 1 727 Aged Care Homes	MM 2 105 Aged Care Homes	MM 3 131 Aged Care Homes	MM 4 85 Aged Care Homes	MM 5 118 Aged Care Homes
222.0 Direct care minutes per resident per day	218.1 Direct care minutes per resident per day	215.1 Direct care minutes per resident per day	215.1 Direct care minutes per resident per day	217.8 Direct care minutes per resident per day
47.0% Supported resident ratio	46.5% Supported resident ratio	45.9% Supported resident ratio	45.3% Supported resident ratio	47.2% Supported resident ratio
95.5% Average occupancy	94.5% Average occupancy	93.9% Average occupancy	93.4% Average occupancy	93.3% Average occupancy
\$530,641 Average full accommodation deposit held	\$416,124 Average full accommodation deposit held	\$396,859 Average full accommodation deposit held	\$397,872 Average full accommodation deposit held	\$371,245 Average full accommodation deposit held
\$602,784 Average full RAD taken during the period	\$486,973 Average full RAD taken during the period	\$447,880 Average full RAD taken during the period	\$418,373 Average full RAD taken during the period	\$409,761 Average full RAD taken during the period

Figure 21: Operating result by MM classification (\$ per bed day)

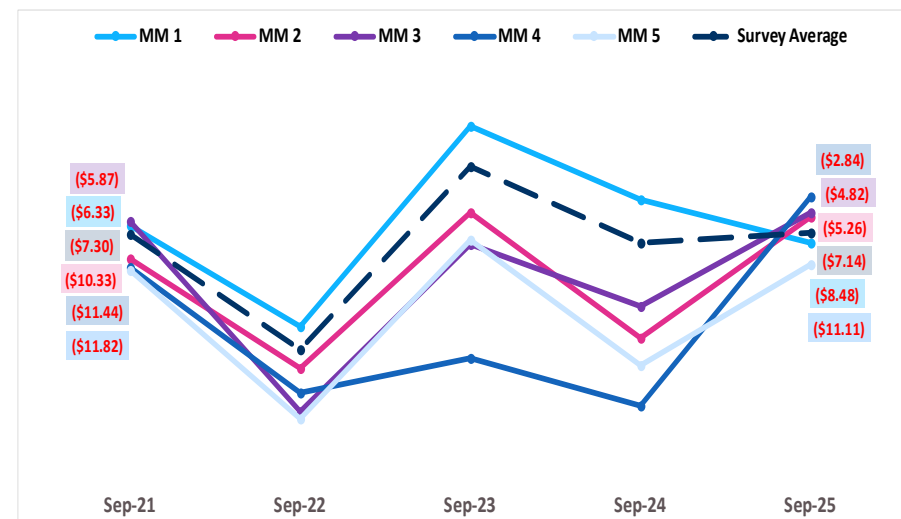


Figure 22: Operating EBITDA result by MM classification (\$ per bed per annum)

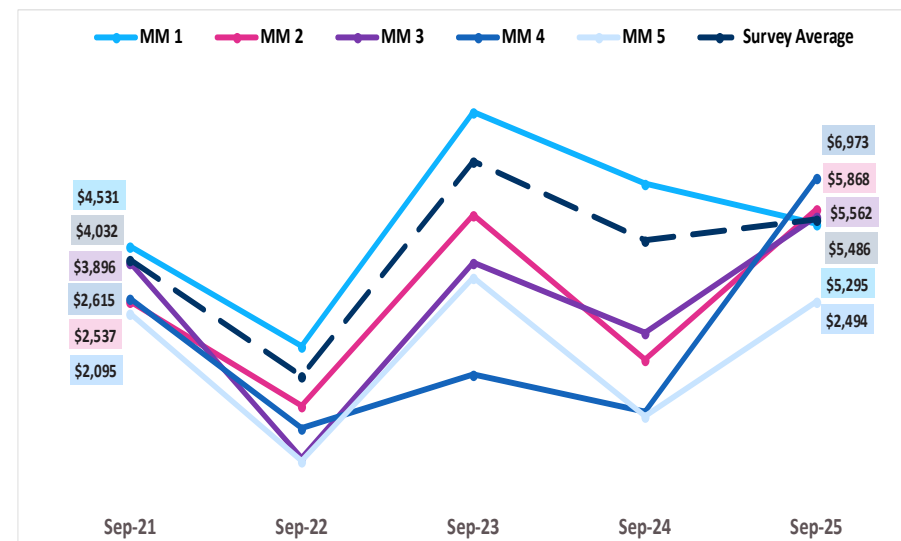


Figure 23: Everyday living margin by MM classification(\$ per bed day)

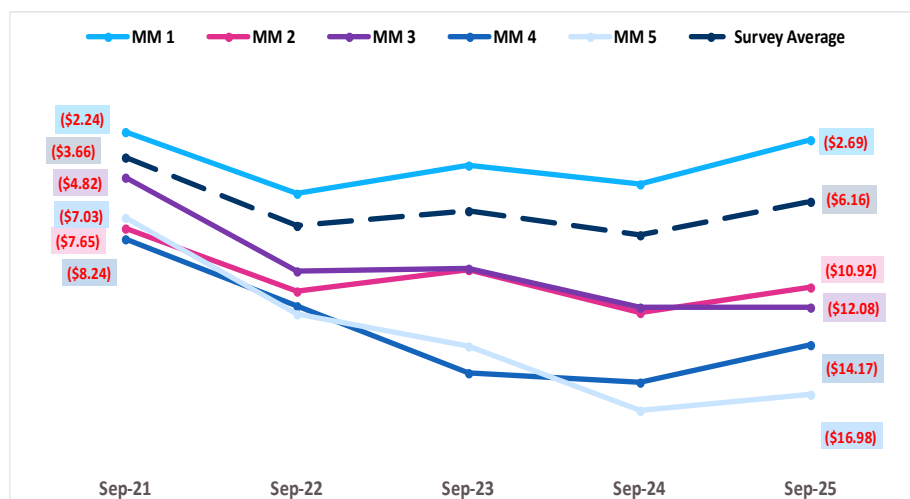
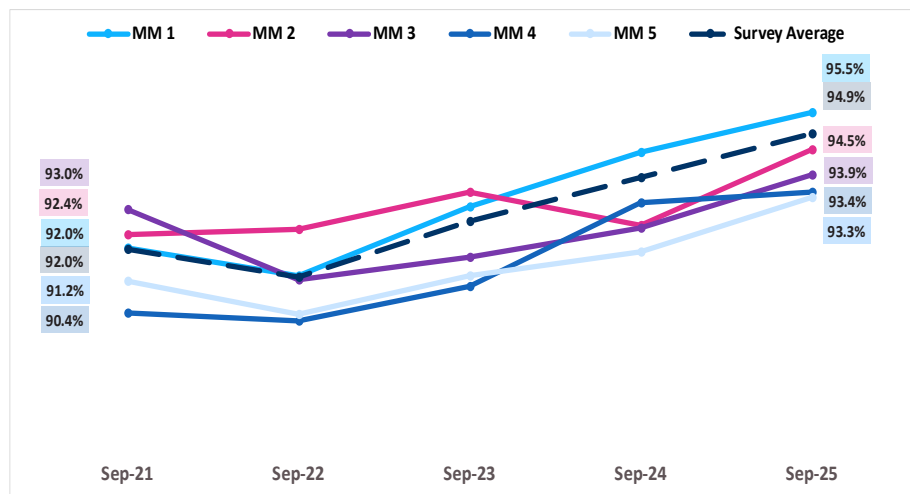


Figure 24: Occupancy percentage by MM classification



Direct Care Staffing Minutes (per resident per day)

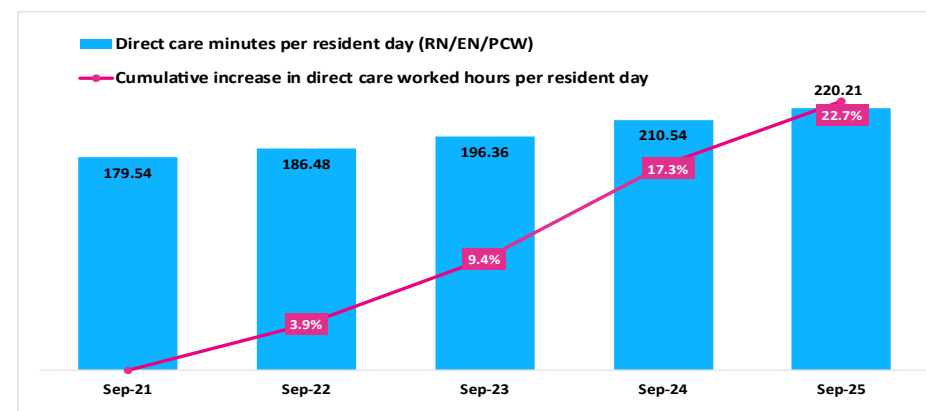
Table 23: Direct care staffing metrics

Staffing Category	Survey Average		Survey Average
	Sep-25	Sep-24	
Registered nurses	43.92	41.22	42.23
Enrolled & licensed nurses	9.90	10.54	10.01
Other unlicensed nurses & personal care staff	166.39	158.78	161.80
Total Direct Care Minutes	220.21	210.54	214.04
Care management	3.79	4.17	3.88
Allied health	4.55	4.41	4.50
Diversional/Lifestyle/Activities	7.45	7.19	7.07
Total Care Minutes	236.00	226.32	229.50

Table 24: Agency direct care staffing metrics

Staffing Category	Survey Average		Survey Average
	Sep-25	Sep-24	
Agency - Registered nurses	2.67	3.57	3.24
Agency - Enrolled & licensed nurses	0.44	0.53	0.47
Agency - Other unlicensed nurses & personal care staff	6.19	6.08	6.20
Imputed agency direct care minutes implied		0.00	0.00
Total Direct Care Agency Minutes	9.30	10.18	9.91

Figure 25: Direct care staff (RN/EN/PCW) trend (minutes per resident per day)



Everyday Living

Table 25: Everyday living revenue and expenses (\$ pbd)

	Sep-25 1,174 Homes	Sep-24 1,181 Homes	YoY Movement	FY25 1,165 Homes
Hotelling supplement - government	\$16.46	\$11.42	↑	\$12.56
Basic daily fee - resident	\$63.73	\$62.06	↑	\$63.22
Other resident income	\$5.69	\$4.47	↑	\$5.06
Everyday Living revenue	\$85.88	\$77.95	↑	\$80.84
Hotel services	\$62.73	\$58.88	↑	\$61.07
Utilities	\$10.00	\$9.12	↑	\$8.81
Everyday Living expenses	\$72.73	\$68.00	↑	\$69.88
Administration overhead	\$19.31	\$17.98	↑	\$18.09
Everyday Living margin	(\$6.16)	(\$8.02)	↑	(\$7.13)

Figure 26: Everyday living margin trend for facilities with/ without additional/ extra services fee

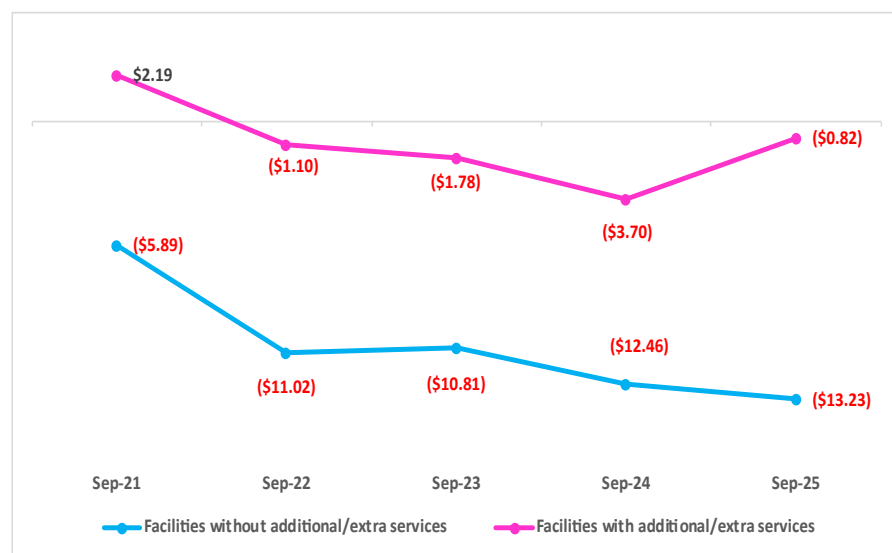
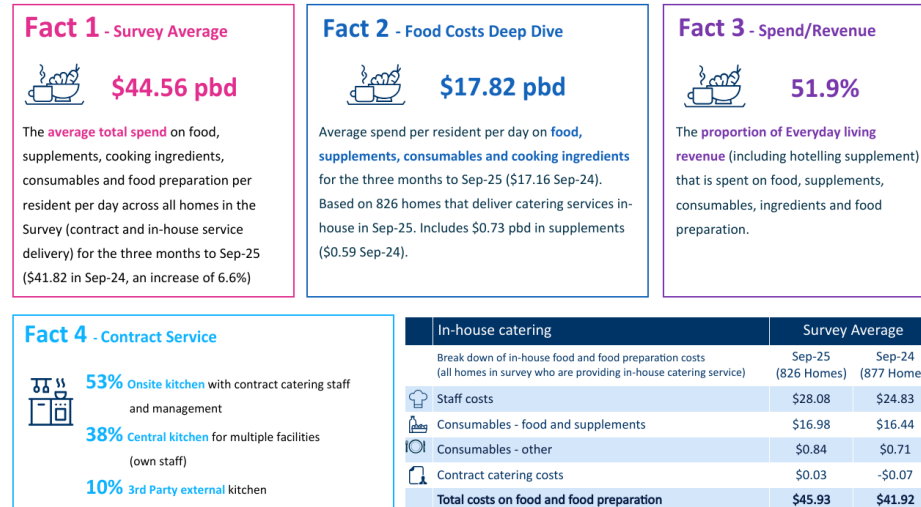


