Australian Government
Department of Health, Disability and Ageing

Quarterly Financial Snapshot

Aged Care Sector

Quarter 2 2024-25

October to December 2024

Contents

Contents	**2**
Introduction	**3**
Aged care reform priorities	4
Summary of findings	**6**
Residential care	7
Home care	10
Residential aged care	**11**
Financial performance	11
Average care minutes	17
Staff cost and time	19
Food and nutrition	23
Home care	**24**
Financial performance	24
Staff cost and time	28
Care and package management	30
Unspent funds	31
Glossary	**32**
Appendix	**36**

Introduction

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

The Department of Health, Disability and Ageing (the department) 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 critical financial metrics across the aged care system
- complements other publications such as:
    - the annual Financial Report on the Australian Aged Care Sector (FRAACS)
    - registered nurse coverage in aged care dashboard
    - care minutes in residential aged care dashboard
    - the quarterly reporting of service-level financial and operations information on My Aged Care through the 'Find a Provider' tool.

This QFS covers the period 1 October to 31 December 2024 (quarter 2 of 2024-25). It has three sections:

Summary

Residential care

Home care

The Appendix contains tips on how to read the QFS, including provider type definitions, information about the data sources and methodologies used throughout.

An Excel data extract containing all headline figures from QFS reports published to date is available on the department's website. It includes a breakdown of results by provider types. This data extract is updated quarterly.

The department would like to thank all aged care providers who completed the Quarterly Financial Report (QFR) and helped develop the QFS.

Aged care reform priorities

The Australian Government is continuing to develop programs and initiatives that underpin high quality and safe aged care for older people in Australia. These reforms will strengthen choice and transparency for older people, their families and carers. They also improve the sustainability of the aged care sector.

The December 2024 year-to-date (YTD) results show a strong improvement in the financial performance of the residential care sector on the December 2023 YTD position. The net profit before tax (NPBT) and earnings before interest, tax, depreciation and amortisation (EBITDA) results both improved and more providers reported a positive NPBT when compared to quarter 2 2023-24.

In the home care sector, financial results were broadly consistent with results from quarter 2 2023-24, with NPBT and EBITDA results improving slightly.

Reform impacts on quarter 2 (Oct – Dec 2024) results

The quarter 2 2024-25 results published in this report show the impact on aged care providers when compared to quarter 2 2023-24 from the following reforms and initiatives:

- a 4.4% increase from 1 December 2023 to average Australian National Aged Care Classification (AN-ACC) funding. For quarter 2 2024-25, AN-ACC funding for the sector was $5.6 billion.
- a 10.3% increase in the AN-ACC price from $253.82 on 1 December 2023 to $280.01 from 1 October 2024. The increased funding supports the Fair Work Commission (FWC) Stage 3 decision on the Aged Care Work Value Case and other costs. It supports residential aged care providers to meet increased costs.
- an increase in the hotelling supplement from $11.04 in September 2023 to $12.55 on 20 September 2024 to support higher award wages. The increase was in addition to regular indexation that occurs on 20 March and 20 September each year.
- an increase in the mandatory care minutes responsibility requiring providers to deliver an average of 215 care minutes per resident per day, from 1 October 2024. This includes 44 minutes of registered nurse care. Providers also have the flexibility from this time to meet up to 10.0% of the registered nurse target with care time delivered by enrolled nurses.
- commencement of the Aged Care Outbreak Management Support Supplement in February 2024 which supports providers to plan for and manage COVID-19 outbreaks.

Future reform impacts

In future QFS reports, the department expects to see further operational and financial impacts on the sector. These impacts will follow the introduction of the following initiatives:

- investment to fund the FWC's decisions in the Aged Care Work Value Case, including:
    - $6.4 billion over five years to fund the FWC's Stage 3 decision for award wage increases from 1 January 2025, for approximately 340,000 aged care workers and 60,000 registered and enrolled nurses in aged care.
- measures announced in the Government response to the Aged Care Taskforce. These structural reforms will allow the sector to sustainably provide quality care for older people into the future.
- continued investment of $88.4 million in programs and initiatives from 2024-25 to attract and retain the aged care workforce. These programs focus on:
    - growing the home care workforce in regional, rural and remote areas where shortages are the most acute
    - supporting better pathways for nurses in aged care.
- the release of 7,615 Home Care Packages (HCP) from December 2024 to reduce wait times ahead of the commencement of the Support at Home program on 1 July 2025.
- provider preparations for the commencement of the *Aged Care Act 2024*, regulatory model and Support at Home program. These will mark changes to provider operations, including to provider registration and renewal processes, the strengthened Aged Care Quality Standards and worker screening for aged care.

While the department expects to see impacts from these initiatives in the short term, the Government's reform is ongoing. More information on aged care reform is available on the department's website. Summary resources that outline the Government's commitments in the 2024-25 Budget and 2024-25 MYEFO to strengthen the quality of aged care services are also available.

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	$20.69	▲ $11.94	Net profit before tax	$5.83	▲ $0.54
EBITDA	$45.77	▲ $3.44	EBITDA	$6.22	▲ $0.49

The change shown in the financial summary is a comparison with Quarter 2 2023-24 YTD.

Percentage of profitable providers year-to-date
Profit defined as year-to-date net profit before tax

	Residential care	Home care
Total	71.5%	75.2%
Change	▲6.9 percentage points	▼0.7 percentage points
For-profit	81.5%	81.7%
Not-for-profit	65.8%	70.3%

The change shown in the percentage of profitable providers is a comparison with Quarter 2 2023-24 YTD.

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

	Residential care	Home care
Total	83.1%	77.1%
Change	▼0.4 percentage points	▼0.5 percentage points
For-profit	89.9%	82.7%
Not-for-profit	79.1%	72.9%

The change shown in the providers with a positive EBITDA is a comparison with Quarter 2 2023-24 YTD.

Provider numbers at 30 December 2024

	Residential care	Home care
Providers	726	921
NEW	10	40
EXIT	29	18

The new and exit provider numbers for residential aged care and home care in comparison to 30 December 2023

Residential care sector average care minutes Quarter 2 2024-25
(per resident per day)

	Total	Registered nurses *	Enrolled nurses	Personal care workers/ assistants in nursing
Total sector	target 214.74 212.90 ▲ 3.08	target 43.81 45.88 ▲ 3.47	no target 12.94 ▲ 0.22	no target 157.09 ▲ 2.39
For-profit	207.97 ▲ 3.50	44.34 ▲ 3.55	9.58 ▲ 0.24	157.29 ▲ 2.95
Not-for-profit	214.80 ▲ 3.29	45.23 ▲ 3.37	10.88 ▲ 0.13	161.45 ▲ 2.55

Average care minutes are a comparison with Q1 2024-25.

Registered nurse minutes include enrolled nurse care time contributions from Q2 2024-25.

Residential care

The quarter 2 2024-25 YTD financial position of the residential aged care sector improved when compared to quarter 2 2023-24 YTD.

Results:

- YTD EBITDA increased by $3.44 per resident per day, totalling $45.77.
  - The proportion of providers reporting a positive YTD EBITDA position was 83.1%, down 0.4 percentage points.
  - The median EBITDA margin was 8.3%, down 1.5 percentage points.[1] This means an EBITDA return of $8.30 for every $100 of revenue earned.
- YTD NPBT performance increased by $11.94 per resident per day, totalling $20.69.
  - The total YTD NPBT for the sector was a profit of $736.2 million.
  - The proportion of providers reporting a positive YTD NPBT position was 71.5%, up 6.9 percentage points.
- Average occupancy rate increased to 89.7%, up 2.1 percentage points.

Key points:

1. **As foreshadowed in the QFS quarter 1 2024-25 report, the increase in AN-ACC funding drove an improvement in the financial performance of the residential aged care sector in quarter 2 2024-25.**

   The residential aged care sector recorded a significant improvement in financial performance in quarter 2 2024-25, when compared to quarter 2 2023-24.
   The YTD NPBT for the sector improved by $433.5 million (143.2%) between the quarters, with providers recording a result of $736.2 million in quarter 2 2024-25. The result comes after a modest decline in performance in quarter 1 2024-25 (when compared to quarter 1 2023-24). These results were driven by the timing of the AN-ACC price increase, which shifted from an annual increase on 1 July to 1 October 2024. With the (10.3%) increase in the AN-ACC funding at the start of quarter 2 2024-25, the growth in sector income (11.5%) exceeded the growth in sector expenses (8.6%), when compared to quarter 2 2023-24.

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[1] The EBITDA margin for a provider is calculated by dividing its EBITDA result by its revenue result. The lower median EBITDA margin for the residential care sector indicates that, on balance, more providers had a proportionally higher growth in revenue than EBITDA. This resulted in more providers recording a lower EBITDA margin and resulted in the lower median figure.

The increase in revenue over the 12 months is primarily attributed to a $0.7 billion increase in AN-ACC funding. Growth in operating expenses was driven by higher labour costs, specifically salaries and employee benefits. Factors contributing to higher salaries and employee benefits over the 12 months include:

- increased sector median wages for direct care staff
- increased direct care staff time, with providers increasing their compliance with their care minute and 24/7 registered nursing requirements and increasing acuity of resident needs.

