



Quarterly Financial Snapshot

Aged Care Sector

Quarter 3 2023-24
January to March 2024

Introduction

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

As part of this commitment, the Department of Health and Aged Care publishes a Quarterly Financial Snapshot (QFS) on the Australian aged care sector.

The QFS:

- provides transparency about providers' finances and operations and helps older people, and their families make informed decisions about their care.
- 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, registered nurse coverage in aged care dashboard, care minutes in residential aged care dashboard, and the quarterly reporting of service-level financial and operations information on My Aged Care via the 'Find a Provider' tool.

This QFS covers the period 1 January to 31 March 2024 (quarter 3 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 is available in Appendix 1. Further information about the data sources and methodologies used throughout this QFS is 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.

Aged care reform priorities

The Australian Government is continuing its implementation of a suite of programs and initiatives to reinforce the foundations that underpin high quality and safe aged care for older people in Australia. Collectively, these reforms will continue to strengthen choice and transparency for older people, their family members and carers, and the financial viability and sustainability of the aged care sector.

Reform impacts on Quarter 3 (Jan – Mar 2024) results

The March 2024 year-to-date (YTD) results show an improvement in the financial performance of the residential aged care sector on the March 2023 YTD position. Residential care level net profit before tax (NPBT) improved and more providers reported positive earnings before interest, tax, depreciation, and amortisation (EBITDA). Profitable providers serviced 65.3% of all residential care residents in quarter 3 2023-24.

An improved financial position was also reflected in home care, where providers reported an improvement in NPBT and EBITDA results. Profitable home care providers serviced 86.0% of all home care recipients in quarter 3 2023-24.

The quarter 3 2023-24 results published in this report demonstrate the impacts on aged care providers from the following reforms and initiatives:

- a 16.6% increase on 1 July 2023 to the average AN-ACC funding. For quarter 3 2023-24, total Australian National Aged Care Classification (AN-ACC) funding for the sector was \$5.1 billion.
- investment from 1 July 2023 via AN-ACC funding has supported providers to implement the Fair Work Commission's (FWC) Aged Care Work Value Case which increased the minimum award rates by 15.00%, and a further 5.75% increase to wages which was announced on 1 December 2023 to support the Annual Wage Review.
- responsibility of residential aged care providers from 1 October 2023 to deliver a mandatory average of 200 care minutes per resident per day, including 40 minutes of direct registered nurse care.
- the commencement in February 2024 of the Aged Care Outbreak Management Support Supplement, which replaced the previous COVID-19 grants application process and contributes to the cost of planning for and managing outbreaks, including COVID-19 and other infectious diseases.
- investment of \$91 million from 2022-23 in the Home Care Workforce Support Program, which provides funding to assist home care providers to attract, recruit, and train new personal care workers and upskill the existing workforce.
- release of additional 9,500 Home Care Packages (HCP) in 2023-24 to meet the preference for older people to remain at home.

Future reform impacts

In future QFS reports we expect to see further operational and financial impacts on the sector with the introduction of the following reforms and initiatives:

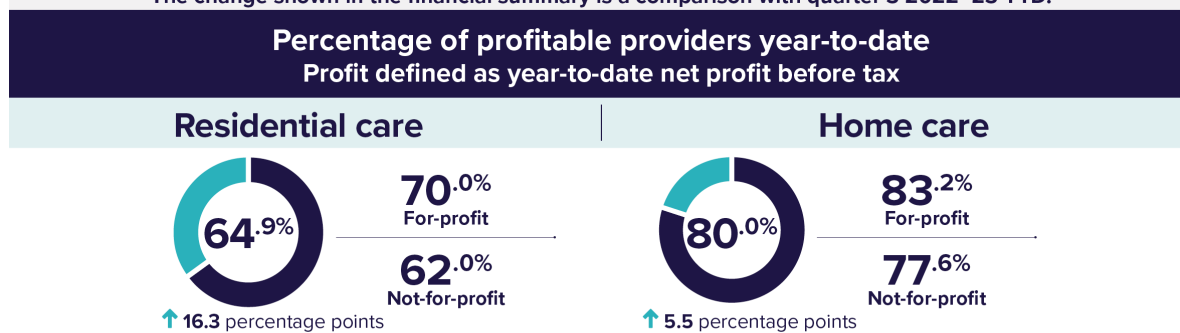
- the commencement of the new Aged Care Act and regulatory model.
- implementation of the FWC's decision in Stage 3 of the Aged Care Work Value Case will begin from 1 January 2025, which will further increase minimum wages for many aged care workers. The FWC is also considering additional award wage increases for aged care nurses.
- increased care minutes responsibilities for residential aged care providers from 1 October 2024, requiring a sector-wide average of 215 care minutes per resident per day, including 44 minutes of direct registered nurse care.
- increased investment of \$88.4 million in programs and initiatives from 2024-25 to attract and retain the aged care workforce, with a focus on growing the home care workforce in regional, rural, and remote areas where shortages are the most acute and supporting better career pathways for nurses in aged care.
- implementation of the Government's response to the Aged Care Taskforce recommendations.
- release of an extra 24,100 HCPs in 2024-25 will support more people to access in-home aged care.

Further information on the aged care reform agenda is available on the [Department of Health and Aged Care's website](#). A summary of the Government's commitment to strengthening the quality of aged care services in the 2024-25 Budget is available in this [summary resource](#).

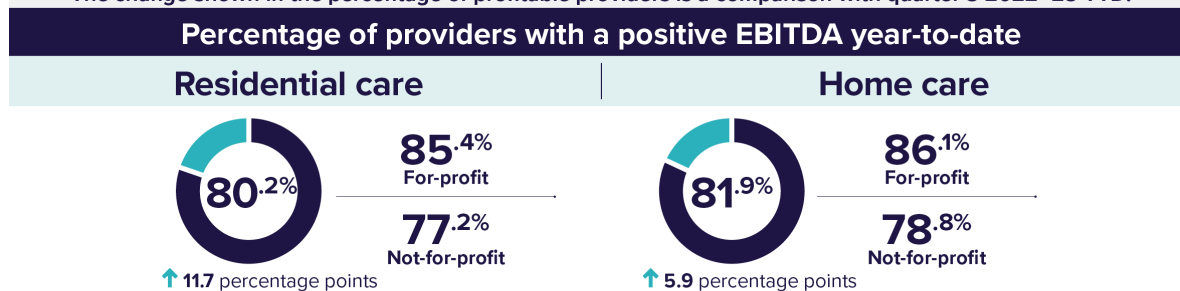
Summary of findings

Financial summary year-to-date						
For-profit and not-for-profit providers per resident/recipient per day						
Residential care			Home care			
Net profit before tax	\$8.50	↑ \$23.18	\$	Net profit before tax	\$5.84	↑ \$2.19
EBITDA	\$43.08	↑ \$25.26		EBITDA	\$6.18	↑ \$2.01

The change shown in the financial summary is a comparison with quarter 3 2022–23 YTD.



The change shown in the percentage of profitable providers is a comparison with quarter 3 2022–23 YTD.



The change shown in the providers with a positive EBITDA is a comparison with quarter 3 2022–23 YTD.

Provider numbers at 31 March 2024			
Residential care		Home care	
741	NEW 12	43	EXIT
900	NEW 12	29	EXIT

The new and exit provider numbers for residential aged care and home care are in comparison to 31 March 2023.

Residential care sector average care minutes quarter 3 2023–24				
(per resident per day)				
	Total	Registered nurses	Enrolled nurses	Personal care workers/assistants in nursing
Total sector	target 203.53 204.20 ↑ 2.27	target 40.35 40.21 ↑ 1.45	no target 13.33 ↓ 0.66	no target 150.66 ↑ 1.48
Not-for-profit	206.34 ↑ 1.36	39.84 ↑ 1.78	11.19 ↓ 0.74	155.31 ↑ 0.32
For-profit	197.84 ↑ 2.86	38.47 ↑ 0.90	10.09 ↓ 0.43	149.28 ↑ 2.39

Average care minutes are a comparison with quarter 2 2023–24.
There is no target for enrolled nurses and personal care workers/assistants in nursing.

Residential care

The quarter 3 2023-24 YTD financial position of the residential aged care sector improved significantly from quarter 3 2022-23 YTD.

Key results:

- YTD EBITDA improved by \$25.26 per resident per day, totalling \$43.08.
 - The proportion of providers reporting a positive YTD EBITDA position also improved to 80.2%, up 11.7 percentage points.
 - The median EBITDA margin increased to 9.1%, up 4.0 percentage points. This means an EBITDA return of \$9.10 for every \$100 of revenue earned.
- YTD NPBT performance improved by \$23.18 per resident per day, totalling \$8.50.
 - The overall total YTD NPBT for the sector was a profit of \$440.8 million.
 - The proportion of providers reporting a positive YTD NPBT position also increased to 64.9%, up 16.3 percentage points.
 - Year-end adjustments, including writing off bed licenses, will impact the final NPBT position of the sector. Providers have written off collectively \$507.7 million YTD in bed licenses.
- Average occupancy rate increased to 87.7%, up 1.7 percentage points.

Key insights:

The data reported in quarter 3 2023-24 further emphasises the emerging trends reported in quarter 2 2023-24. These trends, as outlined below, provide insights into expected future financial performance.

1. Sector-level total care minutes and registered nurse minutes increased. However, significant improvements are required to ensure individual services are compliant with their care minute responsibilities.

In quarter 3 2023-24, the sector-wide targets were an average of:

- 203.53 total care minutes per resident per day which includes the care delivered by registered nurses, enrolled nurses, and personal care workers or assistants in nursing; and
- 40.35 registered nurse care minutes.

In quarter 3 2023-24, providers delivered an average of 204.20 total care minutes per resident per day (meeting the sector target for the quarter) and an average of 40.21 registered nurse care minutes (0.14 minutes lower than the sector target for the quarter). While the average total care minutes for the sector increased in the quarter, only 35.6% of reporting services met **both** their service specific total care minutes targets and registered nurse care minutes targets. This is, however, an improvement on quarter 2 2023-24, when 32.4% of services met both targets.

Not-for-profit providers delivered an average of 206.34 total care minutes (above the sector target), while for-profit providers delivered an average of 197.87 total care minutes (below the sector target). This variance in care minutes delivery by provider type is a likely contributor to the stronger financial results reported by for-profit providers (70.0% with a positive YTD NPBT) compared to not-for-profit providers (62.0% with a positive YTD NPBT).

2. To maintain profitability while meeting care minutes targets, it will be vital for providers to appropriately charge for accommodation rather than cross subsidising from funding provided from care.

Analysis undertaken by the department demonstrates the cost of delivering care is fully funded. Reporting in the [FRAACS 2022-23](#) showed that the loss on accommodation was \$1.20 per resident per day, and the result for care was positive \$28.10 (not including accommodation or care related administration costs). For the sector to maintain profitability, while increasing care minutes, it is vital that providers appropriately charge for accommodation.

3. While growing labour costs continued to drive increased expenses, greater increases in revenue led to overall profitability.

The sector median labour costs rose to \$221.66 per resident per day in quarter 3 2023-24 (up from \$178.55 in quarter 3 2022-23). The increase is consistent with expectations following the wage increases that took effect from 30 June 2023 in response to the FWC's interim pay increase of 15% in the Aged Care Work Value Case and 5.75% for the Annual Wage Review. It also reflects the increase in labour time as providers strive to meet mandatory care minute requirements and the 24/7 registered nurse responsibility.

While labour expenses rose over the year, a significant increase in revenue has supported providers to deliver a sector YTD NPBT of \$440.8 million. The total AN-ACC funding paid for quarter 3 2023-24 was \$5.1 billion (an increase of \$1.2 billion compared to quarter 3 2022-23). As outlined above, 64.4% of services are currently not meeting **both** their service-specific total care minutes and registered nurse targets. It is expected that labour costs will continue to increase as these providers start to meet these targets. This will reduce the scale of reported NPBT over the coming quarters.

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

Agency staff costs represented 9.7% of the total direct care labour cost in quarter 3 2023-24, a decrease from quarter 3 2022-23 of 2.5 percentage points. Agency staff hours represented 6.8% of the total direct care labour hours to the sector in quarter 3 2023-24, a decrease from quarter 3 2022-23 of 0.2 percentage points. Despite these downward trends, agency staff costs and hours for registered nurses increased, driven by increased demand for registered nurses as a result of the 24/7 registered nurse care and care minute responsibilities.

Home care

The quarter 3 2023-24 YTD results highlight continued improvements to the home care sector's financial position from quarter 3 2022-23 YTD.

Key results:

- YTD EBITDA improved by \$2.01 per care recipient per day, totalling \$6.18.
 - The proportion of providers reporting a positive YTD EBITDA position also increased to 81.9%, up 5.9 percentage points.
 - Median EBITDA margin increased to 8.9%, up 1.5 percentage points. This means an EBITDA return of \$8.90 for every \$100 of revenue earned.
- YTD NPBT performance improved by \$2.19 per care recipient per day, totalling \$5.84.
 - The overall total YTD NPBT for the sector was a profit of \$404.3 million.
 - The proportion of providers reporting a positive YTD NPBT position also increased to 80.0%, up 5.5 percentage points.

Key insights:

1. The growth in provider revenue and claim days drove increased profitability across the sector.

Revenue across the sector increased to \$72.54 per care recipient per day in quarter 3 2023-24 YTD (an increase of \$4.30 from quarter 3 2022-23 YTD). Over the same period, expenses increased by \$2.10 per care recipient per day, enabling home care providers to report an increase in overall profitability.

There was an 8.2% increase in claim days that contributed to the increase in revenue, driven in part by a reduction in the proportion of available packages not yet taken up by care recipients.

2. There was an increase in the overall net position of unspent funds in HCP, however, there was a decrease in the Provider Held Portion.

On 31 March 2024, the balance of HCP unspent funds was \$3.5 billion (up \$0.8 billion from 31 March 2023). This includes \$3.0 billion (up \$1.0 billion) of unspent funds in Home Care Accounts held by Services Australia, and \$0.5 billion (down \$0.2 billion) in the Provider Held Portion of Australian Government unspent funds. Over time, it is expected that the provider held unspent funds balances will diminish, and Government held Home Care Account unspent funds will accumulate based on the utilisation rates of available package funds by each care recipient. Care recipients can take leave from HCP because of hospitalisations, a stay in a residential respite facility, accessing support to transition from hospital to community or for other social reasons. During this leave, funds continue to accrue in home care accounts.

Residential aged care

Financial overview

Table 1 is a YTD financial summary of residential aged care providers' revenue and expenses to 31 March 2024. The March 2024 YTD EBITDA increased significantly to \$43.08 per resident per day, an improvement of \$25.26 or 141.8% increase on the March 2023 result. For-profit and not-for-profit residential aged care providers returned a collective YTD NPBT of \$440.8 million. The sector-level YTD position equates to a NPBT of \$8.50 per resident per day, an improvement of \$23.18 per resident per day on the March 2023 YTD result.

Over the same period, revenue increased by \$78.85 per resident per day, and expenses increased by \$55.68 per resident per day. The change in revenue from YTD March 2023 is primarily attributed to the AN-ACC funding increase, the \$11.07 hotelling supplement (which increased to \$11.24 from 20 March 2024) and the Aged Care Outbreak Management Support Supplement that was introduced on 1 February 2024. The Aged Care Outbreak Management Support Supplement provides funding of \$2.81 per day per occupied bed for approved residential aged care providers and \$2.81 per day per operational place for Multi-Purpose Services and National Aboriginal and Torres Strait Islander Flexible Aged Care. The total amount of AN-ACC funding paid for quarter 3 2023-24 was \$5.1 billion. This was an increase of around \$1.2 billion in funding compared to quarter 3 2022-23. The total amount paid to providers for the Aged Care Outbreak Management Support Supplement in quarter 3 2023-24 was around \$32.7 million.