Figure 27: Food and Preparation Costs in Aged Care

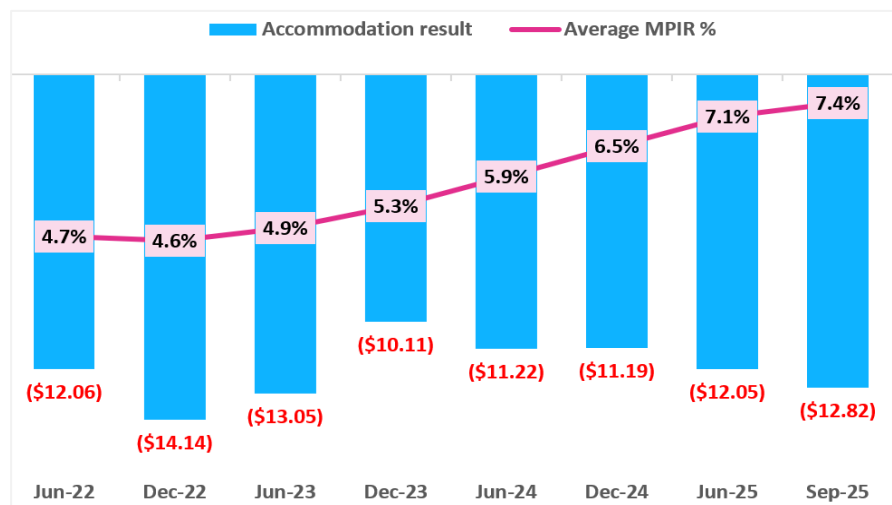


Accommodation Analysis

Table 26: Accommodation revenue and expenses (\$ pbd)

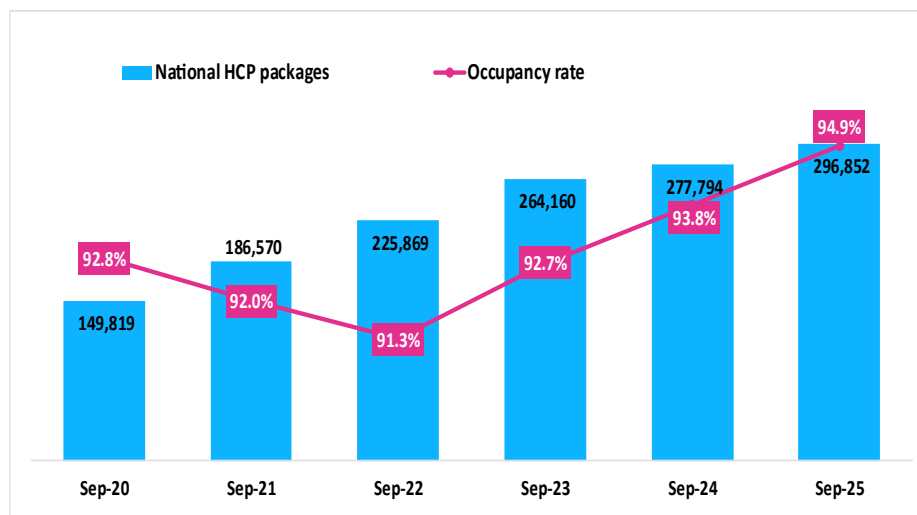
	Sep-25 1,174 Homes	Sep-24 1,181 Homes	YoY Movement	FY25 1,165 Homes
Accommodation revenue	\$44.28	\$43.09	↑	\$43.74
Accommodation expenses				
Depreciation	23.00	22.28	↑	22.89
Refurbishment	0.28	0.28	↓	0.34
Property maintenance	14.26	13.32	↑	14.39
Property rental	0.99	0.91	↑	1.03
Other accommodation costs	1.70	1.33	↑	1.33
Administration overhead	16.88	15.71	↑	15.81
Accommodation expenses	\$57.11	\$53.85	↑	\$55.78
Accommodation Margin (\$ per bed day)	(\$12.82)	(\$10.75)	↓	(\$12.05)
Accommodation Margin (\$ per bed pa)	(\$4,436)	(\$3,682)	↓	(\$4,150)
Depreciation charge (\$ per bed pa)	\$7,957	\$7,628	↑	\$7,885

Figure 28: Effect of MPIR % on accommodation margin (\$ per bed day)



Occupancy

Figure 29: Residential occupancy comparison to home care packages



Administration Costs

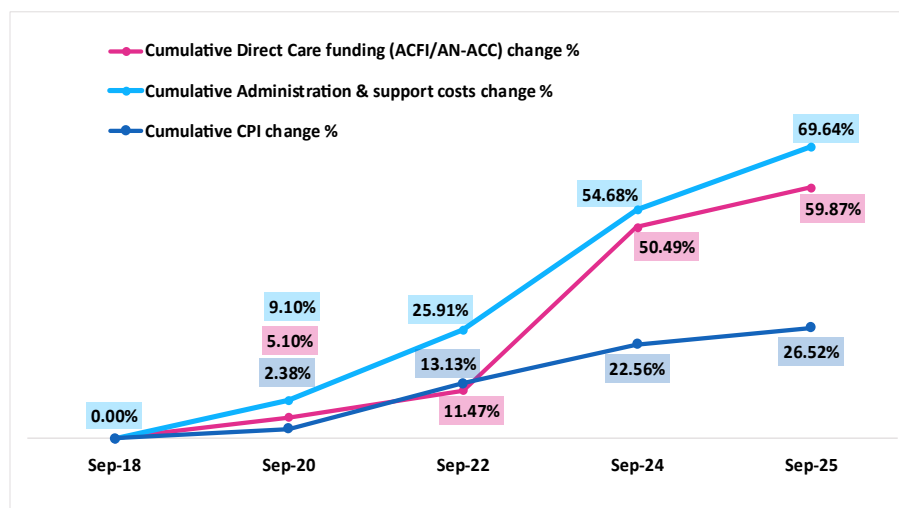
Table 27: Administration costs (\$ pbd)

	Sep-25 1,174 Homes	Sep-24 1,181 Homes	YoY Movement	FY25 1,165 Homes
Administration (corporate) recharges	38.54	34.66	⬆️	34.70
Labour costs - administration (facility)	9.31	9.04	⬆️	9.09
Other administration costs	7.25	7.61	⬇️	7.72
Workers compensation	0.24	0.23	⬆️	0.23
Payroll tax - administration staff	0.02	0.01	⬆️	0.01
Fringe Benefits Tax	0.01	0.00	⬆️	0.01
Quality & education - labour costs	0.04	0.05	⬇️	0.05
Quality and education - other	0.02	0.02	⬇️	0.02
Bad debts expense	0.04	0.00	⬆️	0.00
Insurances	1.96	1.83	⬆️	1.97
Total Administration Costs	\$57.43	\$53.47	⬆️	\$53.80

Table 28: 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	8.95	34.70	44.67	40.60
Labour costs - administration (facility)	23.13	10.71	7.26	7.98
Other administration costs	16.20	9.13	7.10	5.24
Workers compensation	0.75	0.29	0.17	0.20
Payroll tax - administration staff	0.05	0.06	0.01	0.00
Fringe Benefits Tax	0.03	0.02	0.00	0.00
Quality & education - labour costs	0.19	0.06	0.06	0.01
Quality and education - other	0.09	0.04	0.01	0.02
Bad debts expense	0.03	0.01	0.10	0.01
Insurances	3.30	2.22	1.69	1.84
Total Administration Costs	\$52.71	\$57.23	\$61.06	\$55.90

Figure 30: Administration costs increase % comparison



Agency Analysis

Figure 31: Agency direct care staff costs (\$ per bed day)

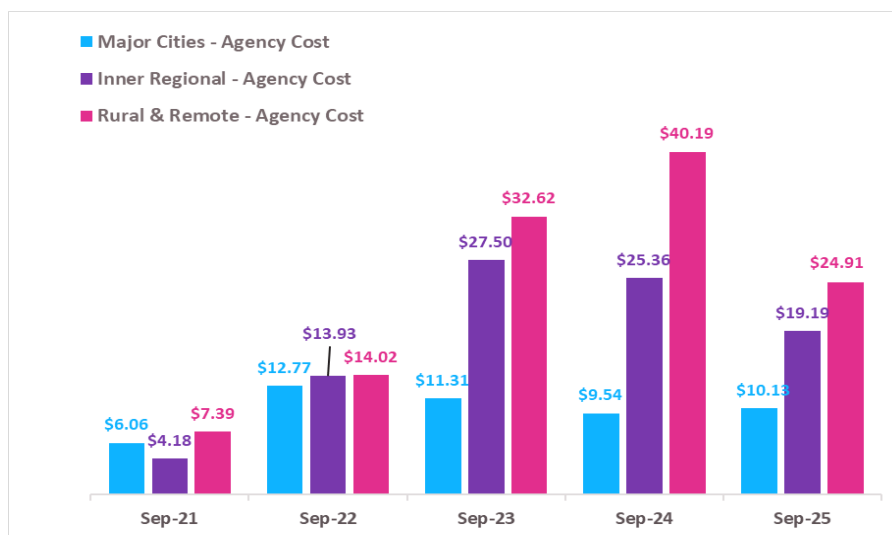


Figure 32: Agency direct care staff minutes (per resident per day)

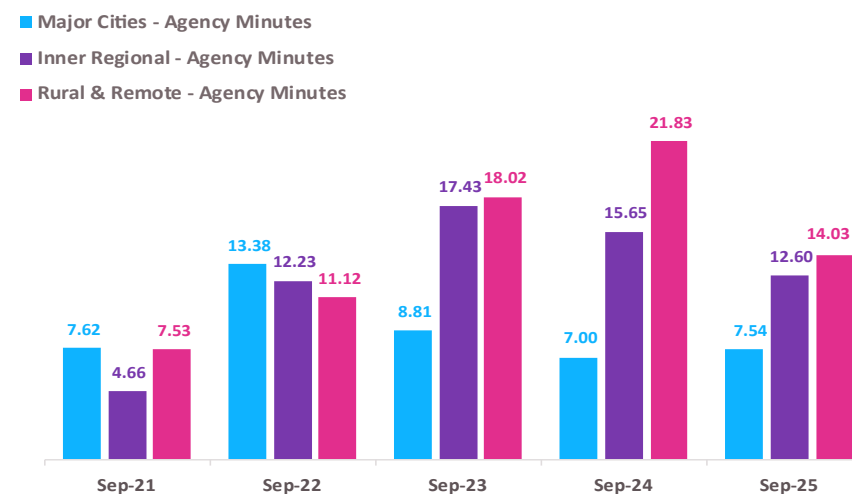
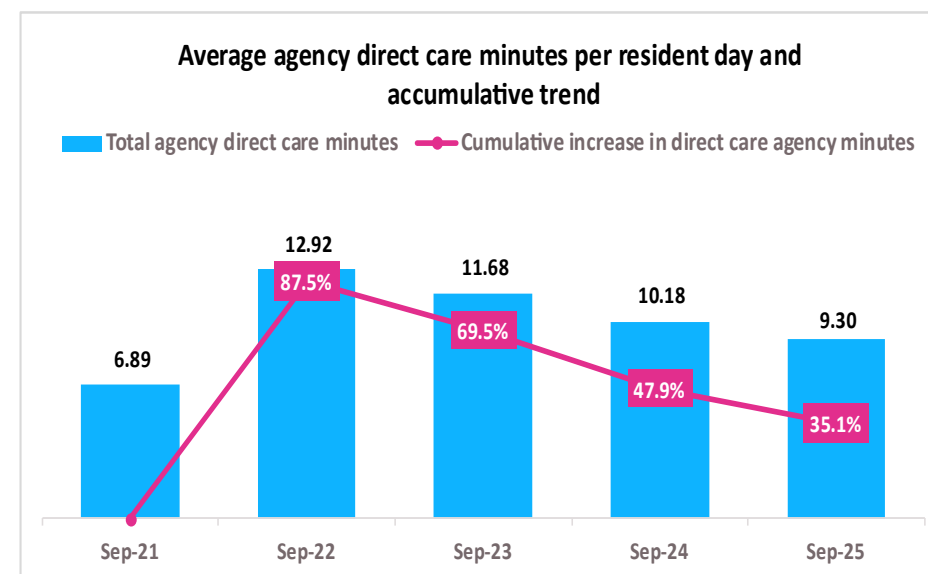