At a sector level, it is expected that labour costs will continue to increase as more services start to meet their care minutes targets. Reporting in FRAACS 2022-23 shows care is fully funded, and providers are using care funding to cover losses in hotelling and accommodation results. To improve profitability while ensuring care funding is spent on care delivery, provider accommodation and hotelling results must improve. As outlined in previous QFS reports, the Government has introduced reforms, including through its response to the Aged Care Taskforce recommendations, which will support providers to improve these results.

2. **Total care minutes delivered fell short of the target in quarter 2 2024-25, as changes to the mandatory care minutes requirements came into effect. Poor compliance by individual services in metropolitan areas will be addressed via funding changes from April 2026.**

   From 1 October 2024, the mandatory care minutes targets increased to a sector-wide average of 214.74 total care minutes per resident per day, including 43.81 registered nurse minutes. From this time, providers have also been able to meet up to 10.0% of their registered nurse care minutes targets with care time delivered by enrolled nurses. In quarter 2 2024-25, providers delivered an average of 212.90 care minutes per resident per day (up 3.08 minutes from quarter 1 2024-25, but under the target for quarter 2 2024-25 by 1.84 minutes). This included 45.88 minutes delivered by a registered nurse (including the enrolled nurse contribution) (up 3.47 minutes from quarter 1 2024-25 and exceeding the target for quarter 2 2024-25 by 2.07 minutes).

   While care minutes compliance continues to increase across the sector, the results show that only 37.4% of services met both their service-level total care minutes and registered nurse care minute targets in quarter 2 2024-25 (down 8.0 percentage points on quarter 1 2024-25). Compliance rates for services in metropolitan areas (MM1) remain low, despite consistent feedback from the sector that workforce shortages are most acute in rural and remote areas.

As reported in the previous QFS report, to boost care minutes compliance, from April 2026 non-specialised residential aged care services in MM1 areas will receive their full care minutes funding only if they meet their care minutes targets in quarter 2 2025-26 (October to December 2025). This change is not intended to reduce funding. Instead, it is intended to make sure providers meet their care minutes targets, ensuring better care for residents. It will also mean the Government is not paying for care minutes that are not being delivered.

Home care

The quarter 2 2024-25 YTD results highlight a slight improvement in the home care sector's financial position from quarter 2 2023-24 YTD.

Results:

- YTD EBITDA increased by $0.49 per care recipient per day, totalling $6.22.
  - The proportion of providers reporting a positive YTD EBITDA position was 77.1%, down 0.5 percentage points.
  - The median EBITDA margin was 7.1%, down 1.0 percentage point.[2] This means an EBITDA return of $7.10 for every $100 of revenue earned.
- YTD NPBT performance improved by $0.54 per care recipient per day, totalling $5.83.
  - The total YTD NPBT for the sector was a profit of $285.1 million.
  - The proportion of providers reporting a positive YTD NPBT position was 75.2%, down 0.7 percentage points.

Key points:

1. **There was a small improvement in the financial performance of the home care sector as increases in claim days and home care package use offset increases in expenses across the home care sector.**

   In quarter 2 2024-25, the total YTD NPBT for the sector was a profit of $285.1 million, an increase of $45.2 million (18.8%) from the quarter 2 2023-24 result of $239.9 million. The NPBT margin remained consistent. This is because both revenue and expenses increased by 19.1%.

   The increase in revenue is primarily attributed to a 7.9% increase in claim days and increased utilisation of Home Care Packages from 80.7% in quarter 2 2023-24 to 85.8% in quarter 2 2024-25. The change in expenses was predominantly driven by an increase in labour costs due to the associated increase in labour hours. These changes can be seen in the increases to total median staff costs (up 7.5% from quarter 2 2023-24), and total median staff time (up 2.0%).

[2] The EBITDA margin for a provider is calculated by dividing its EBITDA result by its revenue result. The lower median EBITDA margin for the home care sector indicates that, on balance, more providers had a proportionally higher growth in revenue than EBITDA. This resulted in more providers recording a lower EBITDA margin and resulted in the lower median figure.

Residential aged care

Financial performance

Financial summary

The YTD financial performance of the residential aged care sector improved in quarter 2 2024-25, when compared to quarter 2 2023-24.

- YTD EBITDA increased by $3.44 per resident per day, totalling $45.77.
- YTD NPBT for the sector was $736.2 million, up $433.5 million from quarter 2 2023-24. This equates to an increase of $11.94 per resident per day, totalling $20.69 per resident per day.
- Revenue has grown by $33.91 per resident per day (up 8.4%).
- Expenses have grown by $21.97 per resident per day (up 5.6%).

The **change in revenue** from YTD quarter 2 2023-24 is driven by:

- a $0.7 billion increase in AN-ACC funding, from $4.9 billion in quarter 2 2023-24 to $5.6 billion in quarter 2 2024-25.
- an increase of $1.75 per resident per day from quarter 2 2023-24 for the hotelling supplement to $12.55 per resident per day in quarter 2 2024-25.
- the payment in quarter 2 2024-25 of $52.8 million via the Aged Care Outbreak Management Support Supplement, which was introduced on 1 February 2024.[3]

Average care funding allocated to providers per occupied bed day (OBD) was $302.81 for quarter 2 2024-25. This result is an increase from quarter 2 2023-24 ($274.36 per OBD).

The **change in expenses** from YTD quarter 2 2023-24 is driven by higher labour costs, specifically, increased wage costs and employee benefits.

Table 1 provides a financial YTD summary to 31 December 2024.

[3] This figure is at point in time as of 24 February 2025 and is subject to change.

Table 1: 31 December 2024 YTD and comparison with 31 December 2023 YTD, summary of financial performance of residential for-profit and not-for-profit aged care providers

	Total	Per resident per day	Change from 31 December 2023 YTD per resident per day
Revenue	$15,607.2m	$438.54	▲ $33.90
Operating expenses	$13,978.4m	$392.78	▲$30.47
EBITDA	$1,628.8m	$45.77	▲ $3.44
Average EBITDA margin [1 2]	10.4%	10.4%	-
Non-operating expenses	$892.6m	$25.08	▼$8.50
NPBT	$736.2m	$20.69	▲ $11.94
Average NPBT margin	4.7%	4.7%	▲ 2.5 percentage points

Notes:

[1] The average EBITDA margin differs from the *median* margin presented in the 'EBITDA margin' section below.

[2] The average EBITDA margin (which indicates the EBITDA return on revenue) is calculated by dividing the total sector EBITDA by the total sector revenue. While there was a 11.3% increase in the total sector EBITDA between 31 December 2023 YTD and 31 December 2024 YTD, the total sector revenue result grew by 11.5%. The proportionally higher growth in revenue than EBITDA resulted in no change in the EBITDA margin when compared to the comparison period.

Insights: Impact of bed license write-off expenses on NPBT

As reported in recent QFS reports, YTD NPBT results for the residential care sector have been impacted by providers writing off bed licenses, in line with the Government's decision to assign residential aged care places directly to people.

Bed license write offs in 2023-24

In the QFS quarter 4 2023-24 report, providers across the sector reported that they had written off $683.5 million in bed licenses in 2023-24, resulting in a balance of $313.3 million to amortise in 2024-25.

Bed license write offs in 2024-25

The YTD quarter 2 2024-25 results show providers have written off approximately $27.3 million, with $60.0 million left to amortise in the remaining quarters of 2024-25. The difference between the amount left to amortise in this QFS and previously reported figures is likely to be due to providers making additional end-of-year adjustments that were not captured in the QFS quarter 4 report. Of the remaining value, for-profits have approximately $53.3 million remaining and not-for-profit providers have approximately $6.7 million remaining.

The department expects these adjustments will have only a small impact on the financial results for the remainder of 2024-25. The impacts are to providers' balance sheets (decreasing net assets). There will be no impact to recurrent income and expenses.

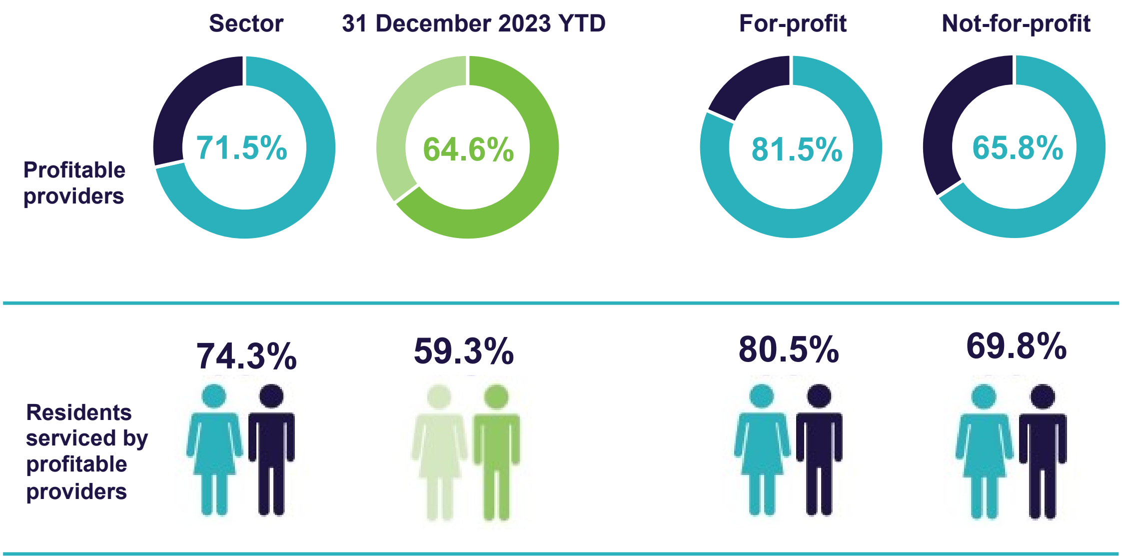
Profitable providers

At 31 December 2024 YTD, the percentage of profitable providers (defined by NPBT) was 71.5% (up 6.9 percentage points from 31 December 2023 YTD).