Care funding allocated to providers per occupied bed day (OBD) was an average of \$283.08¹ for quarter 3 2023-24. This was an increase on the average of \$274.36 per OBD² for quarter 2 2023-24, and \$223.67 per OBD for quarter 3 2022-23 (funding provided for quarter 3 2022-23 did not include the hotelling supplement and 24/7 registered nurse supplement).

The Independent Health 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 providers based on the location of their aged care homes and/or specialisations for homelessness or remote

¹ Funding per OBD for 2023-24 includes AN-ACC subsidy, hotelling supplement and 24/7 registered nurse supplement and excludes the initial entry adjustment payments for new permanent residents entering a home.

² The OBD care funding figures published in the QFS may change each quarter due to new claims data that is submitted by providers.

Aboriginal and Torres Strait Islander persons and the individual care need of each resident in the home.

The change in expenses from YTD March 2023 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. In addition, the change in expenses is also likely attributed to providers writing off \$507.7 million YTD in bed license amortisation. For-profit providers have written off collectively \$417.4 million YTD in bed licence amortisation and not-for-profit providers have written off collectively \$90.2 million. The higher value of bed license write-off expenses resulted in for-profit providers recording a lower YTD NPBT of \$6.08 per resident per day, compared with not-for-profit providers at \$10.23 per resident per day. However, the EBITDA results highlight different financial performance by provider type when excluding the impacts of bed license amortisation. For-profit providers reported a higher YTD EBITDA of \$54.70 per resident per day, compared to not-for-profit providers who reported a YTD EBITDA per resident per day of \$34.82. For-profit providers still have approximately \$372.6 million left in bed licenses to amortise, and not-for-profit providers have approximately \$116.6 million left to amortise. Providers are required to finalise writing off their bed licenses by 1 July 2025.

Expenses have not grown at the same rate as revenue, when comparing quarter 3 2023-24 results with quarter 3 2022-23 results. Revenue grew by \$78.85 per resident per day (up 23.4%) and expenses have grown by \$55.68 per resident per day (up 15.9%). 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. As detailed in the following section, most providers fell short of those mandatory care minutes. However, it is expected that expenses will increase over the next reporting period as providers continue to work towards meeting these targets and make year-end adjustments.

While care is fully funded and financial results have improved, reporting in the [FRAACS 2022-23](#) showed that the accommodation result was negative \$1.20 per resident per day, and the result for care was \$28.10 (not including the accommodation or care related administration expenses). The profitable financial position in quarter 3 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 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: 31 March 2024 YTD and comparison with 31 March 2023 YTD, summary of financial performance of residential aged care for-profit and not-for-profit providers

	Total	Per resident per day	Change from 31 March 2023 YTD per resident per day
Revenue	\$21,529.1m	\$415.21	▲ \$78.85
Expenses	\$21,088.3m	\$406.71	▲ \$55.68
Net profit before tax	\$440.8m	\$8.50	▲ \$23.18
Net profit before tax margin	2.0%	2.0%	▲ 6.4 percentage points
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$2,233.6m	\$43.08	▲ \$25.26

Average care minutes

[Care minutes](#) refers to the amount of time older people 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 services have been required to deliver an average of 200 total care minutes per resident per day, including 40 minutes of care per resident per day by a registered nurse. The average minimum care minutes targets for each residential aged care service 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. From 1 October 2024, mandatory care minutes targets will increase to a sector-wide average of 215 total care minutes per resident per day, including 44 registered nurse minutes. From this time, 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.

Average care minutes per resident per day for quarter 3 2023-24 is shown in Table 2. In quarter 3 2023-24, the target for the sector was 203.53 total care minutes per resident per day and 40.35 registered nurse care minutes per resident per day. For quarter 3 2023-24, the sector delivered an average of 204.20 minutes total care minutes per resident per day, which was an increase of 2.27 minutes on quarter 2 2023-24. The sector also delivered 40.21 registered nurse care minutes, an increase of 1.45 minutes from quarter 2 2023-24. Not-for-profit providers delivered above the care minutes targets for the sector, with 206.34 total care minutes per resident per day. Meanwhile, for-profit providers delivered under the care minutes targets for the sector, with 197.84 total care minutes per resident per day.

While the sector delivered above the total care minutes target in quarter 3 2023-24, further improvements are required, with only 52.6% of services meeting their service

specific total care minute targets (an increase of 0.3 percentage points from the previous quarter). The number of services that have met their registered nurse minutes targets has increased by 6.0 percentage points to 52.3%. In terms of services meeting both the total care minutes and registered nurse minutes target, only 35.6% of reporting services were able to achieve the combined target (an increase of 3.2 percentage points from the previous quarter in meeting both targets).

Since the first publication of QFS, quarter 1 2022-23, average care minutes for enrolled nurses has remained the same or has slightly decreased. In quarter 3 2023-24, a sector average of 13.33 care minutes per resident per day were delivered by enrolled nurses (a decrease of 0.66 minutes from quarter 2 2023-24). The policy change outlined above will allow providers, from 1 October 2024, to meet up to 10% of their service-level registered nurse minutes targets with care time provided by enrolled nurses. This recognises the important role of enrolled nurses, will improve recruitment and retention of these skilled workers, and will assist providers to deliver and meet their care minutes when facing registered nurse workforce shortages.

While care is fully funded, the profitable financial position in quarter 3 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.

This care minute data is consistent with the [care minutes in the residential aged care dashboard](#) which is published quarterly and is drawn from the QFR.

Table 2: Quarter 3 2023-24 and comparison with quarter 2 2023-24, average care minutes per resident per day (mins)

	Sector	Change in Sector from Q2 2023-24	For-profit	Not-for-profit	LST government
Registered nurses	40.21	▲ 1.45	38.47	39.84	67.38
Enrolled nurses	13.33	▼ 0.66	10.09	11.19	88.48
Personal care workers/assistants in nursing	150.66	▲ 1.48	149.28	155.31	87.09
Total	204.20	▲ 2.27	197.84	206.34	242.95

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 for quarter 3 2023-24, along with the change from quarter 2 2023-24.

Average care minutes increased in quarter 3 for all provider types. The greatest increase in care minutes for quarter 3 2023-24 was reported by local, state or territory government providers (242.95 minutes, up 6.02 minutes from quarter 2 2023-24). Total care minutes for local, state or territory government providers have fluctuated from quarter to quarter since the first publication of QFS (quarter 1 2022-23), however, they have consistently remained above the mandated 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.

Smaller increases in care minutes were reported for quarter 3 2023-24 by not-for-profit providers (206.34 minutes, up 1.36 minutes from quarter 2 2023-24) and for-profit providers (197.84 minutes, up 2.86 minutes from quarter 2 2023-24). While for-profit providers increased their total care minutes, they fell short of the sector average mandatory care minute target for quarter 3 2023-24.

Chart 1: Quarter 3 2023-24 and comparison with quarter 2 2023-24, average care minutes per resident per day by provider type (mins)

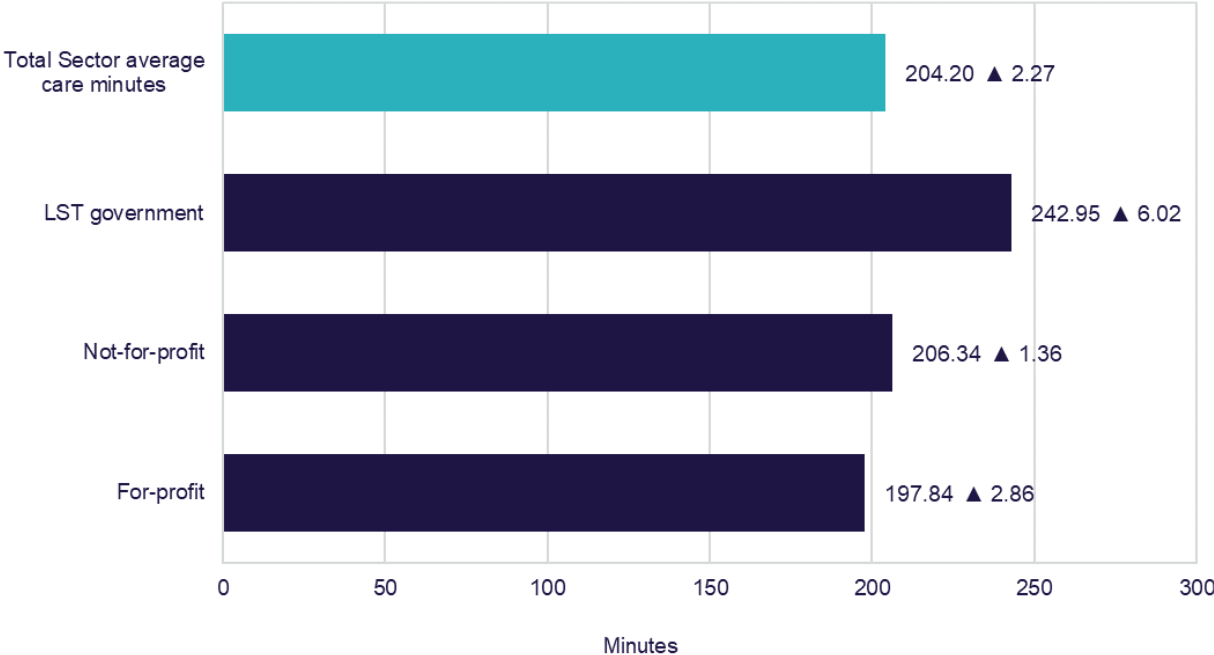
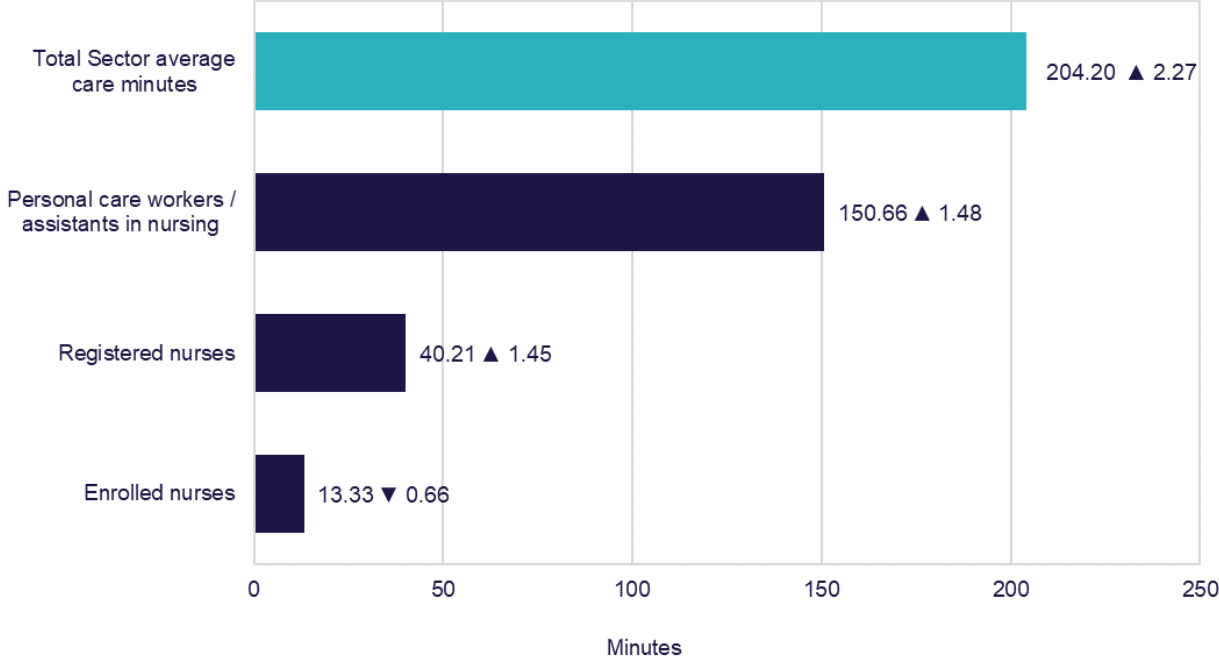


Chart 2 shows the average care minutes per resident per day by direct care occupation for quarter 3 2023-24, along with the change from quarter 2 2023-24.

Average care minutes increased in quarter 3 for personal care workers/assistants in nursing and registered nurses. Personal care workers/assistants in nursing recorded the highest average care minutes in quarter 3 2023-24 (150.66 minutes, up 1.48 minutes from quarter 2 2023-24). The average registered nurse care minutes

increased to 40.21 minutes per resident per day (up 1.45 minutes from quarter 2 2023-24). Enrolled nurses average care minutes decreased slightly to 13.33 minutes per resident per day in quarter 3 (down 0.66 minutes from quarter 2 2023-24).

Chart 2: Quarter 3 2023-24 and comparison with quarter 2 2023-24, average care minutes per resident per day by direct care occupation (mins)



Staff cost and time

Table 3 shows the quarter 3 median total staff cost and time per resident per day was \$55.79 and 40.74 minutes for registered nurses, \$11.47 and 10.92 minutes for enrolled nurses, and \$129.75 and 151.75 minutes for personal care workers/assistants in nursing. 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 3 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 30 June 2023.

The total median staff costs and time have increased from quarter 3 2022-23 to quarter 3 2023-24. Costs increased to \$221.66 per resident per day (up \$43.11 from quarter 3 2022-23) and total time increased to 226.07 minutes per resident per day (up 11.75 minutes from quarter 3 2022-23).

Allied health, diversion/lifestyle/recreation/activities officer and care management staff minutes do not contribute to the care minute targets but providers continue to be

required to deliver allied health and lifestyle services to their residents in line with their requirements under Schedule 1 of the [Quality of Care Principles 2014](#) and are funded to do this as part of their AN-ACC funding.

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

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

	Cost per resident per day	Change in cost from Q3 2022-23	Minutes per resident per day	Change in minutes from Q3 2022-23
Registered nurses	\$55.79	▲ \$15.21	40.74	▲ 5.31
Enrolled nurses	\$11.47	▲ \$0.22	10.92	▼ 2.01
Personal care workers / assistants in nursing	\$129.75	▲ \$28.89	151.75	▲ 10.96
Allied health	\$5.21	▼ \$0.36	4.05	▼ 0.50
Diversional / lifestyle / recreation / activities officer	\$5.66	▲ \$0.36	7.53	▼ 0.67
Care management staff	\$5.96	▲ \$0.13	3.61	▼ 0.40

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 3 2023-24, and the comparison with quarter 3 2022-23. The median cost per resident per day increased for registered nurses (up \$15.21), enrolled nurses (up \$0.22), personal care workers/assistants in nursing (up \$28.89) diversional/lifestyle/recreation/activities officers (up \$0.36), and care management staff (up \$0.13), but decreased for allied health (down \$0.36).

The median staff minutes per resident per day shown in Chart 4 increased for registered nurses (up 5.31 minutes) and personal care workers/assistants in nursing (up 10.96 minutes) and decreased for enrolled nurses (down 2.01 minutes).

