Australian Government
Department of Health and Aged Care

Quarterly Financial Snapshot

Aged Care Sector

Quarter 2 2023-24
October to December 2023

Introduction

The Australian Government is committed to transparency in aged care through the collection and publication of financial information, to provide valuable insights to the sector and community.

As part of this commitment, the Department of Health and Aged Care publishes a Quarterly Financial Snapshot (QFS) on the Australian aged care sector. Improving the financial sustainability of the aged care sector remains a priority for the Government.

The QFS:

- Provides timely information for aged care service providers to compare and benchmark their performance with sector-level results.
- Supports the monitoring of key financial metrics across the aged care system.
- Complements other publications such as the annual Financial Report on the Australian Aged Care Sector (FRAACS), the Food and Nutrition Report, and the quarterly reporting of service-level financial and operations information on My Aged Care.

This QFS covers the period 1 October to 31 December 2023 (quarter 2 of 2023-24) and it is split into 3 sections:

Summary

Residential care

Home care

A summary of tips on how to read the QFS and provider type definitions are available in Appendix 1. Further Information about the data sources and methodologies used throughout this QFS are available in Appendix 2.

The department would like to thank all aged care service providers who completed the Quarterly Financial Report (QFR) and contributed to the development of this snapshot.

Reforming aged care

In order to improve the quality of care provided to older people in Australia, the Government is reforming the aged care system with key initiatives focusing on driving structural change, advancing financial sustainability and viability, and promoting transparency in the aged care sector.

In the 2024-25 Budget, the Australian Government outlined a range of investments that reinforce the foundations that underpin quality aged care. This includes reducing Home Care Package wait times, ensuring a well-resourced regulator, building the aged care workforce, delivering complex care to people with dementia, and preparing the sector for the new Aged Care Act.

In addition to these reforms, a number of Government initiatives impacting the financial position and operations of aged care providers have commenced or were implemented in the second quarter of 2023-24, including:

- Investment of $2.2 billion over 4 years from 1 December 2023 to support residential aged care providers to fund the Fair Work Commission's (FWC) Annual Wage Review decision, which increased the award wage by 5.75%. This funding includes $2.1 billion in Australian National Aged Care Classification (AN-ACC) funding and $21.5 million in Registered Nurse supplement. The AN-ACC price increased on 1 December 2023 to $253.82 (up from $243.10) to fund the wage increase to workers.
- Care minutes responsibility for residential aged care providers became mandatory on 1 October 2023. The care minutes responsibility is based on a sector-wide average of 200 minutes of care per resident per day, including 40 minutes of direct registered nurse care.
- Release of an additional 9,500 Home Care Packages (HCP) throughout 2023-24 to meet the growing preference for older people to remain in their own home.
- The COVID-19 Aged Care Support Program Extension Grant has committed $1.023 billion in financial support. For quarter 2 2023-24, the department approved approximately $149 million in reimbursements to providers for the COVID-19 Aged Care Support Program Extension Grant.

The December 2023 year-to-date (YTD) results shows an improvement in the overall financial performance of the residential aged care sector on the December 2022 YTD position, with the overall sector average care minutes increasing to meet the mandatory care minute target, residential care level Net Profit Before Tax (NPBT) improving, more providers reporting positive earnings before interest, tax, depreciation, and amortisation (EBITDA), and average hourly wage rates increasing.

The QFS enables ongoing monitoring of future policy and reform impacts on the sector. In future QFS reports, we expect to see an impact on the sector with the introduction of the following reforms and initiatives:

- The FWC's decision in Stage 3 of the Aged Care Work Value Case will further increase minimum wages for many workers. When implemented, these increases will have an impact on workforce expenses. The Government will consider its funding and implementation approach to this decision once the operative date and phasing arrangements have been determined by the FWC. This will also apply to the FWC decision on further minimum wage increases for aged care nurses, when decided.
- An investment of $531.4 million for the release of an extra 24,100 HCPs in 2024-25 will reduce wait times to an average of 6 months and support more Australians to access in-home aged care than ever before.
- The commitment in the 2024-25 Budget of $88.4 million over 4 years to continue supports to attract and retain the aged care workforce. This funding will help create better conditions for the aged care workforce, grow the home care workforce in regional, rural and remote areas where shortages are the most acute, and support better pathways for nurses in aged care.
- From 1 October 2024, the responsibility for delivering care minutes will increase to a sector-wide average of 215 care minutes per resident per day, including 44 minutes of direct registered nurse care. Providers will also have the flexibility to meet up to 10% of their service-level registered nurse targets with care time provided by enrolled nurses from this date. For example, for a service with a registered nurse target of 44 minutes, 4.4 enrolled nurse minutes may be counted towards the registered nurse target. This adjustment recognises the important role of enrolled nurses in aged care and will improve recruitment and retention of these skilled workers. It will also help providers deliver their care requirements when facing workforce shortages.
- From 1 July 2025, the new Support at Home (SaH) program will replace the existing Home Care Packages (HCP) Program and Short-Term Restorative Care (STRC) Programme. The Commonwealth Home Support Programme (CHSP) will transition to the new program no earlier than 1 July 2027. SaH will better support older people to remain independent, in their home and community for longer, including through a dedicated Assistive Technology and Home Modifications (ATHM) scheme to help keep people safe.
- From 2023-24, $1.2 billion in funding will be provided over five years for sustainment of, and essential enhancements to, critical aged care digital systems so they remain legislatively compliant and contemporary and can support the introduction of the new Aged Care Act from 1 July 2025.

- From 1 July 2025, $174.5 million will be provided over two years to fund the ICT infrastructure needed to implement the new Support at Home Program and Single Assessment System.
- The Aged Care Taskforce final report was released in March 2024, with 23 recommendations for Government. These include balancing government funding and consumer co-contributions and recommendations aimed at modernising accommodation funding and improving sector viability. At the time of publication, the Government was still considering its response to the final Taskforce report.
- The Aged Care Outbreak Management Supplement which was introduced in February 2024 and is a contribution towards the costs associated with outbreak management. This will help ensure the sector maintains higher levels of infection prevention and control capability as it resumes business as usual operations following the COVID-19 Pandemic. The supplement is now being paid automatically through existing funding channels to all eligible residential aged care providers, Multi-Purpose Services (MPS) and National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) providers.

Financial reporting and transparency

In addition to sector-level reporting through the QFS and FRAACS, the department publishes service-level financial and operations information. The service-level information published includes income, expenditure and profits or losses for residential and home care providers on My Aged Care via the ‘Find a Provider tool’ each quarter. This information provides transparency about providers’ finances and operations and helps older people, and their families make informed decisions about their care.

More broadly, the department is building transparency and accountability in the aged care sector by developing an Aged Care Data and Digital Strategy. The strategy will aim to support the delivery of the highest quality person-centred care for older people, while driving a sustainable and productive care and support economy through data and digital innovation. The department is working towards releasing this strategy in 2024 along with the initial action plan.

Financial summary year-to-date

For-profit and not-for-profit providers per resident/recipient per day

	Residential care	Change	Home care	Change
Net profit before tax	$8.75	↑ $28.99	$5.29	↑ $1.70
EBITDA	$42.33	↑ $29.40	$5.73	↑ $1.61

The change shown in the financial summary is a comparison with quarter 2 2022–23 YTD.

Percentage of profitable providers year-to-date

Profit defined as year-to-date net profit before tax

	Residential care	Home care
Total	64.6%	75.9%
For-profit	70.9%	82.0%
Not-for-profit	61.1%	71.6%
Change	↑ 18.2 percentage points	↑ 2.1 percentage points

The change shown in the percentage of profitable providers is a comparison with quarter 2 2022–23 YTD.

Percentage of providers with a positive EBITDA year-to-date

	Residential care	Home care
Total	83.5%	77.6%
For-profit	88.1%	84.0%
Not-for-profit	80.9%	73.0%
Change	↑ 18.9 percentage points	↑ 2.3 percentage points

The change shown in the providers with a positive EBITDA is a comparison with quarter 2 2022–23 YTD.

Provider numbers at 31 December 2023

	Residential care	Home care
Providers	745	901
NEW	11	14
EXIT	47	28

The new and exit provider numbers for residential aged care and home care are in comparison to 31 December 2022.

Residential care sector average care minutes quarter 2 2023–24

(per resident per day)

	Total	Registered nurses	Enrolled nurses	Personal care workers/ assistants in nursing
Total sector	target 200 201.93 ↑ 5.64	target 40 38.76 ↑ 0.75	no target 13.99 ↑ 0.16	no target 149.18 ↑ 4.73
Not-for-profit	204.98 ↑ 6.13	38.06 ↑ 0.80	11.93 ↑ 0.10	154.99 ↑ 5.23
For-profit	194.98 ↑ 5.56	37.57 ↑ 0.78	10.52 ↑ 0.08	146.89 ↑ 4.86

Average care minutes are a comparison with quarter 1 2023–24.
There is no target for enrolled nurses and personal care workers/assistants in nursing.

Summary of findings

Residential care

The quarter 2 2023-24 YTD financial position of the residential aged care sector improved significantly in comparison to quarter 2 2022-23 YTD.

Key results include:

- Residential care providers' YTD EBITDA improved by $29.40 per resident per day, totalling $42.33.
- The proportion of residential care providers reporting a positive YTD EBITDA position also improved to 83.5%, up 18.9 percentage points. The proportion of not-for-profit providers reporting a positive YTD EBITDA was 80.9%, compared to 88.1% of for-profit providers.
- Sector-level residential care NPBT performance improved by $28.99 per resident per day. The overall total net position before tax for the sector was a profit of $302.7 million, equal to $8.75 per resident per day.
- The number of residential providers reporting a YTD NPBT position increased to 64.6%, an increase of 18.2 percentage points on quarter 2 2022-23. There was a variance of 9.5 percentage points between for-profit (70.1%) and not-for-profit providers (61.1%).
- The average occupancy rate for residential aged care providers increased to 87.6%, which is an increase of 1.8 percentage points on the quarter 2, 2022-23 result.
- The median EBITDA margin for the residential sector increased to 9.75%, an increase of 5.23 percentage points on the 31 December 2022 YTD result. This means an EBITDA return of $9.75 for every $100 of revenue earned.

Year-end adjustments will have an impact on the final NPBT position of the residential sector. It is expected that expenses will increase over the remaining two quarters of 2023-24 as providers make year-end adjustments, such as writing off bed license amortisation. Providers have written off approximately $289 million from 1 July to 31 December 2023 in bed license amortisation.

The quarter 2 2023-24 YTD result has decreased slightly compared to quarter 1 2023-24 YTD, down from $10.36 in quarter 1 YTD to $8.75 in quarter 2 YTD. This is likely attributed to providers expenses increasing due to the increase in overall average care minutes. It is expected that expenses will continue to increase over the next 2 quarters as providers continue to increase their care minutes to meet their mandatory targets, which will impact the final NPBT position and final EBITDA position for 2023-24.

In quarter 2 2023-24, the sector is delivering the sector average target of 200 care minutes for the first time, but significant improvements are required to ensure individual services are compliant with their mandatory care minute responsibilities, and to reach a sector average of 40 registered nurse care minutes.

To maintain profitability, while increasing care minutes, it will be vital for providers to ensure they are appropriately charging for accommodation rather than cross subsidising from funding provided for care.

Since 1 October 2023, residential aged care providers have been required to deliver an average of 200 direct care minutes per resident per day, including 40 minutes of care by a registered nurse. In quarter 2 2023-24 (the first quarter after care minutes became mandatory), the sector delivered an average of 201.93 care minutes per resident per day, including an average of 38.76 care minutes by a registered nurse.

While overall the sector delivered more than 200 care minutes, there is still an average shortfall of 1.24 registered nurse minutes to achieve the sector target of 40 registered nurse minutes. There are also a significant majority of services that are not delivering either or both of their required total, and/or registered nursing care minutes.

On average, not-for-profit providers delivered above the sector mandatory care minute target, 204.98 average care minutes per resident per day (noting at the service level many are non-compliant with their mandatory responsibilities). In comparison for-profit providers delivered on average 10.00 care minutes less per resident per day, a total of 194.98 per resident per day.

While for-profit providers are reporting stronger financial results (70.9% with a positive YTD net profit before tax) than not-for-profits (61.1%), this is likely in some cases, driven by the for-profit sector delivering less care minutes, as outlined above. As care minutes are mandatory, and the Aged Care Quality and Safety Commission is monitoring and engaging with those services not delivering their care minutes, it is expected that care minutes delivery will increase in the coming quarters.

Analysis undertaken by the department demonstrates the cost of delivering care is fully funded.

For the sector to maintain profitability, while increasing care minutes, it will be vital for providers to ensure they are appropriately charging for accommodation. This would also improve the financial viability and sustainability of the sector which was a focus of the Aged Care Taskforce.

The department will continue to monitor care minutes closely to ensure the policy settings and supports are in place to ensure care minute targets are met and providers are supported to achieve them. In addition, the department will continue to monitor expenditure closely to ensure care funding is used to meet care requirements consistent with the expectation that care funding is spent on care.

The increase in AN-ACC funding has assisted providers to increase wages for direct care workers and to meet care responsibilities.

The total amount of AN-ACC funding paid for quarter 2 2023-24 was $4.91 billion. This was an increase of approximately $1.04 billion in funding compared to quarter 2 2022-23 (up from $3.88 billion). Increased AN-ACC funding was provided to increase direct care workers' hourly rates in response to the FWC's interim pay increase of 15% in the Aged Care Work Value case and support providers to meet mandatory care minute requirements.

In quarter 2 2023-24, providers spent more on wages, as median labour costs per resident per day rose to $215 (up from $173 in quarter 2 2022-23). This is consistent with wage increases which took effect from 30 June 2023 and the expectation that labour costs will increase as providers work towards meeting care minutes targets and implement 24/7 registered nurse care requirements.

Total direct care agency staff cost and hours as a percentage of the total direct care labour cost and hours have decreased.

In quarter 2 2023-24, the total direct care agency staff costs decreased to 10.0% (down 1.7 percentage points) as a percentage of the total direct care labour costs. Total direct care agency staff also decreased to 6.9% (down 1.2 percentage points) as a percentage of the total direct care labour hours.

The decrease is primarily attributed to a drop in agency staff cost and hours for personal care workers/assistants in nursing. Agency staff cost and hours increased for registered nurses and enrolled nurses, however they deliver a smaller portion of total care minutes in comparison to personal care workers/assistants in nursing, resulting in the overall decrease in cost and hours.

Home care

In quarter 2 2023-24, the combined NPBT and EBITDA result of the home care sector increased.

Key results include:

- The YTD EBITDA per recipient per day increased to $5.73 (up $1.61 on quarter 2 2022-23).
- There was an increase in the percentage of home care providers reporting a positive EBITDA (77.6%, up from 75.3%).
- The YTD total NPBT for home care providers was a profit of $239.9 million.
- For-profit and not-for-profit home care providers returned a YTD NPBT result of $5.29 per recipient per day (up $1.70 on December 2022 YTD).
- The YTD percentage of profitable home care providers increased slightly to 75.9% (up from 73.8% on December 2022 YTD).

- The median EBITDA margin for the home care sector was 8.12%, which means an EBITDA return of $8.12 for every $100 of revenue earned. This was an increase of 0.61 percentage points on the 31 December 2022 YTD result.

The overall net position of unspent funds increased by $0.69 billion.

At 31 December 2023, the balance of unspent funds in the Home Care Account was $2.78 billion (up $0.92 billion) and the Provider Held Portion of Australian Government unspent funds was $0.52 billion (down $0.23 billion). The overall net change in unspent funds from 31 December 2022 was an increase of $0.69 billion.

Labour costs have continued to increase in comparison to quarter 2 2022-23 with the introduction of increased wages for care workers.

The quarter 2 2023-24 sector median total staff costs increased to $51 per care recipient per day, up $6 from quarter 2 2022-23. This increase in staff costs is mainly attributed to the increase in wages for care workers in response to the FWC decision for an interim increase of 15% to minimum award wages in the Aged Care Work Value case.

Residential aged care

Financial overview

Table 1 is a financial YTD summary of residential aged care providers' revenue and expenses to December 2023. For-profit and not-for-profit residential aged care providers returned a collective YTD NPBT of $302.7 million.

The sector-level YTD position equates to a NPBT of $8.75 per resident per day, an improvement of $28.99 per resident per day on the December 2022 YTD result.

The December 2023 YTD EBITDA increased significantly to $42.33 per resident per day, an improvement of $29.40 or 227% increase on the December 2022 result.

Revenue increased by $73.45, and expenses increased by $44.46 per resident per day. The change in revenue from YTD December 2022 is primarily attributed to the AN-ACC funding increase. The total amount of AN-ACC funding paid for quarter 2 2023-24 was $4.91 billion. This was an increase of approximately $1.04 billion in funding compared to quarter 2 2022-23 (up from $3.88 billion).