Figure 33: Agency direct care minutes accumulative trend



First 25% Trends

Figure 34: First 25% EBITDA result trend (\$ per bed per annum)

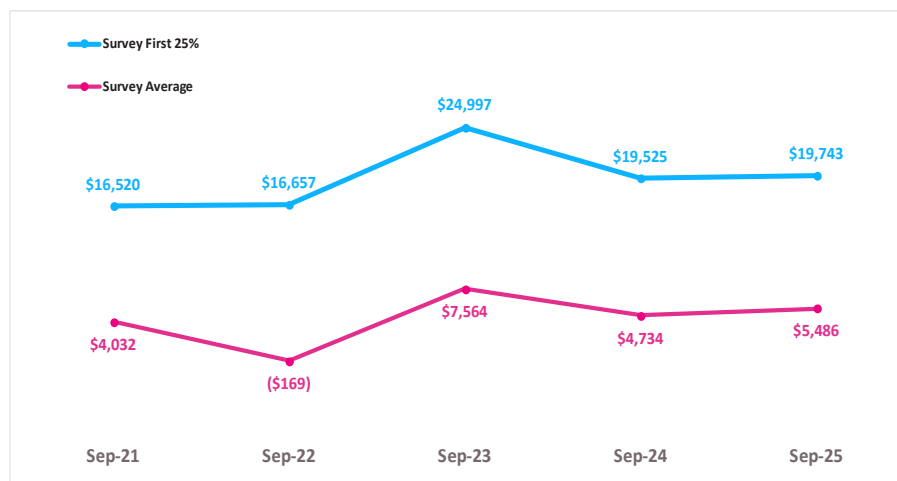


Figure 35: First 25% Direct Care result (\$ pbd) and direct care minutes trend

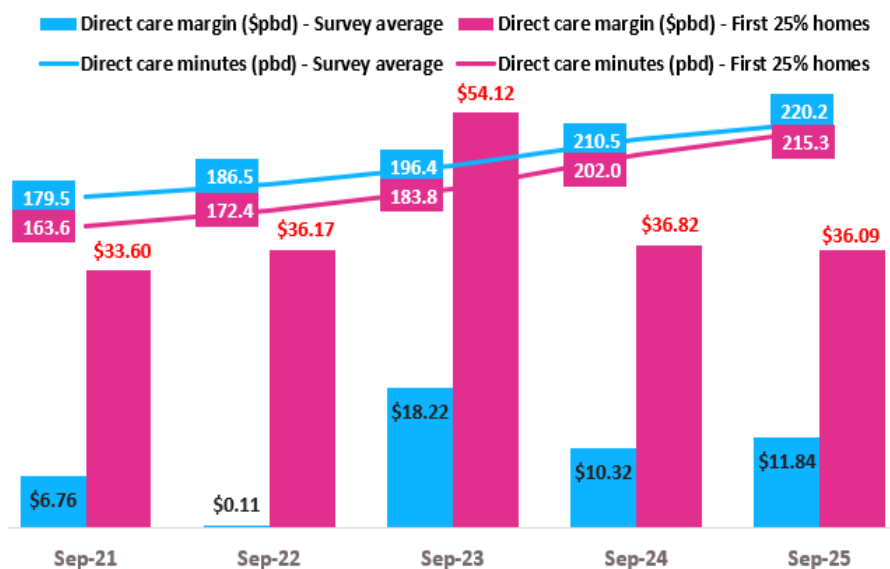


Table 29: First 25% direct care staffing metrics

Staffing Category	Survey First 25%			Survey First 25%
	Sep-25	Sep-24		FY25
Registered nurses	42.91	40.01	↑	41.00
Enrolled & licensed nurses	8.40	8.19	↑	8.27
Other unlicensed nurses & personal care staff	164.02	153.80	↑	157.58
Imputed agency direct care minutes implied				
Total Direct Care Minutes	215.33	202.00	↑	206.85
Care management	3.36	4.08	↓	3.46
Allied health	3.42	3.52	↓	3.79
Diversional/Lifestyle/Activities	5.82	5.61	↑	5.61
Imputed agency other care minutes implied		0.00		
Total Care Minutes	227.92	215.22	↑	219.71

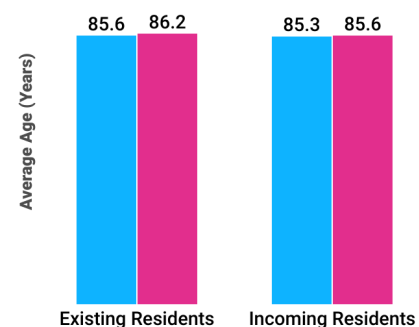
Table 30: First 25% Agency direct care staffing metrics

Staffing Category	Survey First 25%			Survey First 25%
	Sep-25	Sep-24		FY25
Agency - Registered nurses	2.13	2.36	↓	2.28
Agency - Enrolled & licensed nurses	0.42	0.39	↑	0.38
Agency - Other unlicensed nurses & personal care staff	4.61	3.71	↑	3.79
Imputed agency direct care minutes implied				
Total Direct Care Agency Minutes	7.16	6.46	↑	6.45

Residential Demographic

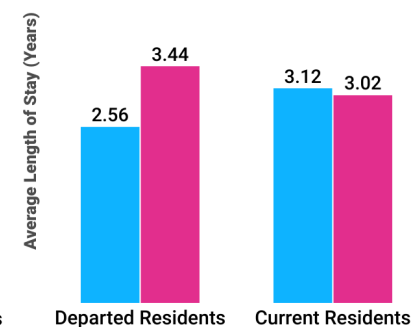
Average Age of Residents in Care

● FY24 ● FY25

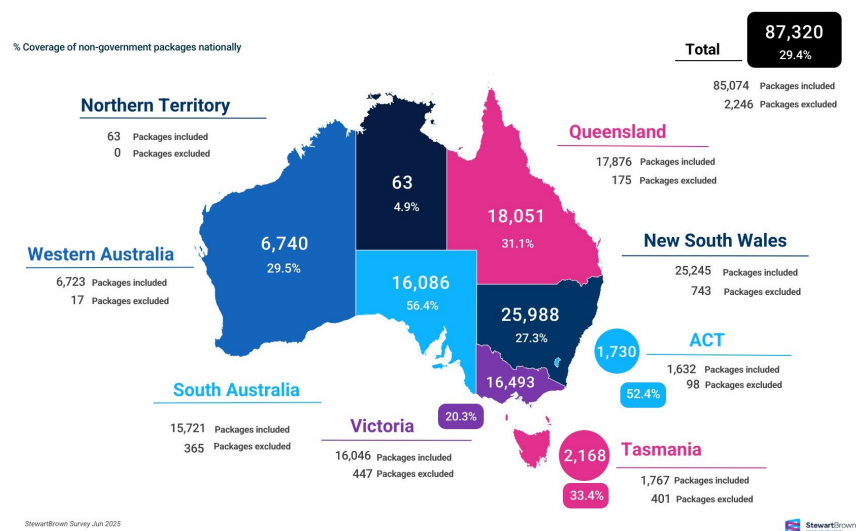


Average Length of Stay in Care

● FY24 ● FY25



Home Care



StewartBrown Survey Jun 2025

StewartBrown

Sep-25 Results Snapshot

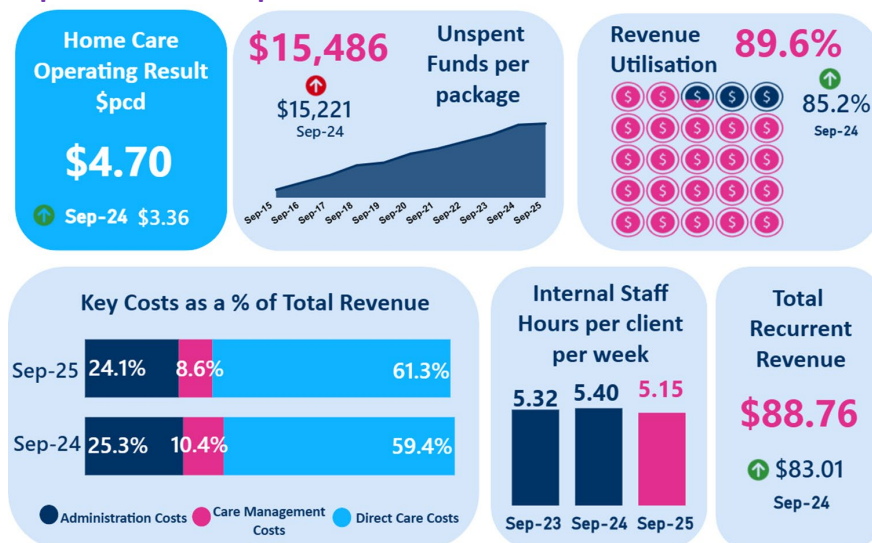


Figure 36: Home care key metrics summary

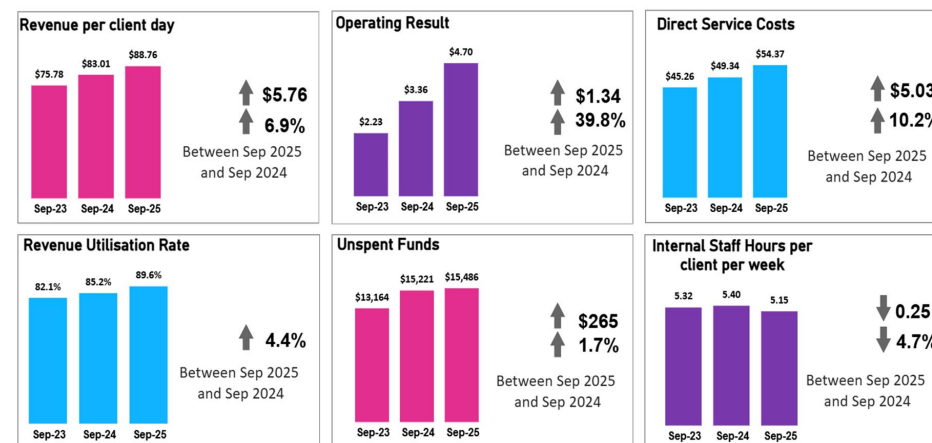


Table 31: Summary home care KPI results comparison

	Sep-25 85,074 Packages	Sep-24 75,482 Packages	Difference (YoY)	FY25 82,158 Packages
Total revenue \$ per client per day	\$88.76	\$83.01	\$5.76	\$84.89
Operating result per client per day	\$4.70	\$3.36	\$1.34	\$3.77
EBITDA per client per annum	\$1,929	\$1,470	\$459	\$1,620
Average total Internal Staff hours per client per week	5.15	5.40	(0.25)	5.35
Median growth rate	0.0%	0.0%		2.4%
Revenue utilisation rate for the period	89.6%	85.2%	4.4%	88.2%
Average unspent funds per client	\$15,486	\$15,221	\$265	\$15,171
Cost of direct care & brokered services as % of total revenue	61.3%	59.4%	1.8%	59.9%
Care management & coordination costs as % of total revenue	8.6%	10.4%	(1.8%)	9.3%
Administration & support costs as % of total revenue	24.1%	25.3%	(1.2%)	25.6%
Profit margin	5.3%	4.0%	1.2%	4.4%

Figure 37: Operating result by revenue band (\$ per client per day)

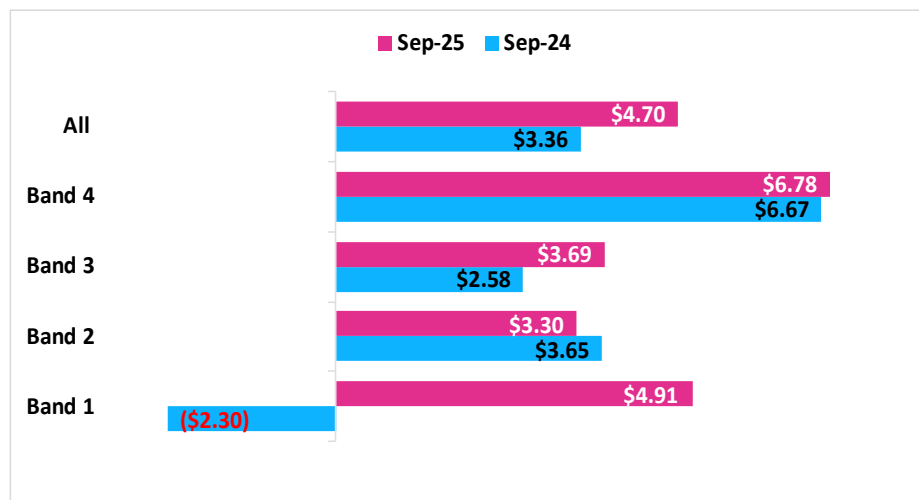


Figure 38: Operating EBITDA result by revenue band (\$ per client per annum)