The percentage of providers making a profit increased for both for-profit providers and for not-for-profit providers. At 31 December 2024 YTD, profitable providers serviced 74.3% of residential care recipients (up 15.0 percentage points from 31 December 2023 YTD).

Figure 1 shows the percentage of profitable providers and percentage of residents serviced by profitable providers.

Figure 1: Percentage of profitable providers and percentage of residents serviced by profitable providers as at 31 December 2024 YTD, and comparison with 31 December 2023 YTD

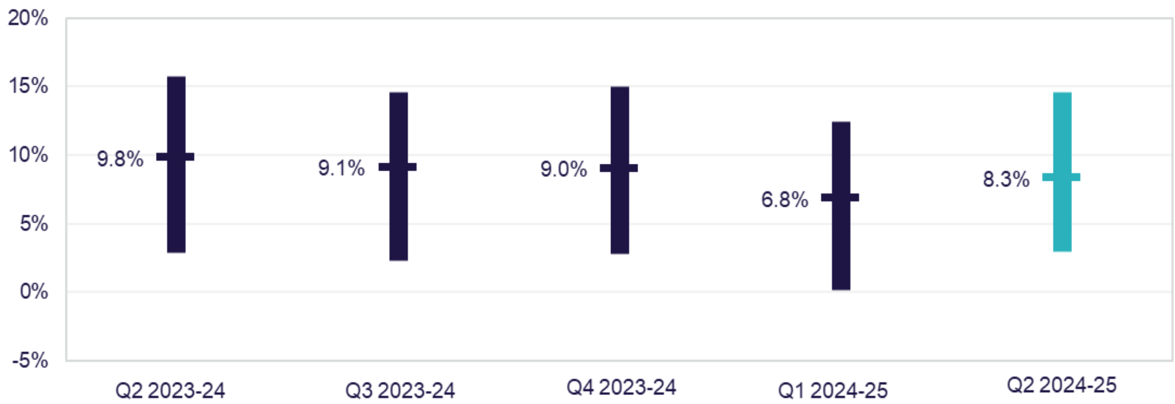


EBITDA margin

At 31 December 2024 YTD, the median EBITDA margin for the sector was 8.3%, which means an EBITDA return of $8.30 for every $100 of revenue earned. This was a decrease of 1.5 percentage points on the 31 December 2023 YTD result.

Chart 1 shows the median and quartile EBITDA margin over the most recent five quarters.

Chart 1: YTD median and quartile EBITDA margin (quarter 2 2023-2024 to quarter 2 2024-2025)

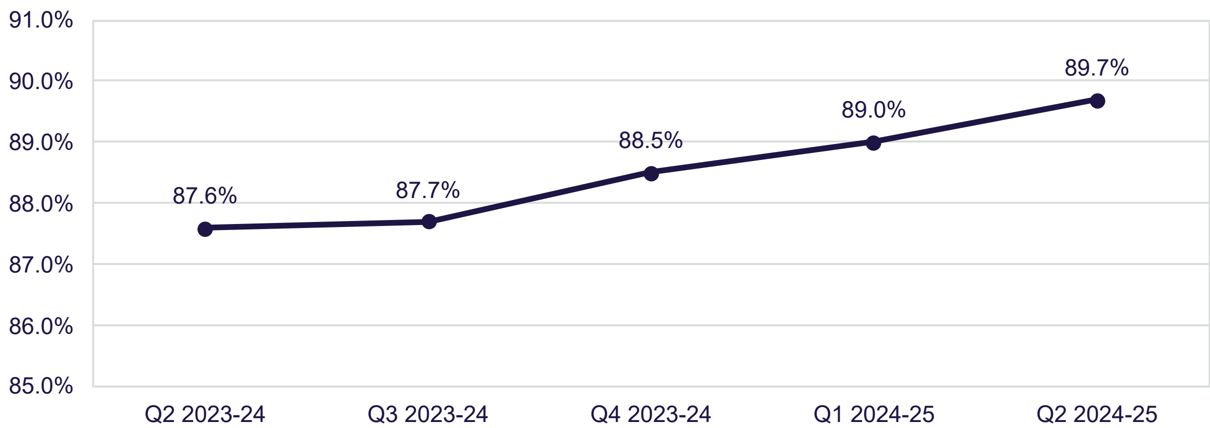


Occupancy

In quarter 2 2024-25, the average occupancy rate was 89.7% (up 2.1 percentage points on quarter 2 2023-24).

Chart 2 shows the average occupancy rate over the most recent five quarters.

Chart 2: Average occupancy rate (quarter 2 2023-2024 to quarter 2 2024-2025)

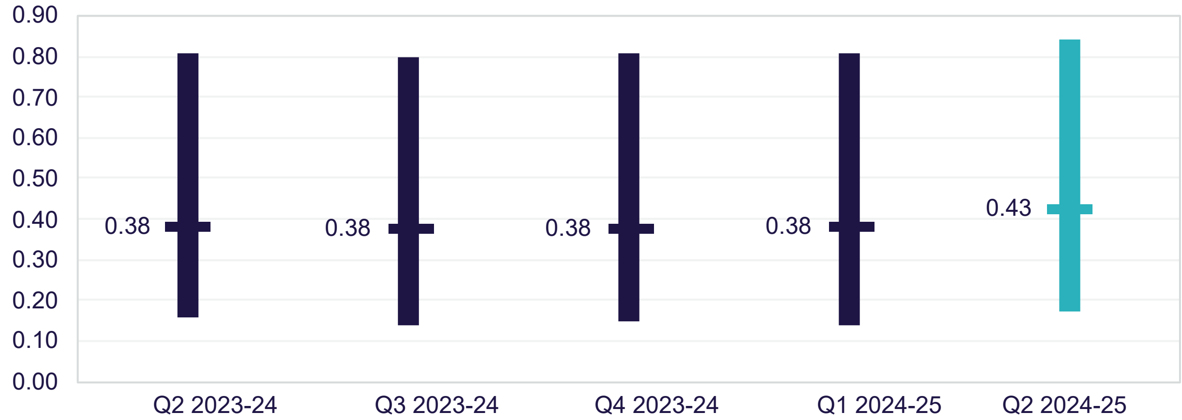


Liquidity

At 31 December 2024, the median liquidity ratio for the sector was 0.43 (up 0.05 from 31 December 2023), meaning providers had over two-fifths of cash and financial assets available when compared to their debt obligations.

Chart 3 shows the median and quartile liquidity ratio over the most recent five quarters.

Chart 3: Median and quartile liquidity ratio (quarter 2 2023-2024 to quarter 2 2024-2025)



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

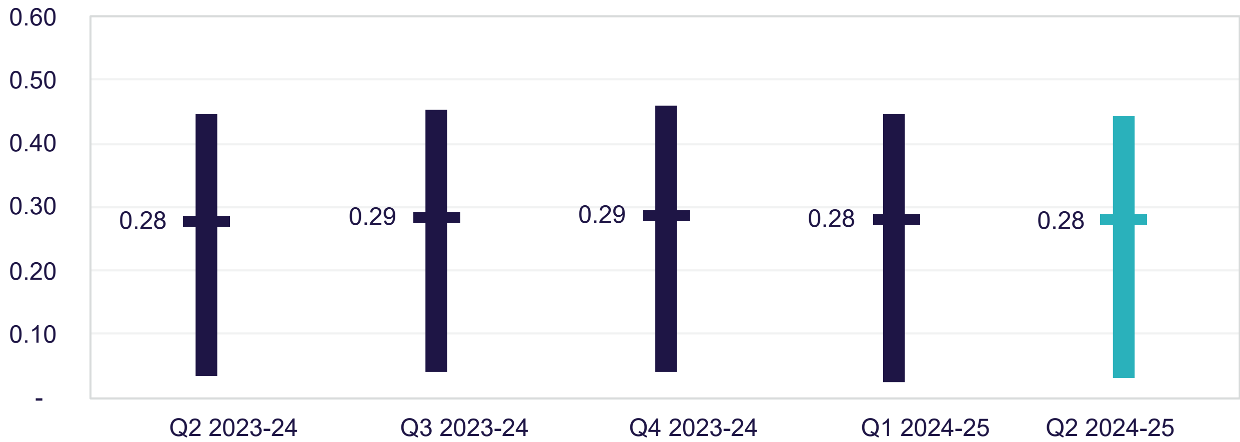
Calculations do not include undrawn credit facilities as liquid assets. Total liabilities do not include RADs that residents have agreed to pay but have not yet been received by the provider.

Capital adequacy

At 31 December 2024, the median capital adequacy ratio for the sector remained consistent with the 31 December 2023 position of 0.28, meaning for every $100 of assets owned, $28 was funded through equity and $72 was funded through debt or other liabilities.