The increase in approved COVID-19 grants in quarter 2 2023-24 ($149 million) in comparison to quarter 2 2022-23 (approximately $72 million), also likely contributed to the increase in revenue.

Care funding allocated to providers per occupied bed day (OBD) was an average of $271.71 (excluding the initial entry adjustment payments for new permanent residents entering a home) plus the $10.80 hotelling supplement that was introduced on 1 July 2023. This was an increase on the average of $268.11 per OBD[1] plus the $10.80 per OBD hotelling supplement for quarter 1 2023-24, $227.34 for quarter 4 2022-23, $224.36 for quarter 3 2022-23, and $225.22 for quarter 2 2022-23.

The Independent Heath and Aged Care Pricing Authority (IHACPA) provides annual pricing advice to the Minister of Health and Aged Care on the AN-ACC model to ensure funding matches the cost of care and aligns with the care funding provided per OBD. AN-ACC funding provides subsidies to approved aged care providers based on the location of their aged care homes and/or specialisations for homelessness or remote Aboriginal and Torres Strait Islander persons and the individual care need of each resident in the home.

The change in expenses from YTD December 2022 is primarily attributed to an increase in wage costs following the FWC's decision for an interim increase to minimum award rates of 15% from 30 June 2023 in the Aged Care Work Value case.

[1] The OBD care funding figures published in the QFS may change each quarter due to new claims data that is submitted by providers.

In addition, the change in expenses is also attributed to providers writing off approximately $289 million YTD in bed license amortisation.

Expenses have not grown at the same rate as revenue. Revenue grew by 22.2% and expenses have grown by 12.6%. The higher proportionate increase of revenue compared to expenses is likely attributed to the increase in funding through AN-ACC to support providers to deliver their mandatory care minutes.

The majority of providers fell short of those mandatory care minutes. Only 52.3% of services met their total care minute targets, and 46.36% met their registered nurse targets. Approximately 32.4% of reporting services met both their service specific total care minute targets and registered nurse care targets. Approximately 33.6% of not-for-profit providers met both their service specific total care minute targets and registered nurse care targets, compared to only 19.0% of for-profit providers.

It is expected that expenses will increase over the remaining two quarters of this financial year as providers continue to work towards meeting their care minute targets and make year-end adjustments, such as writing off bed license amortisation. Providers have written off approximately $289 million from 1 July 2023 to 31 December 2023 in bed license amortisation.

While care is fully funded and financial results have improved, reporting in the FRAACS 2021-22 showed that the loss on accommodation was negative $14.86 per resident per day and the result for care was $19.36. The profitable financial position in quarter 2 2023-24 QFS may indicate that at the aggregate level, care funding is likely covering some of the accommodation losses.

The department will continue to monitor this closely to ensure care funding is used to meet care requirements consistent with the expectation that care funding is spent on care. The analysis shows the most important opportunity for improvement in the financial viability and sustainability of the sector is through providers pricing accommodation appropriately, which was a focus of the Aged Care Taskforce. This is also important as care funding becomes more efficient over time based on IHACPA's recommendations and the care result is aligned to care costs.

The QFS is unable to provide a break-down of funding subcategories, as the QFR does not collect revenue and expense data at the same granular level as the Aged Care Financial Report (ACFR). Providers report the revenue they receive from the Government as consolidated operating income. Further analysis on provider expenses and revenue, including a break-down of funding categories, is reported annually in FRAACS.

Table 1: At 31 December 2023 YTD and comparison with 31 December 2022 YTD, summary of financial performance of residential aged care for-profit and not-for-profit providers

	Total	Per resident per day	Change from 31 December 2022 YTD per resident per day
Revenue	$13,993.0m	$404.64	↑ $73.45
Expenses	$13,690.4m	$395.89	↑ $44.46
Net profit before tax	$302.7m	$8.75	↑ $28.99
Net profit before tax margin	2.16%	2.16%	↑ 8.27 percentage points
Earnings before interest, tax, depreciation and amortisation (EBITDA)	$1,463.9m	$42.33	↑ $29.40

Average care minutes

Care minutes refers to the amount of time older people in Australia who live in Government funded residential aged care services receive in care from registered nurses, enrolled nurses and personal care workers/assistants in nursing. From 1 October 2023, residential aged care homes have been required to deliver an average of 200 direct care minutes per resident per day, including 40 minutes of care by a registered nurse.

Average care minutes per resident per day for quarter 2 2023-24 is shown in Table 2. The total average care minutes per resident per day for the sector was 201.93 minutes, which was an increase of 5.64 minutes on quarter 1 2023-24. This includes 38.76 minutes delivered by a registered nurse (which is an increase of 0.75 minutes from quarter 1 2023-24).

While the sector delivered above 200 total care minutes in quarter 2 2023-24, further improvements are required, with 52.3% of services meeting their total care minute targets, and 46.36% meeting their registered nurse targets. Approximately 32.4% of reporting services met both their service specific total care minute targets and registered nurse care targets. Approximately 33.6% of not-for-profit providers met both their service specific total care minute targets and registered nurse care targets, compared to only 19.0% of for-profit providers.

The average minimum care minute targets for each home varies depending on the specific care needs of their residents, as determined by an independent assessment of each resident’s care needs under the AN-ACC funding model.

Not-for-profit providers delivered above the sector mandatory care minute target, 204.98 average care minutes per resident per day. While for-profit providers are delivering on average 10.00 care minutes less per resident per day, a total of 194.98 per resident per day.

The responsibility to meet care minutes will increase to 215 minutes as a sector average from 1 October 2024, including 44 minutes of registered nurse time. Providers will have the flexibility to meet up to 10% of their service-level registered nurse targets with care time provided by enrolled nurses. For example, for a service with a registered nurse target of 44 minutes, 4.4 enrolled nurse minutes may be counted towards the registered nurse target.

Since the first publication of QFS, quarter 1 2022-23, average care minutes for enrolled nurses has remained the same or has slightly decreased. The adjustment to the policy outlined above for providers to meet up to 10% of their service-level registered nurse targets with care time provided by enrolled nurses recognises the important role of enrolled nurses in aged care and will improve recruitment and retention of these skilled workers. It will also help providers deliver their care requirements when facing workforce shortages.

While care is fully funded, the profitable financial position in quarter 2 2023-24 QFS may indicate that at the aggregate level, care funding is likely covering some of the accommodation losses. The department will continue to monitor this closely to ensure care funding is used to meet care requirements consistent with the expectation that care funding is spent on care.

The analysis shows the most important opportunity for improvement in the financial viability and sustainability of the sector is through providers pricing accommodation appropriately, which was a focus of the Aged Care Taskforce. This is also important as care funding becomes more efficient over time based on IHACPA’s recommendations and the care result is aligned to care costs.

As care minutes are now mandatory the Aged Care Quality and Safety Commission has commenced their care minutes regulatory work in response to non-compliance in the sector.

Table 2: Quarter 2 2023-24 and comparison with quarter 1 2023-24, average care minutes per resident per day (mins)

	Sector	Change in average sector care minutes from Q1 2023-24	For-profit	Not-for-profit	LST government
Registered nurses	38.76	↑ 0.75	37.57	38.06	64.08
Enrolled nurses	13.99	↑0.16	10.52	11.93	87.69
Personal care workers/ assistants in nursing	149.18	↑ 4.73	146.89	154.99	85.16
Total	201.93	↑ 5.64	194.98	204.98	236.93

Average care minutes per resident per day are calculated using occupied bed days rather than claim days. Average care minutes = Total care minutes / Occupied bed days

Chart 1 shows average care minutes by provider type, along with the change from quarter 1 2023-24 to quarter 2 2023-24. Average care minutes increased in quarter 2 for all provider types.

There was a greater increase in care minutes for not-for-profit providers (204.98 minutes, up 6.13 minutes) and for-profit providers (194.98 minutes, up 5.56 minutes) compared to local, state or territory government providers (236.93 minutes, up 3.06 minutes). While for-profit providers increased their total care minutes to 194.98 care minutes, they fell short of the sector average mandatory care minute target by 5.02 care minutes.

Total care minutes for local, state or territory government providers have fluctuated from quarter to quarter since quarter 1 2022-23, but have consistently been above the mandated 200 care minute target that commenced on 1 October 2023. Local, state or territory government providers are likely to have other non-government funding sources that contribute towards the delivery of care. This care minute data is consistent with the care minutes in the residential aged care dashboard which is now published quarterly and is drawn from the QFR.

Since quarter 2 2022-23, total sector average care minutes have increased from 188.85 to 201.93 care minutes per resident per day in quarter 2 2023-24 (an increase of 13.08 care minutes per resident per day). Not-for-profit providers have increased their total average care minutes from 190.71 per resident per day in quarter 2 2022-23, to 204.98 care minutes per resident per day in quarter 2 2023-24 (an increase of 14.27 care minutes per resident per day). While for-profit providers have increased their total average care minutes from 181.95 in quarter 2 2022-23, to 194.98 per resident per day in quarter 2 2023-24 (an increase of 13.03 care minutes per resident per day).

As noted above, with care minutes now mandatory, the Aged Care Quality and Safety Commission has commenced their care minutes regulatory work in response to non-compliance in the sector.

Chart 1: Quarter 2 2023-24 and comparison with quarter 1 2023-24, average care minutes per resident per day by provider type (mins)

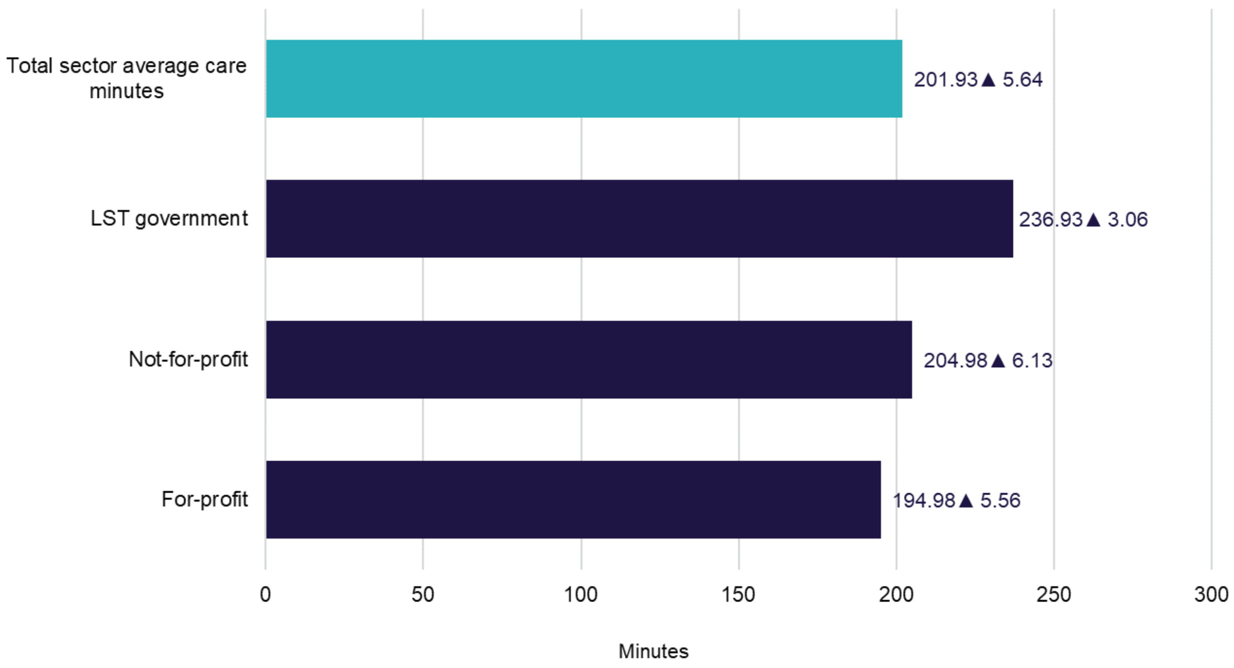
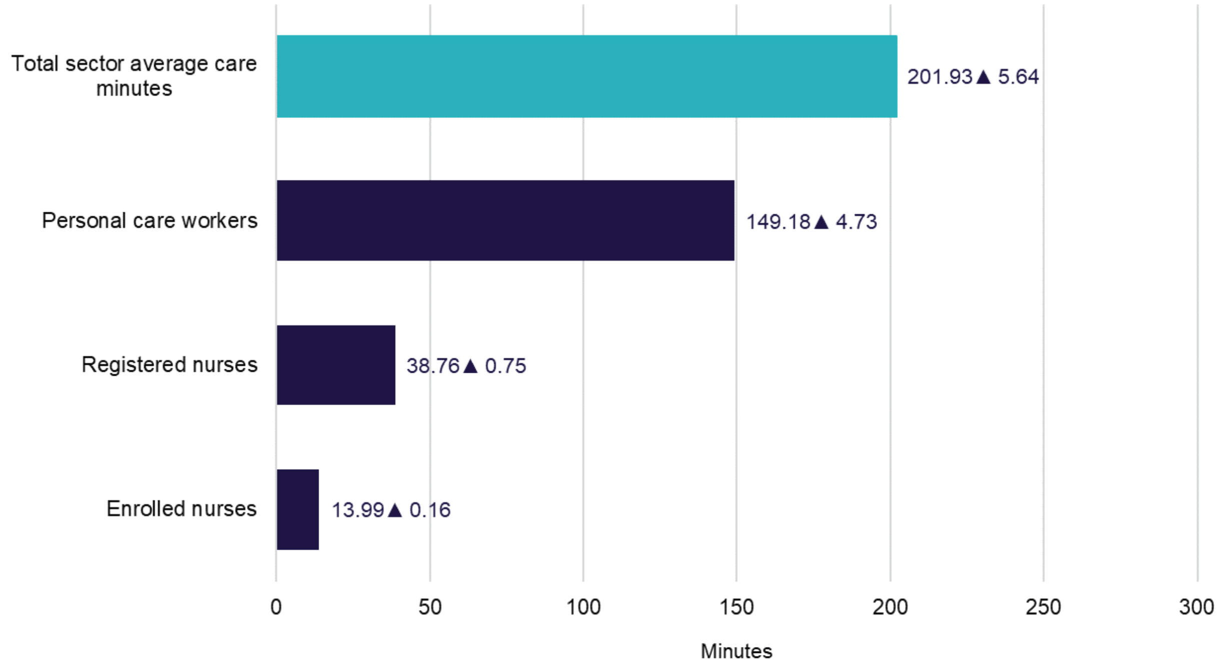


Chart 2 shows the average care minutes per resident per day by direct care occupation along with the change from quarter 1 2023-24 to quarter 2 2023-24. Average care minutes increased in quarter 2 for all direct care occupations. Personal care workers recorded the highest average care minutes in quarter 2 2023-24 (149.18 minutes, up 4.73 minutes from quarter 1 2023-24). Registered nurses care minutes increased by 0.75 minutes from quarter 1 to 38.76 minutes in quarter 2. Enrolled nurses average care minutes increased slightly to 13.99 minutes in quarter 2 (up by 0.16 minutes).

Chart 2: Quarter 2 2023-24 and comparison with quarter 1 2023-24, average care minutes per resident per day by direct care occupation (mins)



Staff cost and time

Table 3 shows the quarter 2 median total staff cost and time per resident per day was $53.06 and 39.65 minutes for registered nurses, $12.00 and 12.39 minutes for enrolled nurses, and $126.74 and 150.97 minutes for personal care workers/assistants in nursing.

The total median staff costs and time have increased from quarter 2 2022-23 to quarter 2 2023-24. Costs increased to $215.20 per resident per day (up $42.50) and total time increased to 224.10 minutes per resident per day (up 12.84 minutes). The department will continue to monitor the changes in cost and time for all categories in line with funding mechanisms and the introduction of mandatory care minute targets which commenced on 1 October 2023.

As expected, staff costs were higher per resident per day for registered nurses, enrolled nurses and personal care workers/assistants in nursing compared with quarter 2 2022-23. The increase in staff costs is attributed to providers increasing their delivery of care minutes and the FWC's decision for an interim increase of 15% to minimum award wages for registered nurses, enrolled nurses and personal care workers/assistants in nursing in the Aged Care Work Value case from 30 June 2023, and Annual Wage Review increases of 5.75% from 1 July 2023.

Allied health, diversional/lifestyle/recreation/activities officer and care management staff minutes do not contribute to the care minute targets but play an important part in the restorative care and other support for older people in Australia.

Local, state or territory government providers are included in this data.

Table 3: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median staff cost and time per resident per day

	Cost per resident per day	Change in cost from Q2 2022-23	Minutes per resident per day	Change in minutes from Q2 2022-23
Registered nurses	$53.06	↑ $14.36	39.65	↑ 5.36
Enrolled nurses	$12.00	↑ $0.85	12.39	↓ 0.46
Personal care workers/ assistants in nursing	$126.74	↑ $27.76	150.97	↑ 12.53
Allied health	$5.17	↓ $0.63	4.11	↓ 0.49
Diversional / lifestyle / recreation / activities officer	$5.65	↑ $0.17	7.70	↓ 0.66
Care management staff	$5.94	- $0.00	3.62	↓ 0.67

Note: The total median staff cost and time was derived from the QFR data set, and is not the sum of the subcategories' median listed in Table 3.