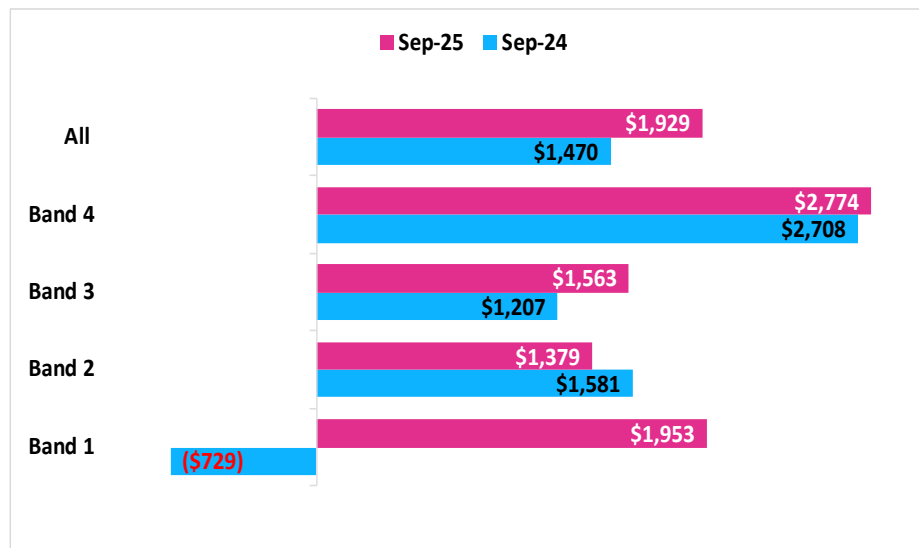


Figure 39: Revenue utilisation percentage by revenue band

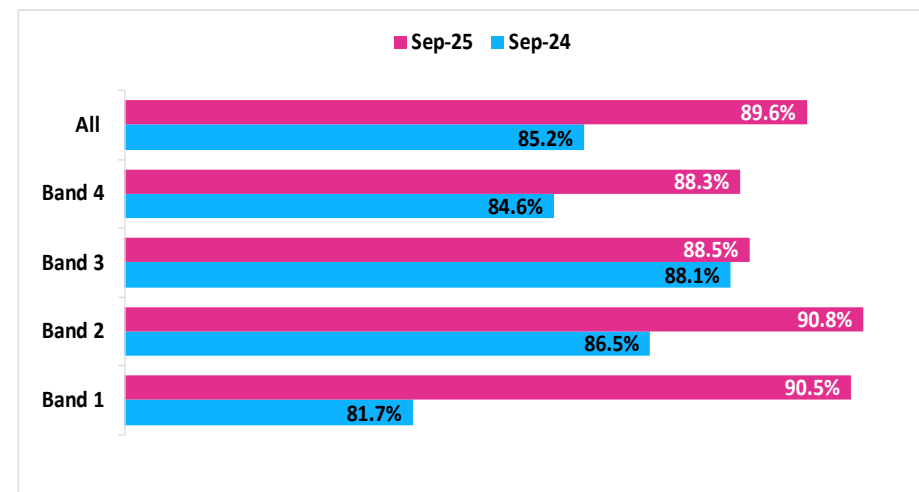


Figure 40: Operating result and revenue utilisation revenue band

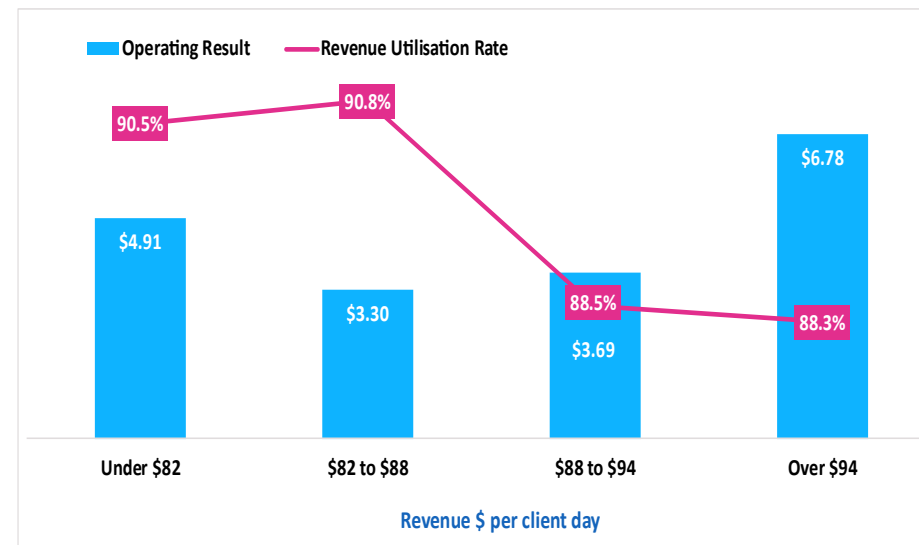
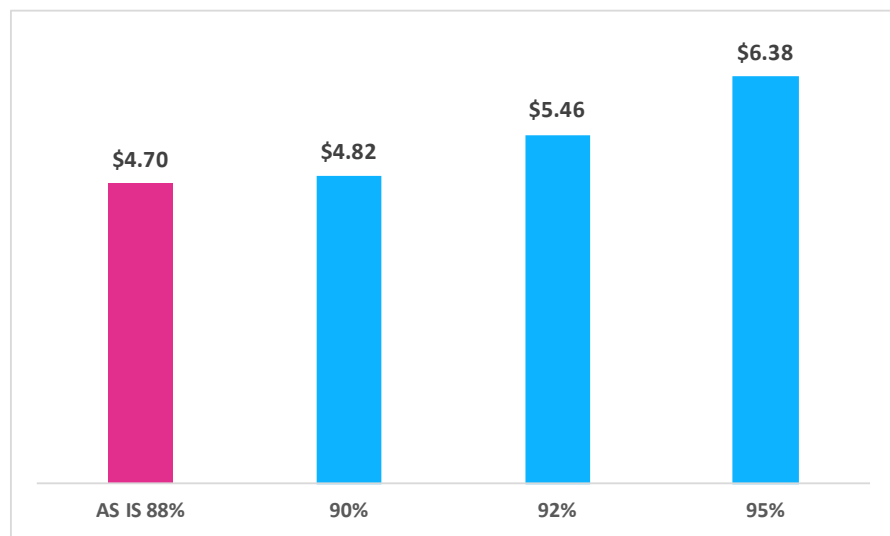


Figure 41: Operating result projections based on higher revenue utilisation (\$ pcd)



*Modelling assumes costs are 60% variable and 40% fixed

Unspent Funds

Figure 42: Unspent funds trend analysis (\$ per client)

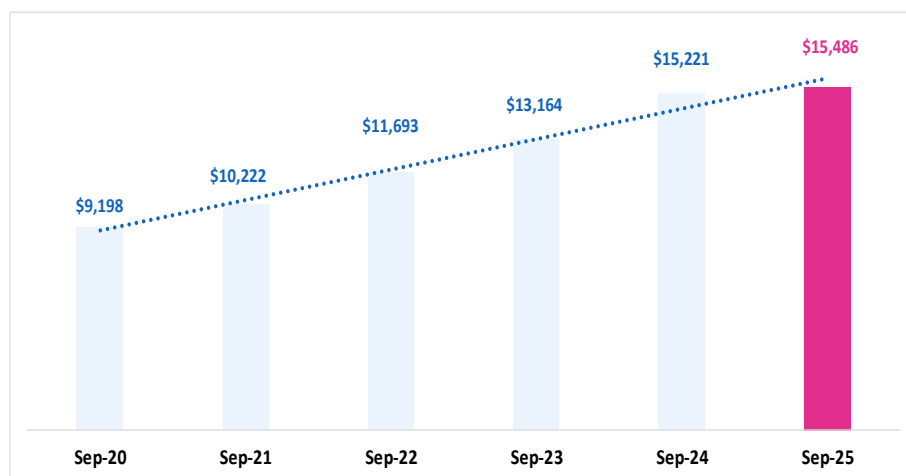
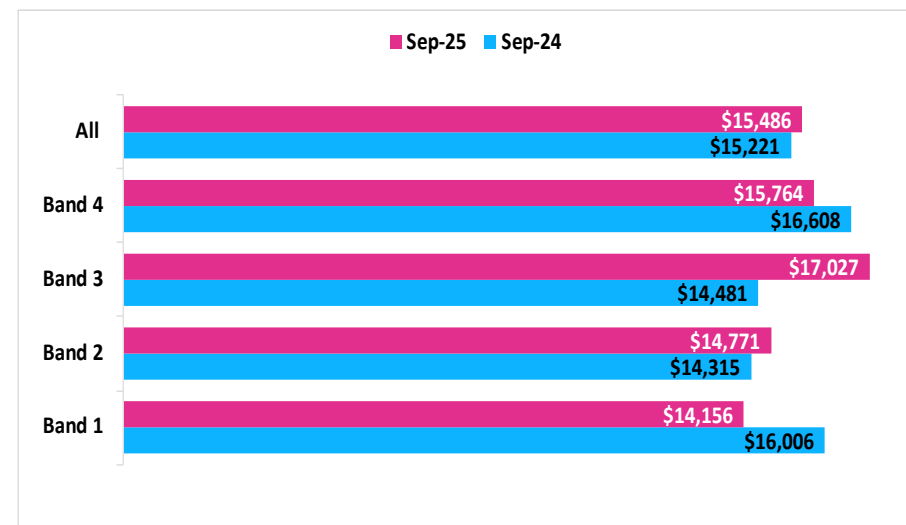


Figure 43: Unspent funds by revenue band (\$ per client)



Staff Hours Worked per Care Recipient

Table 32: Staff hours and minutes worked per care recipient per week

Internal staff hours worked per client week		Sep-25	Sep-24	Difference
Direct service provision	3.35	3.46	↓	0.11
Agency	0.14	0.10	↑	0.04
Care management & coordination	0.88	0.98	↓	0.10
Administration & support services	0.78	0.86	↓	0.08
Total Staff Hours	5.15	5.40	↓	0.25

Internal staff minutes worked per client week		Sep-25	Sep-24	Difference
Direct service provision	201.1	207.4	↓	6.3
Agency	8.6	6.1	↑	2.5
Care management & coordination	52.5	58.7	↓	6.2
Administration & support services	46.6	51.7	↓	5.1
Total Staff Minutes	308.9	324.0	↓	15.1