Chart 4 shows the median and quartile capital adequacy ratio over the most recent five quarters.

Chart 4: Median and quartile capital adequacy ratio (quarter 2 2023-2024 to quarter 2 2024-2025)



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

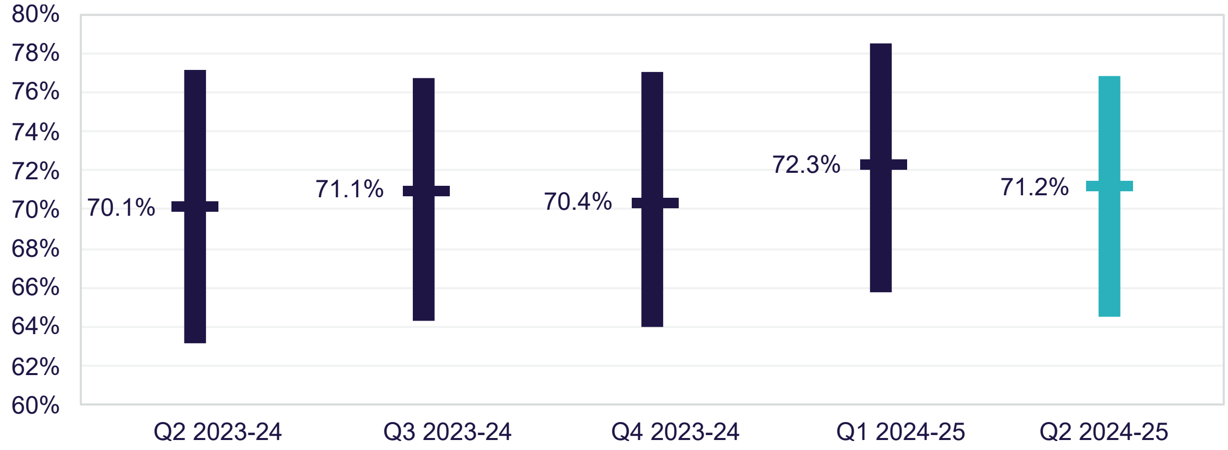
Intangible assets are removed as they are not considered to have value in the event of insolvency. This provides a more realistic reflection of the available capital to absorb unforeseen circumstances.

Wages to revenue

At 31 December 2024 YTD, wages as a proportion of revenue for the sector was a median of 71.2% (up 1.1 percentage points from 31 December 2023). Wages are inclusive of all residential aged care employees.

Chart 5 shows the YTD median and quartile wages as a proportion of revenue over the most recent five quarters.

Chart 5: YTD median and quartile wages to revenue percentage (quarter 2 2023-2024 to quarter 2 2024-2025)



Average care minutes

In quarter 2 2024-25, the sector targets were 214.74 minutes per resident per day for total care minutes and 43.81 per resident per day for registered nurse care minutes.

Overall, across the sector:

- The sector delivered below the care minute targets with residents receiving an average of 212.90 total care minutes per day (up 3.08 minutes from quarter 1 2024-25).
    - This included 42.87 minutes delivered by a registered nurse (up 0.46 minutes). When including enrolled nurse time (which can account for up for up to 10.0% of the registered nurse care minutes target from quarter 2 2024-25), 45.88 minutes of registered nurse time was provided.
- 47.0% of services met their service-level total care minutes targets down 12.7 percentage points when compared to quarter 1 2024-25.
- 64.7% met their service-level registered nurse targets (with EN contribution), up 0.8 percentage points when compared to quarter 1 2024-25.
- 37.4% of services met both their service-level total care and registered nurse care minute targets (with EN contribution), down 8.0 percentage points compared to quarter 1 2024-25.

Average care minutes per resident per day for quarter 2 2024-25 is shown in Table 2.

Table 2: Average care minutes per resident per day (sector and by provider type)

	Sector	Change in average Sector care minutes from Q1 2024-25	For-profit	Not-for-profit	LST government
Registered nurse	42.87	▲ 0.46	41.10	42.47	70.72
Registered nurse with enrolled nurse contribution	45.88	-	44.34	45.23	74.83
Enrolled nurses	12.94	▲ 0.22	9.58	10.88	85.99
Personal care workers & assistants in nursing	157.09	▲ 2.39	157.29	161.45	85.35
Total	212.90	▲ 3.08	207.97	214.80	242.06

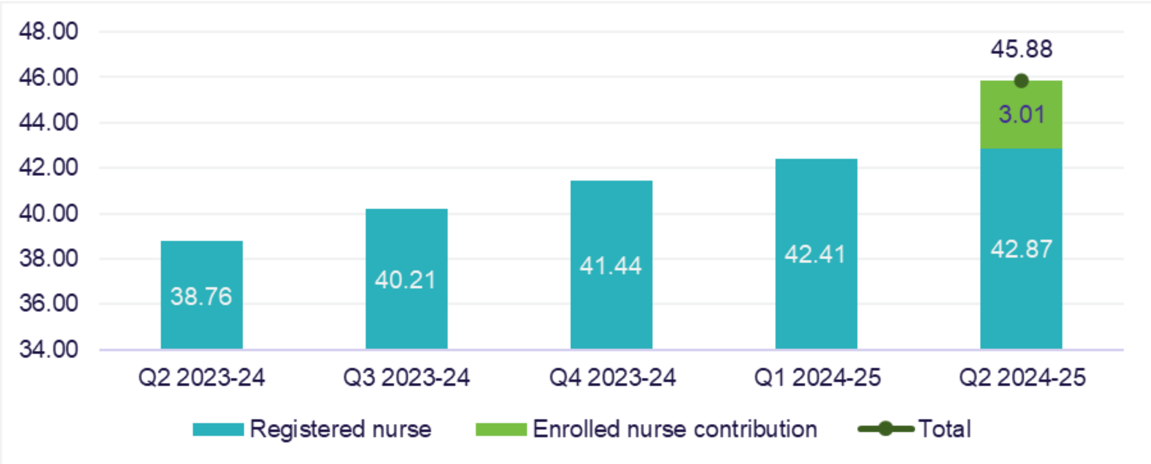
* Total sector care minutes does not equal the sum of care minutes by role due to rounding. Average care minutes per resident per day are calculated using occupied bed days rather than claim days. Average care minutes = Total care minutes / Occupied bed days.

Insights: Change to care minutes responsibilities from quarter 2 2024-25

From 1 October 2024, mandatory care minutes targets increased to a sector-wide average of 214.74 total care minutes per resident per day, including 43.81 registered nurse minutes. From this time, providers have been able to meet up to 10.0% of their registered nurse care minutes target with care time delivered by enrolled nurses. This adjustment to the care minutes policy was informed by feedback from the sector. It recognises the important role of enrolled nurses in delivering aged care and improves recruitment and retention of these skilled workers. It also helps providers to meet their care minutes if they are facing registered nurse workforce shortages.

Chart 6 shows the registered nurse minutes delivered by residential aged care providers from quarter 2 2023-24 to quarter 2 2024-25.

Chart 6: Registered nurse minutes delivered (quarter 2 2023-24 to quarter 2 2024-25)



Staff cost and time

Total median staff cost and time

The total median staff costs and time have increased from quarter 2 2023-24 to quarter 2 2024-25. Costs increased to $235.88 per resident per day (up $20.67 from quarter 2 2023-24) and total time increased to 232.57 minutes per resident per day (up 8.47 minutes from quarter 2 2023-24).

Table 3 shows the quarter 2 median total staff cost and time per resident per day.

Table 3: Quarter 2 2024-25 and comparison with quarter 2 2023-24, median staff cost and time per resident per day*

	Cost per resident per day	Change in cost from Q2 2023-24	Minutes per resident per day	Change in minutes from Q2 2023-24
Registered nurses	$59.96	▲ $6.90	42.72	▲ 3.07
Enrolled nurses	$10.84	▼ $1.16	10.65	▼ 1.74
Personal care workers / assistants in nursing	$138.82	▲ $12.08	158.85	▲ 7.88
Allied health	$5.69	▲ $0.52	4.08	▼ 0.03
Diversional / lifestyle / recreation / activities officer	$5.98	▲ $0.33	7.69	▼ 0.01
Care management staff	$5.77	▼ $0.17	3.59	▼ 0.03
Total median **	$235.88	▲ $20.67	232.57	▲ 8.47

* Direct labour costs include all on-costs for engaging staff (such as superannuation, leave, allowances), whereas the hourly rates presented further below in this QFS report are the base gross hourly rates of pay and do not include on-costs.

** Total median staff cost and time is derived from the QFR data and is not the sum of sub-categories listed above the totals. Local, state or territory government providers are included in this data.

Agency median staff cost and time

Agency staff costs represented 7.9% of the total direct care labour cost in quarter 2 2024-25, a decrease from quarter 2 2023-24 of 2.1 percentage points. Agency staff hours represented 5.8% of the total direct care labour hours to the sector in quarter 2 2024-25, a decrease from quarter 2 2023-24 of 1.1 percentage points. Agency staff costs and hours decreased for all staff roles.

Table 4 shows the agency staff costs and hours as a percentage of direct care labour costs and hours.