Chart 3 shows the median staff costs and Chart 4 shows the median staff time per resident per day for quarter 2 2023-24, and the comparison with quarter 2 2022-23.

The median cost per resident per day increased for registered nurses (up $14.36), enrolled nurses (up $0.85), personal care workers/assistants in nursing (up $27.76) and diversional/lifestyle/recreation/activities officers (up $0.17) but decreased for allied health (down $0.63) and stayed the same for care management staff.

The median staff minutes per resident per day shown in Chart 4 increased for registered nurses (up 5.36 minutes) and personal care workers/assistants in nursing (up 12.53 minutes) and decreased for enrolled nurses (down 0.46 minutes).

Fluctuations in median staff costs between quarters can be attributable to a number of factors, including providers employing additional junior staff at a lower hourly rate.

Chart 3: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median staff cost per resident per day ($)

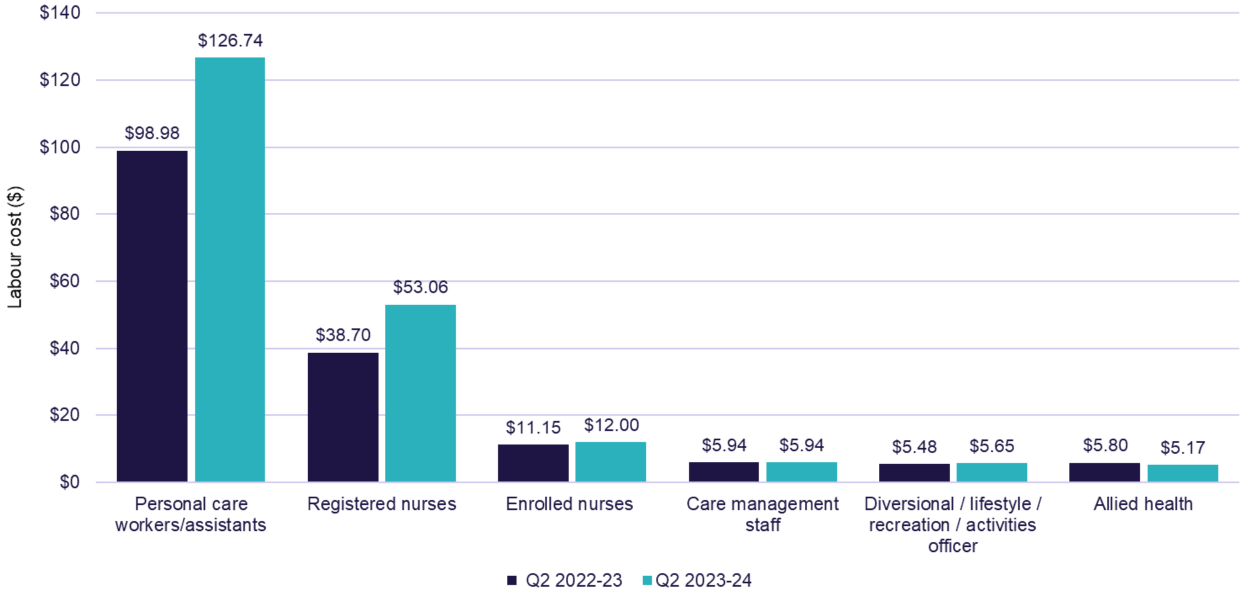


Chart 4: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median staff time per resident per day (mins)

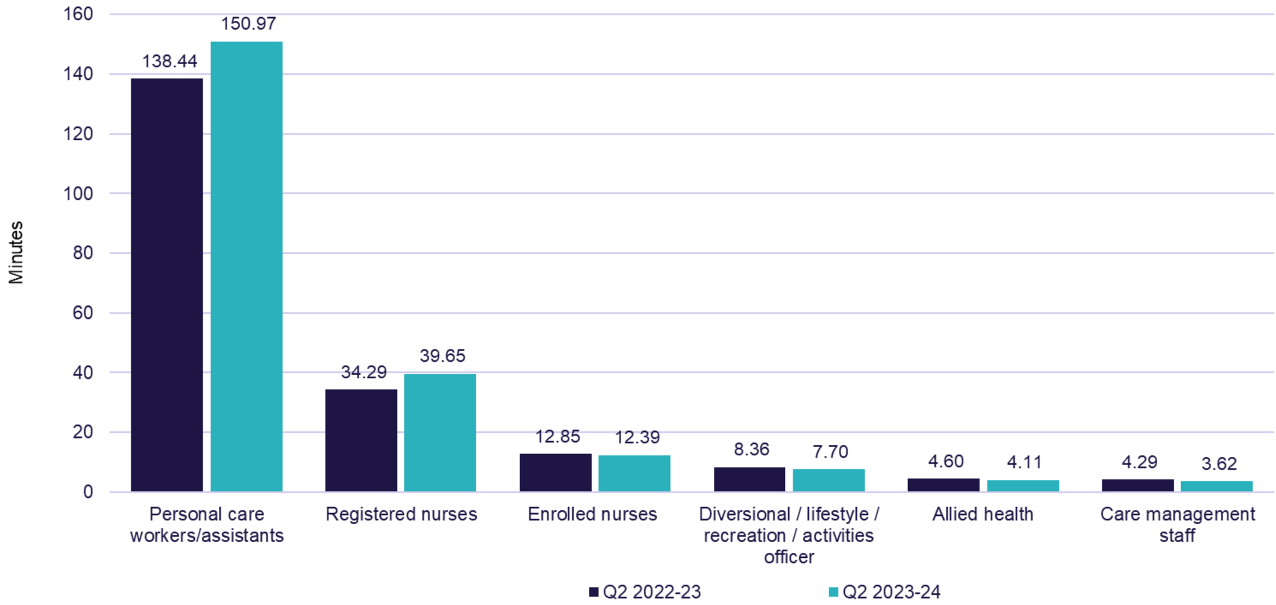


Table 4 shows the agency staff costs and hours as a percentage of the total direct care labour cost. Agency staff costs represented 10.0% of the total direct care labour cost to the residential aged care sector in quarter 2 2023-24, a decrease from quarter 2 2022-23 of 1.7 percentage points. Agency staff hours represented 6.9% of the total direct care labour hours to the sector in quarter 2 2023-24, a decrease from quarter 2 2022-23 of 1.2 percentage points.

Table 4: Quarter 2 2023-24 and comparison with quarter 2 2022-23, agency staff costs and hours as a percentage of direct care costs and hours

	Agency staff costs as % of total	Change in costs from Q2 2022-23	Agency staff hours as % of total	Change in hours from Q2 2022-23
Total direct care	10.0%	↓ 1.7 percentage points	6.9%	↓ 1.2 percentage points
Registered nurses	14.5%	↑ 3.1 percentage points	10.1%	↑ 2.2 percentage points
Enrolled nurses	8.8%	↑ 0.9 percentage points	6.1%	↑ 0.8 percentage points
Personal care workers/assistants in nursing	6.2%	↓ 3.6 percentage points	4.7%	↓ 2.2 percentage points

Chart 5 and Chart 6 show the break down for agency staff cost and hours in a chart view to show the comparison from quarter 2 2022-23 to quarter 2 2023-24. Although agency staff costs for total direct care have decreased (down 1.7 percentage points), agency staff costs for registered nurses have increased, representing 14.5% (up 3.1 percentage points). This increase is likely attributed to providers' requirement to meet the 24/7 registered nurse responsibility and the introduction of mandatory care minutes. Enrolled nurses represented 8.8% (up 0.9 percentage points), and personal care workers/assistants in nursing represented 6.2% (down 3.6 percentage points).

Agency staff hours for registered nurses represented 10.1% (up 2.2 percentage points), enrolled nurses represented 6.1% (up 0.8 percentage points), and personal care workers/assistants in nursing represented 4.7% (down 2.2 percentage points).

There are higher costs associated with agency staff when compared to direct employment, and providers may rely on agency staff when facing challenges in attracting and retaining direct employment staff. Higher wages, as a result of the

Government's investment in funding the FWC's decision in the Aged Care Work Value case, will help support attraction and retention and reduce reliance on agencies. Higher wages may also support workers to choose direct employment in the sector.

Chart 5: Quarter 2 2023-24 and comparison with quarter 2 2022-23, agency staff costs as a percentage of direct care costs (%)

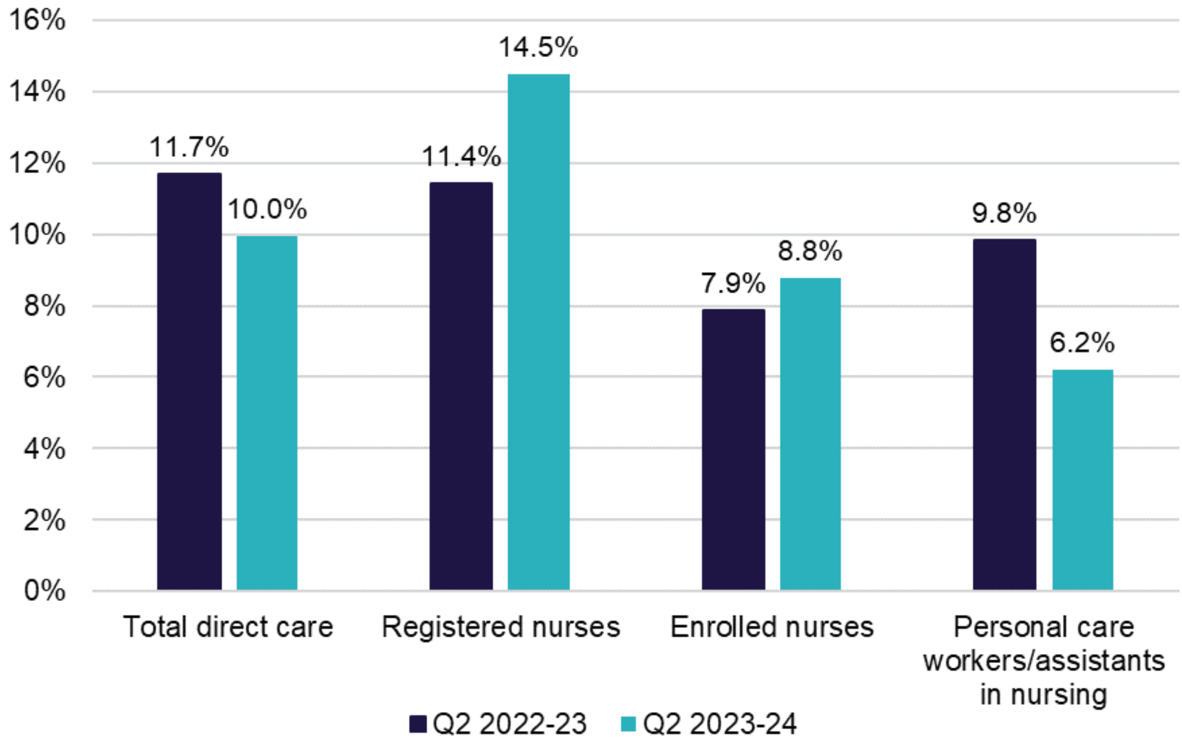
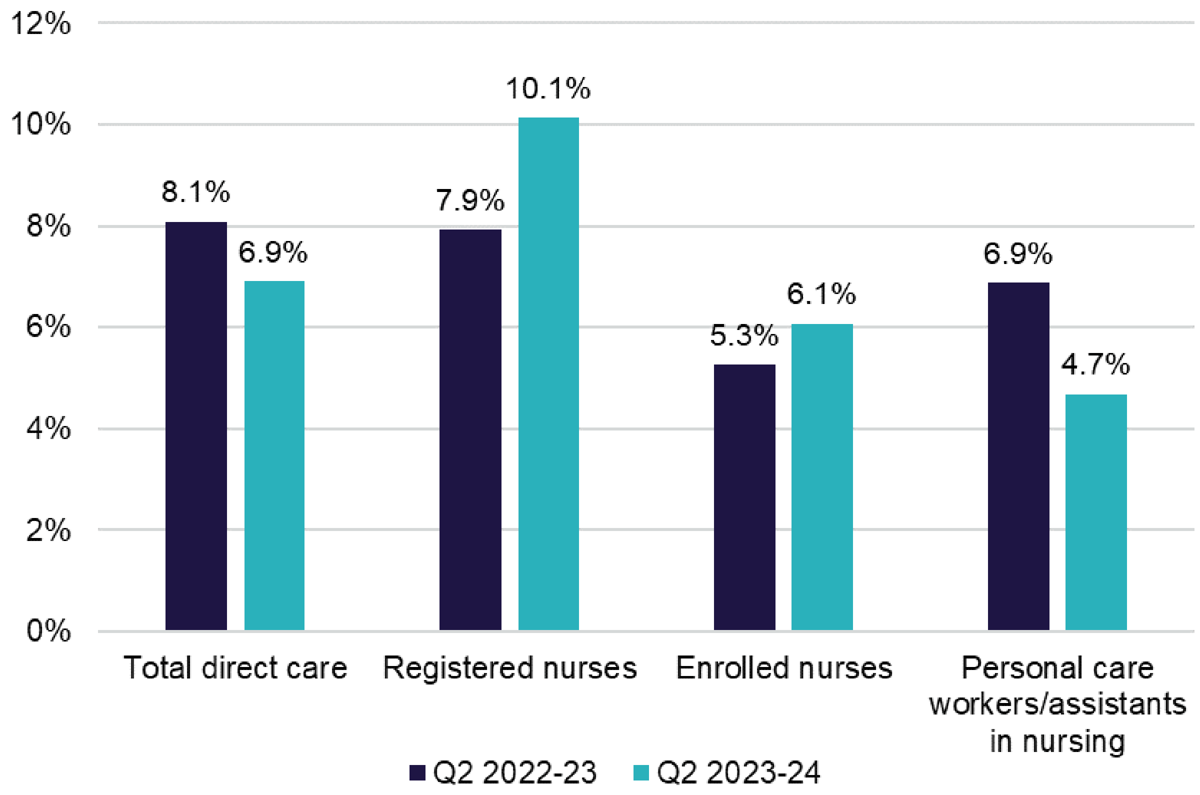


Chart 6: Quarter 2 2023-24 and comparison with quarter 2 2022-23, agency staff hours as a percentage of direct care labour hours (%)



Allied health cost and time

Allied health professionals play an important role in the care of older people in Australia. There are a range of services aged care providers are required to make available (or to assist with access) to all residents who need them. This includes access to allied health services as part of an individual therapy program aimed at maintaining or restoring a resident's ability to perform daily tasks. While the Royal Commission recommended care minute targets for direct care, for allied health their recommendation was to include a level of allied health care appropriate to each person's individual care needs. Therefore, no care minutes targets have been specified for allied health under the care minutes requirements. The quarter 2 median cost and time for allied health services per resident per day are shown in Table 5. Local, state or territory government providers are included in this data.

The proportion of services that deliver allied health care has increased from 93.94% in quarter 2 2022-23 to 98.66% in quarter 2 2023-24.

As shown in Table 3, the quarter 2 median total cost and time for allied health services per resident per day was $5.17 and 4.11 minutes.

As shown in Table 5, for quarter 2 2023-24, the highest median allied health cost and time per resident per day was for physiotherapists. The median cost was $3.38 per resident per day (down $0.42 on quarter 2 2022-23), which equates to a median spend on physiotherapy of $310.92 per resident per quarter. The median allied health minutes of care delivered by physiotherapists was 2.66 allied health minutes of care per resident per day (down 0.31 minutes on quarter 2 2022-23), which equates to 244.70 minutes per resident per quarter.

In Table 5, median results are not reported for occupational therapists, allied health assistants and other allied health categories, as approximately 70% to 80% of QFR respondents did not report any expenditure for these categories.

Allied health care is typically delivered by non-directly employed staff through agency or contracted arrangements. Hours and costs associated with external service providers may not align with the QFR reporting requirements. The department will continue to work with providers to understand how to improve reporting, to better capture allied health information.