Figure 44: Staff hours per care recipient per week trend analysis

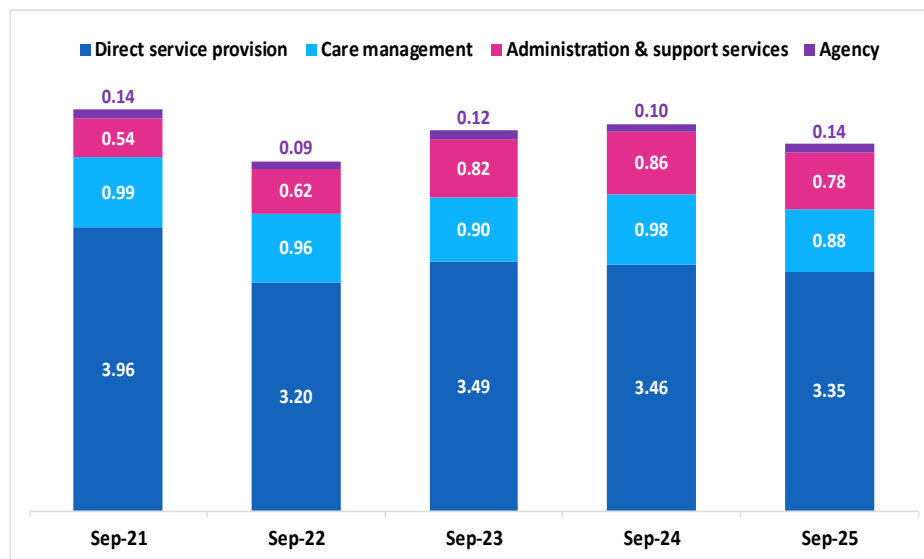


Figure 45: Internal and brokered services staff costs comparison

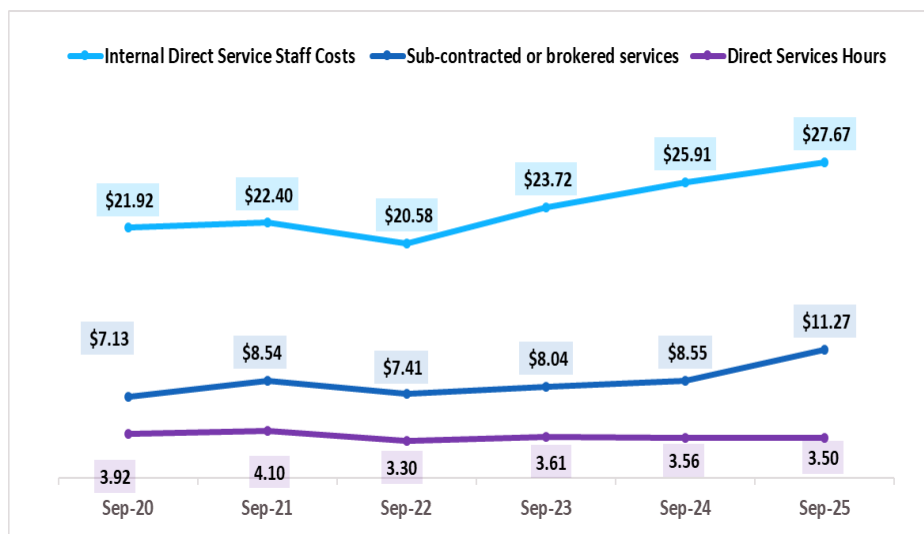


Figure 46: Care management and administration cost as % of revenue

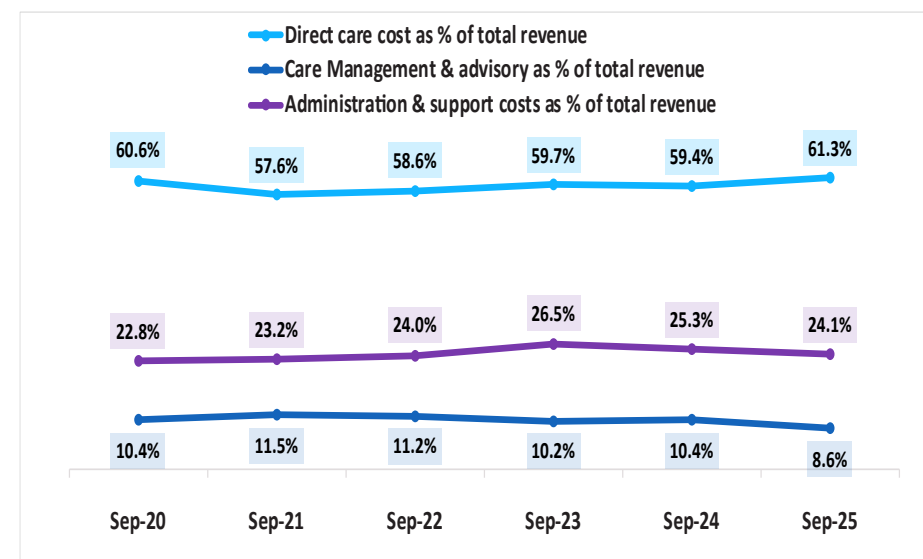
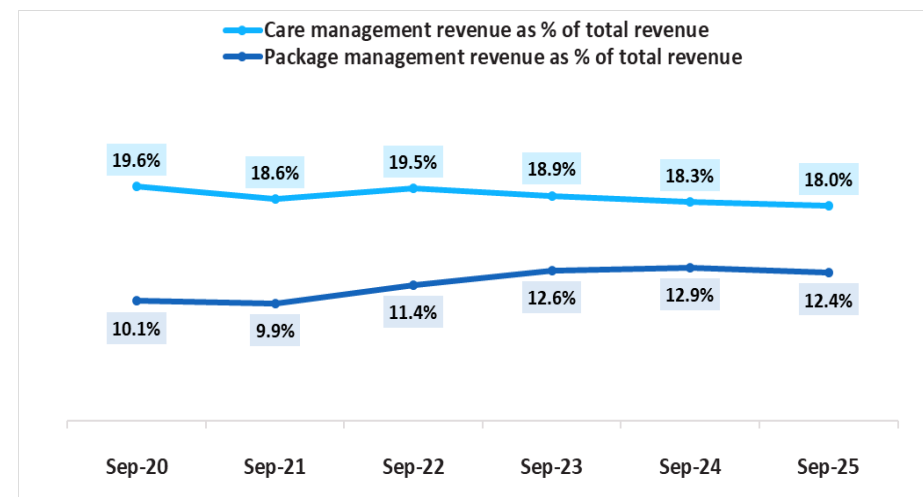


Figure 47: Care management and package management revenue as % of revenue



First 25% Trends

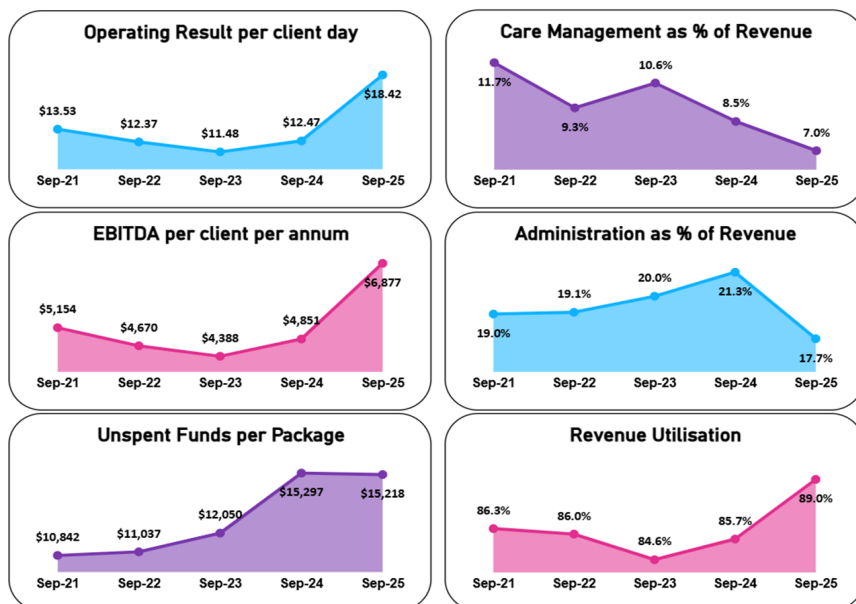


Figure 48: EBITDA (\$ per client per annum) comparison First 25% and Average

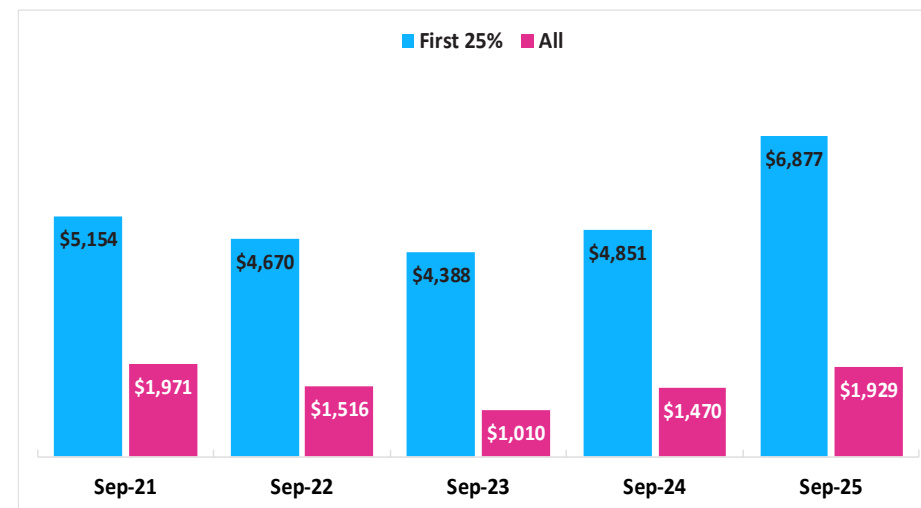
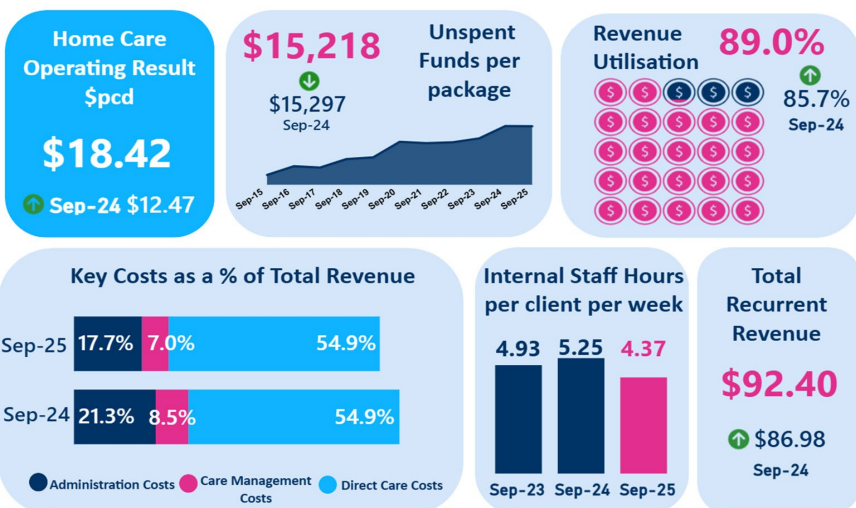


Table 33: Summary home care First 25% KPI results comparison

	Sep-25 19,775 Packages	Sep-24 22,202 Packages	Difference (YoY)	FY25 26,272 Packages
Total revenue \$ per client per day	\$92.40	\$86.98	⬆️ \$5.42	\$87.72
Operating result per client per day	\$18.42	\$12.47	⬆️ \$5.95	\$12.41
EBITDA per client per annum	\$6,877	\$4,851	⬆️ \$2,027	\$4,840
Average total Internal Staff hours per client per week	4.37	5.25	⬇️ (0.88)	5.01
Median growth rate	1.3%	0.0%	⬆️ 1.3%	6.7%
Revenue utilisation rate for the period	89.0%	85.7%	⬆️ 3.2%	88.4%
Average unspent funds per client	\$15,218	\$15,297	⬇️ (\$79)	\$14,759
Cost of direct care & brokered services as % of total revenue	54.9%	54.9%	⬆️ 0.0%	56.4%
Care management & coordination costs as % of total revenue	7.0%	8.5%	⬇️ (1.6%)	8.0%
Administration & support costs as % of total revenue	17.7%	21.3%	⬇️ (3.6%)	20.4%
Profit margin	19.9%	14.3%	⬆️ 5.6%	14.1%



Home Care Package Demographics

Figure 49: HCP reasons for client exits

Reasons for Client Exits

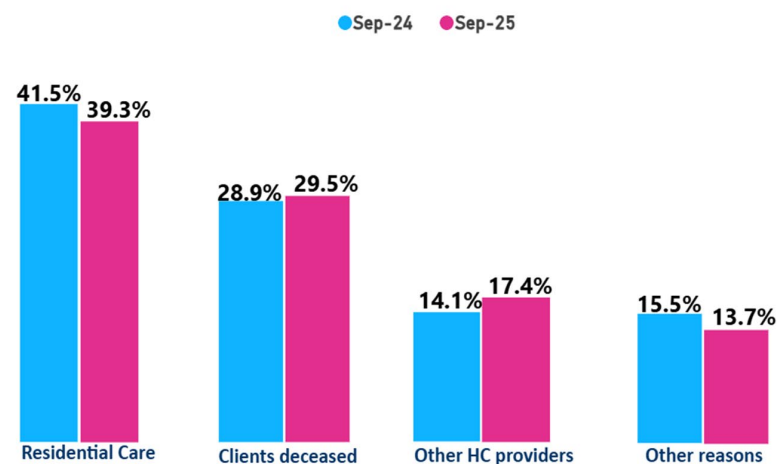


Figure 50: HCP average age in years of clients (participants)