Table 4: Quarter 2 2024-25 and comparison with quarter 2 2023-24, agency staff costs and hours as a percentage of direct care costs and hours

	Agency staff costs as % of total	Change in cost from Q2 2023-24	Agency staff hours as % of total	Change in hours from Q2 2023-24
Total direct care	7.9%	▼2.1 percentage points	5.8%	▼1.1 percentage points
Registered nurses	10.7%	▼3.8 percentage points	7.7%	▼2.4 percentage points
Enrolled nurses	6.1%	▼2.7 percentage points	4.5%	▼1.6 percentage points
Personal care workers & assistants in nursing	4.9%	▼1.3 percentage points	4.0%	▼0.7 percentage points

Insights: Changes in agency usage over time

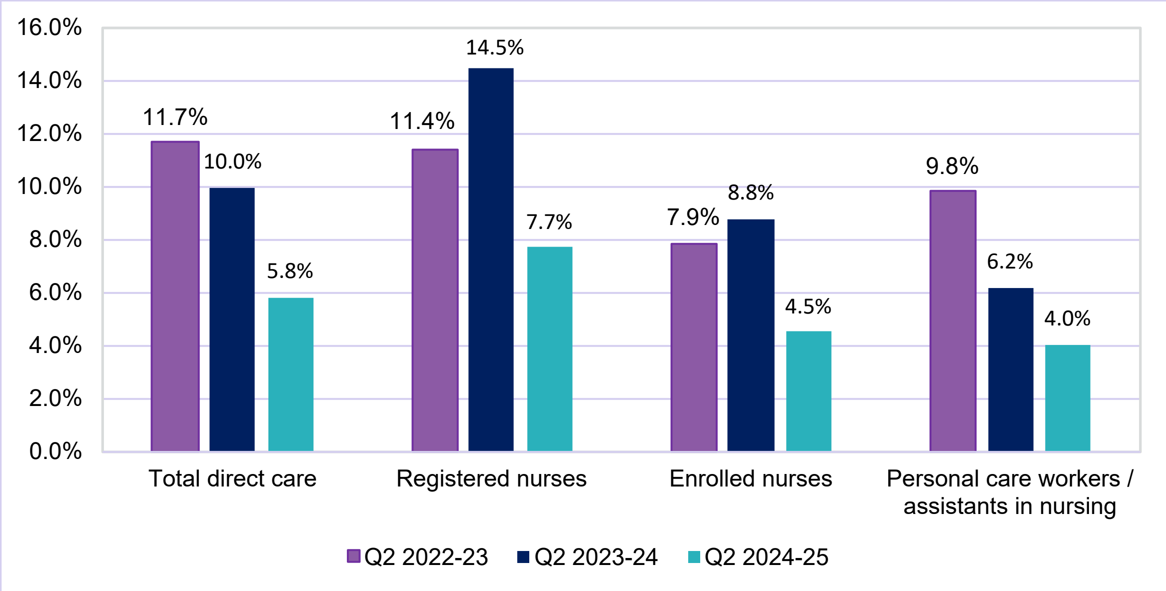
On 1 October 2023, the care minutes responsibility was introduced with an average sector-wide care minutes benchmark of 200 total care minutes per resident per day, including 40 minutes of registered nurse care.

As the sector prepared for the implementation of their care minutes responsibilities, there was an increase in agency staff use (including registered nurses, enrolled nurses, personal care workers & assistants in nursing).

In quarter 2 2024-25, however, there was a reduction at the sector level in the use of agency staff while compliance with the care minutes responsibility has increased, indicating that providers are recruiting and retaining directly employed staff. The use of agency staff for registered nurses, enrolled nurses and personal care workers & assistants in nursing is lower than levels seen prior to the introduction of the care minutes responsibility. However, the reliance on agency registered nurses in regional and remote areas continues.

Chart 7 shows the cost of agency staff as a proportion of total direct care labour costs from quarter 2 2022-23 to quarter 2 2023-24.

Chart 7: Agency staff costs as a proportion of the total direct care labour cost (quarter 2 2022-23, quarter 2 2023-24 and quarter 2 2024-25)



Allied health median staff cost and time

In quarter 2 2024-25, 98.3% of providers delivered allied health care (consistent with quarter 2 2023-24). As shown in Table 3, above, the median total cost and time for allied health services per resident per day were $5.69 and 4.08 minutes, respectively, in quarter 2 2024-25.

The highest median allied health cost and time per resident per day was for physiotherapists. The median cost was $3.42 per resident per day (up $0.04 on quarter 2 2023-24). The median cost per resident per day equates to a median spend on physiotherapy of $314.28 per resident per quarter (up $3.36 on quarter 2 2023-24). The median minutes delivered by physiotherapists was 2.64 minutes per resident per day (down 0.02 minutes on quarter 2 2023-24). The median minutes per resident per day equates to 242.47 minutes per resident per quarter (down 2.23 minutes on quarter 2 2023-24).

Table 5 shows the median cost and time for allied health per resident per day. Local, state or territory government providers are included in this data.

Table 5: Quarter 2 2024-25 and comparison with quarter 2 2023-24, median allied health cost and time per resident per day

	Cost per resident per day	Change in cost from Q2 2023-24	Allied health minutes of care per resident per day	Change in minutes from Q2 2023-24
Physiotherapist	$3.42	▲ $0.04	2.64	▼ 0.02
Podiatrist	$0.38	▲ $0.05	0.26	▲ 0.02
Dietetic Care	$0.28	▲ $0.05	0.15	▲ 0.01
Speech Pathologist	$0.18	▲ $0.05	0.07	▲ 0.01

Note: Results for occupational therapists, allied health assistants and other allied health have not been included as over half of QFR respondents did not report expenditure for these categories.

Food and nutrition

In quarter 2 2024-25, at a sector level:

- the median total cost of food and ingredients was $15.49 per resident per day (up $0.92 on quarter 2 2023-24)
- the median proportion of the total cost of food and ingredients spent on fresh food and ingredients (foods free of GST as per itemised purchase receipts) was 83.0% (down 0.1 percentage points on quarter 2 2023-24).

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.

Charts 8 and 9 show the sector median total cost of food and ingredients over the most recent five quarters, and median proportion of total cost spent on fresh food and ingredients.

Chart 8: Median food and ingredients cost per resident per day (quarter 2 2023-24 to quarter 2024-25)[4]

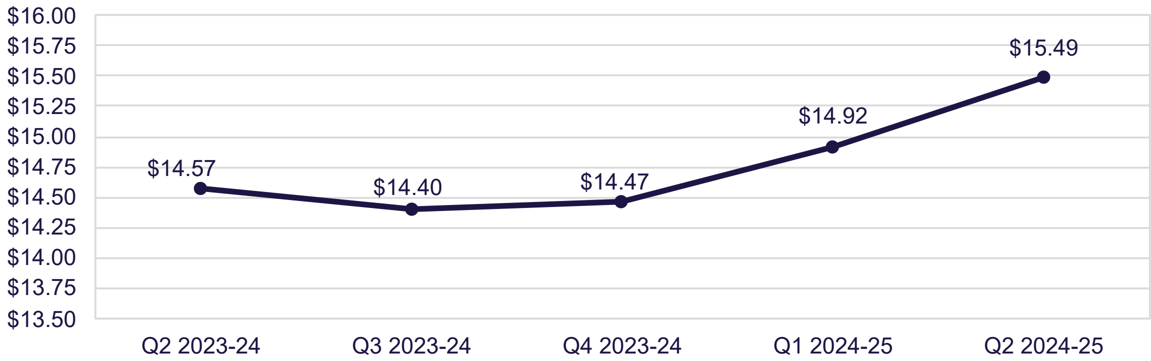
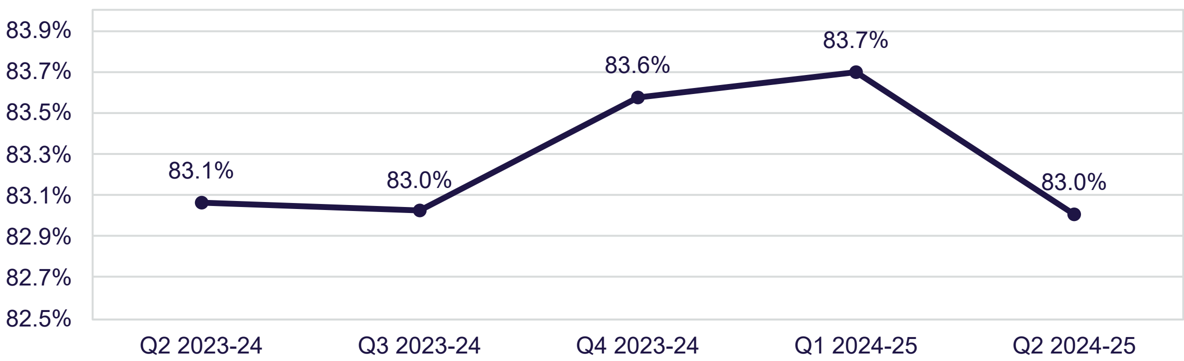


Chart 9: Median proportion of the total cost of food and ingredients spent on fresh food and ingredients (quarter 2 2023-24 to quarter 2 2024-25)



[4] The improvement between quarter 2 2023-24 and quarter 2 2024-25 was influenced by data quality improvements. Following service level previews on My Aged Care, providers had an opportunity to correct data.

Home care

Financial performance

Financial summary

The YTD financial performance of the home care sector in quarter 2 2024-25 improved slightly compared with the performance reported in quarter 2 2023-24.