Table 5: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median allied health cost and time per resident per day

	Cost per resident per day	Change in cost from Q2 2022-23	Allied health minutes of care per resident per day	Change in minutes from Q2 2022-23
Physiotherapist	$3.38	↓ $0.42	2.66	↓ 0.31
Speech pathologist	$0.13	↑ $0.04	0.06	↑ 0.01
Podiatrist	$0.33	↑ $0.09	0.24	↑ 0.04
Dietetic care	$0.23	↑ $0.05	0.14	↑ 0.03

Food and nutrition

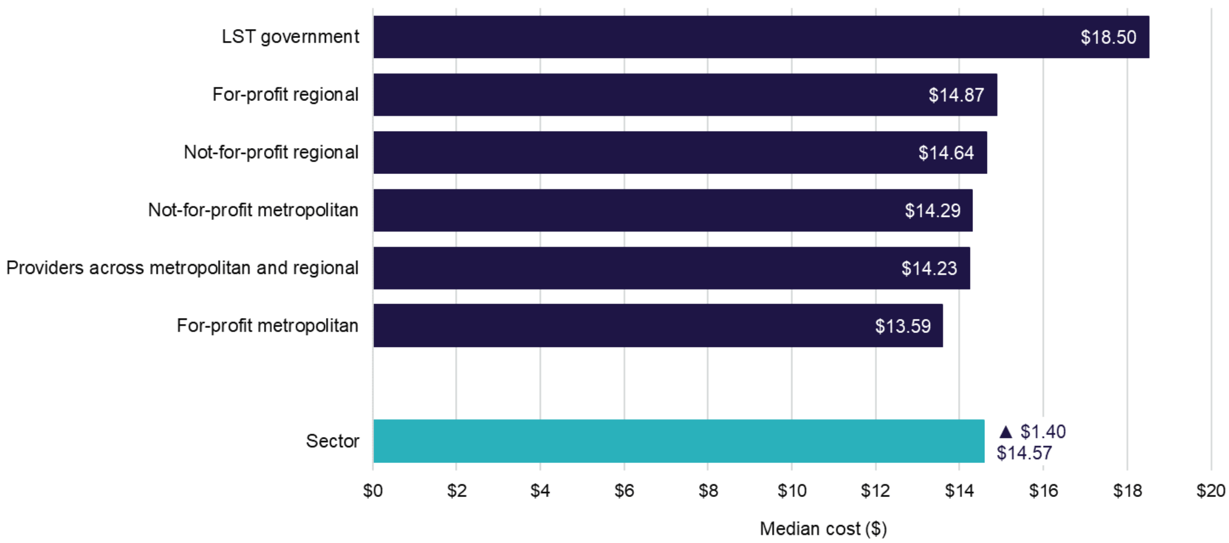
Chart 7 shows the quarter 2 2023-24 median total cost of food and ingredients for the sector was $14.57 per resident per day, an increase of $1.40 on quarter 2 2022-23. There also has been an increase on the quarter 1 2023-24 median total cost of food and ingredients (up from $13.56).

The median total cost of food and ingredients increased for all residential provider types from quarter 2 2022-23.

Residential aged care providers spent an average of 83.1% of the total food and ingredients costs on fresh food and ingredients, which is a slight increase on quarter 2 2022-23 (80.0%).

The amount spent on food and ingredients per resident per day is only one indicator of food quality. It should not be taken in isolation, as it does not consider factors such as residents' satisfaction, cooking preparation method and overall nutritional status.

Chart 7: Quarter 2 2023-24 median food and ingredients cost per resident per day by provider type and sector level comparison with quarter 2 2022-23 ($)



Note: Fresh food and ingredients are defined by the GST classification found on itemised purchase receipts. All foods that are GST-free are classified as "fresh", whereas "other" foods have GST applied.

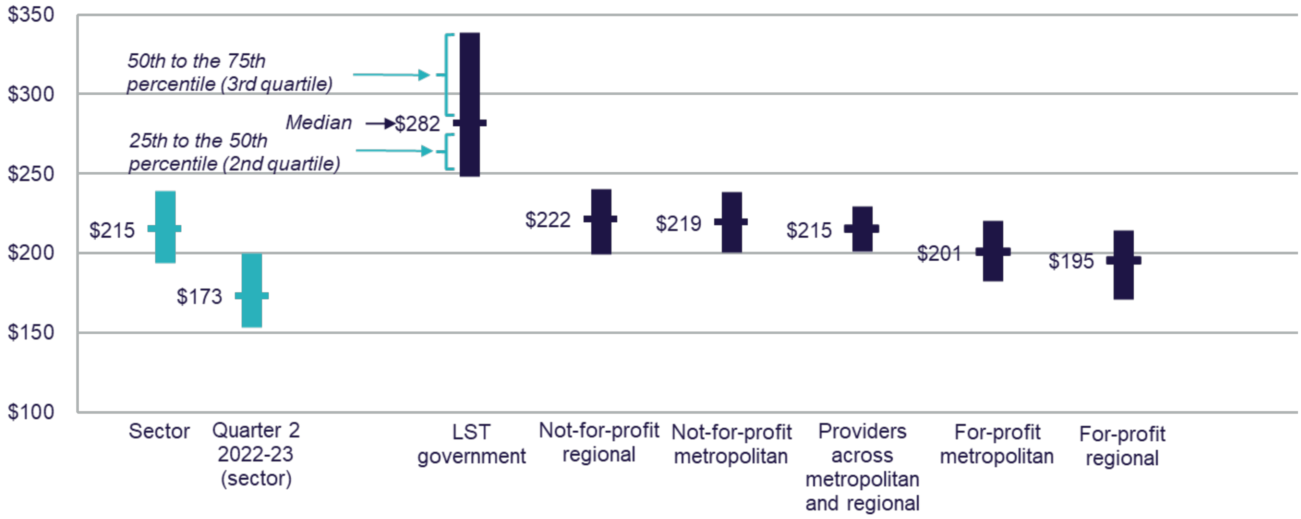
Labour cost

As shown in Chart 8, the quarter 2 2023-24 median total care labour cost reported by the sector was $215 per resident per day. The sector median increased by $42 per resident per day on quarter 2 2022-23 (up 24%). The increase in care labour cost is mainly attributed to the increase in wages for care workers in response to the FWC's decision for an interim increase of 15% to minimum award wages in the Aged Care Work Value case. The increase in care labour cost may also be due to increased spending on care labour by providers to meet the mandatory care minute targets from 1 October 2023.

Total care labour costs include registered nurses, enrolled nurses, personal care workers/assistants in nursing, care management staff, allied health, diversional/ lifestyle/recreation/activities staff, and other non-care staff. The cost of labour includes salaries and superannuation, bonuses and incentives, allowances, termination payments, value of fringe benefits, salary sacrifice and leave entitlements.

The median total labour cost per resident per day was $282 for local, state or territory government providers which is considerably higher than other provider types. Local, state or territory government providers may have other non-government funding sources that contribute towards the delivery of care.

Chart 8: Quarter 2 2023-24 median and quartile total care labour cost per resident per day by residential aged care provider type and sector level comparison with quarter 2 2022-23 ($)

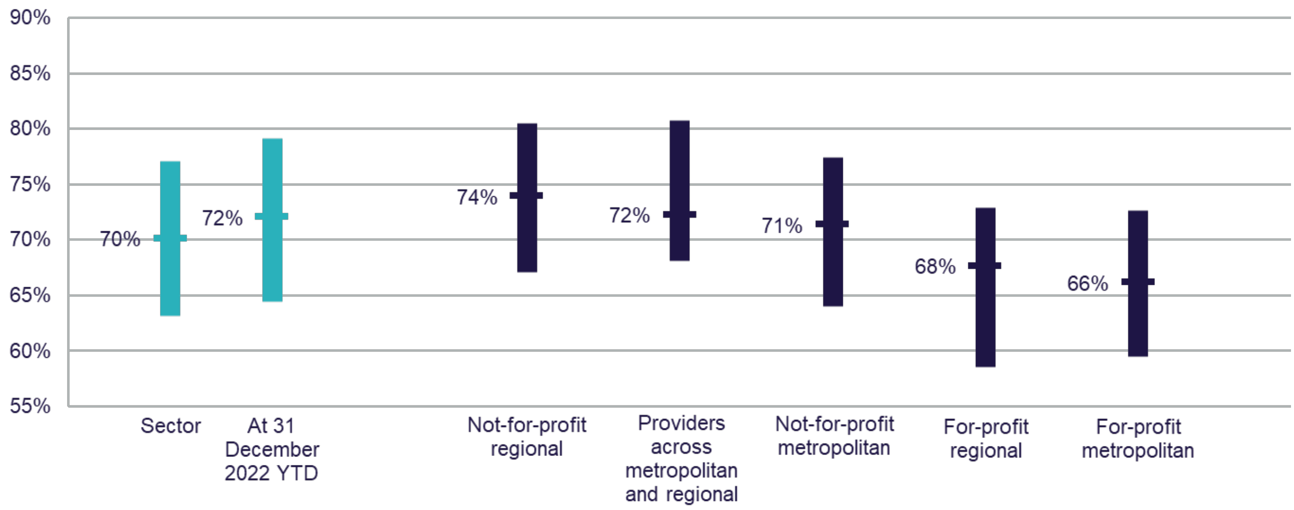


Wages to revenue

Comparing wages to revenue is a financial indicator allowing aged care service providers to measure how much was spent on employees as a proportion of revenue. Chart 9 shows that the 31 December 2023 YTD proportion of wages to revenue for the sector was a median of 70% which was a decrease from quarter 2 2022-23 of 2 percentage points. Revenue was proportionately higher in comparison to wage costs in quarter 2 2023-24 when compared with quarter 2 2022-23. The wages to revenue percentage was the same as quarter 1 2023-24 (70%).

For-profit providers spent a smaller proportion of revenue on wages in comparison to not-for-profit providers and providers across metropolitan and regional. Wages are inclusive of all residential aged care service employees.

Chart 9: At 31 December 2023 YTD median and quartile wages to revenue percentage by residential aged care provider type and sector level comparison at 31 December 2022 YTD

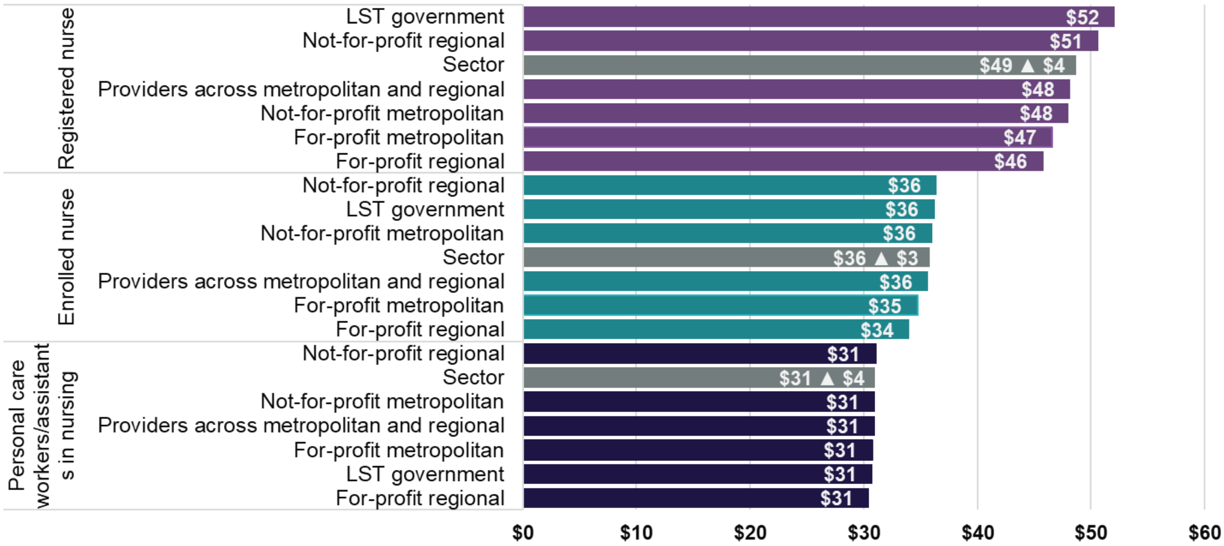


Hourly rate

Chart 10 and Chart 11 show the quarter 2 2023-24 median average hourly rate for registered nurses, enrolled nurses and personal care workers/assistants in nursing by provider type. The median hourly rates for the sector continue to show increases across all direct care staff in comparison to quarter 2, 2022-23. It shows that the sector median of the average hourly rate was $49 for registered nurses (up $4 on quarter 2 2022-23), $36 for enrolled nurses (up $3 on quarter 2 2022-23) and $31 for personal care workers/assistants in nursing (up $4 on quarter 2 2022-23).

The largest variance in median hourly rates reported across the varying provider types was registered nurses. Local, state and territory government providers had the highest median hourly rate for registered nurses ($52), while for-profit regional providers reported the lowest median hourly rate for registered nurses ($46). For enrolled nurses, most provider types reported a median hourly rate of $36. In contrast, for-profit metropolitan providers reported a median hourly rate of $35, and for-profit regional providers reported a median hourly rate of $34. There was no variance in the median hourly rates across personal care workers/assistants in nursing reported by the different residential aged care provider types, the median hourly rate reported across all provider types was $31.

Chart 10: Quarter 2 2023-24 median hourly rate of direct care staff by residential aged care provider type and sector level comparison with quarter 2 2022-23 ($)

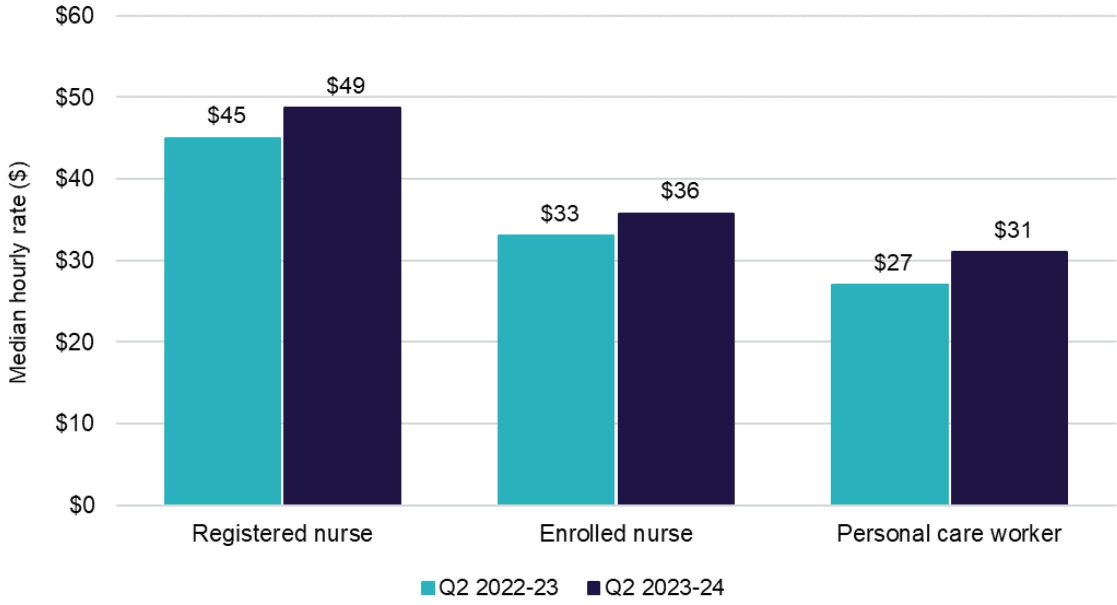


The average hourly rate providers report in the QFR is for direct care workers employed per the employee award, enterprise agreement or contract. The average hourly rate does not include on-costs, penalty rates or casual rates.

Chart 10 is the median of the average hourly rate reported by providers.

Nil-value responses have been excluded from the median average hourly rate calculation.

Chart 11: Quarter 2 2023-24 and comparison with quarter 2 2022-23, sector median hourly rates for direct care workers ($)



Since quarter 4 2022-23, the department has collected additional information from providers on wages of direct care staff to support a comparison between average, lowest and highest pay rates following the implementation of the FWC's decision for an interim increase of 15% to minimum award rates in the Aged Care Work Value case. Collecting this data assists the department to monitor providers to ensure Government funding to support wage increases is passed on to care workers. In addition to publishing this information at the sector level in the QFS, quarterly wages information is published on My Aged Care at the provider level.

Table 6 shows the quarter 2 2023-24 median lowest, median of the average, and median highest hourly rates paid to direct care staff by residential aged care provider type and shows the change from quarter 1 2023-24.

The median average rates reported in quarter 2 2023-24 reflect an increase in wages for registered nurses (up by $0.66), a slight decrease in median average wages for enrolled nurses (down by $0.22) and remains unchanged for personal care workers from quarter 1 2022-23. These results follow a considerable increase in wages in the quarter 1 2023-24 QFS, following the implementation of wage increases which commenced from 30 June 2023.

The decrease in the sector median hourly rates for direct care staff could be attributed to providers employing additional junior direct care staff at a lower hourly rate. The median highest hourly rates for registered nurses, enrolled nurses and personal care staff are above the minimum award rates after the 15% increase in the Aged Care Work Value case and the subsequent annual wage review increase of 5.75%.

The Department has also been working with the sector to improve the quality of wages data collection.