Average Age of Home Care Clients in years

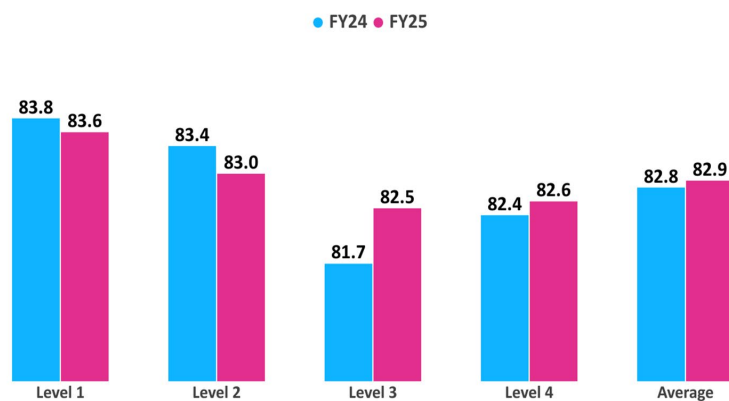
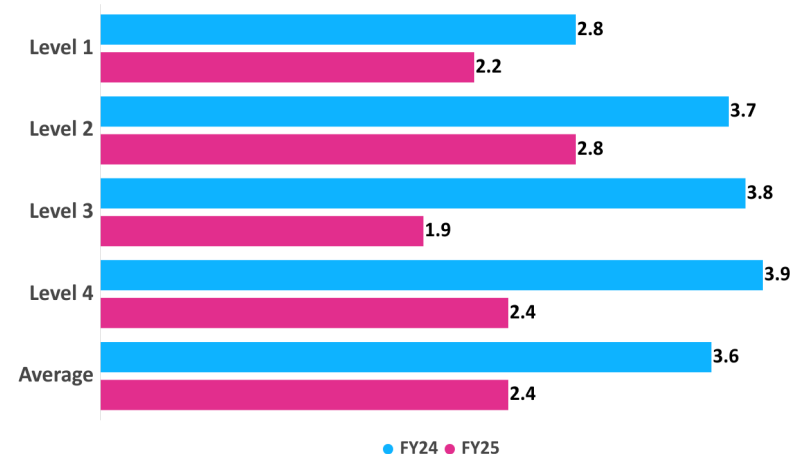


Figure 51: HCP average length of time in package

Average Length of Time in a Package in years



Package Growth

Figure 52: Number of people in a home care package

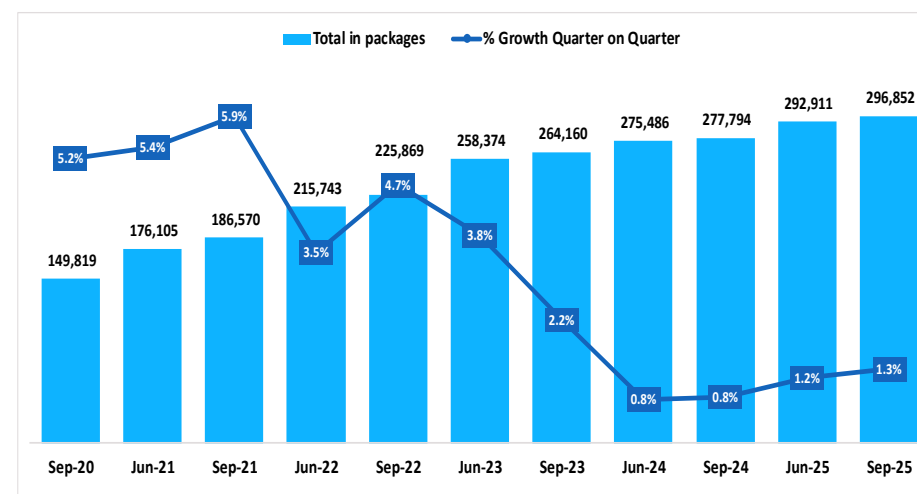
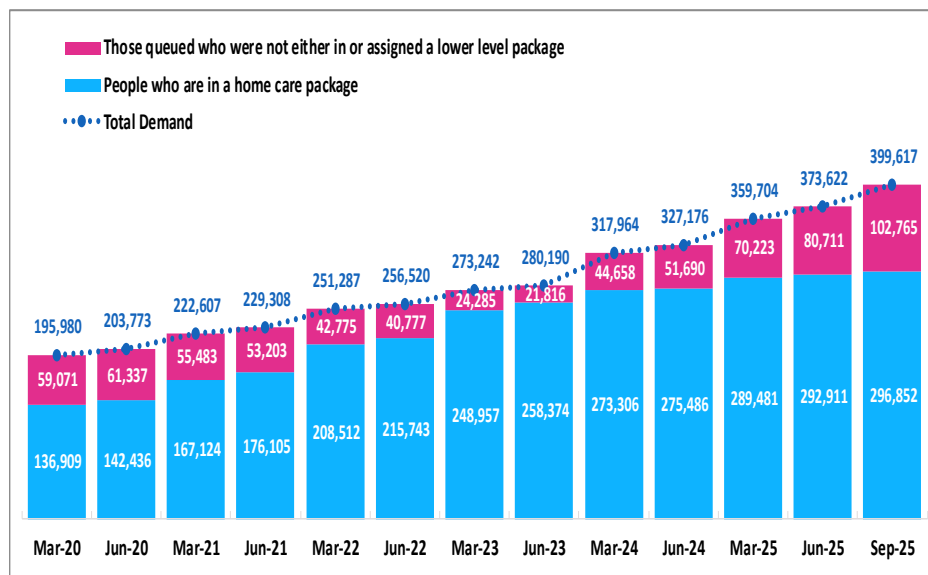


Figure 53: Demand for home care packages



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 (facility) 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 facility 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

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*.

Survey Results Matrix

As noted above, the primary purpose of the Survey is for participating providers to benchmark individual aged care facility 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**.

Financial Reform Considerations

A number of potential reforms to the financing of aged care have been considered over many years and during countless reviews. Unfortunately, the lack of a consistent strategy and agreement from all sector stakeholders has inhibited some of the significant reform that is required.

The Department of Health, Disability and Ageing has been very active in considering, implementing reforms where required and supporting regulatory changes but the sector, including all stakeholders, needs to embrace reform and provide solutions and not just focus on Government funding issues.

Ultimately, this will come down to requiring a greater level of consumer co-contribution in funding aged care. Clearly, where the consumer does not have the financial means to further contribute to the costs of services this must not in any respect disadvantage them. A safety net must be enshrined within aged care, as with other areas of health care and social services.

A brief overview of some financial reforms to be considered is as follows.

Staff Remuneration and Benefits

One of the biggest challenges facing aged care is workforce, with considerable shortages in staff numbers being felt in all regions of Australia. The ability to attract and retain staff has reached a critical stage.

The FWC wage ruling effective from 30 June 2023 of 15% increase (for direct care, recreation and head chef staff only) is a positive step. Whether this increase is sufficient on its own to attract additional staff is questionable. The Government has a number of other employee programs that also assist.

Other incentives and benefits may be required, and several possible considerations could include:

- Increase the fringe benefits tax (FBT) exemption for aged care employees to a cap of \$40,000 (current cap of \$30,000 has been in place since 1 April 2001)
- Expand the exemption criteria to include all aged care workers, not just those employed by a public benevolent institution
- Allow travel to work cost to be tax deductible for aged care workers (many of whom travel quite a distance to their place of employment)
- Provide a payroll tax supplement where applicable.

A characteristic of the FBT exemption is that this amount must be consumed (as a fringe benefit) and not saved and accordingly will have a lower economic cost and impact than a straight wage increase.

Accommodation

The accommodation supplement plays an important role to incentivise aged care providers to provide accommodation to residents that do not have the financial ability to pay a RAD or DAP.

As noted previously, currently the maximum accommodation supplement payable to providers with a supported resident ratio in excess of 40% is \$70.94 per day which equates to an accommodation price of \$323,664 at MPIR at 8%.

The average agreed accommodation price, based on average full RAD taken, is now above \$550,000 and the equivalent DAP would be \$120.55 per day which is significantly higher than the maximum accommodation supplement. This difference will further increase with higher accommodation prices.

The demand for residential aged care in Australia is projected to grow significantly over the next two decades, according to the Financial Report on the Australian Aged Care Sector 2023-2024 (FY24 FRAACS). The current estimated demand of 200,000 places is expected to increase to:

- 254,000 by 2030
- 368,000 by 2040
- 410,000 by 2044.

To meet this rising demand, the sector needs to accumulate substantial funding. The financial considerations for aged care facilities are considerable:

- **Construction costs.** Building a new aged care home costs in excess of \$550,000 per bed, including land, building, fittings, and equipment.
- **Lifespan and depreciation.** An aged care facility has an effective life of 25-30 years, including periodic refurbishments. This translates to a depreciation rate of 3.3% to 4% annually for the buildings.
- **Return on investment.** An EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) of \$20,000 per bed per year represents a 4% annual return on capital invested. This barely covers the cost of replacing an ageing building at the end of its lifecycle.
- **Future development.** To fund additional development and expansion to meet growing demand, providers should aim for returns higher than 4% per annum.

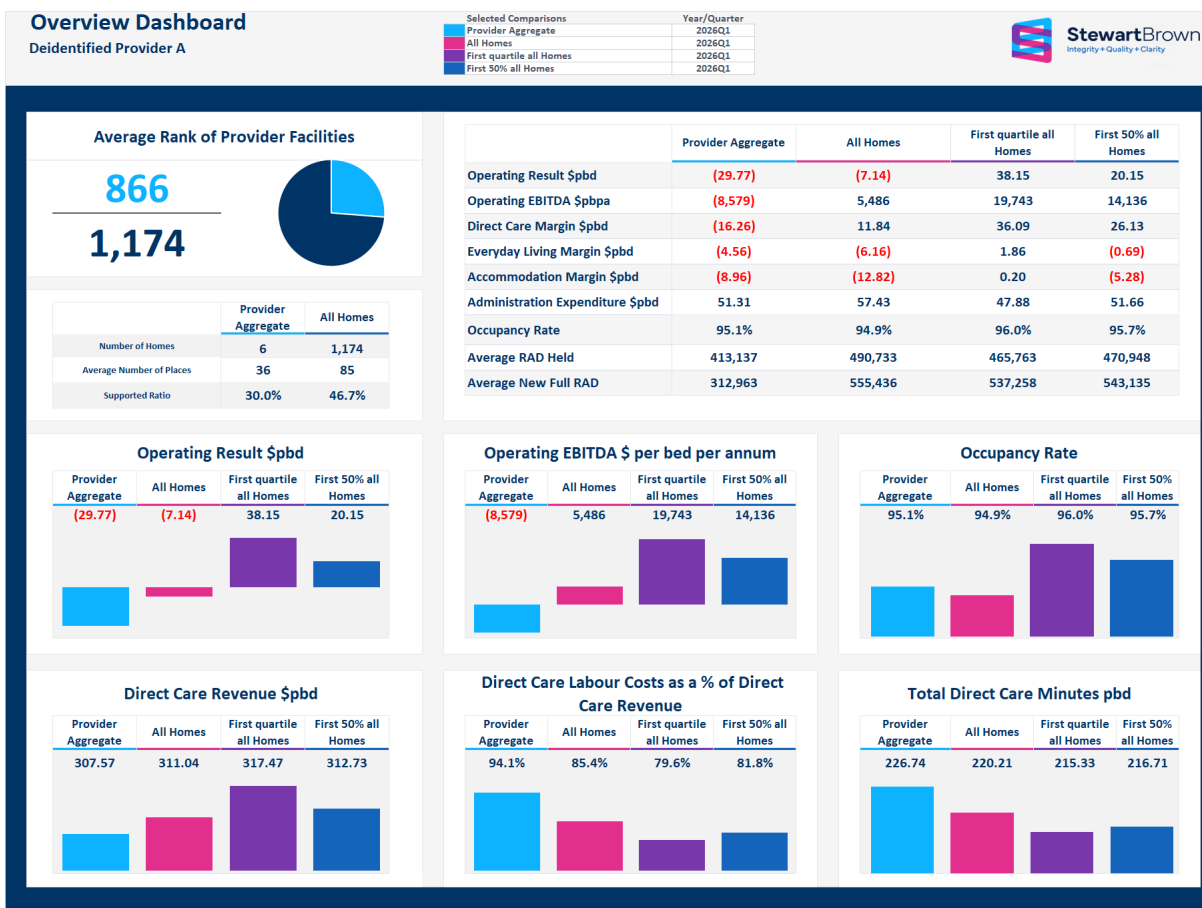
Appendix 1: Quarterly Financial Report (QFR) Financial Format (*consolidated approved provider level*)

	Total	Residential	Home Care	Community	Retirement	Other
Income						
Operating Income	\$0	\$0	\$0	\$0	\$0	\$0
Investment and Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
Fair Value Gains	\$0	\$0	\$0	\$0	\$0	\$0
Other Income	\$0	\$0	\$0	\$0	\$0	\$0
Total Income	\$0	\$0	\$0	\$0	\$0	\$0
Expenses						
Salaries and Employee Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Management Fees	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation and Amortisation (excluding Bed Licenses)	\$0	\$0	\$0	\$0	\$0	\$0
Depreciation on Right of Use Assets - AASB 16	\$0	\$0	\$0	\$0	\$0	\$0
Amortisation and Impairment of Bed Licenses	\$0	\$0				
Finance Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Interest on Lease Liabilities - AASB 16	\$0	\$0	\$0	\$0	\$0	\$0
Rent - Not Captured by AASB 16	\$0	\$0	\$0	\$0	\$0	\$0
Fair Value Losses (including Impairment)	\$0	\$0	\$0	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit/(Loss) Before Tax	\$0	\$0	\$0	\$0	\$0	\$0