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

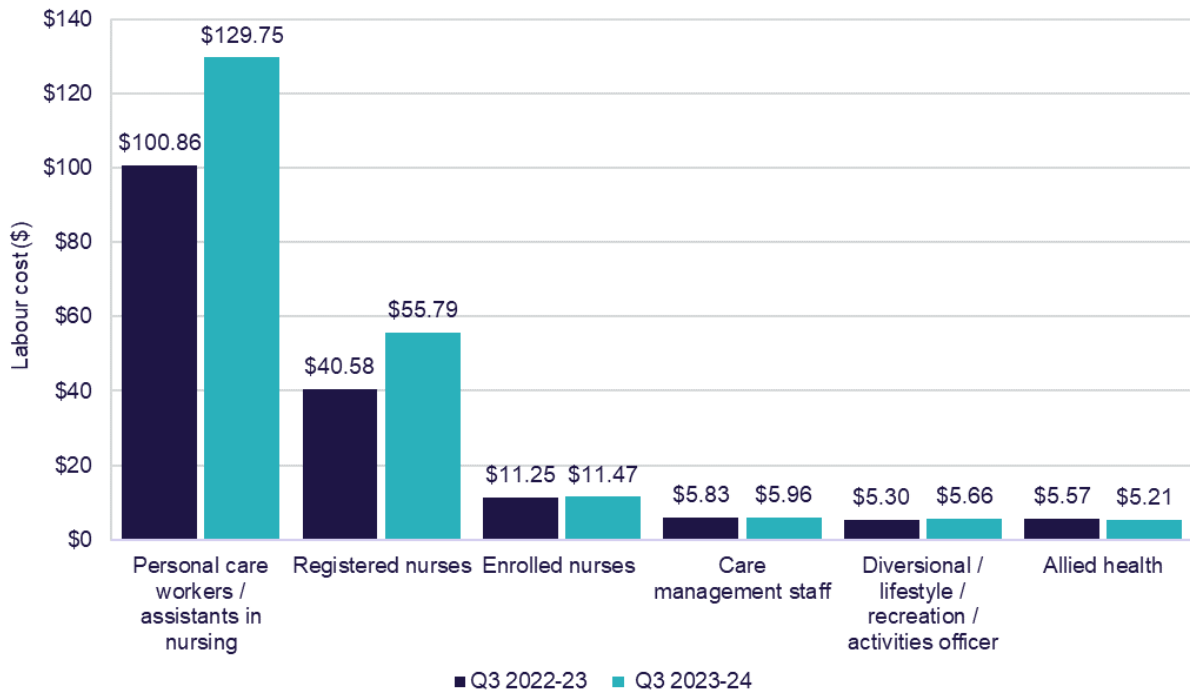


Chart 4: Quarter 3 2023-24 and comparison with quarter 3 2022-23, median staff time per resident per day (mins)

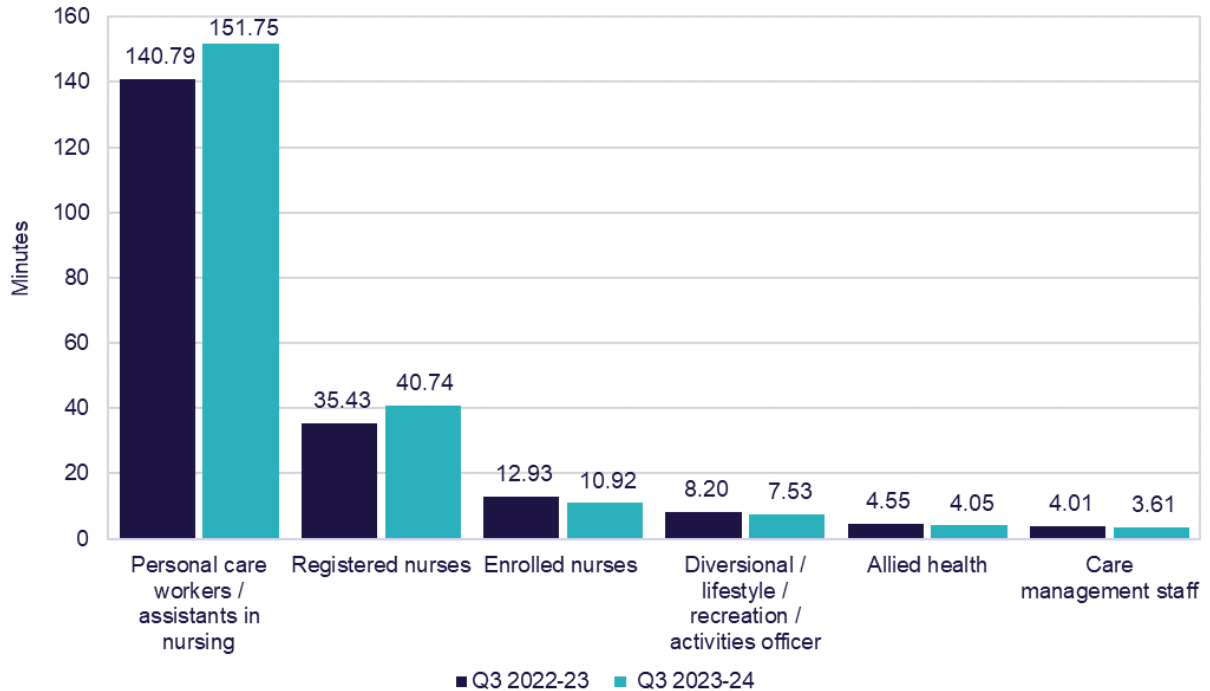


Table 4 shows the agency staff costs and hours as a percentage of the total direct care labour cost. Agency staff costs represented 9.7% of the total direct care labour cost to the residential aged care sector in quarter 3 2023-24, a decrease from quarter 3 2022-23 of 2.5 percentage points. Agency staff hours represented 6.8% of the total

direct care labour hours to the sector in quarter 3 2023-24, a decrease from quarter 3 2022-23 of 0.2 percentage points.

Table 4: Quarter 3 2023-24 and comparison with quarter 3 2022-23, agency staff costs and hours as a percentage of direct care costs and hours

	Agency staff costs as % of total	Change in cost from Q3 2022-23	Agency staff hours as % of total	Change in hours from Q3 2022-23
Total direct care	9.7%	▼2.5 percentage points	6.8%	▼0.2 percentage points
Registered nurses	14.3%	▲1.2 percentage points	9.9%	▲1.3 percentage points
Enrolled nurses	8.3%	▼0.7 percentage points	5.7%	▼1.1 percentage points
Personal care workers / assistants in nursing	6.1%	▼4.1 percentage points	4.7%	▼2.3 percentage points

Chart 5 and Chart 6 show the break down for agency staff cost and hours with a comparison from quarter 3 2022-23 to quarter 3 2023-24.

Although agency staff costs for total direct care have decreased overall, agency staff costs for registered nurses have increased (up 1.2 percentage points). This is likely to be in response to the requirement for providers to increase their registered nurse staffing to meet the 24/7 registered nurse and care minute responsibilities. Agency staff costs for enrolled nurses represented 8.3% (down 0.7 percentage points) of total enrolled nurses costs, and personal care workers/assistants in nursing represented 6.1% (down 4.1 percentage points). Agency staff hours for registered nurses represented 9.9% (up 1.3 percentage points), enrolled nurses represented 5.7% (down 1.1 percentage points), and personal care workers / assistants in nursing represented 4.7% (down 2.3 percentage points).

There are higher costs associated with agency staff when compared to direct employment. Higher wages will 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 3 2023-24 and comparison with quarter 3 2022-23, agency staff costs as a percentage of direct care costs (%)

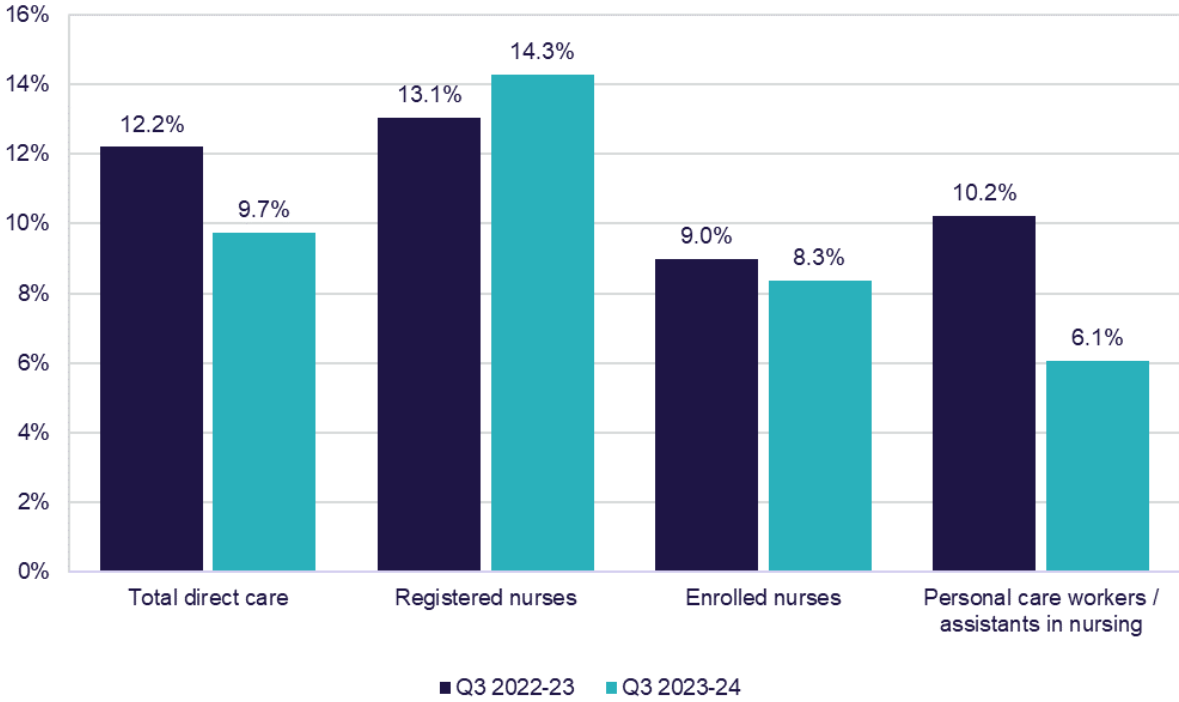
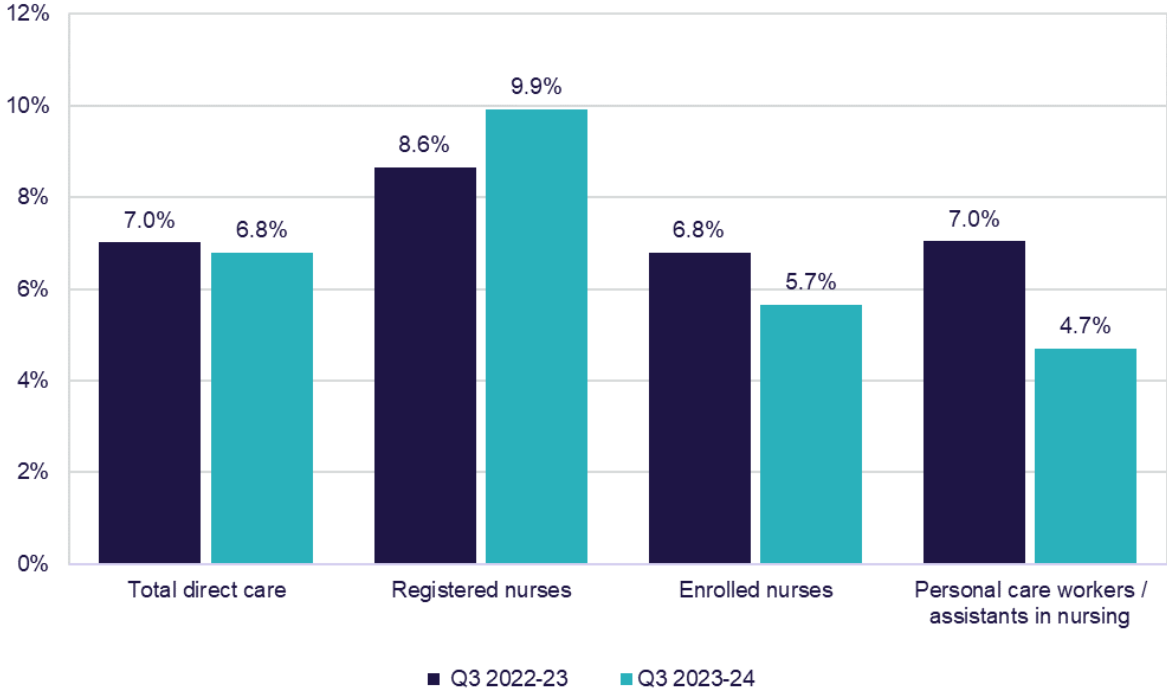


Chart 6: Quarter 3 2023-24 and comparison with quarter 3 2022-23, agency staff hours as a percentage of direct care labour hours (%)



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. There are no specified care minute targets for allied health, instead there is a focus to include a level of allied health care appropriate to each person’s individual care needs.

The quarter 3 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 providers that deliver allied health care has increased from 96.0% in quarter 3 2022-23 to 98.2% in quarter 3 2023-24. As shown in Table 3, the quarter 3 2023-24 median total cost and time for allied health services per resident per day was \$5.21 and 4.05 minutes, respectively.

Table 5 shows in quarter 3 2023-24, the highest median allied health cost and time per resident per day was for physiotherapists. The median cost was \$3.26 per resident per day (down \$0.37 on quarter 3 2022-23), which equates to a median spend on physiotherapy of \$296.66 per resident per quarter. The median allied health minutes of care delivered by physiotherapists was 2.63 allied health minutes of care per resident per day (down 0.33 minutes on quarter 3 2022-23), which equates to 239.33 minutes per resident per quarter.

Table 5: Quarter 3 2023-24 and comparison with quarter 3 2022-23, median allied health cost and time per resident per day ³

	Cost per resident per day	Change in cost from Q3 2022-23	Allied health minutes of care per resident per day	Change in minutes from Q3 2022-23
Physiotherapist	\$3.26	▼ \$0.37	2.63	▼ 0.33
Podiatrist	\$0.32	▲ \$0.06	0.22	▲ 0.01
Dietetic Care	\$0.23	▲ \$0.02	0.13	▲ 0.01
Speech Pathologist	\$0.12	▲ \$0.01	0.06	▲ 0.01

³ Median results for occupational therapists, allied health assistants and other allied health categories have not been included in Table 5, as more than half of QFR respondents did not report any expenditure for these categories.