Table 6: Quarter 2 2023-24 comparison with quarter 1 2023-24 lowest, average, and highest hourly rates (medians) paid to direct care staff by residential aged care provider type ($)

	Sector	Change from Q1 2023-24 (sector)	For-profit metropolitan	For-profit regional	Not-for-profit metropolitan	Not-for-profit regional	Providers across metropolitan and regional	LST government
Registered nurses (median)								
Highest	$59.49	↓ $0.51	$57.83	$56.81	$58.28	$60.00	$60.37	$63.90
Average	$48.66	↑ $0.66	$46.61	$45.79	$48.00	$50.66	$48.19	$52.07
Lowest	$38.96	↓ $0.05	$38.03	$39.00	$38.91	$42.78	$37.89	$36.10
Enrolled nurses (median)								
Highest	$37.80	↓ $0.20	$36.58	$35.00	$37.91	$38.09	$37.95	$40.00
Average	$35.78	↓ $0.22	$34.74	$34.00	$36.00	$36.44	$35.67	$36.24
Lowest	$33.83	↑ $0.83	$33.00	$32.26	$33.83	$34.77	$33.27	$33.83
Personal care workers/assistants in nursing (median)								
Highest	$33.00	- $0.00	$32.00	$32.00	$33.40	$33.11	$37.26	$32.62
Average	$31.00	- $0.00	$30.78	$30.50	$31.00	$31.11	$31.00	$30.78
Lowest	$29.72	↑ $0.72	$29.76	$29.00	$29.92	$29.76	$28.76	$28.00

The hourly rate reported by providers in the QFR is for direct care staff employed as per the employee award, enterprise agreement or contract.

Hourly rates do not include on-costs, penalty rates or casual loading.

Nil-value responses have been excluded.

Data included is now reported to two decimal places.

EBITDA margin

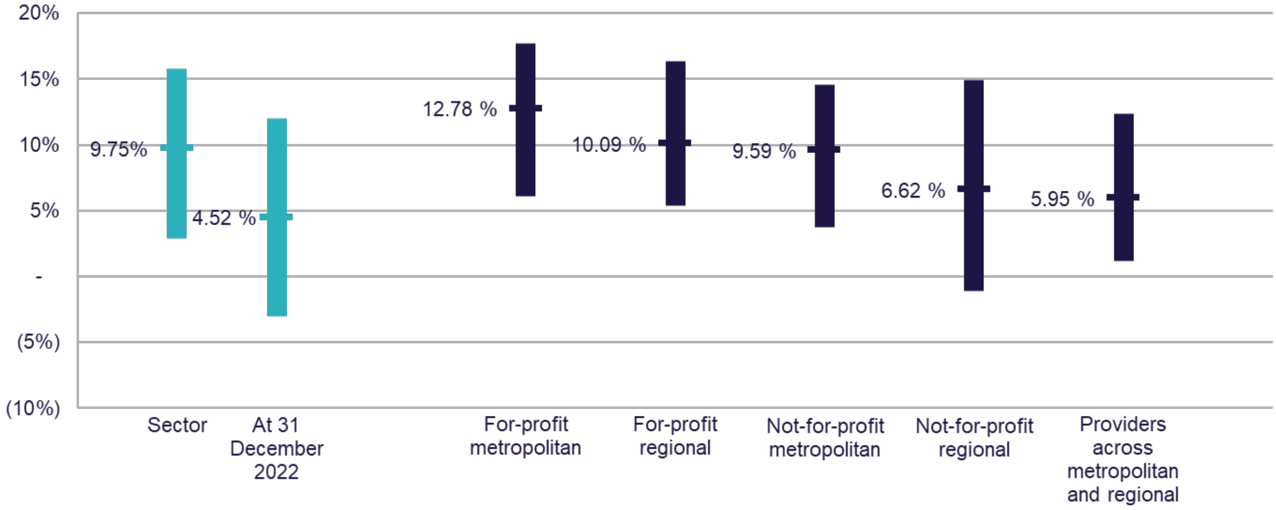
EBITDA margin is used as an indicator of a provider's financial performance and underlying profitability before accounting for depreciation assumptions, tax obligations or financing choices. EBITDA margins focus on a provider's operating profitability and cash flow, where the higher the EBITDA margin is, the lower operating expenses are in relation to total revenue.

Chart 12 shows the 31 December 2023 YTD median EBITDA margin for the sector was 9.75%, which means an EBITDA return of $9.75 for every $100 of revenue earned. This was an increase of 5.23 percentage points (or an increased EBITDA return of $5.23 for every $100 of revenue earned) on the 31 December 2022 YTD result.

The median EBITDA margin improved for all provider types. This improved EBITDA margin is primarily driven by increased AN-ACC revenue and approved COVID-19 grants. Expenses also increased in comparison to quarter 2 2022-23 (primarily wages), but at a small proportion to the revenue increases.

The percentage of residential care providers reporting a December 2023 YTD positive EBITDA result increased to 83.5% (up 18.9 percentage points on December 2022 YTD).

Chart 12: At 31 December 2023 YTD median and quartile EBITDA margin by residential aged care provider type and sector level comparison with 31 December 2022 YTD

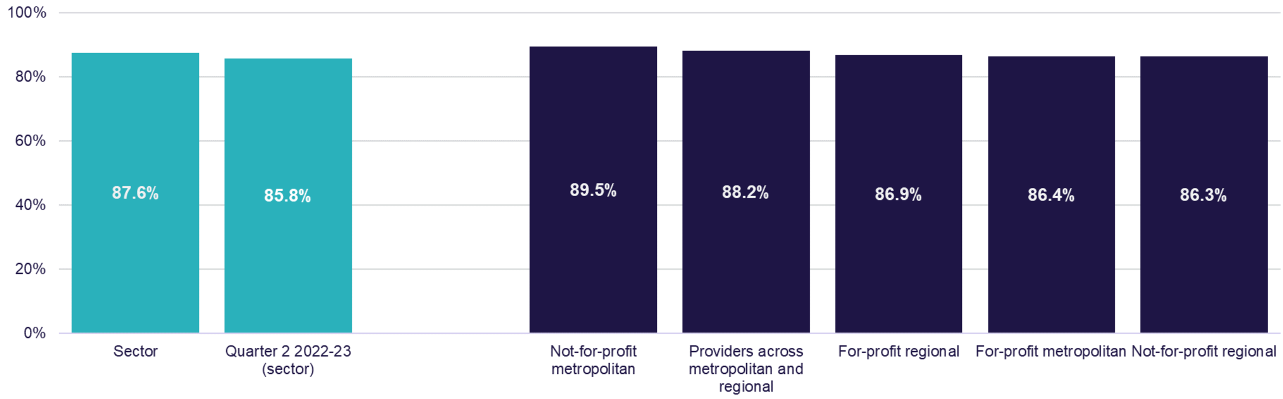


Occupancy

Chart 13 shows the average occupancy rate in quarter 2 for all providers. Occupancy rates can have significant impact on provider profitability if they fall below levels that are sufficient to cover fixed costs. This can impact the viability and overall financial performance of providers.

In quarter 2, the average occupancy rate was 87.6%, which is an increase of 1.8 percentage points on the quarter 2, 2022-23 result. Not-for-profit metropolitan providers had the highest occupancy in quarter 2 with 89.5% and not-for-profit regional providers had the lowest average occupancy at 86.3%. For-profit regional providers increased their occupancy by 4.0 percentage points which is the highest increase among all provider types (from 82.9% in quarter 2, 2022-23).

Chart 13: Quarter 2 2023-24 average occupancy rate by provider type and sector level comparison with quarter 2 2022-23



Note: Occupancy data for quarter 1 2023-24 was not available in July to September QFS due to transition to a new system. Please see Appendix 1 with occupancy data for quarter 1 2023-24.

Average occupancy rate = Total number of days an operational place is occupied by a resident / Total number of days an operational place was available to be occupied

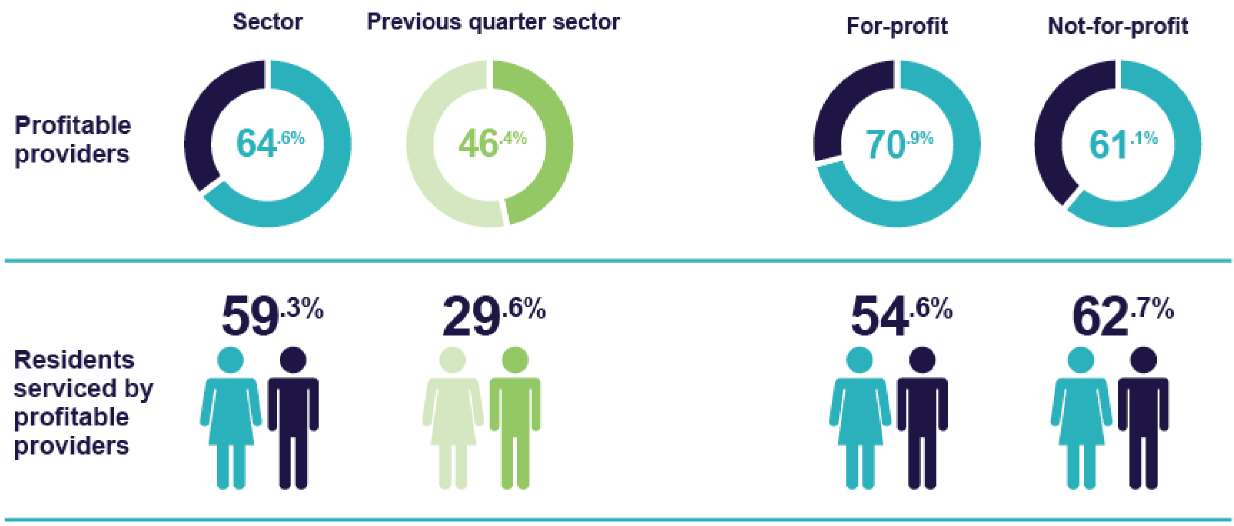
Profitable residential aged care providers

Measuring profitability can provide an incremental indication of the financial performance of residential aged care service providers.

The percentage of profitable residential aged care providers (defined by NPBT) increased by 18.2 percentage points when compared to 31 December 2022 YTD.

Figure 1 shows that 64.6% of residential providers reported a 31 December 2023 YTD NPBT, compared to 46.4% of providers at 31 December 2022 YTD. Profitable providers at 31 December 2023 YTD serviced 59.3% of all residents in aged care.

Figure 1: At 31 December 2023 YTD percentage of profitable residential aged care providers and percentage of residents serviced by profitable residential aged care providers and sector level comparison at 31 December 2022 YTD



Liquidity

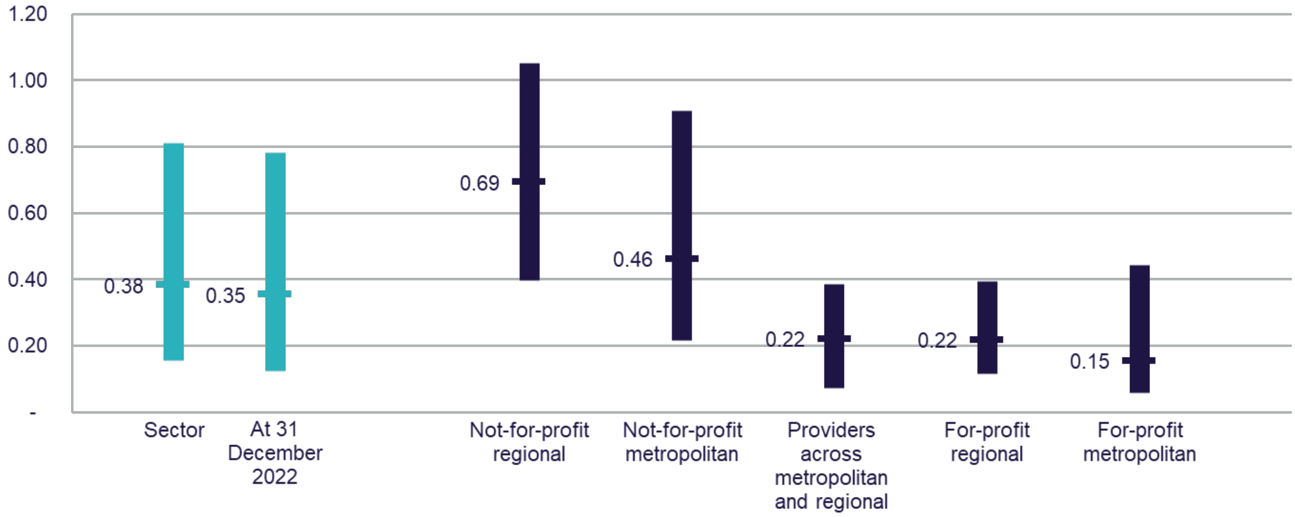
Liquidity ratio measures the availability of cash and financial assets to cover providers' debt obligations (without raising external capital) if they were to become immediately due and payable.

If the ratio result is greater than 1.0, the provider has more cash and financial assets than their debt obligations. If the ratio result is less than 1.0, the provider's debt obligations are more than their cash and financial assets.

At 31 December 2023, the median liquidity ratio for the sector was 0.38, an increase of 0.03 on the 31 December 2022 position. This means that providers had just over approximately a third of cash and financial assets available when compared to their debt obligations.

At 31 December 2023, the median liquidity ratio increased for all provider types compared with 31 December 2022, except for not-for-profit regional providers (which decreased by 0.04). For-profit metropolitan providers continued to record the lowest liquidity ratio (0.15), consistent with having the lowest liquidity ratio in 2022-23 and quarter 1 2023-24.

Chart 14: At 31 December 2023 median and quartile liquidity ratio of residential aged care providers by provider type and sector level comparison at 31 December 2022



Liquidity ratio = (cash and cash equivalents + financial assets) ÷ (total liabilities - lease liabilities)

Calculations do not include undrawn credit facilities as liquid assets.

Total liabilities do not include refundable accommodation deposits that residents have agreed to pay, but the amount has not yet been received by the provider.

Capital adequacy

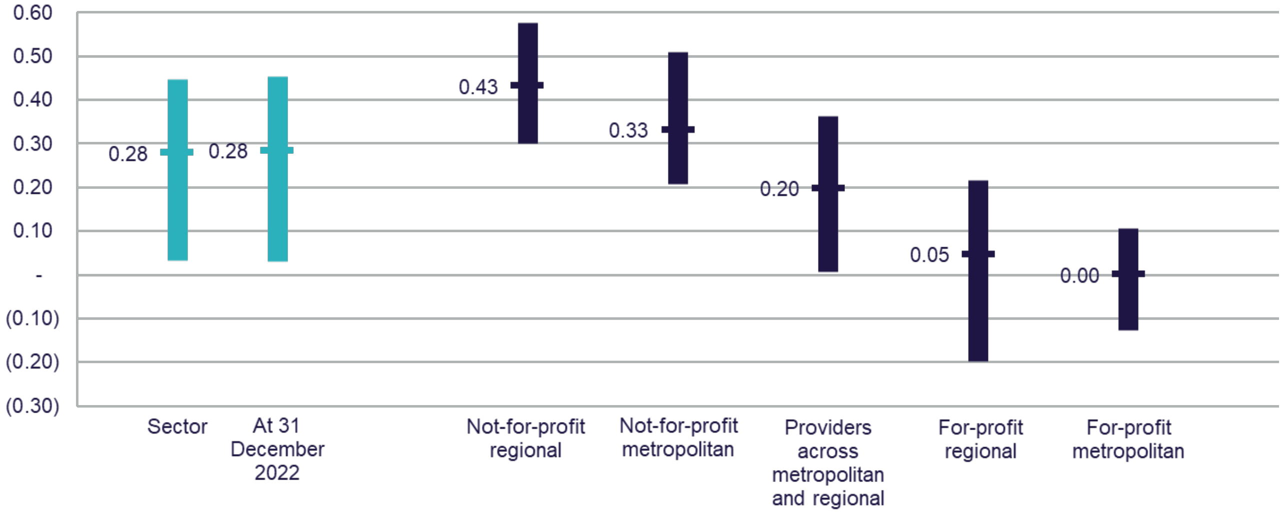
The capital adequacy ratio at 31 December 2023 shown in Chart 15 measures a provider's net asset position divided by total asset position (not including intangibles). This ratio can be used as an indicator of a provider's ability to absorb any unexpected losses through their net asset position (also known as an asset buffer).

The median capital adequacy ratio for residential aged care providers was 0.28, meaning for every $100 of assets they owned, $28 was funded through equity and $72 was funded through debt or other liabilities. This is unchanged from the 31 December 2022 position.

For-profit metropolitan and for-profit regional providers had the lowest capital adequacy ratios (0.00 and 0.05 respectively), consistent with previous quarters.

If a provider has a stronger (higher) capital adequacy ratio, they will be able to fund and absorb the impacts of unforeseen circumstances (e.g. property damage due to flood, unexpected losses) by using equity within the business. If a provider has a low or insufficient capital adequacy ratio, they may be forced to take on debt, or in extreme situations, go into administration when faced with unforeseen circumstances which have a financial impact.

Chart 15: At 31 December 2023 median and quartile capital adequacy ratio of residential aged care providers by provider type and sector level comparison at 31 December 2022



Capital adequacy ratio = (net assets - intangible assets) ÷ (total assets - intangible assets).