Appendix 2: StewartBrown Sample Facility Report (individual facility level)

Interactive dashboard (provider aggregate and individual facility 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	Report	866 /1174	(29.77)	(8,578.69)	(16.26)	(4.56)	(8.96)	51.31	95.1%
Facility A	Report	844 /1174	16.53	6,760.12	(9.82)	10.23	16.13	41.95	96.2%
Facility B	Report	731 /1174	(18.30)	(4,198.04)	11.73	(11.51)	(18.52)	66.10	95.2%
Facility C	Report	1023 /1174	(50.63)	(15,632.70)	(30.15)	(6.80)	(13.68)	48.39	94.7%



<u>Deidentified Provider</u>	<u>All Homes</u>	<u>First quartile all Homes</u>	<u>Second quartile all Homes</u>	<u>NSW Homes</u>
<i>(5 Homes)</i>	<i>(1,174 Homes)</i>	<i>(294 Homes)</i>	<i>(293 Homes)</i>	<i>(456 Homes)</i>
<i>YTD Sep 2025</i>	<i>YTD Sep 2025</i>	<i>YTD Sep 2025</i>	<i>YTD Sep 2025</i>	<i>YTD Sep 2025</i>
<i>\$pbid</i>	<i>\$pbid</i>	<i>\$pbid</i>	<i>\$pbid</i>	<i>\$pbid</i>

Summary Results

Direct care

Direct care revenue	307.57
Expenditure - direct care services	(304.85)
Administration - direct care overhead allocation	(18.98)

Direct care margin (A)

	311.04	317.47	308.24	311.35
	(277.96)	(263.67)	(271.12)	(277.94)
	(21.24)	(17.71)	(20.44)	(22.05)
\$ (16.26)	\$ 11.84	\$ 36.09	\$ 16.68	\$ 11.36
	85.88	85.85	86.03	87.77
	(62.73)	(58.04)	(60.92)	(62.65)
	(7.95)	(9.85)	(9.65)	(9.70)
	(19.31)	(16.10)	(18.57)	(20.04)
\$ (4.56)	\$ (6.16)	\$ 1.86	\$ (3.12)	\$ (4.62)
	44.28	47.79	44.99	45.42
	(40.23)	(33.52)	(39.24)	(41.43)
	(16.88)	(14.07)	(16.24)	(17.52)
\$ (8.96)	\$ (12.82)	\$ 0.20	\$ (10.49)	\$ (13.53)
\$ (29.77)	\$ (7.14)	\$ 38.15	\$ 3.07	\$ (6.78)
\$ (10,334)	\$ (2,471)	\$ 13,375	\$ 1,070	\$ (2,350)
\$ (24.72)	\$ 15.86	\$ 56.31	\$ 25.45	\$ 16.68
\$ (8,579)	\$ 5,486	\$ 19,743	\$ 8,854	\$ 5,777

Everyday living

Everyday living revenue	86.82
Expenditure - hotel services	(66.17)
Expenditure - utilities	(7.95)
Administration - everyday living overhead allocation	(17.25)

Everyday living margin (B)

Accommodation

Accommodation revenue	43.06
Expenditure - accommodation services	(36.94)
Administration - accommodation overhead allocation	(15.08)

Accommodation margin (C)

Operating result (A + B + C)

Operating result (\$ per bed per annum)

Operating EBITDA (\$ per bed day)

Operating EBITDA (\$ per bed per annum)

	<u>Deidentified Provider</u> (5 Homes) YTD Sep 2025 \$pbpd	<u>All Homes</u> (1,174 Homes) YTD Sep 2025 \$pbpd	<u>First quartile all Homes</u> (294 Homes) YTD Sep 2025 \$pbpd	<u>Second quartile all Homes</u> (293 Homes) YTD Sep 2025 \$pbpd	<u>NSW Homes</u> (456 Homes) YTD Sep 2025 \$pbpd
KPI's					
Direct care revenue	307.57	311.04	317.47	308.24	311.35
Total operating revenue	437.45	441.20	451.10	439.25	444.54
Operating results as % of total operating revenue	(6.8%)	(1.6%)	8.5%	0.7%	(1.5%)
Direct care costs as % of direct care revenue	105.3%	96.2%	88.6%	94.6%	96.4%
Total direct care minutes per resident per day	226.74	220.21	215.33	217.98	219.80
Agency direct care staff minutes as % of total direct care labour	11.6%	4.2%	3.3%	3.8%	3.5%
Agency direct care staff costs as % of total direct care labour	16.4%	5.7%	4.4%	5.2%	5.0%
Overtime minutes as % of total direct care minutes	2.8%	2.0%	1.9%	2.1%	2.7%
Administration costs as % of total operating revenue	11.7%	13.0%	10.6%	12.6%	13.4%
Average full RAD taken	312,963	555,436	537,258	547,210	573,786
Average full RAD held	413,137	490,733	465,763	475,330	518,066
Expenses as % of total revenue					
Direct care (excl administration allocation)	69.7%	63.0%	58.4%	61.7%	62.5%
Hotel services (excl administration allocation)	15.1%	14.2%	12.9%	13.9%	14.1%
Utilities	1.8%	2.3%	2.2%	2.2%	2.2%
Accommodation (excl administration allocation)	8.4%	9.1%	7.4%	8.9%	9.3%
Administration services	11.7%	13.0%	10.6%	12.6%	13.4%
Total expenses as % of total revenue	106.8%	101.6%	91.5%	99.3%	101.5%
Staff costs as % of total revenue					
Direct care	66.1%	60.2%	56.0%	58.9%	59.4%
Everyday Living	11.1%	7.9%	7.0%	7.6%	6.7%
Accommodation	1.3%	0.9%	0.8%	0.9%	0.9%
Administration services	2.6%	2.2%	1.8%	2.0%	2.0%
Total staff costs as % of total revenue	81.1%	71.1%	65.6%	69.3%	69.0%
Staff costs					
Labour costs	341.11	305.40	288.85	296.69	297.04
Workers' compensation premium	13.62	7.73	6.36	7.14	9.05
Payroll tax	-	0.49	0.83	0.61	0.68
Fringe benefits tax	-	0.01	0.00	0.01	0.01
Total staff costs	\$ 354.73	\$ 313.63	\$ 296.04	\$ 304.44	\$ 306.78
Quality, education and compliance	\$ 2.34	\$ 2.13	\$ 1.13	\$ 2.20	\$ 2.46
Workers compensation expense as % of staff costs	3.8%	2.5%	2.1%	2.3%	2.9%

Detailed Results

Direct care

Direct care revenue

Government subsidies - care	293.27
Means-tested care fee	14.13
Direct care subsidy & supplements	307.40
Recurrent grants and other care	0.17
Non-recurrent operating care grants	-

Direct care revenue (A)

Direct care expenditure

Care labour costs

Registered nurses	75.93
Enrolled and licensed nurses (registered with the NMBA)	8.81
Other unlicensed nurses/personal care staff	168.64
FWC 15% leave entitlement increase	-
Total direct care labour costs	253.37
Care management	7.48
Allied health	7.57
Lifestyle/ Recreation/ Activities Officer /Diversional Therapy	9.82
Workers' compensation - care services	11.11
Payroll tax - care services	-
Total care labour costs	289.35
Medical, incontinence supplies & nutritional supplements	5.70
Chaplaincy / Pastoral care	3.77
Quality and education allocation to care services	1.91
Other resident services, consumables and infection control	4.12
Staff housing and travel expenses	-

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>	<u>All Homes</u>	<u>First quartile all Homes</u>	<u>Second quartile all Homes</u>	<u>NSW Homes</u>
(5 Homes) YTD Sep 2025 \$pbd	(1,174 Homes) YTD Sep 2025 \$pbd	(294 Homes) YTD Sep 2025 \$pbd	(293 Homes) YTD Sep 2025 \$pbd	(456 Homes) YTD Sep 2025 \$pbd
	299.31	308.27	297.08	298.99
	10.65	7.56	10.46	11.71
307.40	309.96	315.82	307.53	310.70
0.17	1.08	1.64	0.70	0.65
-	-	-	-	-
307.57	311.04	317.47	308.24	311.35
	65.44	62.74	62.92	66.21
	11.33	9.78	11.59	2.88
	162.33	157.46	158.47	167.18
-	-	-	-	-
253.37	239.10	229.98	232.98	236.27
7.48	6.57	5.65	6.26	7.06
7.57	6.25	5.38	6.17	5.98
9.82	6.68	5.59	6.56	6.54
11.11	6.54	5.43	6.07	7.79
-	0.42	0.71	0.51	0.59
289.35	265.55	252.74	258.56	264.23
5.70	6.70	6.51	6.63	6.75
3.77	0.98	0.83	1.11	1.47
1.91	1.80	0.97	1.87	2.12
4.12	2.75	2.39	2.77	3.20
-	0.17	0.23	0.19	0.17
304.85	277.96	263.67	271.12	277.94
18.98	21.24	17.71	20.44	22.05
323.83	299.20	281.38	291.56	299.99
\$ (16.26)	\$ 11.84	\$ 36.09	\$ 16.68	\$ 11.36
94.1%	85.4%	79.6%	83.9%	84.9%
105.3%	96.2%	88.6%	94.6%	96.4%

Everyday Living

Everyday living revenue

Basic daily fee - resident	63.18
Hotelling supplement – government	16.39
Fees for additional services and extra or optional service fees	7.25

Everyday living revenue (D)

Everyday living expenditure

Hotel services

Catering

Labour costs	34.03
Consumables - food	13.73
Consumables - other	0.98
Contract catering	-
Income from sale of meals (usually a credit amount)	(0.96)

Total catering

Cleaning

Labour costs	8.29
Consumables	2.38
Contract cleaning	0.47

Total cleaning

Laundry

Labour costs	4.24
Consumables	0.84
Contract laundry	-

Total laundry

Workers' compensation - everyday living	1.86
Payroll tax - everyday living	-
Expenditure - quality and education (allocation to everyday living)	0.32
Other hotel services expenses	-

Total other hotel services

Expenditure - hotel services (X)

<u>Deidentified Provider</u>	<u>All Homes</u> (1,174 Homes) YTD Sep 2025 \$pbd	<u>First quartile all Homes</u> (294 Homes) YTD Sep 2025 \$pbd	<u>Second quartile all Homes</u> (293 Homes) YTD Sep 2025 \$pbd	<u>NSW Homes</u> (456 Homes) YTD Sep 2025 \$pbd
	63.73	63.76	63.71	63.66
	16.46	16.46	16.51	16.61
	5.69	5.63	5.80	7.50
	85.88	85.85	86.03	87.77
	23.19	21.16	21.71	20.52
	13.77	13.97	13.30	12.03
	0.78	0.82	0.75	0.78
	6.81	5.38	7.22	10.84
	(0.35)	(0.28)	(0.30)	(0.20)
	44.21	41.04	42.69	43.97
	7.66	6.94	7.79	5.81
	1.84	1.66	1.78	1.77
	2.66	2.69	2.42	5.04
	12.16	11.29	11.98	12.63
	2.90	2.73	2.86	2.46
	0.43	0.50	0.42	0.48
	1.79	1.50	1.81	1.84
	5.13	4.74	5.09	4.78
	0.85	0.68	0.78	0.88
	0.05	0.09	0.07	0.07
	0.24	0.12	0.24	0.24
	0.09	0.08	0.07	0.08
	1.23	0.97	1.16	1.26
	62.73	58.04	60.92	62.65