Food and nutrition

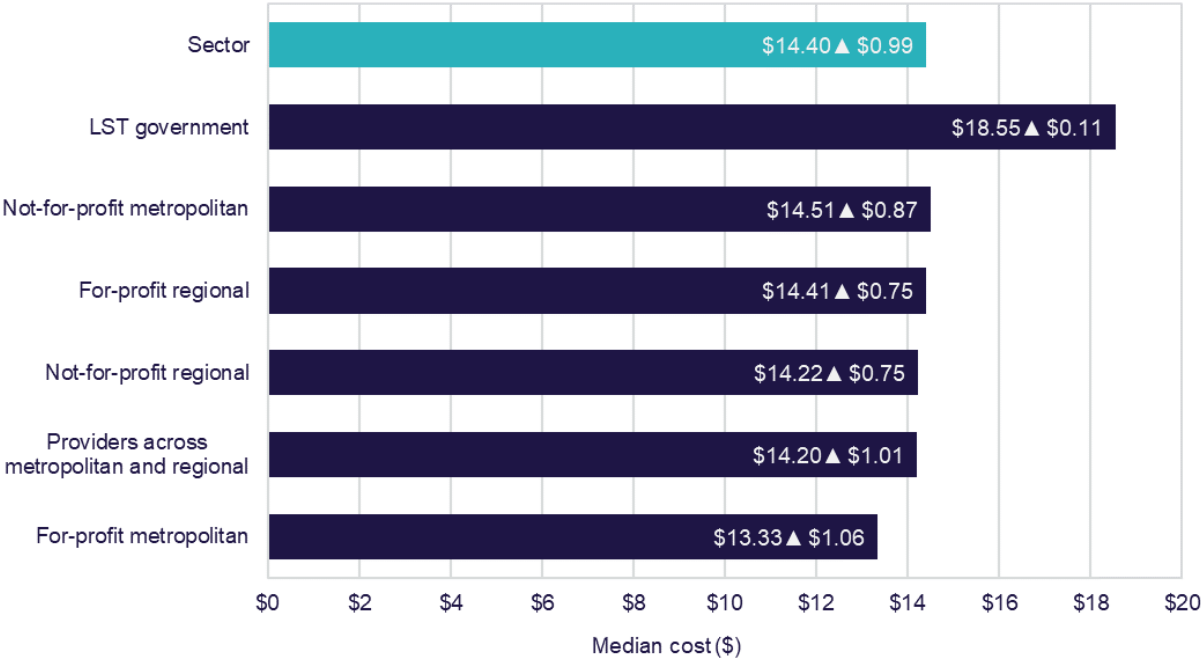
Chart 7 shows the quarter 3 2023-24 median total cost of food and ingredients for the sector was \$14.40 per resident per day, an increase of \$0.99 on quarter 3 2022-23. There was a slight decrease on the quarter 2 2023-24 median total cost of food and ingredients (down from \$14.57).

The median total cost of food and ingredients increased for all residential provider types from quarter 3 2022-23.

At a sector level, residential aged care providers spent 83.0% of the total food and ingredients costs on fresh food and ingredients, which is a slight decrease on quarter 3 2022-23 (83.5%).

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 3 2023-24 median food and ingredients cost per resident per day by provider type and sector level comparison with quarter 3 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

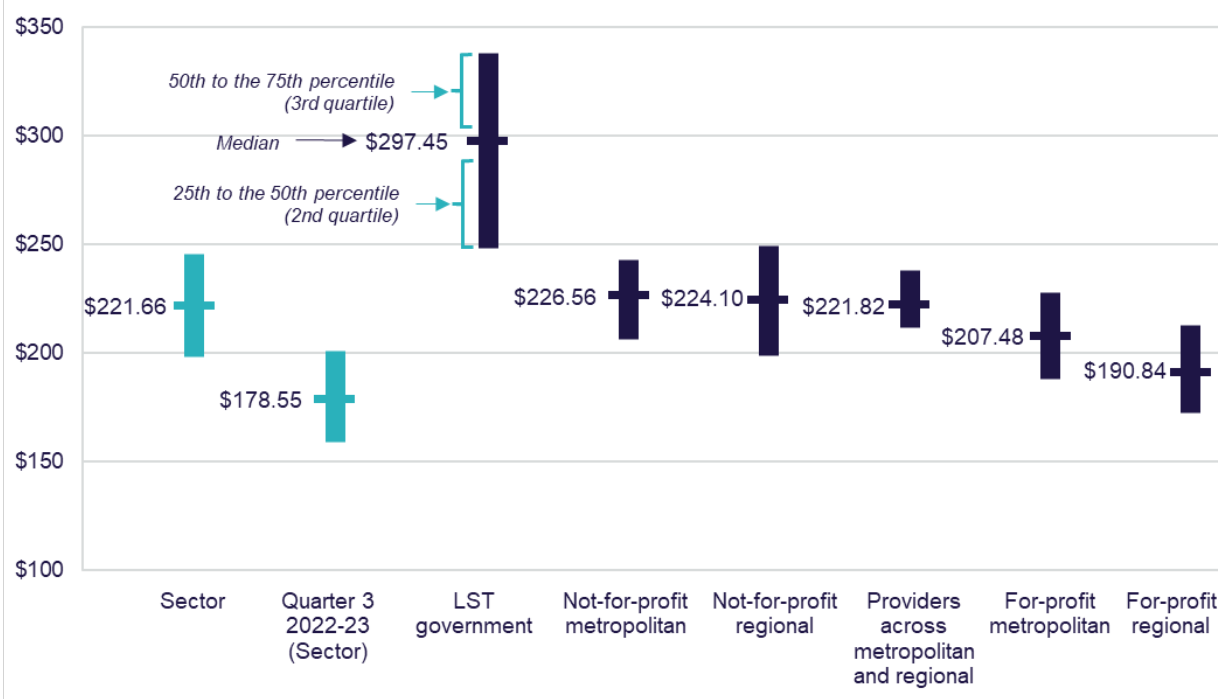
As shown in Chart 8, the quarter 3 2023-24 median total care labour cost reported by the sector was \$221.66 per resident per day. The sector median increased by \$43.12 per resident per day on quarter 3 2022-23 (up 24.1%). The increase in care labour cost is mainly attributed to the increase in wages 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 providers’ increased spending on care labour 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 \$297.45 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 3 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 3 2022-23 (\$)

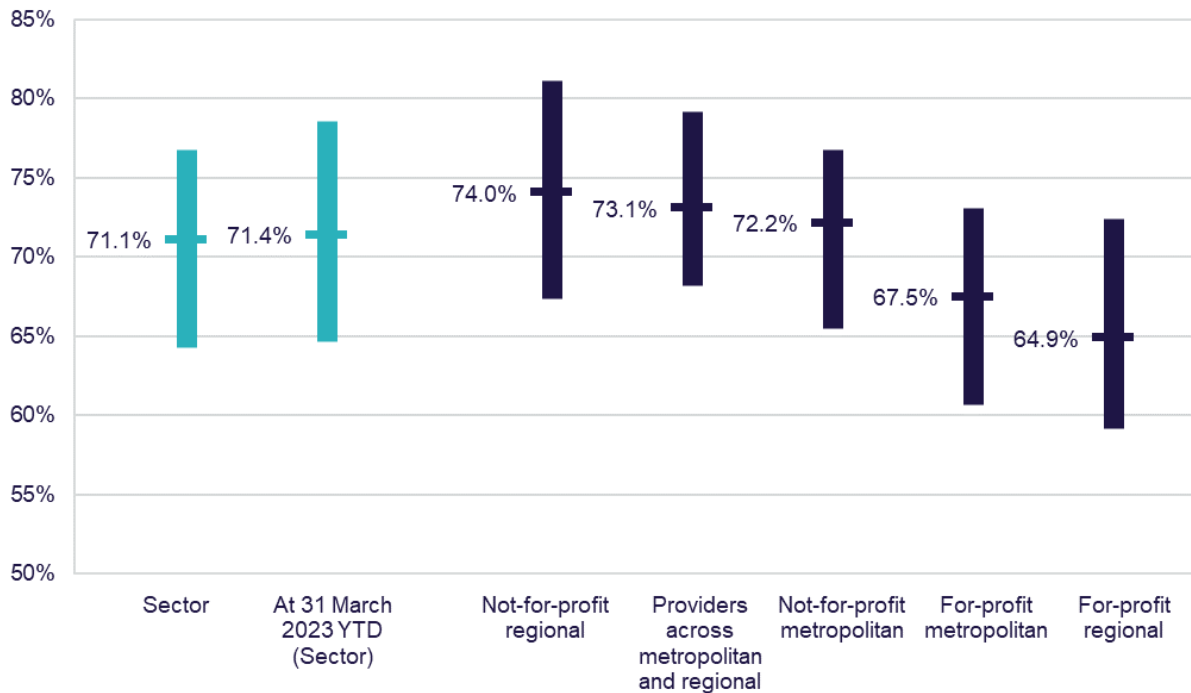


Wages to revenue

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 total revenue. Chart 9 shows that the 31 March 2024 YTD proportion of wages to revenue for the sector was a median of 71.1%, which was a slight decrease of 0.3 percentage points from 31 March 2023.

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 March 2024 YTD median and quartile wages to revenue percentage by residential aged care provider type and sector level comparison at 31 March 2023 YTD

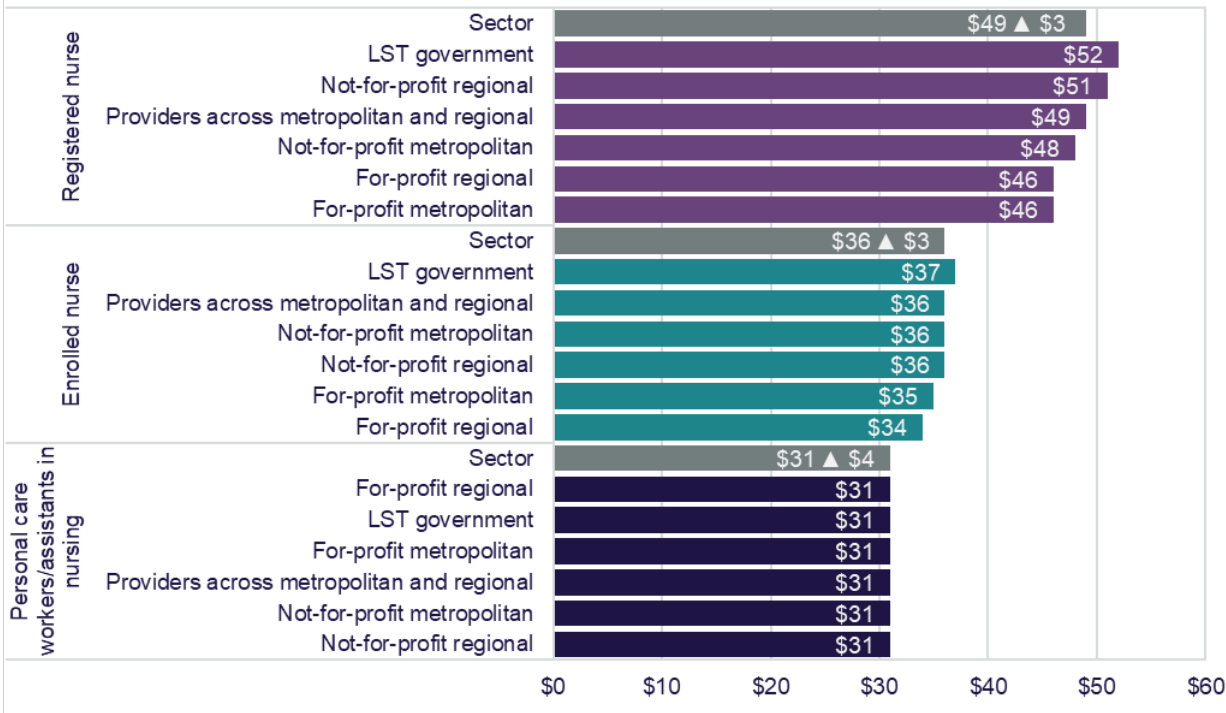


Hourly rate

Chart 10 and Chart 11 show the quarter 3 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 3 2022-23. It shows that the sector median of the average hourly rate was \$49 for registered nurses (up \$3 on quarter 3 2022-23), \$36 for enrolled nurses (up \$3 on quarter 3 2022-23) and \$31 for personal care workers/assistants in nursing (up \$4 on quarter 3 2022-23).

As shown in Chart 10, 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 and for-profit metropolitan providers both reported the lowest median hourly rate for registered nurses (\$46). For enrolled nurses, local, state and territory government providers had the highest median hourly rate of \$37. For-profit regional providers reported the lowest 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.

Chart 10: Quarter 3 2023-24 median hourly rate of direct care staff by residential aged care provider type and sector level comparison with quarter 3 2022-23 (\$)

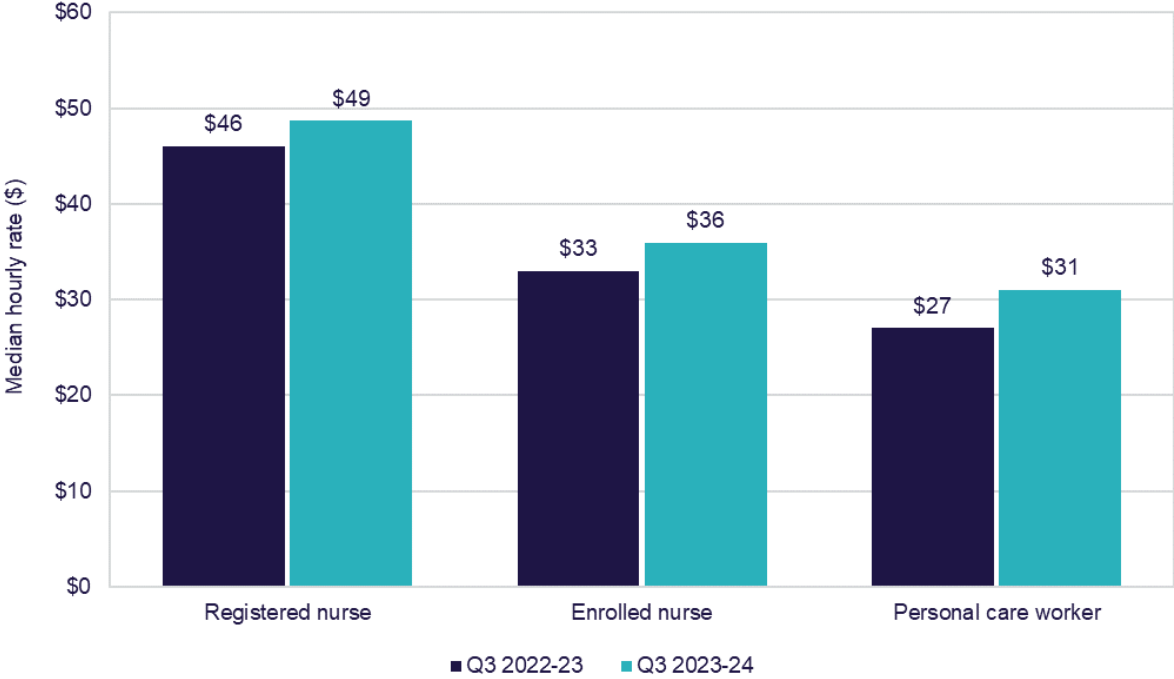


The average hourly rate providers report in the QFR is for direct care workers employed per the employee award, enterprise agreement or contract. The average hourly rate does not include on-costs, penalty rates or casual rates.

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 3 2023-24 and comparison with quarter 3 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 in monitoring 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 3 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 the change from quarter 2 2023-24.

There was no change in median average rates reported in quarter 3 2023-24 for registered nurses and personal care workers / assistants in nursing from quarter 2 2023-24. These results follow a considerable increase in wages in the quarter 1 2023-24 QFS, following the implementation of wage increases that commenced from 30 June 2023.

The median lowest 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 been working with the sector to improve the quality of wages data collection.