Intangible assets are removed as they are not considered to have value in the event of insolvency. This provides a more realistic reflection of the available capital to absorb unforeseen circumstances.

Home care

Financial summary

Table 7 is a December 2023 year-to-date (YTD) summary of home care provider revenue and expenses. For-profit and not-for-profit home care providers returned a collective YTD NPBT of $239.9 million.

The sector level QFS YTD position equates to a NPBT of $5.29 per care recipient per day, up $1.70 on the December 2022 YTD result.

The December 2023 YTD revenue and expenses increased compared with December 2022, with revenue increasing at a higher proportion to produce the improved NPBT position.

Revenue increases are primarily the result of the increase in subsidies for Home Care Packages as a result of the FWC decision for an interim increase to minimum award rates of 15% from 30 June 2023 in the Aged Care Work Value case. The increase in expenses was mostly due to higher wage costs to deliver services that correlate with changes to award wages.

Table 7: At 31 December 2023 YTD and comparison with 31 December 2022 YTD, summary of financial performance of home care for-profit and not-for-profit providers

	Total	Per care recipient per day	Change from 31 December 2022 YTD per care recipient per day
Revenue	$3,275.4m	$72.29	↑ $3.81
Expenses	$3,035.5m	$66.99	↑ $2.09
Net profit before tax	$239.9m	$5.29	↑ $1.70
Net profit before tax margin	7.32%	7.32%	↑ 2.08 percentage points
Earnings before interest, tax, depreciation and amortisation (EBITDA)	$259.7m	$5.73	↑ $1.61

Staff cost and minutes

Table 8 shows the quarter 2 2023-24 median cost and time per care recipient per day for registered nurses, personal care staff (including cleaning, gardening and domestic assistance), allied health, other direct care staff, care management, and administration and support. The staff costs for each employment category include leave, bonuses, incentive pay and commissions, value of fringe benefits/salary sacrifice, allowances and reimbursements. Training costs for all employment categories are included under 'Administration and non-care staff' costs. Total worked staff hours excludes leave and training hours and only includes the time spent delivering care. Any staff travel or work done on administration tasks during care staff paid hours is included in the results of Chart 18, which shows the quarter 2 median wages to revenue percentage.

Data for enrolled nurses has not been included as 71% of home care providers did not report any expenditure in this category. Local, state or territory government providers are included in this data.

Total median staff time increased to 56.42 minutes per care recipient per day (up 2.31 minutes). Unlike residential aged care, there is no target or mandated care minutes for home care service providers. The total median staff time was derived from the QFR data set and is not the sum of the subcategories listed in Table 8. Analysis on comparison data for registered nurses, personal care staff (including cleaning, gardening and domestic assistance), allied health, other direct care staff, care management, and administration and support in Chart 16 and Chart 17.

Table 8: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median staff cost and time per care recipient per day

	Cost per care recipient per day	Change in cost from Q2 2022-23	Minutes per care recipient per day	Change in minutes from Q2 2022-23
Registered nurse	$0.96	↑ $0.27	0.63	↑ 0.14
Personal care staff	$25.11	↑ $6.18	30.29	↑ 2.93
Allied health	$2.93	↑ $1.00	1.47	↑ 0.51
Other direct care	$0.70	↓ $2.38	0.54	↓ 1.74
Care management	$7.11	↑ $0.45	8.01	↓ 0.03
Administration and non-care staff	$6.56	↑ $0.83	7.49	↑ 0.57

When comparing to quarter 2 2022-23, Chart 16 shows the median cost per care recipient per day increased for registered nurses (up $0.27), personal care staff (up $6.18), allied health (up $1.00), care management (up $0.45) and administration and non-care staff (up $0.83) but decreased for other direct care (down $2.38).

Chart 17 shows the quarter 2 2022-23 median time per care recipient per day increased for registered nurses (up 0.14 minutes), personal care staff (up 2.93 minutes), allied health (up 0.51 minutes) and administration and non-care staff (0.57 minutes). The median time per recipient per day decreased for other direct care staff (down 1.74 minutes) and care management staff (down 0.03 minutes).

Chart 16: Quarter 2 2023-24 and comparison with quarter 2 2022-23, median staff cost per care recipient per day ($)

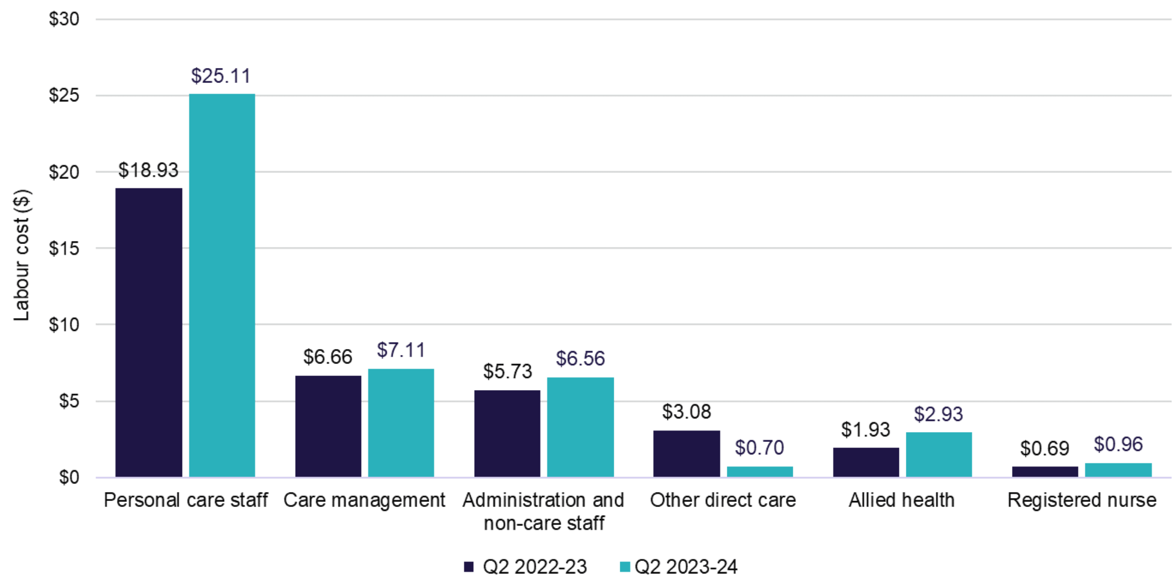
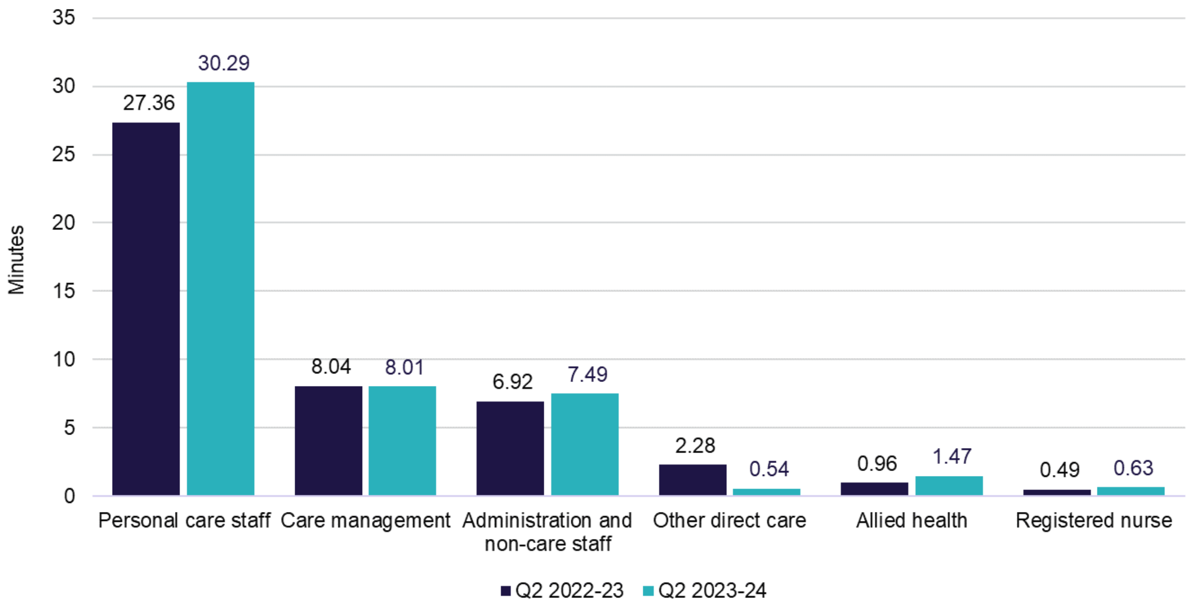


Chart 17: Quarter 2 2023-24 and comparison with quarter 2022-23, median staff time per care recipient per day (mins)



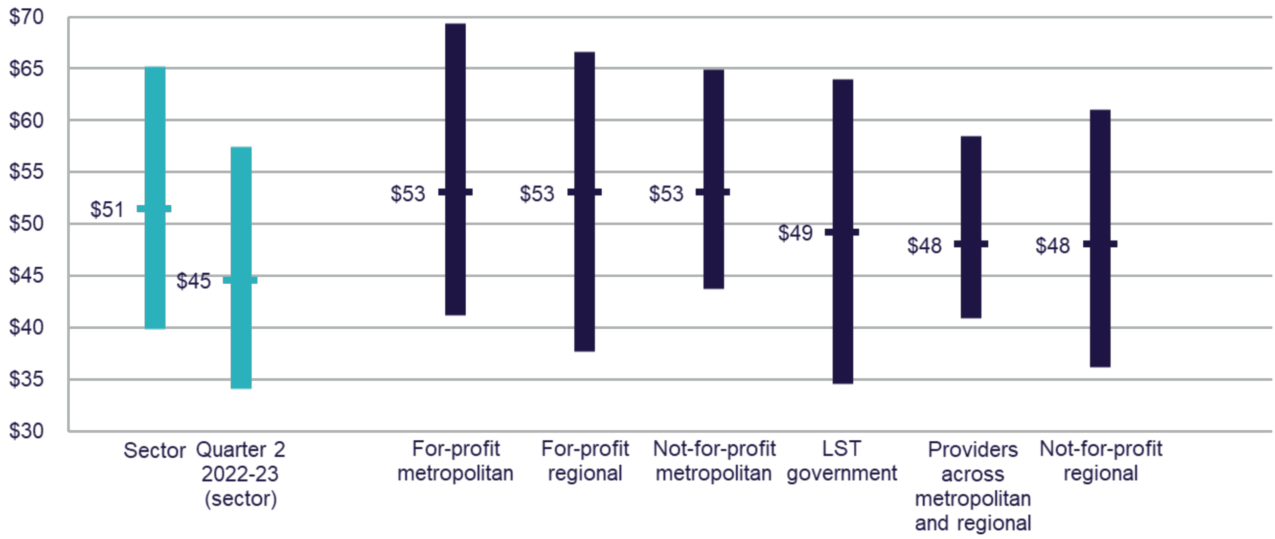
Staff cost

Chart 18 shows quarter 2 2023-24 sector median total staff costs increased to $51 per care recipient per day, up $6 from quarter 2 2022-23. This increase in staff costs is mainly attributed to the increase in wages for care workers in response to the FWC decision for an interim increase of 15% to minimum award wages in the Aged Care Work Value case, which commenced on 30 June 2023.

For-profit metropolitan, for-profit regional and not-for-profit metropolitan providers reported the highest median total staff cost per care recipient per day ($53). Not-for-profit regional and providers across metropolitan and regional recorded the lowest median total staff cost per care recipient per day ($48).

Total staff costs includes registered nurses, enrolled nurses, personal care staff, allied health, other direct care, care management, and administration and non-care. The cost of labour includes salaries and superannuation, bonuses and incentives, allowances, termination payments, value of fringe benefits, salary sacrifice and leave entitlements.

Chart 18: Quarter 2 2023-24 median and quartile total staff cost per care recipient per day by home care provider type and sector level comparison with quarter 2 2022-23 ($)

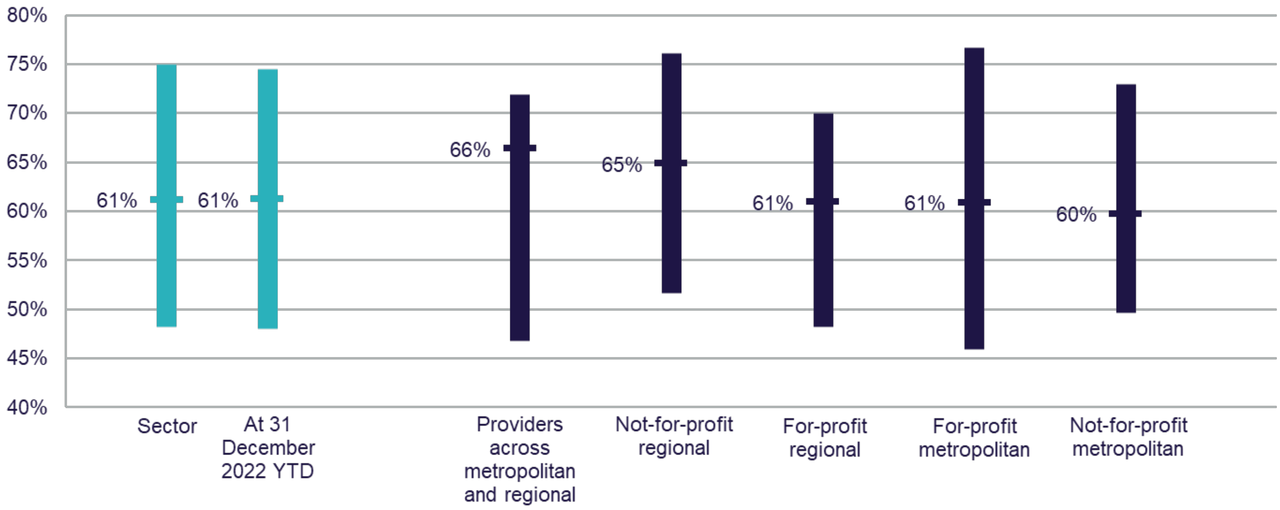


Wages to revenue

Comparing wages to revenue is a financial indicator allowing providers to measure how much is spent on employees as a proportion of revenue. Chart 19 shows the December 2023 YTD proportion of wages to revenue for the sector was a median of 61%, which is unchanged from the December 2022 YTD position.

The median proportion of wages to revenue increased the most (up by 11 percentage points) for providers across metropolitan and regional. The wages to revenue percentage for not-for-profit regional providers increased by 3 percentage points; remains unchanged for for-profit metropolitan providers; decreased by 1 percentage point for not-for-profit metropolitan providers; and decreased by 3 percentage points for for-profit regional providers.

Chart 19: At 31 December 2023 YTD median and quartile wages to revenue percentage by home care provider type and sector level comparison with 31 December 2022 YTD (%)

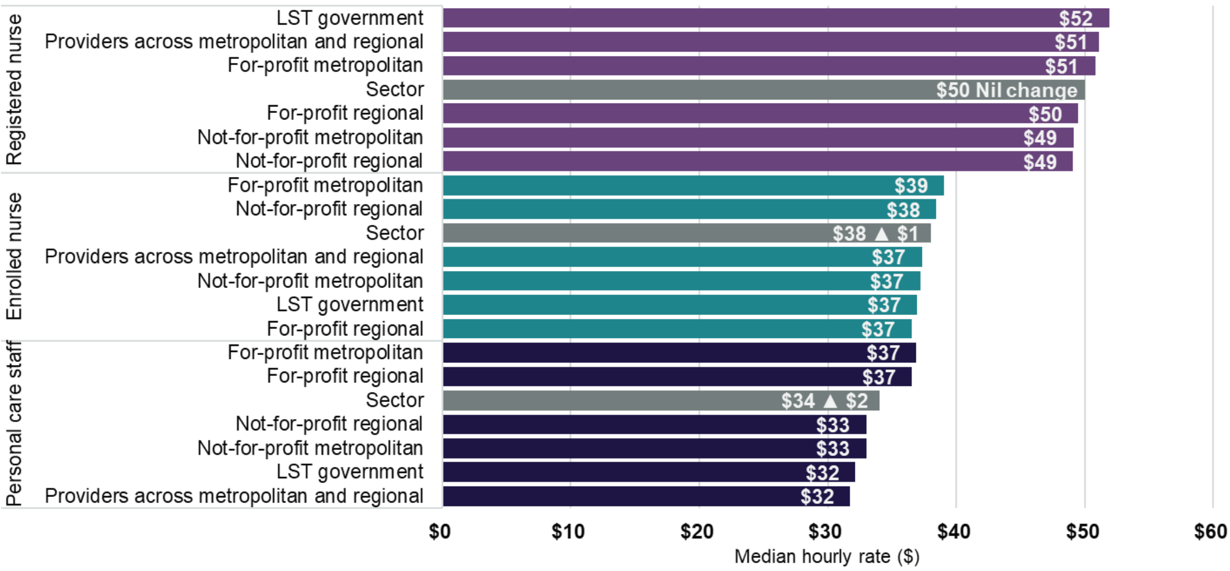


Hourly rate

The quarter 2 2023-24 median average hourly rate for registered nurses, enrolled nurses and personal care staff is shown by provider type in Chart 20. The median of the average hourly rate increased for enrolled nurses and personal care staff. Chart 21 shows that the sector median of the average hourly rate was $50 for registered nurses (unchanged from $50 in quarter 2 2022-23), $38 for enrolled nurses (up from $37 in quarter 2 2022-23) and $34 for personal care staff (up from $32 in quarter 2 2022-23).