	<u>Deidentified Provider</u> (5 Homes) YTD Sep 2025 \$pbd	<u>All Homes</u> (1,174 Homes) YTD Sep 2025 \$pbd	<u>First quartile all Homes</u> (294 Homes) YTD Sep 2025 \$pbd	<u>Second quartile all Homes</u> (293 Homes) YTD Sep 2025 \$pbd	<u>NSW Homes</u> (456 Homes) YTD Sep 2025 \$pbd
Utilities					
Electricity	4.16	4.92	4.72	4.81	5.32
Gas	2.08	1.48	1.40	1.40	1.31
Rates	0.66	1.84	1.95	1.67	1.23
Rubbish removal	1.05	1.75	1.77	1.77	1.83
Expenditure - utilities (Y)	7.95	10.00	9.85	9.65	9.70
Expenditure - everyday living services (X + Y)	74.13	72.73	67.89	70.57	72.34
Administration - everyday living overhead allocation	17.25	19.31	16.10	18.57	20.04
Everyday living expenditure (E)	91.38	92.03	83.99	89.14	92.39
Everyday living margin (F = D - E)	\$ (4.56)	\$ (6.16)	\$ 1.86	\$ (3.12)	\$ (4.62)
Accommodation					
Accommodation revenue					
Accommodation revenue - residents	20.52	17.77	17.14	17.54	18.22
Subsidy - Accommodation supplement	18.06	24.47	28.47	25.50	25.23
Subsidy - Respite supplement	4.48	2.04	2.17	1.94	1.97
Accommodation revenue (G)	43.06	44.28	47.79	44.99	45.42
Accommodation expenditure					
Labour costs - maintenance	5.55	3.73	3.47	3.95	3.84
Workers compensation - accommodation staff	0.22	0.09	0.08	0.10	0.12
Payroll tax - accommodation staff	-	0.01	0.01	0.01	0.01
Routine repairs & maintenance	5.44	10.11	9.54	9.54	10.70
Motor vehicle expenses	0.22	0.32	0.31	0.28	0.29
Quality, compliance and training external costs	0.04	0.03	0.01	0.03	0.03
Depreciation - building	-	13.18	10.48	12.17	14.21
Depreciation & amortisation - non building	5.06	8.16	7.43	7.34	8.94
Right of use assets - depreciation and finance cost	-	1.66	0.26	2.87	0.31
Rent - buildings (not captured by AASB 16)	15.63	0.99	0.28	1.32	0.52
Refurbishment	-	0.28	0.26	0.20	0.33
Bond/RAD interest expense	4.78	1.67	1.39	1.45	2.14
Expenditure - accommodation services	36.94	40.23	33.52	39.24	41.43
Administration - accommodation overhead allocation	15.08	16.88	14.07	16.24	17.52
Accommodation expenditure (H)	52.02	57.11	47.59	55.48	58.95
Accommodation margin (I = G - H)	\$ (8.96)	\$ (12.82)	\$ 0.20	\$ (10.49)	\$ (13.53)

	<u>Deidentified Provider</u> (5 Homes) YTD Sep 2025 \$pbd	<u>All Homes</u> (1,174 Homes) YTD Sep 2025 \$pbd	<u>First quartile all Homes</u> (294 Homes) YTD Sep 2025 \$pbd	<u>Second quartile all Homes</u> (293 Homes) YTD Sep 2025 \$pbd	<u>NSW Homes</u> (456 Homes) YTD Sep 2025 \$pbd
Administration expenditure					
Administration recharges	32.91	38.54	32.12	37.65	42.70
Labour costs - administration	10.76	9.31	7.94	8.40	8.56
Other administration costs	3.77	7.25	5.85	7.13	6.18
Workers' compensation - other	0.43	0.24	0.17	0.20	0.26
Payroll tax - administration staff	-	0.02	0.02	0.02	0.02
Fringe Benefits Tax	-	0.01	0.00	0.01	0.01
Quality & education - labour costs	0.06	0.04	0.01	0.04	0.05
Quality & education - other	0.01	0.02	0.02	0.02	0.02
Bad debts expense	-	0.04	0.03	0.03	0.00
Insurances	3.36	1.96	1.70	1.76	1.82
Expenditure - administration	51.31	57.43	47.88	55.25	59.61
Direct care overhead allocation	(18.98)	(21.24)	(17.71)	(20.44)	(22.05)
Everyday living overhead allocation	(17.25)	(19.31)	(16.10)	(18.57)	(20.04)
Accommodation overhead allocation	(15.08)	(16.88)	(14.07)	(16.24)	(17.52)
Net administration after allocation (J)	-	(0.00)	-	-	-
Administration costs % of total revenue	11.7%	13.0%	10.6%	12.6%	13.4%
Operating result (K = C + F + I)	\$ (29.77)	\$ (7.14)	\$ 38.15	\$ 3.07	\$ (6.78)
Operating result (\$ per bed per annum)	\$ (10,334)	\$ (2,471)	\$ 13,375	\$ 1,070	\$ (2,350)
Operating EBITDA (\$ per bed day)	\$ (24.72)	\$ 15.86	\$ 56.31	\$ 25.45	\$ 16.68
Operating EBITDA (\$ per bed per annum)	\$ (8,579)	\$ 5,486	\$ 19,743	\$ 8,854	\$ 5,777

Detailed Staff Analysis

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

Registered nurses	46.43
Enrolled and licensed nurses	6.89
Other unlicensed nurses/personal care staff	173.42

Total direct care minutes per resident day

Care management	4.67
Allied health	5.53
Lifestyle	13.90

Total care minutes per resident per day (A)

Hotel services - Catering	41.91
Hotel services - Cleaning	12.78
Hotel services - Laundry	5.91

Total Hotel services

Routine maintenance and accommodation	5.98
Administration	10.78
Quality and education	1.67

Total other staff minutes per resident per day

Total staff minutes

Total agency minutes (including imputed agency)

Deidentified Provider (5 Homes) YTD Sep 2025 \$pbd	All Homes (1,174 Homes) YTD Sep 2025 \$pbd	First quartile all Homes (294 Homes) YTD Sep 2025 \$pbd	Second quartile all Homes (293 Homes) YTD Sep 2025 \$pbd	NSW Homes (456 Homes) YTD Sep 2025 \$pbd
46.43	43.92	42.91	43.08	44.32
6.89	9.90	8.40	10.43	2.49
173.42	166.39	164.02	164.46	172.99
226.74	220.21	215.33	217.98	219.80
4.67	3.79	3.36	3.66	4.16
5.53	4.55	3.42	4.61	3.91
13.90	7.45	5.82	7.50	7.38
250.83	236.00	227.92	233.75	235.26
41.91	27.18	24.90	26.85	26.50
12.78	10.38	10.20	10.54	9.01
5.91	4.21	4.19	4.23	3.95
60.59	41.77	39.29	41.61	39.47
5.98	4.14	4.40	4.20	4.27
10.78	8.76	7.98	8.32	8.93
1.67	1.04	0.31	1.00	1.12
79.02	55.71	51.98	55.14	53.79
329.85	291.71	279.90	288.88	289.06
26.76	12.36	10.11	11.02	10.55

Agency & Overtime Analysis

Agency costs - Registered nurses	14.92
Agency costs - Enrolled and licensed nurses	2.19
Agency costs - Other unlicensed nurses/personal care staff	24.41

Total agency direct care labour costs

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

Agency minutes - Registered nurses	6.84
Agency minutes - Enrolled and licensed nurses	1.30
Agency minutes - Other unlicensed nurses/personal care staff	18.27

Total agency direct care minutes

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

Overtime minutes - Registered nurses	1.46
Overtime minutes - Enrolled and licensed nurses	0.01
Overtime minutes - Other unlicensed nurses/personal care staff	4.86

Total overtime direct care minutes

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

14.92	5.39	4.08	4.86	4.69
2.19	0.67	0.66	0.67	0.09
24.41	7.50	5.42	6.68	7.11
41.52	13.56	10.16	12.20	11.88
16.4%	5.7%	4.4%	5.2%	5.0%
6.84	2.67	2.13	2.43	2.31
1.30	0.44	0.42	0.46	0.05
18.27	6.19	4.61	5.32	5.35
26.41	9.30	7.16	8.21	7.71
11.6%	4.2%	3.3%	3.8%	3.5%
1.46	0.89	0.85	0.91	1.16
0.01	0.13	0.11	0.16	0.04
4.86	3.34	3.13	3.51	4.67
6.33	4.36	4.09	4.58	5.87
2.8%	2.0%	1.9%	2.1%	2.7%

	<u>Deidentified Provider</u> (5 Homes) YTD Sep 2025 \$pbd	<u>All Homes</u> (1,174 Homes) YTD Sep 2025 \$pbd	<u>First quartile all Homes</u> (294 Homes) YTD Sep 2025 \$pbd	<u>Second quartile all Homes</u> (293 Homes) YTD Sep 2025 \$pbd	<u>NSW Homes</u> (456 Homes) YTD Sep 2025 \$pbd
Accommodation Analytics					
Accommodation revenue					
<i>Accommodation revenue</i>	43.06	44.28	47.79	44.99	45.42
Imputed DAP (based on RAD holdings)	51.08	48.21	41.69	46.34	50.26
Benchmark accommodation revenue	94.14	92.49	89.48	91.33	95.68
Accommodation expenditure					
Depreciation/amortisation/rent	20.69	23.99	18.45	23.69	23.97
Other accommodation expenditure	16.25	16.24	15.07	15.55	17.45
Administration - accommodation overhead allocation	15.08	16.88	14.07	16.24	17.52
Accommodation expenditure	52.02	57.11	47.59	55.48	58.95
Benchmark accommodation result	\$ 42.12	\$ 35.38	\$ 41.89	\$ 35.85	\$ 36.74
Accommodation Payment Analysis					
Incoming residents accommodation payment split					
Full RAD	28.6%	27.4%	24.3%	28.1%	28.8%
Full DAP	28.6%	49.7%	53.7%	47.3%	50.6%
Combination - Part RAD, Part DAP	42.9%	22.9%	22.0%	24.6%	20.6%
 Total number of incoming RADs/DAPs/Combinations	21	6,249	1,358	1,696	2,523
 Average incoming RAD (current financial year)					
Average of new FULL RADs / RACs	312,963	555,436	537,258	547,210	573,786
Average of new PART RADs / RACs	198,911	256,725	268,894	238,168	284,927
Average RAD/Bond held (as at reporting date)					
Average of FULL RADs/RACs held at reporting date	413,137	490,733	465,763	475,330	518,066
Average of PART RADs/RACs held at reporting date	198,929	265,359	253,067	258,971	278,411

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



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

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.

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, and this includes an allocation of workers compensation and quality and education costs.

Facility (Aged Care Home) Result

This refers to the Operating Result may also be referred to as the net result or the NPBT Result.

Facility EBITDA

The starting point for this calculation is the Aged Care Home (Facility) Result which 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. It also excludes those items excluded from the EBITDA calculation above.

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 (facility) level on an inconsistent and arbitrary basis depending on the policies of the individual provider.

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 an approved provider uses for residential aged care. “Aged Care Home” is the term approved at the Department of Health, Disability and Ageing; in some contexts, “facility” 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.

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

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

Band 1 - Over \$320

Band 2 - Between \$310 and \$320

Band 3 - Between \$300 and \$310

Band 4 - Under \$300

Home Care

Based on Total Revenue (Direct Care Services + Sub-contracted and Brokered Services + Care Management + Package Management) (\$ per client day):

Band 1 - Under \$82

Band 2 - Between \$82 and \$88

Band 3 - Between \$88 and \$94

Band 4 - Over \$94

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 (facility) or group of homes (homes).

Dollars per client day

This is the common measure used to compare items across programs. The denominator used in this measure is the number of client days for any programs or group of programs.

EBITDA

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. The main reason for this is to achieve some consistency in the calculation. Different organisations allocate interest and investment revenue differently at the “aged care home (facility) level”. To ensure that the measure is consistent across all organisations we exclude these revenue and expense items.

EBITDA per bed per annum

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

NPBT

Net Profit Before Tax. For the context of the Survey reports, NPBT is referred to as Operating Result or net result or, in the aged care home (facility) analysis, as the ACH Result (Aged Care Home, or Facility) Result.

Facility

An aged care home is sometimes called a “facility” for convenience. The Facility 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 BDF, additional service fees and hotelling Supplement less hotel services (catering, cleaning, laundry) and utilities (includes allocation of workers compensation premium and quality and education costs to hotel services staff).

Home Care Packages (HCP)

Home care results (NPBT) are distributed for the Survey period from highest to lowest by \$ per client day (\$pcd). This is then divided into quartiles - the *First 25%* is the first quartile, second 25%, third 25%, fourth 25% and the average of each quartile is reported. The *First 25%* represents the quartile of programs with the highest NPBT result.

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.

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.

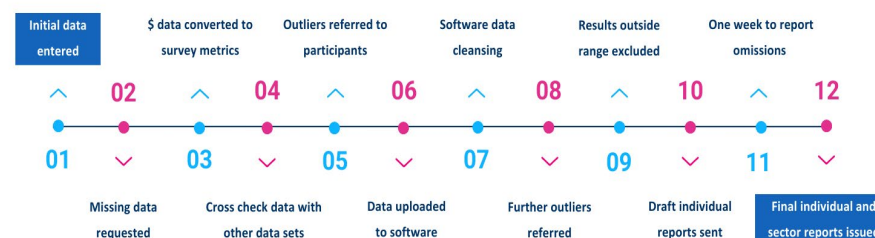
Survey is the abbreviation used in relation to the StewartBrown *Aged Care Financial Performance Survey*.

Data Collection Process

Data collection process



Data cleansing process



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