Table 6: Quarter 3 2023-24 comparison with quarter 2 2023-24 lowest, average, and highest hourly rates (medians) paid to direct care staff by residential aged care provider type (\$)

	Sector	Change from Q2 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	\$58.68	▼ \$0.81	\$57.83	\$57.00	\$58.36	\$60.00	\$60.26	\$63.32
Average	\$48.66	– \$0.00	\$46.39	\$45.88	\$48.00	\$50.60	\$48.66	\$51.63
Lowest	\$38.91	▼ \$0.05	\$38.05	\$38.51	\$38.91	\$42.00	\$37.75	\$36.42
Enrolled nurses (median)								
Highest	\$37.80	– \$0.00	\$36.58	\$35.91	\$37.69	\$38.33	\$38.09	\$40.00
Average	\$35.90	▲ \$0.12	\$34.85	\$34.00	\$36.19	\$36.40	\$35.74	\$36.54
Lowest	\$33.87	▲ \$0.03	\$33.00	\$33.00	\$33.99	\$34.79	\$33.92	\$33.83
Personal care workers / assistants in nursing (median)								
Highest	\$32.95	▼ \$0.05	\$32.00	\$32.00	\$33.32	\$33.00	\$36.52	\$32.46
Average	\$31.00	– \$0.00	\$30.79	\$30.89	\$31.05	\$31.11	\$31.00	\$30.71
Lowest	\$29.76	▲ \$0.05	\$29.76	\$29.54	\$30.00	\$29.76	\$29.00	\$28.12

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

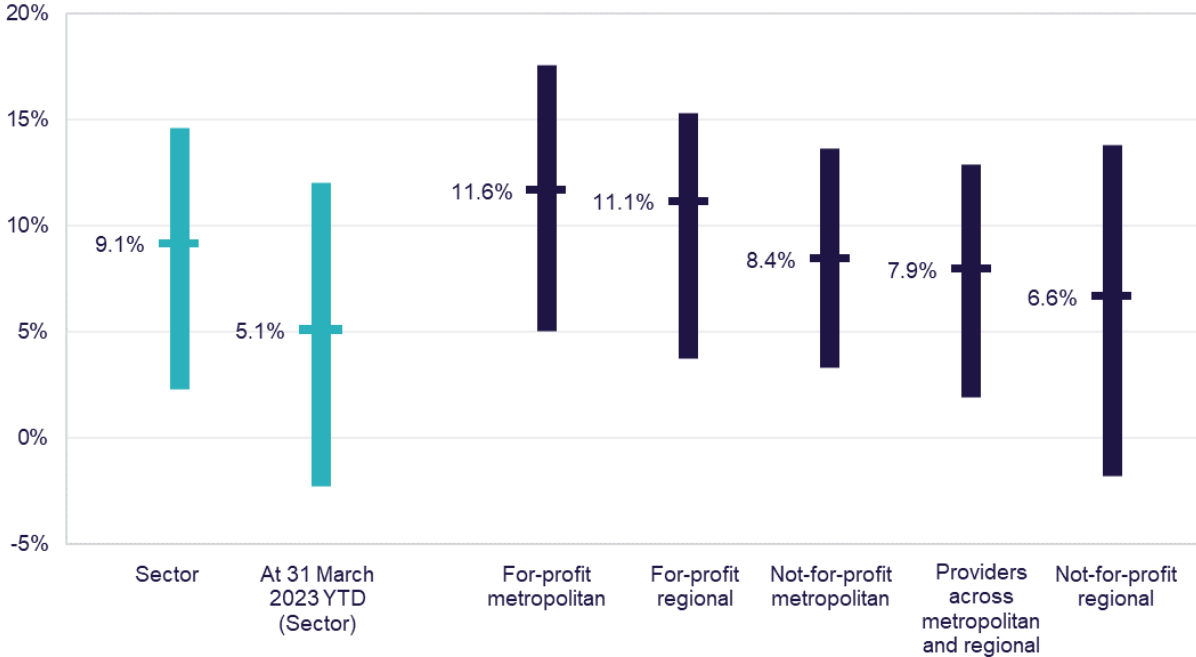
EBITDA margin is used as an indicator of a provider's financial performance and underlying profitability before accounting for depreciation assumptions, tax obligations or financing choices. EBITDA margins focus on a provider's operating profitability and cash flow, where the higher the EBITDA margin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

Chart 12 shows the 31 March 2024 YTD median EBITDA margin for the sector was 9.1%, which means an EBITDA return of \$9.10 for every \$100 of revenue earned. This was an increase of 4.0 percentage points (or an increased EBITDA return of \$4.00 for every \$100 of revenue earned) on the 31 March 2023 YTD result.

The median EBITDA margin improved for all provider types. This improved EBITDA margin is primarily driven by increased AN-ACC revenue and the additional \$11.07 per resident per day hotelling supplement. Expenses also increased in comparison to quarter 3 2022-23 (primarily wages), but at a smaller proportion to the revenue increases.

The percentage of residential care providers reporting on 31 March 2024 YTD a positive EBITDA result increased to 80.2% (up 11.7 percentage points at 31 March 2023 YTD).

Chart 12: At 31 March 2024 YTD median and quartile EBITDA margin by residential aged care provider type and sector level comparison with 31 March 2023 YTD



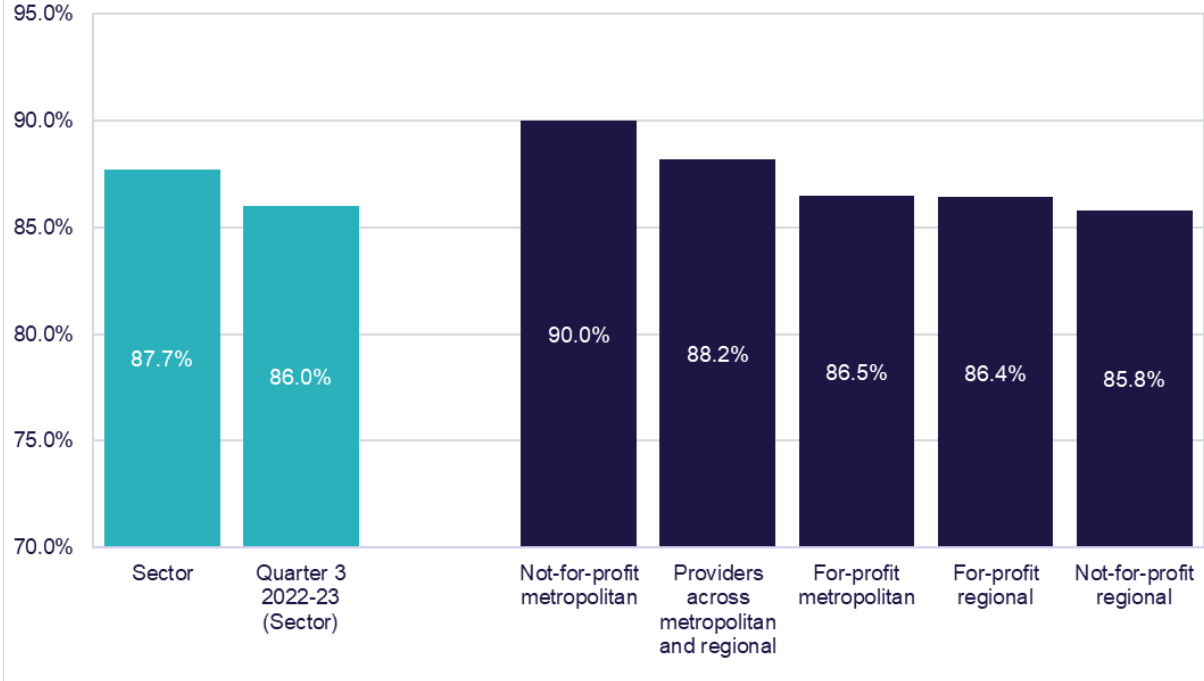
Occupancy

Chart 13 shows the average occupancy rate in quarter 3 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 3 2023-24, the average occupancy rate was 87.7%, which is an increase of 1.7 percentage points on the quarter 3 2022-23 result. Not-for-profit metropolitan providers had the highest occupancy in quarter 3 with 90.0% and not-for-profit regional providers had the lowest average occupancy rate at 85.8%. In addition,

not-for-profit regional providers were the only provider type to have a decrease in average occupancy from quarter 3 2022-23 result, down 0.5 percentage points.

Chart 13: Quarter 3 2023-24 average occupancy rate by provider type and sector level comparison with quarter 3 2022-23⁴



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

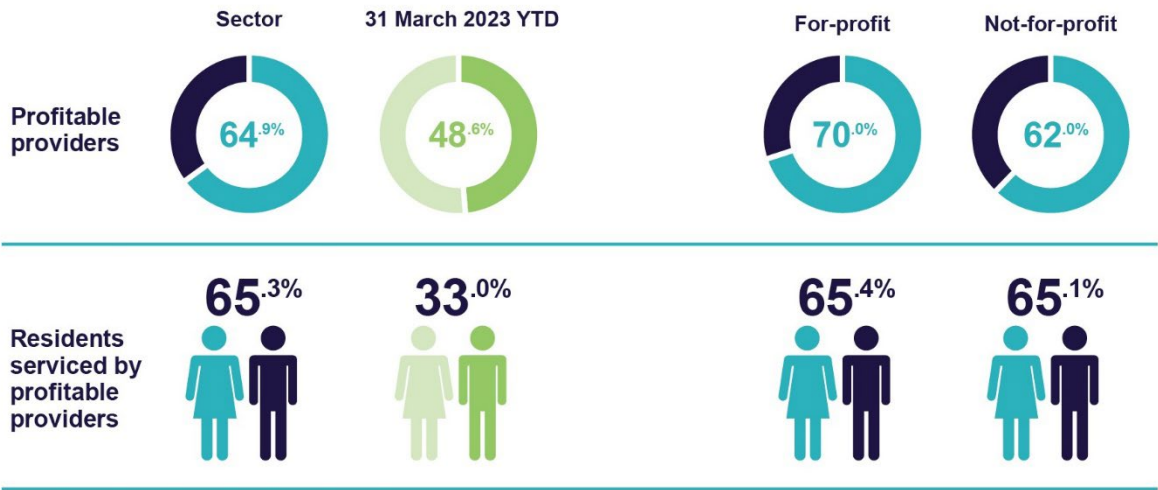
Measuring profitability can provide an incremental indication of the financial performance of residential aged care service providers.

The percentage of profitable residential aged care providers (defined by NPBT) at 31 March 2024 YTD increased by 16.3 percentage points from 31 March 2023 YTD.

Figure 1 shows that 64.9% of residential providers reported a profit at 31 March 2024 YTD NPBT, compared to 48.6% of providers at 31 March 2023 YTD. The percentage of providers making a profit increased for both for-profit providers and not-for-profit providers, however, not-for-profit providers had a greater increase (up 18.5 percentage points), and for-profit providers increased by 13.0 percentage points. Profitable providers at 31 March 2024 YTD serviced 65.3% of all residents in aged care, an increase of 32.3 percentage points from 31 March 2023 YTD.

⁴ Occupancy has been calculated using Services Australia data for QFS quarter 3 2023-24 as an interim measure, as the Department transitions to a new Government Provider Management System.

Figure 1: At 31 March 2024 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 March 2023 YTD



Liquidity

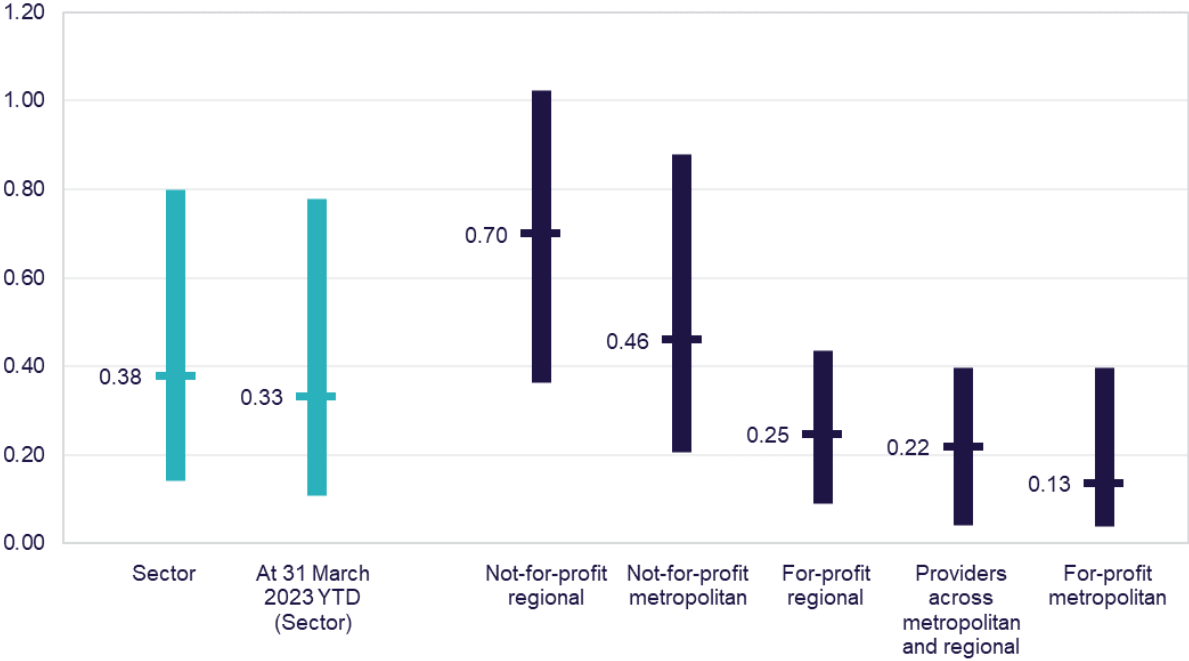
Liquidity ratio measures the availability of cash and financial assets to cover providers' debt obligations (without raising external capital) if they were to become immediately due and payable.

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.

As shown in Chart 14, at 31 March 2024, the median liquidity ratio for the sector was 0.38, an increase of 0.05 on the 31 March 2023 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 March 2024, the median liquidity ratio increased for all provider types compared with 31 March 2023. Not-for-profit regional continued to have the highest liquidity ratio at 0.70. For-profit metropolitan providers continued to record the lowest liquidity ratio (0.13), consistent with having the lowest liquidity ratio throughout 2022-23 and quarters 1 and 2 in 2023-24.