Although the median hourly rates paid to direct care staff by home care providers have remained unchanged or have only slightly increased, the median hourly rates are still above the minimum award rates after the FWC interim 15% increase in the Aged Care Work Value case.

Chart 20: Quarter 2 2023-24 median hourly rate paid to direct care staff by home care provider type with sector level comparison with quarter 2 2022-23 ($)



The average hourly rate is reported by providers by calculating the average hourly rate of direct care staff employed as per the employee award, enterprise agreement or contract. The average hourly rate does not include on-costs, penalty rates or casual loading.

Chart 19 is the median of the average hourly rate reported by providers.

Nil value responses have been excluded from the calculation of the median average hourly rate.

Chart 21: Quarter 2 2023-24 and comparison with quarter 2 2022-23, sector median hourly rates for direct care workers ($)

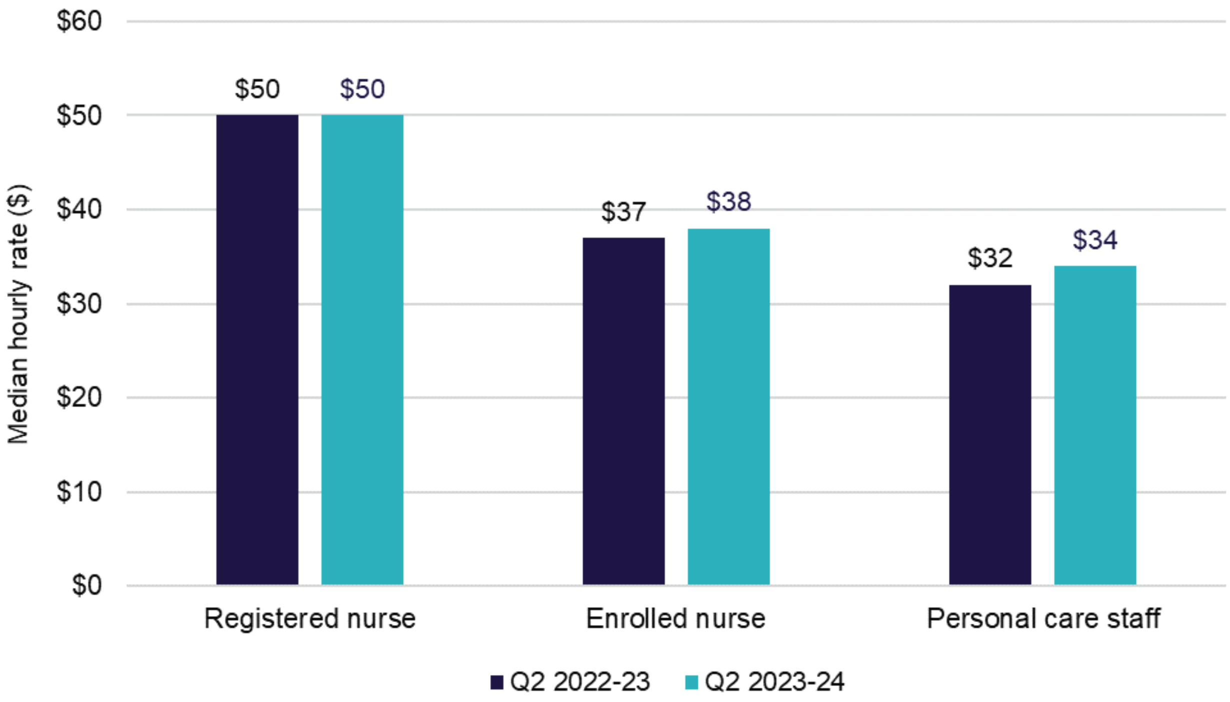


Table 9 shows the sector highest, average and lowest hourly rates for quarter 2 2023-24 and a comparison with quarter 1 2023-24.

Since quarter 4 2022-23, the department has collected additional information from providers on wages of direct care staff to support a comparison between average, lowest and highest pay rates following the implementation of the FWC's decision for an interim increase of 15% to minimum award wages in the Aged Care Work Value case.

In addition to publishing this information at the sector level in the QFS, wages information is published quarterly on My Aged Care at the provider level.

The department will continue to monitor providers to ensure that funding provided by the Government to support the FWC decision is passed on to care workers.
Table 9 shows the quarter 2 2023-24 median of the lowest, median of the average, and median of the highest hourly rates paid to direct care staff by home care provider type.

The sector median highest hourly rate was $55.00 for registered nurses, a decrease of $1.00 from quarter 1 2023-24. For enrolled nurses it was $39.98 per hour (down $0.02), and $38.00 per hour for personal care staff (down $1.00).

The decrease in the sector median hourly rates for direct care staff could be attributed to providers employing additional junior direct care staff at a lower hourly rate.

Despite the drop in the median highest and lowest hourly rates, the median lowest hourly rates for registered nurses, enrolled nurses and personal care staff are still above the minimum award rates after the 15% increase in the Aged Care Work Value case and the subsequent annual wage review increase of 5.75%.

The Department has also been working with the sector to improve the quality of wages data collection.

Table 9: Quarter 2 2023-24 lowest, average and highest hourly rates (medians) paid to direct care staff by home care provider type and sector-level comparison with quarter 1 2023-24 ($)

	Sector	Change from Q1 2023-24 (sector)	For-profit metropolitan	For-profit regional	Not-for-profit metropolitan	Not-for-profit regional	Providers across metropolitan and regional	LST government
Registered nurses (median)								
Highest	$55.00	↓ $1.00	$56.45	$53.15	$53.81	$53.00	$59.00	$57.51
Average	$50.00	- $0.00	$50.81	$49.50	$49.12	$49.07	$51.09	$51.88
Lowest	$45.76	↓ $0.24	$46.94	$44.14	$45.00	$46.59	$42.60	$46.16
Enrolled nurses (median)								
Highest	$39.98	↓ $0.02	$41.00	$37.10	$39.14	$40.00	$40.98	$39.16
Average	$38.00	- $0.00	$39.06	$36.50	$37.18	$38.46	$37.32	$36.94
Lowest	$36.00	- $0.00	$38.00	$34.00	$35.02	$37.00	$35.62	$34.84
Personal care staff (median)								
Highest	$38.00	↓ $1.00	$39.20	$38.70	$38.63	$36.89	$36.81	$35.43
Average	$34.00	- $0.00	$36.89	$36.56	$32.98	$33.00	$31.73	$32.14
Lowest	$30.06	↑ $0.06	$32.29	$31.95	$29.99	$30.00	$28.68	$29.38

The hourly rate reported by providers in the QFR is for direct care staff employed as per the employee award, enterprise agreement or contract.

The hourly rates do not include on-costs, penalty rates or casual loading.

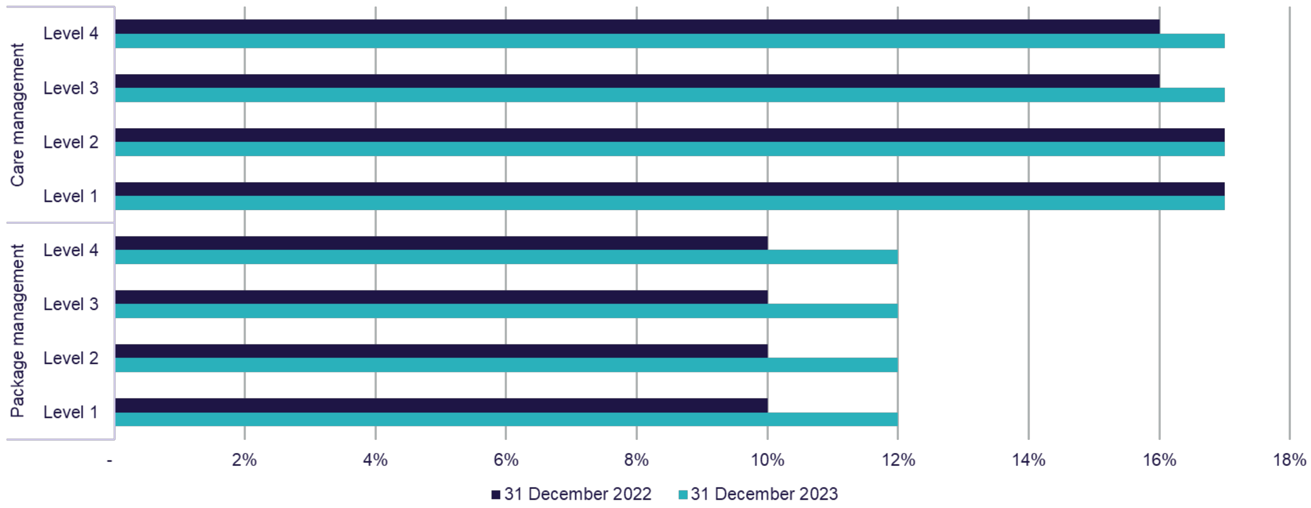
Nil-value responses have been excluded from the calculation.

Care and package management

Chart 22 shows the quarter 2 2023-24 median percentage of the Government subsidy directed to care management and package management per HCP Level, as reported on My Aged Care. Care management ensures recipients receive the appropriate level of support in a way that meets their current and future care needs. Care management is a service that providers must deliver to all care recipients. This may include ensuring a care recipient receives safe and effective personal care and/or clinical care, organising the delivery of services, and ensuring the supports they receive are safe. In quarter 2 2023-24, all HCP levels had a median care management percentage of 17% per HCP, which is under the cap of 20%. There was no change in Level 1 and Level 2 care management package level from quarter 2 2022-23, while Level 3 and Level 4 increased from 16% per HCP in quarter 1 2022-23.

Package management is the ongoing administration and organisational activities associated with ensuring the smooth delivery and management of a HCP. In quarter 2 2023-24, all HCP levels increased their package management charges to a median of 12% (up from 10% in quarter 2 2022-23) and were under the cap of 15%.

Chart 22: At 31 December 2023 and comparison at 31 December 2022, median care and package management percentage per home care package level (%)



Care management percentage = care management expenses ÷ total Government subsidy

Package management percentage = package management expenses ÷ total Government subsidy

EBITDA margin

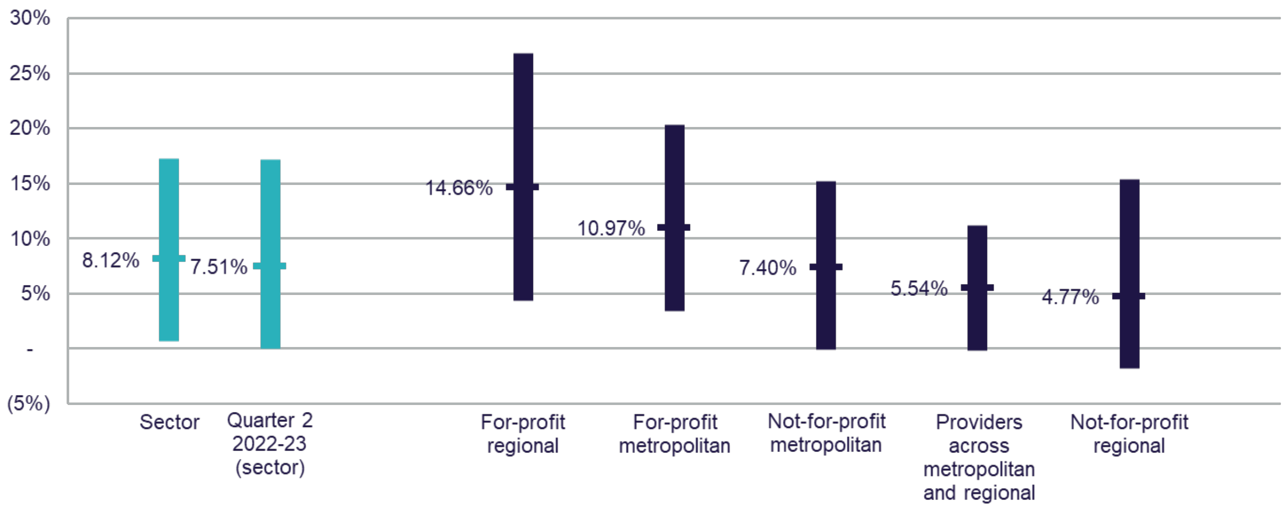
EBITDA margin is used as an indicator of a provider's financial performance and underlying profitability, before accounting for depreciation assumptions, tax obligations or financing choices. EBITDA margins focus on a provider's operating profitability and cash flow, where the higher the EBITDA margin is, the lower operating expenses are in relation to total revenue.

Chart 23 shows the December 2023 YTD median EBITDA margin for the sector was 8.12%, which means an EBITDA return of $8.12 for every $100 of revenue earned. This was an increase of 0.61 percentage points on the December 2022 YTD result.

The median EBITDA margin increased for all provider types except not-for-profit regional providers (down by 0.22 percentage points) and providers across metropolitan and regional (down 1.36 percentage points) compared to YTD December 2022.

The percentage of home care providers reporting a positive EBITDA result increased to 77.6% (up by 2.3 percentage point on the December 2022 YTD result).

Chart 23: At 31 December 2023 YTD median and quartile EBITDA margin by home care provider type and sector level comparison with 31 December 2022 YTD (%)

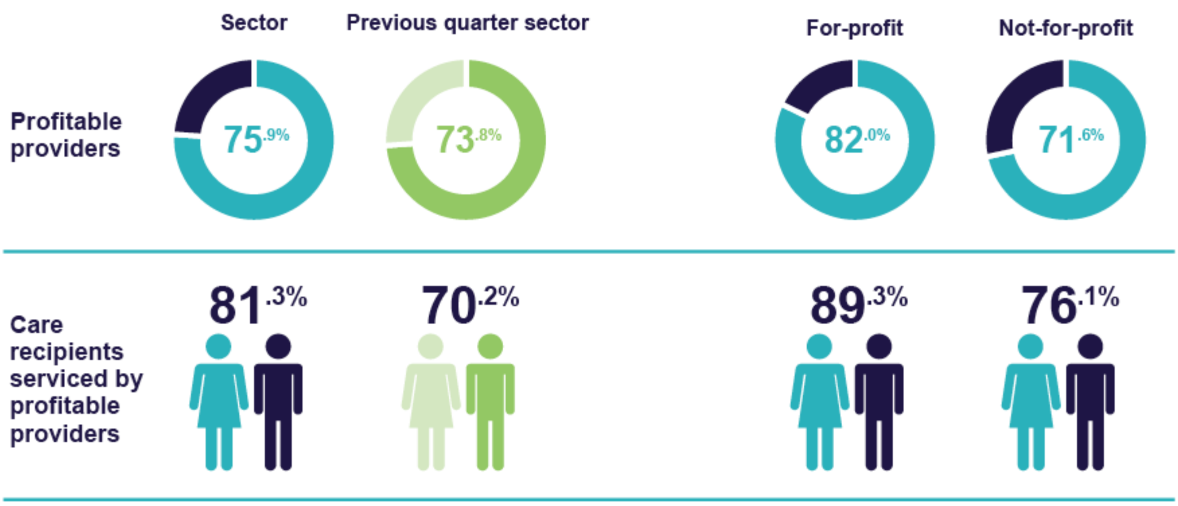


Profitable home care service providers

Measuring profitability can provide an incremental indication of the financial performance of home care service providers.

Figure 2 shows that 75.9% of home care providers reported a December 2023 YTD NPBT, compared to 73.8% of providers at December 2022 YTD. Profitable home care providers serviced 81.3% of all home care recipients.

Figure 2: At 31 December 2023 YTD percentage of profitable home care providers and percentage of home care recipients serviced by profitable home care providers and sector level comparison with 31 December 2022 YTD



Home Care Account and unspent funds

Since 1 September 2021, any unspent Government subsidy accrued is held in the Home Care Account set up for care recipients by Services Australia. These funds continue to be available for home care providers to use towards care and services when needed for the care recipient. Some home care providers also have access to unspent funds accrued prior to 1 September 2021. These funds can be used towards a care recipient's care and services.