- YTD EBITDA increased by $0.49 per care recipient per day, totalling $6.22.
- YTD NPBT for the sector was $285.1 million, an increase of $45.2 million from quarter 2, 2023-24. This equates to improvement of $0.54 per care recipient per day, totalling $5.83.
- Revenue grew by $7.52 per care recipient per day (up 19.1%).
- Expenses have grown by $6.99 per care recipient per day (up 19.1%).

Revenue increases across the sector were driven by a 7.9% increase in claim days and increased utilisation of HCPs from 80.7% in quarter 2 2023-24 to 85.8% in quarter 2 2024-25.

Expense increases were predominantly driven by an increase in labour costs, due to the associated increase in labour hours provided (with higher claim days and package utilisation).

Table 6 provides a financial YTD summary to 31 December 2024.

Table 6: 31 December 2024 YTD and comparison with 31 December 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 December 2023 YTD per care recipient per day
Revenue	$3,900.9m	$79.81	▲ $7.52
Operating expenses	$3,597.1m	$73.60	▲ $7.04
EBITDA	$303.8m	$6.22	▲ $0.49
Average EBITDA margin [1 2]	7.8%	7.8%	▼ 0.1 percentage points
Non-operating expenses	$18.7m	$0.38	▼ $0.05
NPBT	$285.1m	$5.83	▲ $0.54
Average NPBT margin	7.3%	7.3%	- 0.0 percentage points

Notes:

[1] The average EBITDA margin differs from the *median* margin presented in the 'EBITDA margin' section below.

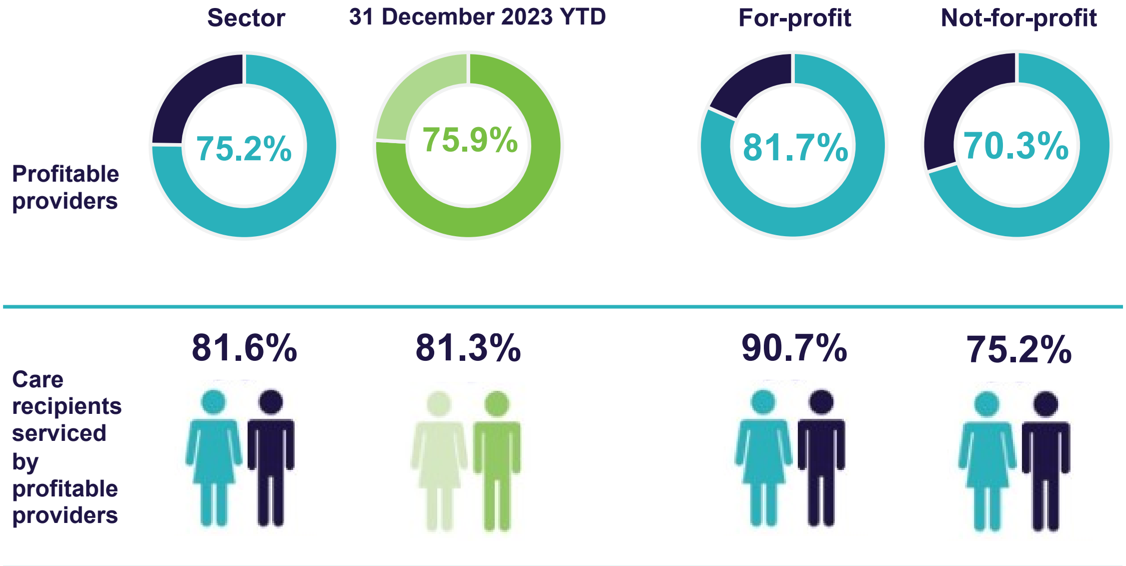
[2] The average EBITDA margin (which indicates the EBITDA return on revenue) is calculated by dividing the total sector EBITDA by the total sector revenue. While there was a 17.0% increase in the sector EBITDA result between 31 December 2023 YTD and 31 December 2024 YTD, the sector revenue result grew by 19.1%. The proportionally higher growth in revenue than EBITDA resulted in a decrease in the EBITDA margin when compared to the comparison period.

Profitable providers

At 31 December 2024 YTD, the percentage of profitable providers (defined by NPBT) was 75.2%. This was a decrease of 0.7 percentage points from 31 December 2023 YTD. Profitable providers at 31 December 2024 YTD serviced 81.6% of HCP recipients. This was an increase of 0.3 percentage points from 31 December 2023 YTD.

Figure 2 shows the percentage of profitable providers and percentage of HCP recipients serviced by profitable providers.

Figure 2: 31 December 2024 YTD percentage of profitable providers and percentage of home care recipients serviced by profitable providers and comparison with 31 December 2023 YTD.

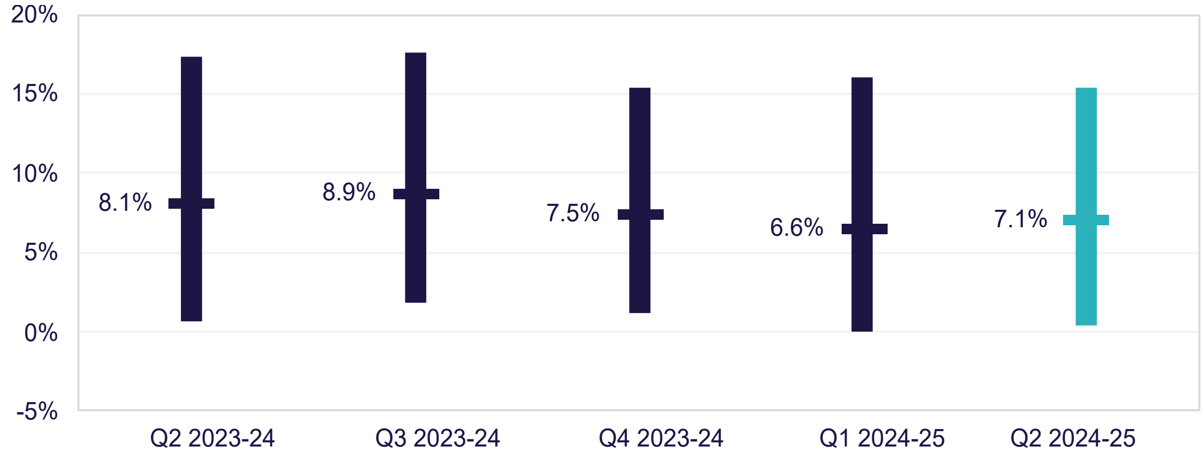


EBITDA margin

At 31 December 2024 YTD, the median EBITDA margin for the sector was 7.1%. This means an EBITDA return of $7.10 for every $100 of revenue earned. This was a decrease of 1.0 percentage point on the 31 December 2023 YTD result.

Chart 10 shows the median and quartile EBITDA margins over the most recent five quarters.

Chart 10: YTD median and quartile EBITDA margin (quarter 2 2023-2024 to quarter 2 2024-2025)

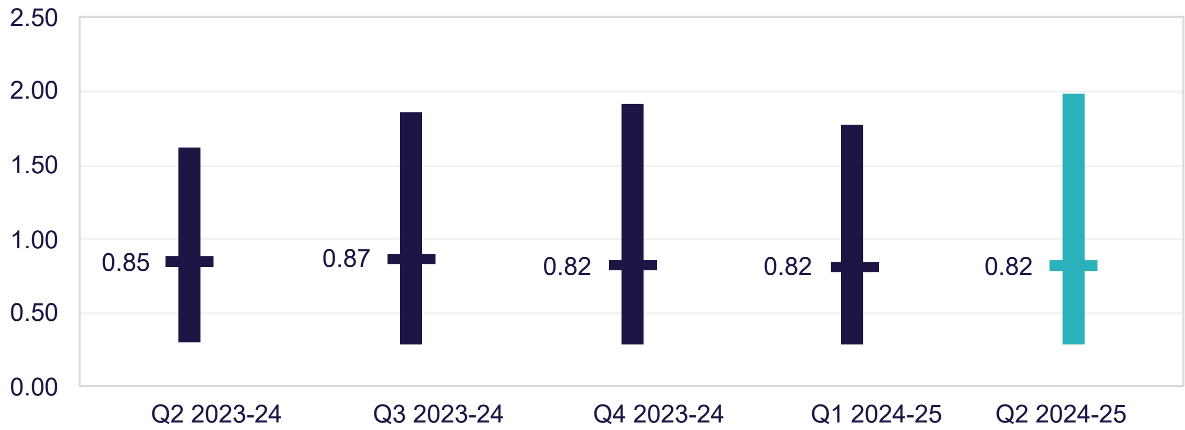


Liquidity

At 31 December 2024, the median sector liquidity ratio was 0.82, which was a decrease of 0.03 on the 31 December 2023 position. This means for every $100 of debt obligations, providers had $82 in liquid assets.

Chart 11 shows the median and quartile liquidity ratio over the most recent five quarters.

Chart 11: Median and quartile liquidity ratio (quarter 2 2023-2024 to quarter 2 2024-2025)



Liquidity ratio = (cash and cash equivalents + financial assets) ÷ (total liabilities – lease liabilities). Calculations do not include undrawn credit facilities as liquid assets.