Chart 14: At 31 March 2024 median and quartile liquidity ratio of residential aged care providers by provider type and sector level comparison at 31 March 2023



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

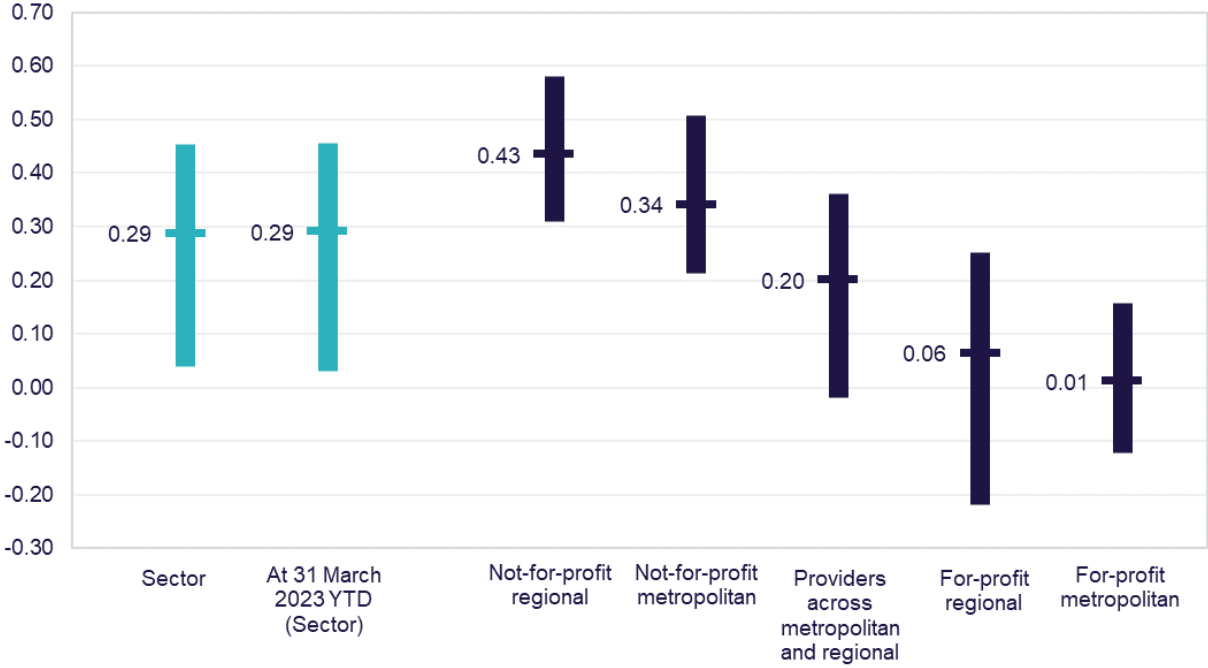
The capital adequacy ratio at 31 March 2024 shown in Chart 15 measures a provider's net asset position divided by total asset position (not including intangibles). This ratio can be used as an indicator of a provider's ability to absorb any unexpected losses through their net asset position (also known as an asset buffer).

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.

The median capital adequacy ratio for residential aged care providers was 0.29, meaning for every \$100 of assets they owned, \$29 was funded through equity and \$71 was funded through debt or other liabilities. This is unchanged from the 31 March 2023 position.

For-profit metropolitan and for-profit regional providers had the lowest capital adequacy ratios (0.01 and 0.06 respectively), consistent with previous quarters.

Chart 15: 31 March 2024 median and quartile capital adequacy ratio of residential aged care providers by provider type and sector level comparison at 31 March 2023



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 31 March 2024 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 \$404.3 million.

The sector level YTD position equates to a net profit before tax (NPBT) of \$5.84 per care recipient per day, up \$2.19 on the 31 March 2023 YTD result. The 31 March 2024 YTD revenue and expenses increased compared with March 2023, with revenue increasing at a higher proportion to produce the improved NPBT position.

Revenue increases are primarily attributed to an 8.2% increase in claim days. In addition, there was an 11.9% increase in the Home Care Subsidy and Supplements due to the Fair Work Commission (FWC) decision for an interim increase to minimum award rates of 15% from 30 June 2023 in the Aged Care Work Value Case and annual indexation, which contributed to the revenue increases. Similarly, the increase in expenses was mostly due to higher wage costs to deliver services that correlate with changes to award wages and correlating expenses related to the increase in home care claim days.

Table 7: 31 March 2024 YTD and comparison with 31 March 2023 YTD, summary of financial performance of home care for-profit and not-for-profit providers

	Total	Per care recipient per day	Change from 31 March 2023 YTD per care recipient per day
Revenue	\$5,017.6m	\$72.54	▲ \$4.30
Expenses	\$4,613.3m	\$66.69	▲ \$2.10
Net profit before tax	\$404.3m	\$5.84	▲ \$2.19
Net profit before tax margin	8.1%	8.1%	▲ 2.7 percentage points
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$427.6m	\$6.18	▲ \$2.01

Staff cost and minutes

Table 8 shows the quarter 3 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 19, which shows the quarter 3 median wages to revenue percentage. Data for enrolled nurses has not been included as 70% 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 by 2.8% to 55.66 minutes per care recipient per day (up 1.49 minutes). Unlike residential aged care, there is no target or mandated care minutes for home care service providers. Total median staff cost increased by 13.4% to \$51.08 per care recipient per day which is an increase of \$6.04 per care recipient per day on the quarter 3 2022-23 result. The median staff costs increased proportionally more compared to the median staff time, likely due to the increased wages in the sector. The total median staff time and cost 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, allied health, other direct care staff, care management, and administration and support in Chart 16 and Chart 17.

Table 8: Quarter 3 2023-24 and comparison with quarter 3 2022-23, median staff cost and time per care recipient per day

	Cost per care recipient per day	Change in cost from Q3 2022-23	Minutes per care per recipient per day	Change in minutes from Q3 2022-23
Registered nurse	\$1.03	▲ \$0.33	0.69	▲ 0.20
Personal care staff	\$25.01	▲ \$6.43	29.58	▲ 2.91
Allied health	\$3.15	▲ \$1.08	1.45	▲ 0.46
Other direct care	\$0.66	▼ \$2.24	0.28	▼ 1.99
Care management	\$7.22	▲ \$0.71	6.96	▼ 0.94
Administration and non-care staff	\$6.45	▲ \$0.84	7.61	▲ 0.72

When comparing to quarter 3 2022-23, Chart 16 shows the median cost per care recipient per day increased for registered nurses (up \$0.33), personal care staff (up \$6.43), allied health (up \$1.08), care management (up \$0.71) and administration and non-care staff (up \$0.84) but decreased for other direct care (down \$2.24).

Chart 17 shows the quarter 3 2023-24 median time per care recipient per day increased for registered nurses (up 0.20 minutes), personal care staff (up 2.91 minutes), allied health (up 0.46 minutes) and administration and non-care staff (0.72 minutes). The median time per care recipient per day decreased for other direct care staff (down 1.99 minutes) and care management staff (down 0.94 minutes).

Chart 16: Quarter 3 2023-24 and comparison with quarter 3 2022-23, median staff cost per care recipient per day (\$)

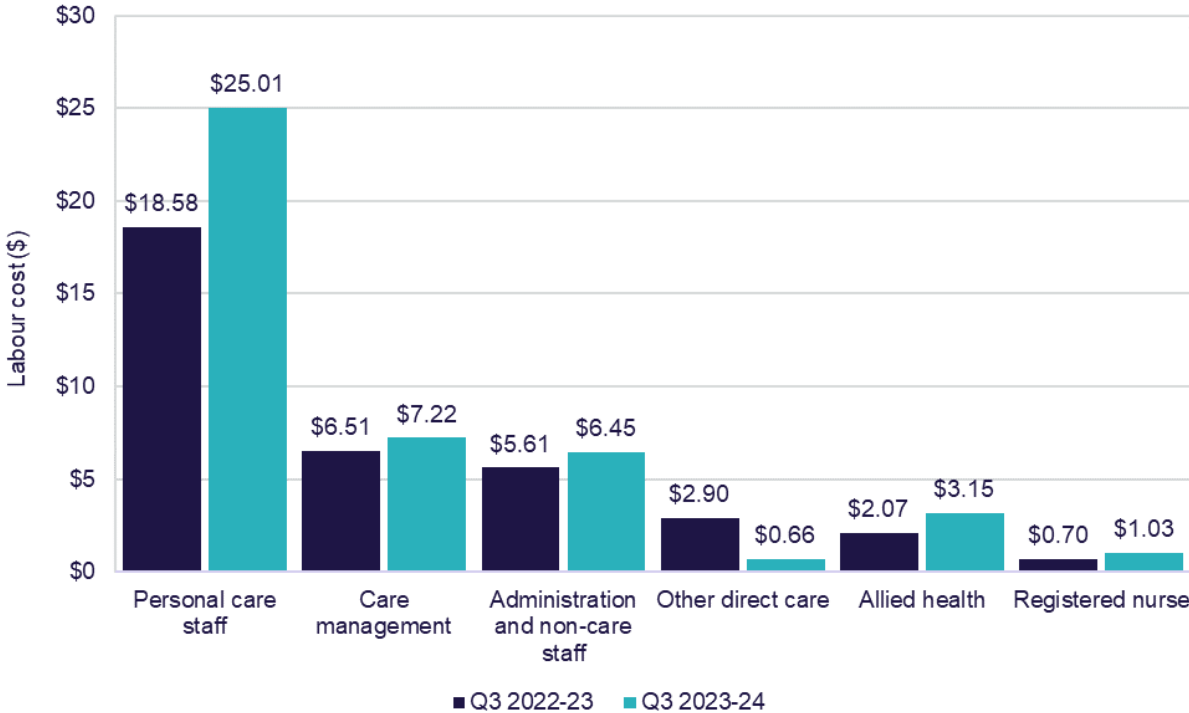
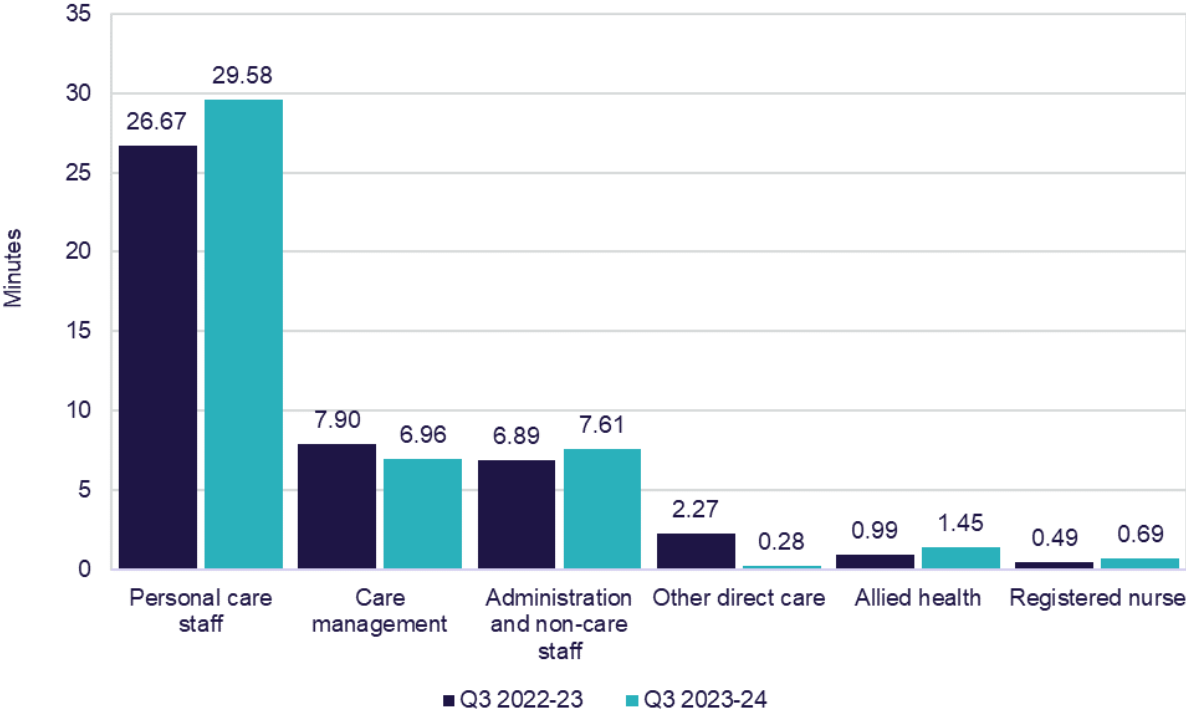


Chart 17: Quarter 3 2023-24 and comparison with quarter 3 2022-23, median staff time per care recipient per day (mins)



Staff cost

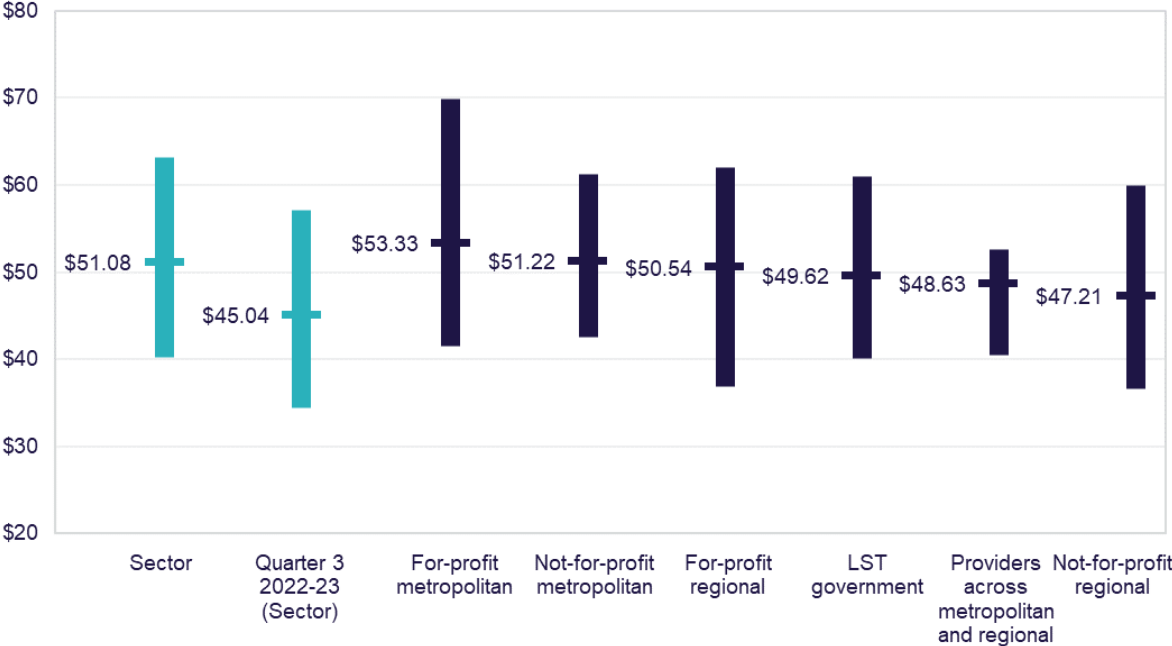
Chart 18 shows that quarter 3 2023-24 sector median total staff costs increased to \$51.08 per care recipient per day, up \$6.04 from quarter 3 2022-23. This increase in staff costs is mainly attributed to the wage increase for care workers in response to the FWC decision for an interim increase of 15% to minimum award wages in the Aged Care Work Value Case, which commenced on 30 June 2023.

For-profit metropolitan providers reported the highest median total staff cost per care recipient per day (\$53.33), while not-for-profit regional providers recorded the lowest (\$47.21).

Total staff costs include registered nurses, enrolled nurses, personal care staff, allied health, other direct care, care management, and administration and non-care.

Labour costs include salaries and superannuation, bonuses and incentives, allowances, termination payments, value of fringe benefits, salary sacrifice and leave entitlements.