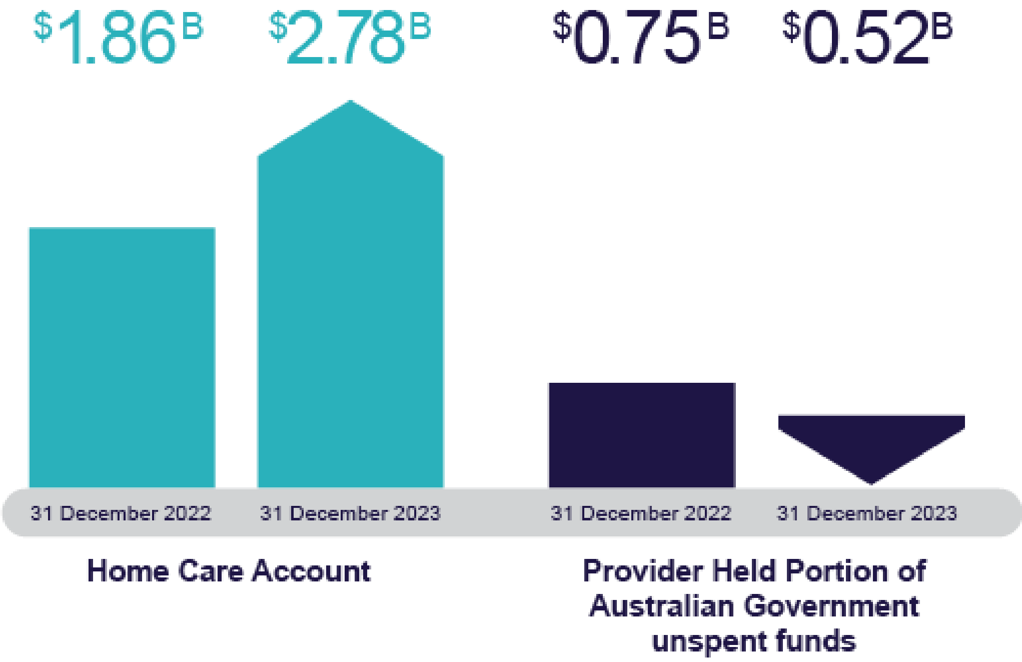
The change from December 2022 to December 2023 in the Home Care Account and the Provider Held Portion of Government unspent funds is shown in Figure 3. Over time, it can be expected that the provider held unspent funds balances will diminish, and Government held Home Care Account unspent funds will fluctuate according to market demand and supply.

There was an increase of $0.92 billion of unspent funds in Home Care Accounts at 31 December 2023, while provider held unspent funds reduced by $0.23 billion.

From 1 July 2025, the new Support at Home (SaH) program will replace the HCP Program and the Short-Term Restorative Care (STRC) Programme. The

Commonwealth Home Support Programme (CHSP) will join the new SaH program no earlier than July 2027. The new SaH program will ensure in-home aged care is simple to access and understand and gives people access to safe and high-quality services. SaH will be a more efficient and effective program that gives people more choice and control in determining their services and will fund delivery of high-quality care through fair and transparent fees.

Figure 3: Unspent Funds - Home Care Account and Provider Held Portion ($) at 31 December 2023 and comparison with 31 December 2022



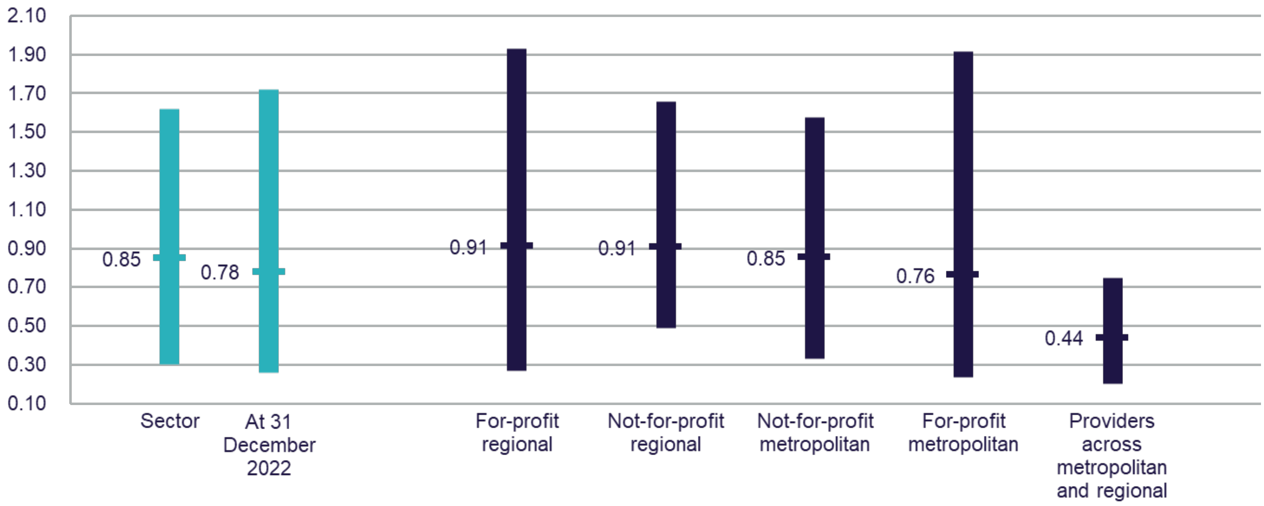
Liquidity

Liquidity ratio measures the availability of cash and financial assets to cover providers' debt obligations (without raising external capital) if they were to become immediately due and payable.

If the ratio result is greater than 1.0, the provider has more cash and financial assets than their debt obligations. If the ratio result is less than 1.0, the provider's debt obligations are more than their cash and financial assets.

Chart 24 shows the median liquidity ratio at 31 December 2023 for the home care sector was 0.85, which was an increase of 0.07 on the December 2022 position. This means for every $85 of cash and financial assets available, the provider had $15 of debt obligations.

Chart 24: At 31 December 2023 median and quartile liquidity ratio of home care providers by provider type and sector level comparison with 31 December 2022



Liquidity ratio = (cash and cash equivalents + financial assets) ÷ (total liabilities – lease liabilities)

Calculations do not include undrawn credit facilities as liquid assets

Capital adequacy

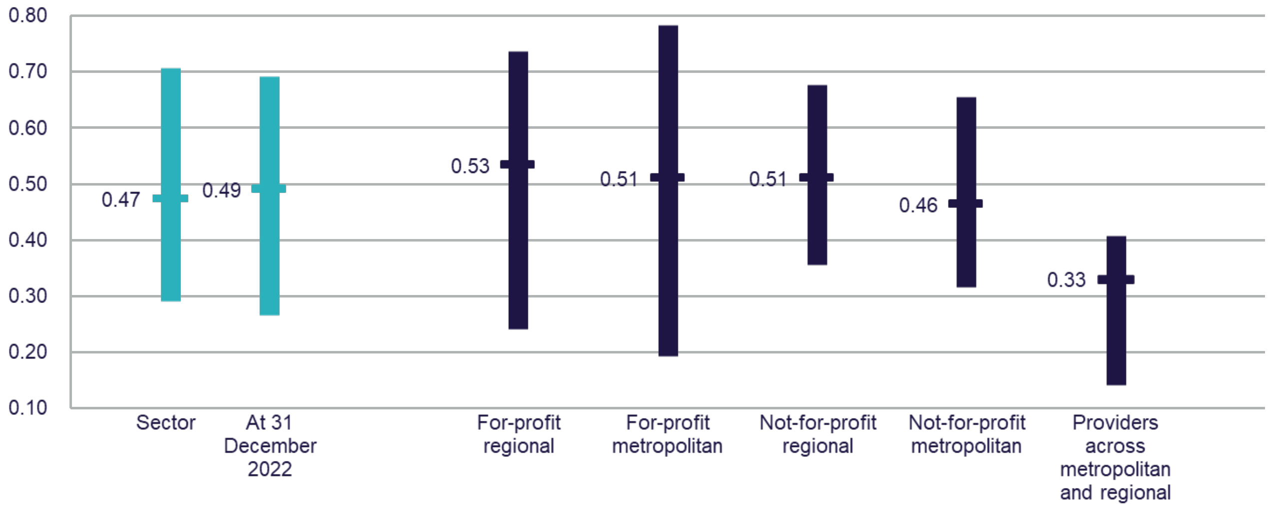
The capital adequacy ratio shown in Chart 25 measures providers' net asset position divided by total asset position (not including intangibles).

This ratio can be used as an indicator of a provider's ability to absorb any unexpected losses through their net asset position (also known as an asset buffer).

The median capital adequacy ratio for home care providers was 0.47, meaning for every $100 of assets they owned, $47 was funded through equity and $53 was funded through debt or other liabilities. This was a slight decrease of 0.02 on the December 2022 result. For-profit metropolitan and for-profit regional providers had an increase on their December 2022 result. Not-for-profit metropolitan and providers across metropolitan and regional had a decrease on their December 2022 result. Not-for-profit regional providers' median capital adequacy ratio remains unchanged.

If a provider has a stronger (higher) capital adequacy ratio, they will be able to fund and absorb the impacts of unforeseen circumstances (e.g. property damage due to flood, unexpected losses) by using equity within the business. If a provider has a low or insufficient capital adequacy ratio, they may be forced to take on debt, or in extreme situations, go into administration when faced with unforeseen circumstances which have a financial impact.

Chart 25: 31 December 2023 median and quartile capital adequacy ratio of home care providers by provider type and sector-level comparison with 31 December 2022



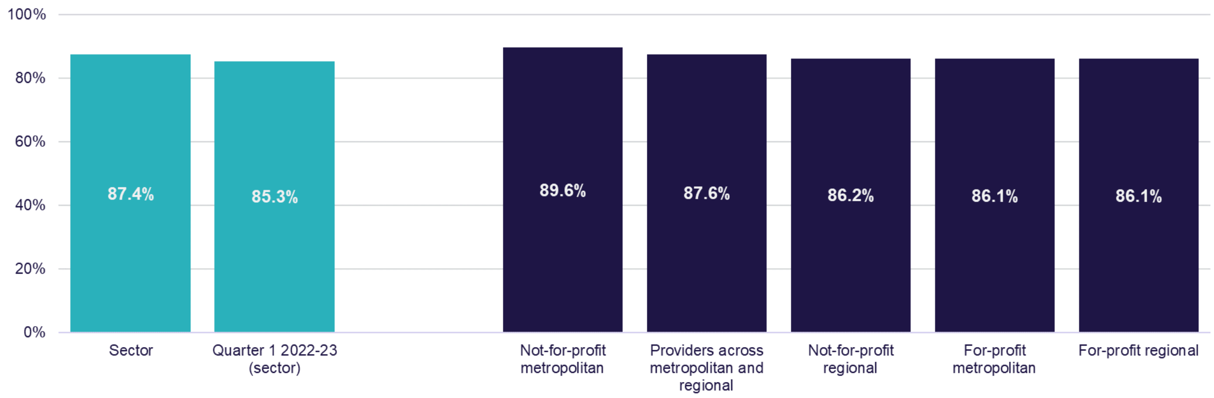
Capital adequacy ratio = (net assets - intangible assets) ÷ (total assets - intangible assets)

Intangible assets are removed as they are not considered to have value in the event of insolvency. This provides a more realistic reflection of the available capital to absorb unforeseen circumstances.

Appendix 1

Average occupancy rate by provider type for quarter 1 2023-24. This data has been provided to update readers on the quarter 1 2023-24 average occupancy rates due to the data being unavailable for the quarter 1 2023-24 QFS report.

Chart 26: Quarter 1 2023-24 average occupancy rate by provider type and sector-level comparison with quarter 1 2022-23



Appendix 2

How to read the QFS

Comparison data

Comparison with the corresponding quarter from the previous financial year results are reported at the sector-level in charts, figures, and tables to better understand changes or trends in financial performance. This is the comparison approach reflected for the majority of charts, tables and figures. Except for the charts and tables listed below, which are compared to the most immediate prior quarter.

- Table 2: Quarter 2 average care minutes per resident per day
- Chart 1: Average care minutes per resident per day (mins) by provider type
- Chart 2: Average care minutes per resident per day (mins) by direct care occupation
- Table 6: Quarter 2 2023-24 comparison with quarter 1 2023-24 lowest, average, and highest hourly rates (medians) paid to direct care staff by residential aged care provider type ($)
- Table 9: Quarter 2 2023-24 comparison with quarter 1 2023-24 lowest, average and highest hourly rates (medians) paid to direct care staff by home care provider type ($)

Benchmarking calculations: Throughout the document, this grey box is used to provide guidance on calculations, to support aged care service providers to benchmark their performance against sector-level results.

Quartile charts

Quartile charts have been used to assist with benchmarking by showing the median, and the upper quartile (50^{th} to the 75^{th} percentile) and lower quartile (25^{th} to the 50^{th} percentile). This highlights the spread of reported results.

Provider type definitions

The percentage of services is calculated using the proportion of claim days from a provider. The classification of regional and metropolitan services is based on the ABS Remoteness Name category, used to determine the location of services in the Government Provider Management System (GPMS).

Provider type	Definition
Sector	Consolidated view of the provider types shown in the chart, figure or table.

Provider type	Definition
For-profit metropolitan	Providers that deliver more than 70% of their services in metropolitan areas and are either a Private Incorporated Body or a Publicly Listed Company.
For-profit regional	Providers that deliver more than 70% of their services in regional areas and are either a Private Incorporated Body or a Publicly Listed Company. Regional covers inner regional, outer regional, remote and very remote as classified by the Australian Bureau of Statistics (ABS).
Not-for-profit metropolitan	Providers that deliver more than 70% of their services in metropolitan areas and are either charitable, community based or religious organisations.
Not-for-profit regional	Providers that deliver more than 70% of their services in regional areas and are either charitable, community based or religious organisations. Regional covers inner regional, outer regional, remote and very remote as classified by the ABS.
Providers across metropolitan and regional	Refers to non-government providers that deliver services more evenly across metropolitan and regional areas and, therefore, do not fall in the above categories. These providers deliver more than 30% but less than 70% of their services in metropolitan or regional areas.
Local, state or territory government	Refers to providers owned by a local, state or territory government. This acronym is used in tables and charts.

Appendix 3

Data sources and methodology

The QFS primarily draws on data collected from aged care service providers through the QFR which is a mandatory reporting requirement for all aged care providers. The QFR is completed based on Australian Accounting Standards where applicable. QFR data is unaudited, but must be authorised by a director of an aged care provider's board, a member of the provider's governing body, or one of the provider's Key Personnel (for government providers) before submission to the department. The department undertakes data validation processes to check the reasonableness and quality of submitted data, including for care hours and labour costs. These checks are conducted as QFRs are submitted to the department and providers may be invited to re-submit data if anomalies are identified.

Submission responses were high in the October to December 2023 QFR, with submissions from 100% of residential aged care providers and 99% of home care providers (including for-profit, not-for-profit and local, state or territory government providers).

For-profit and not-for-profit residential and home care providers are the primary provider type included in the QFS. Local and state and territory government providers are included in labour cost and hours, home care account balance and unspent funds, and food and nutrition data only. They are not included in any other chart or table as this data is not collected in the QFR. In the context of this report, home care refers to the Home Care Packages Program.

The QFR collects some information as YTD results and some information for the isolated quarter. The YTD information collected in the QFR is primarily the profit and loss result. To ensure information is presented back to providers the way it has been collected, and consistent with standard accounting practices, the QFS presents the financial summary, wages to revenue percentage, EBITDA margin and percentage of profitable providers in YTD format. Other data such as care minutes, labour costs and food and nutrition are reported as quarter 2 results only and reflect how the information was collected in the QFR.

Provider entry and exit data is extracted from the GPMS and is correct at the date of extraction. Some providers may be counted amongst both residential and home care for entry and exit data. A provider exiting the sector may result in the services they delivered being transferred to another approved provider, closure of a service or a service being marked as inactive.

The QFS also draws upon data collected through My Aged Care and other internal departmental sources. Sector-level results published in the QFS may differ slightly from information on the My Aged Care website. Some provider results published on

My Aged Care will include a comparison with a sector-level result, listed as a sector average. The QFS presents median results at the provider-level, while the financial information published on the My Aged Care website presents median results at a service-level. This may result in some differences in reported medians although they are both calculated using QFR data. The department undertakes extensive quality assurance checks to ensure the accuracy of published data in both the QFS and on the My Aged Care website.

The QFR does not collect detailed information on hotel expenses, accommodation and administration, which provide additional insight into the underlying factors contributing towards overall profit and loss. This information is collected annually through the ACFR and reported publicly in FRAACS to allow monitoring of trends in this information over time.

Previous snapshots and feedback

Previous QFS publications are available of the department's website.

The QFS will evolve over time, and the department is committed to working with the sector to inform future publications. Feedback is welcome and should be directed to agedcaremarket@health.gov.au.

Let's change aged care together

We invite Australians to continue to have their say about the aged care reforms.

Visit **agedcareengagement.health.gov.au**

Phone **1800 318 209** (Aged care reform free-call phone line)

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