Capital adequacy

At 31 December 2024, the sector median capital adequacy ratio was 0.51. This means for every $100 of assets owned, $51 was funded through equity and $49 was funded through debt or other liabilities. This is a slight increase of 0.04 from 31 December 2023.

Chart 12 shows the median and quartile capital adequacy ratio over the most recent five quarters.

Chart 12: Median and quartile capital adequacy ratio (quarter 2 2023-2024 to quarter 2 2024-2025)

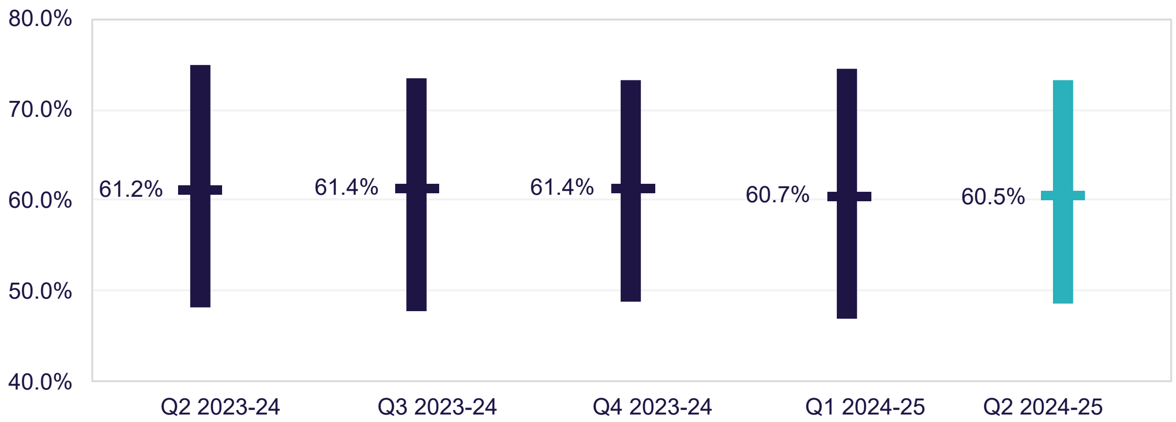
Capital adequacy ratio = (net assets - intangible assets) ÷ (total assets - intangible assets)

Wages to revenue

At 31 December 2024 YTD, wages as a proportion of revenue for the sector was a median of 60.5%, a decrease of 0.7 percentage points from 31 December 2023. Wages include salaries and employment benefits, agency and subcontractor costs, and management fees. It does not include staff training and development.

Chart 13 shows the YTD median and quartile wages as a proportion of revenue over the most recent five quarters.

Chart 13: YTD median and quartile wages to revenue percentage (quarter 2 2023-2024 to quarter 2 2024-2025)



Staff cost and time

Total median staff costs have increased to $55.30 per care recipient per day (up $3.87 or 7.5% from quarter 2 2023-24). Total median time increased to 57.53 minutes per care recipient per day (up 1.11 minutes or 2.0% from quarter 2 2023-24). The median staff costs and time increases when providers increase their care minutes. However, unlike in residential care, there is no mandated care minutes target in home care.

Table 7 shows the median total staff cost and time per care recipient per day. Local, state or territory government providers are included in this data.

Table 7: Quarter 2 2024-25 and comparison with quarter 2 2023-24, median staff cost and time per care recipient per day

	Cost per care recipient per day	Change in cost from Q2 2023-24	Minutes per care per recipient per day	Change in minutes from Q2 2023-24
Registered nurse	$1.15	▲ $0.19	0.84	▲0.21
Personal care staff	$27.40	▲ $2.29	31.15	▲0.86
Allied health	$4.05	▲ $1.12	1.90	▲0.43
Other direct care	$0.54	▼ $0.16	0.31	▼0.22
Care management	$7.45	▲ $0.34	8.02	▲0.01
Administration and non-care staff	$7.32	▲ $0.76	7.90	▲0.40
Total median*	$55.30	▲ $3.87	57.53	▲1.11

*Total median staff cost and time was derived from the QFR data set and is not the sum of the medians listed above the total medians.

Note: Any staff travel, or work done on administration tasks during care staff paid hours, is included in the results of Chart 12, which shows the median wages to revenue percentage.

Data for enrolled nurses has not been included as 70.0% of home care providers did not report expenditure in this category.

Insights: Increased hourly wages following the FWC decisions

Total median staff costs have increased since 1 July 2023, when a 15.0% increase to award wages commenced for many aged care workers due to the Stage 2 decision under the FWC’s Aged Care Work Value Case. This included increases for staff in home care. In quarter 2 2024-25, the sector median of the average hourly rate was:

- $51.37 for registered nurses (up $1.37 on quarter 2 2023-24)
- $38.33 for enrolled nurses (up $0.33 on quarter 2 2023-24)
- $34.36 for personal care staff (up $0.36 on quarter 2 2023-24).

The department undertook targeted quality assurance in quarter 2 2023-24, supporting home care providers in improving wage reporting. Better financial reporting has improved wage results from quarter 2 2023-24.

Further award wage increases for aged care workers commenced in January 2025 due to the Stage 3 decision under the FWC’s Aged Care Work Value Case and it is expected that this will be reflected in the QFS quarter 3 2024-25 report.

Care and package management

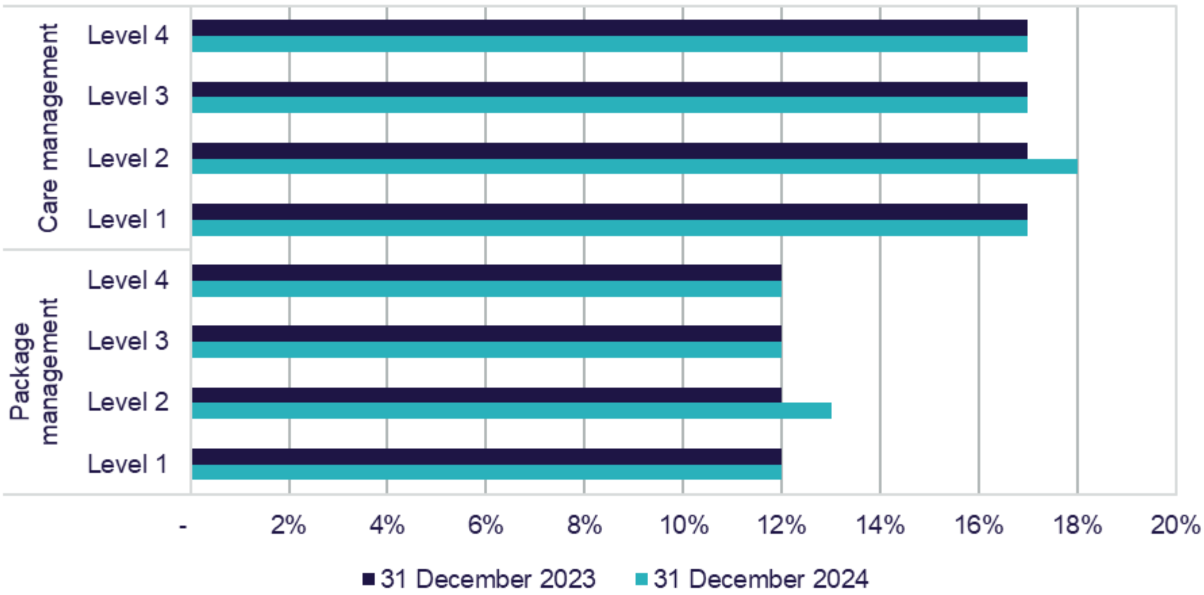
In quarter 2 2024-25, all HCP levels had a median care management percentage of 17% per HCP, except for level 2 at 18%, which is under the cap of 20%. The care management percentage per HCP increased for HCP level 2 when compared to quarter 2 2023-24 (up 1.0 percentage point).

While care management represents 16.5% - 18.0% of total revenue, annual reporting through the FRAACS reports has shown that the cost to providers of delivering care management is between 10.5% - 11.0%.

In quarter 2 2024-25, the package management charges stayed consistent with quarter 2 2023-24 for all HCP levels at 12%, except for level 2 which increase to 13%. All HCP package management charges remain under the 15% cap.

Chart 14 shows the quarter 2 2024-25 median care management and package management fees per HCP level, as reported on My Aged Care.