Chart 18: Quarter 3 2023-24 median and quartile total staff cost per care recipient per day by home care provider type and sector level comparison with quarter 3 2022-23 (\$)

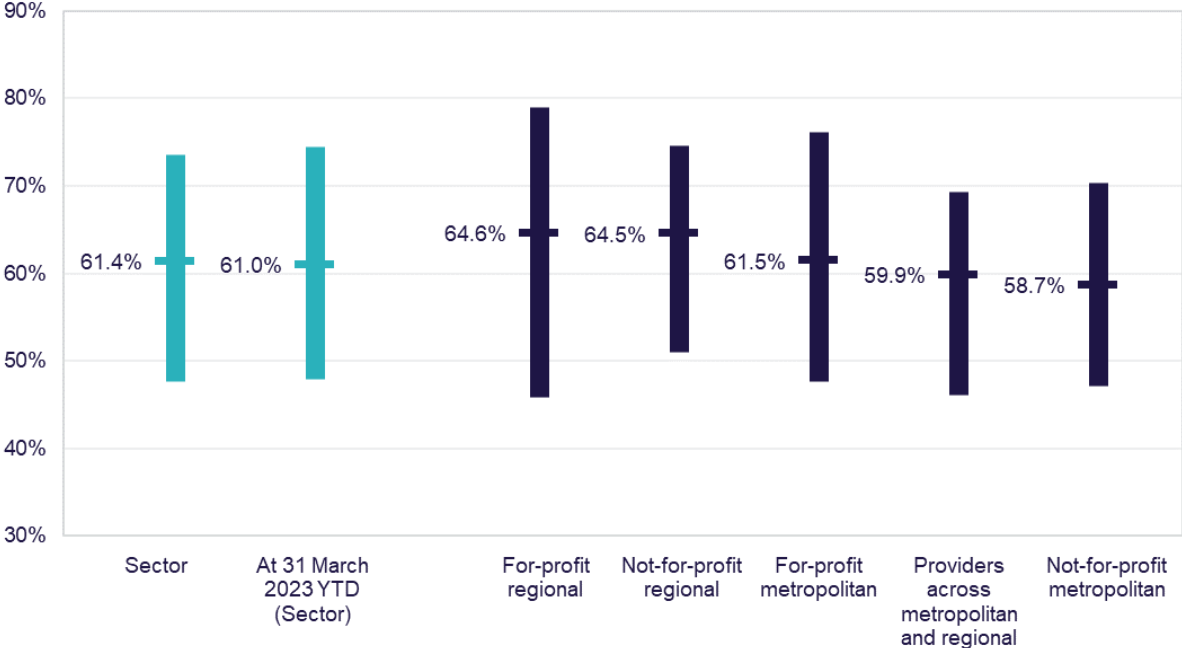


Wages to revenue

Comparing wages to revenue is a financial indicator allowing providers to measure how much is spent on employees as a proportion of total revenue. Chart 19 shows the March 2024 YTD proportion of wages to revenue for the sector was a median of 61.4%, which was a slight increase of 0.4 percentage points from 31 March 2023 YTD position.

The median proportion of wages to revenue increased the most (up by 5.4 percentage points) for providers across metropolitan and regional. The wages to revenue percentage for not-for-profit regional providers increased by 3.9 percentage points; up by 1.4 percentage point for for-profit metropolitan; decreased by 1.5 percentage point for for-profit regional providers; and decreased by 2.4 percentage points for not-for-profit metropolitan providers.

Chart 19: 31 March 2024 YTD median and quartile wages to revenue percentage by home care provider type and sector level comparison with 31 March 2023 YTD (%)

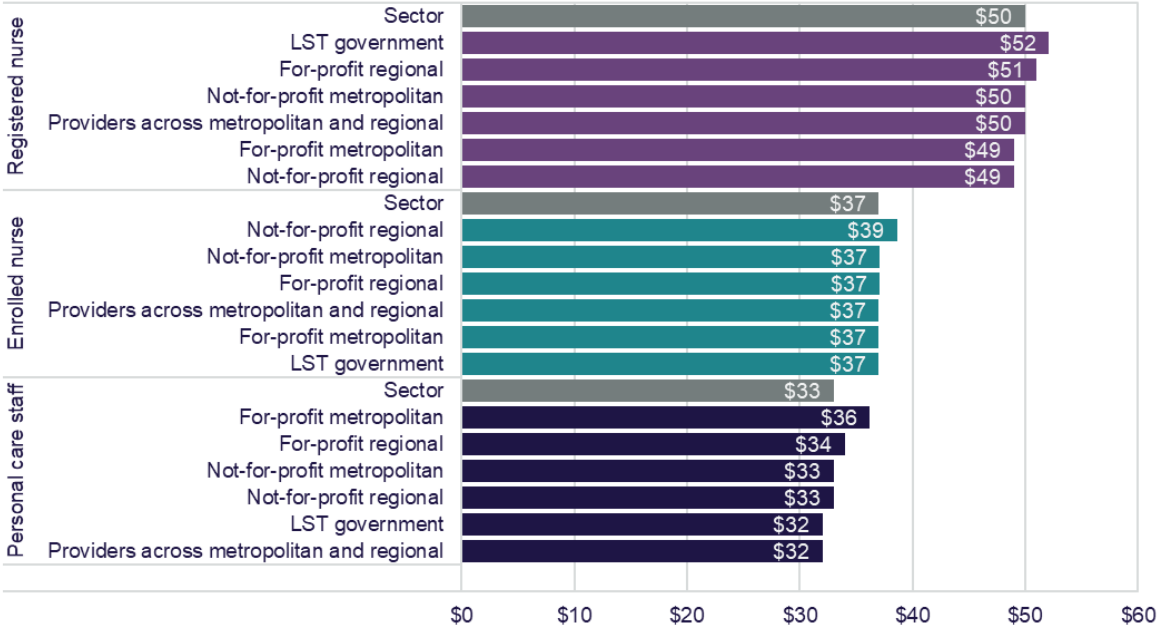


Hourly rate

The quarter 3 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 remained the same for registered nurses, enrolled nurses and personal care staff. Chart 21 shows that the sector median of the average hourly rates remained unchanged from quarter 2 2023-24, \$50 for registered nurses, \$37 for enrolled nurses and \$33 for personal care staff.

Although the median hourly rates paid to direct care staff by home care providers have remained unchanged, 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 3 2023-24 median hourly rate paid to direct care staff by provider type



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, casual rates, agency fees and subcontracting arrangements.

Chart 20 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 3 2023-24 and comparison with quarter 3 2022-23, sector median hourly rates for direct care workers (\$)

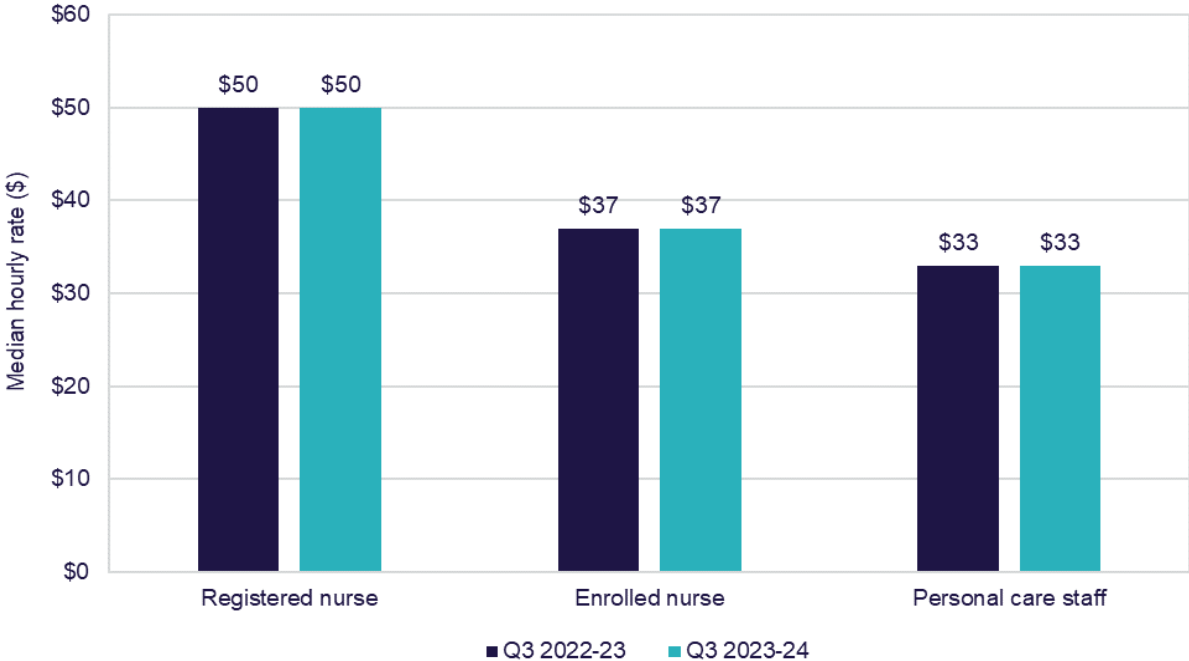


Table 9 shows the median of the sector highest, average and lowest hourly rates for quarter 3 2023-24 and a comparison with quarter 2 2023-24.

Since quarter 4 2022-23, the department has collected additional information from providers on direct care staff wages 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. 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.

Table 9 shows the quarter 3 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 for registered nurses was \$54.56, a decrease of \$0.44 from quarter 2 2023-24. For enrolled nurses it was \$39.33 per hour (down \$0.65), and for personal care staff it was \$37.63 per hour (down \$0.37).

The decrease in the sector median hourly rates for direct care staff is mostly attributed to the improvement in data quality reported in the QFR by providers.

Despite the drop in the median highest, average, and lowest hourly rates, the median lowest hourly rates for registered nurses, enrolled nurses and personal care staff are above the minimum award rates. The department continues to monitor providers to ensure that funding provided by the Government to support the FWC decision is passed on to care workers.

Table 9: Quarter 3 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 2 2023-24 (\$)

	Sector	Change from Q2 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	\$54.56	▼ \$0.44	\$53.00	\$53.15	\$54.00	\$54.16	\$58.86	\$59.67
Average	\$50.00	– \$0.00	\$49.21	\$51.00	\$49.98	\$49.08	\$49.77	\$52.09
Lowest	\$45.00	▼ \$0.76	\$45.00	\$44.16	\$44.79	\$45.85	\$41.00	\$47.68
Enrolled nurses (median)								
Highest	\$39.33	▼ \$0.65	\$40.33	\$37.10	\$39.16	\$39.00	\$39.17	\$39.16
Average	\$37.18	▼ \$0.82	\$37.00	\$37.10	\$37.13	\$38.65	\$37.00	\$36.89
Lowest	\$35.66	▼ \$0.34	\$35.46	\$34.00	\$35.43	\$37.08	\$35.88	\$34.80
Personal care staff (median)								
Highest	\$37.63	▼ \$0.37	\$38.91	\$37.64	\$37.14	\$35.30	\$36.63	\$35.11
Average	\$33.34	▼ \$0.66	\$36.21	\$34.00	\$32.58	\$32.52	\$31.83	\$32.46
Lowest	\$30.11	▲ \$0.05	\$31.74	\$31.04	\$30.00	\$29.89	\$28.77	\$30.00

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

The hourly rates do not include on-costs, penalty rates, casual rates, agency fees and subcontracting arrangements. Nil-value responses have been excluded.

Care and package management

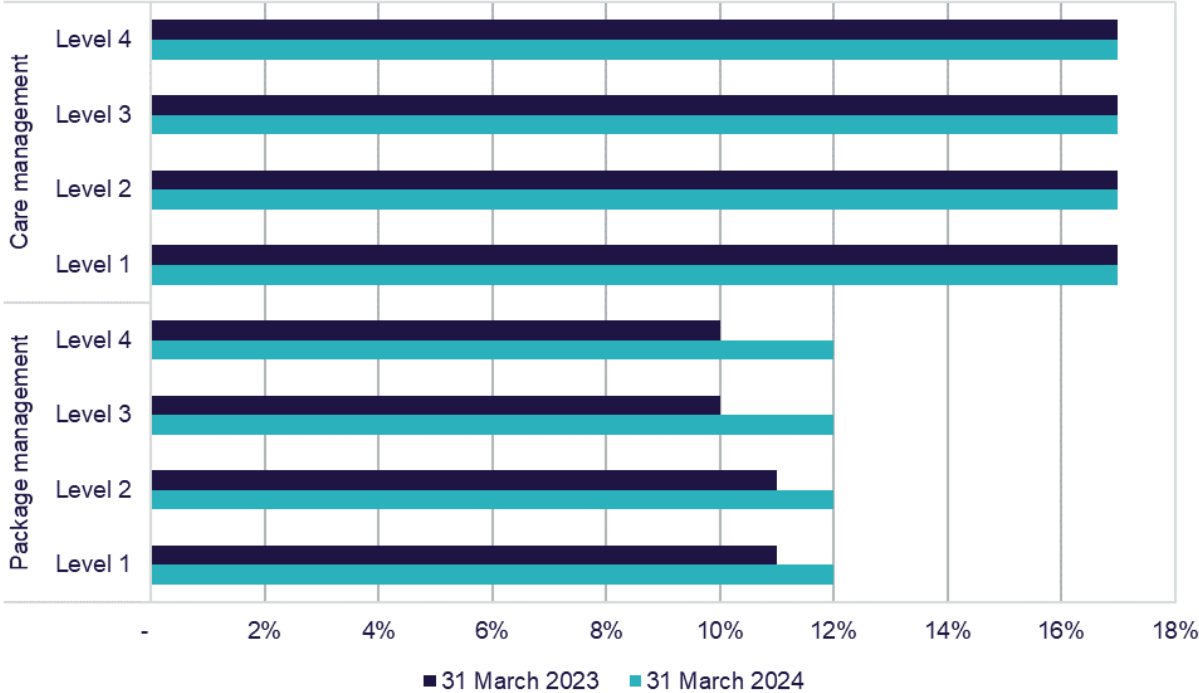
Chart 22 shows the quarter 3 2023-24 median percentage of the Australian Government subsidy directed to care management and package management per Home Care Package (HCP) level, as reported on My Aged Care. Care management ensures recipients receive the appropriate level of support in a way that meets 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 3 2023-24, all HCP levels had a median care management percentage of 17% per HCP, which is under the cap of 20%. The care management percentage per HCP remained the same for all HCP levels when compared to quarter 3 2022-23.

Package management is the ongoing administration and organisational activities associated with ensuring the smooth delivery and management of a HCP.

In quarter 3 2023-24, the package management charges increased for Level 3 and Level 4 to 12% (up from 10% in quarter 3 2022-23). Level 1 and Level 2 package management charges increased from 11% in quarter 3 2022-23 to 12% in quarter 3, 2023-24. All HCP package management charges remain under the 15% cap.

Chart 22: 31 March 2024 and 31 March 2023, median care and package management percentage per HCP 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

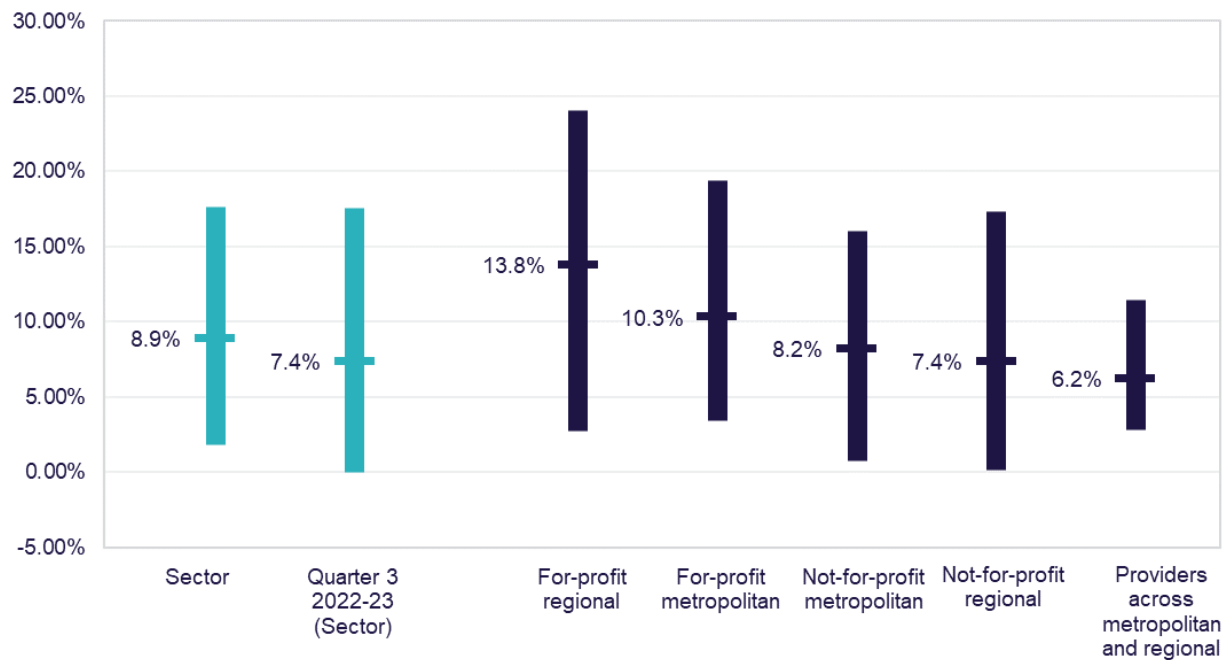
profitability and cash flow, where the higher the EBITDA margin is, the lower operating expenses are in relation to total revenue.

Chart 23 shows the 31 March 2024 YTD median EBITDA margin for the sector was 8.9%, which means an EBITDA return of \$8.90 for every \$100 of revenue earned. This was an increase of 1.5 percentage points on the 31 March 2023 YTD result.

The median EBITDA margin increased for all provider types compared to 31 March 2023 YTD results. For-profit regional providers had the highest EBITDA margin increase of 4.1 percentage points. Providers across metropolitan and regional had the lowest EBITDA margin increase of 0.6 percentage points.

The percentage of home care providers reporting a positive EBITDA result increased to 81.9% (up by 5.9 percentage points on the March 2023 YTD result).

Chart 23: 31 March 2024 YTD median and quartile EBITDA margin by home care provider type and sector level comparison with 31 March 2023 YTD (%)

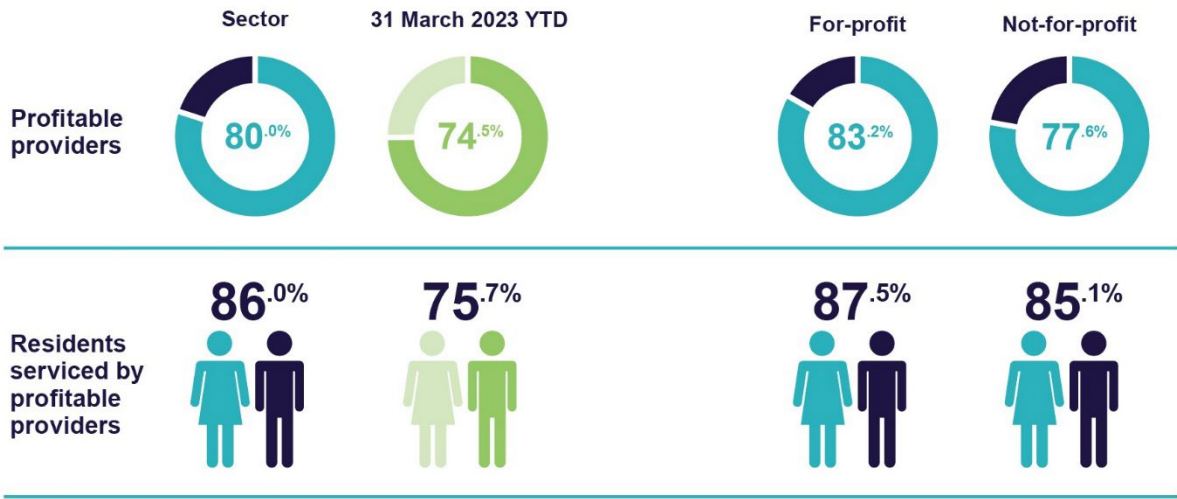


Profitable home care service providers

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

Figure 2 shows that 80.0% of home care providers reported a positive 31 March 2024 YTD NPBT, compared with 74.5% of providers at 31 March 2023 YTD. Profitable home care providers serviced 86.0% of home care recipients compared with 75.7% at 31 March 2023 YTD.

Figure 2: 31 March 2024 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 March 2023 YTD



Home Care Account and unspent funds

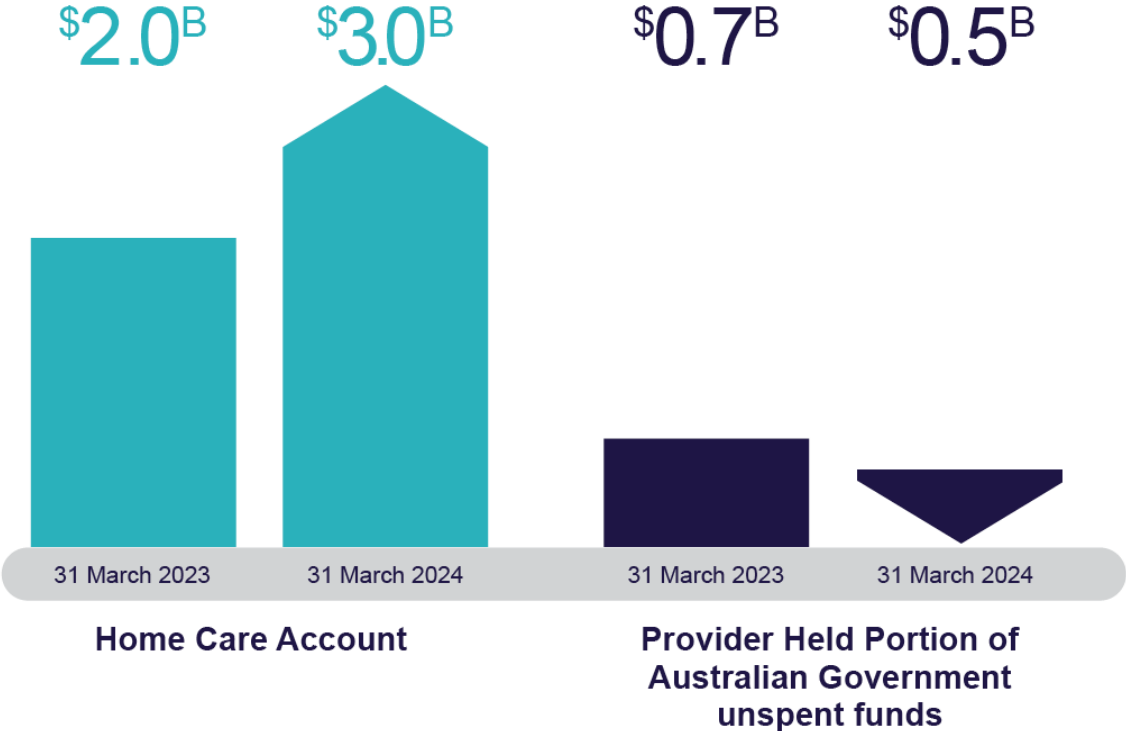
Since 1 September 2021, unspent Government subsidy is accrued in a Home Care Account set up for care recipients by Services Australia. These funds are available for providers to use towards care and services when needed for the care recipient. Some providers also have access to unspent funds accrued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

The change from 31 March 2023 to 31 March 2024 in the Home Care Account and the Provider Held Portion of Government unspent funds is shown in Figure 3. Over time, it is expected that the provider held unspent funds balances will diminish, and Government held Home Care Account unspent funds will accumulate based on the utilisation rates of available package funds by each care recipient. Care recipients can take leave from HCP because of hospitalisations, a stay in a residential respite facility, accessing support to transition from hospital to community or for other social reasons. During this leave, funds continue to accrue in home care accounts. There was an increase of \$1.0 billion of unspent funds in Home Care Accounts at 31 March 2024, while the Provider Held portion of unspent funds reduced by \$0.2 billion.

The new Support at Home (SaH) program is scheduled to commence from 1 July 2025, and 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 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 March 2024 and comparison with 31 March 2023



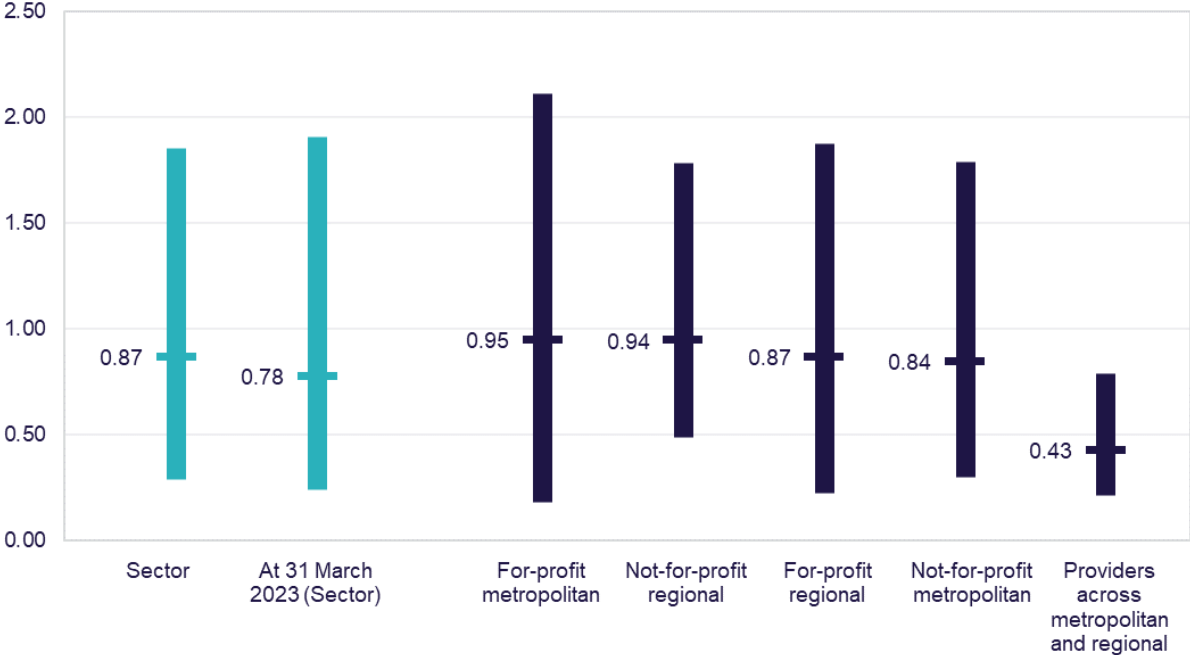
Liquidity

A 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 March 2024 for the home care sector was 0.87, which was an increase of 0.09 on the 31 March 2023 position. This means for every \$100 of debt obligations, there is \$87 available in liquid assets (cash and financial assets) to cover it. For-profit metropolitan providers had the highest liquidity ratio of 0.95 at 31 March 2024 which is an increase of 0.25 on the 31 March 2023 position. Not-for-profit metropolitan providers decreased their liquidity ratio by 0.14 when compared to the prior year.

Chart 24: 31 March 2024 median and quartile liquidity ratio of home care providers by provider type



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

Calculations do not include undrawn credit facilities as liquid assets

Capital adequacy

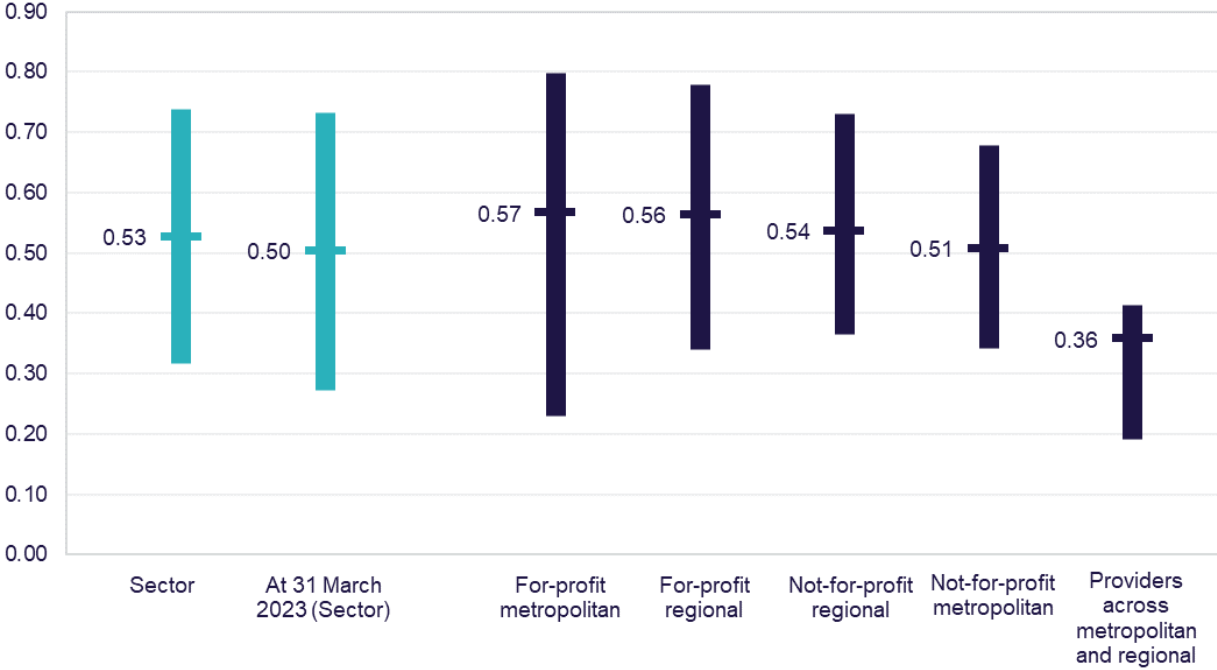
The capital adequacy ratio shown in Chart 25 measures providers’ net asset position divided by total asset position (not including intangibles).

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 0.53, meaning for every \$100 of assets they owned, \$53 was funded through equity and \$47 was funded through debt or other liabilities. This was an increase of 0.03 on the 31 March 2023 ratio result. For-profit metropolitan, for-profit regional providers and providers across metropolitan and regional had an increase on their 31 March 2023 result. Not-for-profit metropolitan had a decrease on their 31 March 2023 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.

Chart 25: 31 March 2024 median and quartile capital adequacy ratio of home care providers by provider type



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

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 3 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 3 2023-24 comparison with quarter 2 2023-24 lowest, average, and highest hourly rates (medians) paid to direct care staff by residential aged care provider type (\$)
- Table 9: Quarter 3 2023-24 comparison with quarter 2 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 (50th to the 75th percentile) and lower quartile (25th to the 50th 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 2

Data sources and methodology

The QFS primarily draws on data collected from aged care 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). The department undertakes data validation processes to check the quality of submitted data. 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 January to March 2024 QFR, with submissions from 99.1% of residential aged care providers and 96.0% 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 3 results only and reflect how the information was collected in the QFR.

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

For quarter 3 2023-24, occupancy has been calculated from Services Australia data for as an interim measure, as the Department transitions to a new Government Provider Management System.

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 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.

Previous snapshots and feedback

Previous [QFS publications](#) are available on 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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