Chart 14: 31 December 2024 and 31 December 2023, median care and package management percentage per HCP level



Care management percentage = published national median price for care management (for each level) ÷ subsidy per fortnight (for each level)

Package management percentage = published national median price for package management (for each level) ÷ subsidy per fortnight (for each level)

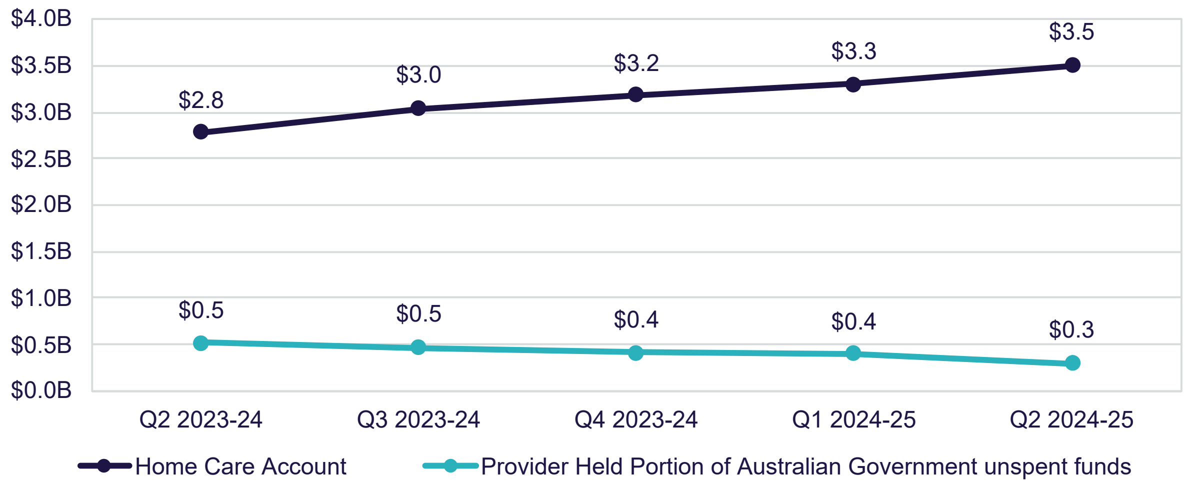
Unspent funds

At 31 December 2024, there was $3.8 billion in unspent HCP funds (up $0.5 billion from 31 December 2023). This includes:

- $3.5 billion of unspent funds in the Home Care Account (up $0.7 billion)
- $0.3 billion in the Provider Held Portion of unspent funds (down $0.2 billion).

Chart 15 shows the change in unspent HCP funds over the most recent five quarters.

Chart 15: Unspent funds (quarter 2 2023-2024 to quarter 2 2024-2025)



Glossary

Term	Description
Aged Care Outbreak Management Support Supplement	The Aged Care Outbreak Management Support Supplement was introduced on 1 February 2024. As of quarter 1 of 2024-25, the supplement provided funding at a rate of: • $2.81 per day per occupied bed for residential aged care providers • $2.81 per day per operational place for Multi-Purpose Services and National Aboriginal and Torres Strait Islander Flexible Aged Care providers. At 1 January 2025, this amount dropped to $1.65 until 30 September 2025 when the supplement ceases, and costs will be considered in the Australian National Aged Care Classification (AN-ACC) funding model.
Australian National Aged Care Classification (AN-ACC) funding model	The AN-ACC funding model is a casemix funding model that represents the care component of residential aged care funding. AN-ACC is designed to provide equitable care funding to approved residential aged care services, by linking subsidy to characteristics of services and residents. The Independent Heath and Aged Care Pricing Authority (IHACPA) provides annual pricing advice to the Minister for Aged Care and Seniors on the AN-ACC model. This ensures funding is based on advice on the actual cost of care.
Care management	Care management ensures recipients receive the appropriate level of support in a way that meets their care needs. It is a service that home care providers must deliver to all care recipients. It may include ensuring a care recipient receives safe and effective personal and/or clinical care, organising the delivery of services and ensuring the supports they receive are safe. Providers must not charge more than 20% of the Australian Government Subsidy for care management.

Term	Description
Care minutes	Care minutes refers to the amount of care time older people who live in government-funded residential aged care services receive from registered nurses, enrolled nurses and personal care workers and assistants in nursing. From 1 October 2023, the sector-wide care minutes benchmark was an average of 200 total care minutes per resident per day, including 40 minutes of care per resident per day by a registered nurse. This sector-wide care minutes benchmark increased to 215 total care minutes on 1 October 2024, including 44 minutes of registered nurse time. From this time, approved providers are able to meet up to 10% of their registered nurse targets with care time provided by enrolled nurses. Approved providers of a residential care services have a responsibility to meet service-level care minutes targets for each service. Allied health, diversional / lifestyle / recreation / activities officer and care management staff minutes do not contribute to the care minute targets. Providers must, however, continue to deliver allied health and lifestyle services to their residents in line with requirements under Schedule 1 of the Quality of Care Principles 2014. Care minutes data in this QFS report is consistent with the care minutes in residential aged care dashboard.
Capital adequacy ratio	The capital adequacy ratio 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 by using business equity. Intangible assets are removed as they are not considered to have value in the event of insolvency.
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. The higher the EBITDA margin is, the lower operating expenses are in comparison to total revenue.
Fair Work Commission decisions	The Australian Government is providing funding to support the Fair Work Commission’s decisions under the Aged Care Work Value Case. The Government also continues to provide funding to support FWC decisions relating to Annual Wage Reviews through usual program funding arrangements. These wage increases take effect on 1 July each year. These decisions are collectively referred to as the ‘FWC decisions’ in this report.

Term	Description
Home Care Package subsidy	The Australian Government pays a monthly subsidy amount into each care recipient's home care account which Services Australia creates and holds. The subsidy includes a basic subsidy amount and any supplements. Approved providers are paid in arrears for care management, package management and services delivered based on a monthly claim to Services Australia made against the care recipient's home care account.
Hotelling supplement	Approved providers of residential aged care have received a supplement to help meet hotelling costs from 1 July 2023. This supplement supports providers for the cost of services such as catering, cleaning and laundry. The hotelling supplement is indexed on 20 March and 20 September each year.
Total labour (staff) costs	Labour (staff) costs include salaries for all care and non-care staff, superannuation, bonuses and incentives, allowances, termination payments, value of fringe benefits, salary sacrifice and leave entitlements. 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.
Liquidity ratio	The 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.
Package management	Package management is the ongoing administration and organisational activities associated with ensuring the smooth delivery of a home care package. Providers must not charge more than 15% of the Australian Government subsidy for package management.
Refundable Accommodation Deposit (RAD) and Daily Accommodation Payment (DAP)	A refundable accommodation deposit (RAD) is the lump-sum payment for a room (or part of a room) in an aged care service. Providers earn a return on RADs by investing the funds, either by making capital improvements on their facilities or by investing in approved financial products. A daily accommodation payment (DAP) is an ongoing, non-refundable rental-style payment, paid instead of a RAD. The DAP is calculated by multiplying the RAD of a room by the Maximum Permissible Interest Rate (which is set by the government) and divided by 365.

Term	Description
Support at Home Program	The new Support at Home program will replace the HCP Program and the Short-Term Restorative Care (STRC) Programme from 1 July 2025. The Commonwealth Home Support Programme (CHSP) will transition to the program no earlier than 1 July 2027. More information on the program can be found in the Support at Home program handbook.
Unspent funds	From 1 September 2021, unspent Government subsidy for HCPs is accrued in a Home Care Account set up for care recipients by Services Australia. These funds are available for providers to use for care and services provided to the care recipient. Some providers also have access to the Provider Held Portion of unspent funds accrued prior to 1 September 2021. These funds can be used towards a care recipient’s care and services.

Appendix

How to read the QFS

Comparison data

Comparison with the prior four quarters is presented in most **charts** to understand changes or trends in performance over time. The exception is *Chart 15: 30 June 2024 and 30 June 2023, median care and package management percentage per HCP level*, which compares to the corresponding quarter from the previous financial year.

Comparison with the corresponding quarter from the previous financial year results are reported at the sector-level in most **tables** to understand the change in performance, excluding seasonality. The exception is all data presented in relation to the average care minutes delivered by residential aged care providers (sector and by provider type), which compares to the immediate prior quarter.

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

Quartile charts show 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.

Insights

Insights

Throughout the document, these boxes are used to highlight key findings in relation to the data presented, including the trend in the data over time.

Provider type definitions

Percentage of services is calculated using the proportion of claim days from a provider.

Provider type	Definition
Sector	Consolidated view of the provider types shown in the chart, figure or table.
For-profit	Providers that are either a Private Incorporated Body or a Publicly Listed Company.
Not-for-profit	Providers that are either charitable, community based or religious organisations.
Local, state or territory government	Refers to providers owned by a local, state or territory government. This acronym is used in tables and charts. These providers are included in labour cost and hours, home care account balance and unspent funds, and food and nutrition data only.

Data sources and method

The QFS primarily draws on data collected from aged care providers through the QFR. The QFS quarter 2 2024-25 publishes data collected from 99.7% of residential aged care providers and 98.7% of HCP providers.

Collection and analysis notes:

- The QFR data published in this QFS report was extracted from the department's Ageing and Aged Care Data Warehouse (CASPER) on 20 March 2025.
- QFR data is unaudited but must be authorised by a director of a provider's board, a member of the governing body, or one of the provider's Key Personnel (for government providers). The department undertakes data validation processes and providers may be invited to re-submit data if anomalies are identified.
- The QFS presents the financial summary, wages to revenue percentage, EBITDA margin and percentage of profitable providers in YTD format. This ensures information is presented the way it has been collected, and is consistent with standard accounting practices. Other data such as care minutes, labour costs and food and nutrition are reported as quarter-specific results only.
- Provider entry and exit data is extracted from the GPMS. Some providers may be counted in both residential and home care for entry and exit data.
- Occupancy has been calculated by dividing the total number of occupied bed days by the total number of available bed days, for the specified period. Approved providers of residential aged care have been included where available bed days and occupied bed days were greater than zero for the reporting period.
- The QFS draws on data collected through My Aged Care and other departmental sources. Sector-level results published in QFS may differ slightly from information on the My Aged Care website. The QFS presents median results at the provider-level, while My Aged Care website presents median results at a service-level.

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 QFS.FRAACS@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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