



# Financial Report on the Australian Aged Care Sector

## 2023-24

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# Introduction

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**The Department of Health, Disability and Ageing (the department) is committed to transparency in aged care. The publication of financial and operational information gives valuable insights into the aged care sector.**

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The department publishes the Financial Report on the Australian Aged Care Sector (FRAACS) using financial information submitted by aged care providers through the Aged Care Financial Report (ACFR). This FRAACS covers the period 1 July 2023 to 30 June 2024.

The FRAACS:

- provides transparency about the aged care sector's finances and operations
- provides information for aged care 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 Quarterly Financial Snapshot (QFS) of the aged care sector
  - the General Purpose Financial Report (GPFR) published by non-government residential providers (within five months of the end of their financial year)
  - registered nurse coverage in residential aged care dashboard
  - care minutes in residential aged care dashboard
  - the reporting of service-level financial and operations information on My Aged Care through the 'Find a Provider' tool.

The appendices in this report contain the data sources and methodology for the FRAACS. An Excel data extract containing headline figures from FRAACS reports is available on the [department's website](#). This extract is updated annually.

The department would like to thank aged care providers that completed the ACFR and helped to develop this FRAACS.

# 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.

## Reform impacts on 2023-24 results

The 2023-24 results show a significant improvement in the financial performance of the residential and home care sectors, when compared to the 2022-23 position. Across both sectors, the average net profit before tax (NPBT) and earnings before interest, tax, depreciation, and amortisation (EBITDA) positions have improved and more providers recorded a profit at the end of financial year.

The financial and operational results published in this FRAACS show the impact of the following reforms and initiatives on aged care providers:

- A 16.6% increase from 1 July 2023, and a further 4.4% increase from 1 December 2023 to average Australian National Aged Care Classification (AN-ACC) funding.
- Increased funding for residential care and Home Care Package (HCP) providers to implement the Fair Work Commission (FWC) decisions from 1 July 2023:
  - Stage 2 of the FWC Aged Care Work Value Case, which increased minimum award wages for many aged care workers by 15.0%
  - the Annual Wage Review 2022-23 decision, which increased modern award minimum wages by 5.75%.
- The introduction of a new hotelling supplement from 1 July 2023 to help providers in meeting hotelling costs. This supplement commenced at \$10.80 per resident per day, and was indexed twice in 2023-24, to \$11.04 in September 2023, and then to \$11.24 in March 2024.
- Introduction of a mandatory average of 200 care minutes per resident per day from 1 October 2023 in residential aged care. This includes 40 minutes of direct registered nurse care. Funding is provided through AN-ACC to providers for the costs associated with meeting mandatory care minute targets.
- Introduction of the 24/7 registered nurse responsibility and supplement from 1 July 2023, which reduces the risk of resident harm by ensuring qualified and experienced care staff are always available to identify and address risks.

- Commencement of the Aged Care Outbreak Management Support Supplement in February 2024, which supported residential aged care providers to plan for and manage COVID-19 outbreaks.
- Investment of \$91.0 million over two years from 2022-23 to fund the Home Care Workforce Support Program. HCP providers are funded to attract, recruit, and train new personal care workers, and upskill existing workers.
- Release of an additional 9,500 HCPs in 2023-24 to meet the growing preference for older people to remain at home.

### **Reform impacts on future results**

The department expects the following reforms and initiatives will have impacts on the financial and operational results of aged care providers in future FRAACS:

- Additional investment to fund the FWC's further decisions in the Aged Care Work Value Case:
  - \$3.8 billion from 1 January 2025 for the Stage 3 decision, which increases the award wages for approximately 340,000 aged care workers
  - \$2.6 billion from 1 March 2025 for the aged care nurses decision, increasing the award wages for approximately 60,000 enrolled and registered nurses employed 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 residential care accommodation for older people into the future. They include:
  - requiring providers to retain 2.0% per year of refundable accommodation deposits (RAD) and refundable accommodation contributions (RAC) for up to five years for residents that enter care on or after 1 November 2025.
  - requiring providers to index daily accommodation payments (DAP) twice per year by the consumer price index for residents that enter care on or after 1 November 2025.
  - increasing the maximum room price a provider can charge without approval from the Independent Health and Aged Care Pricing Authority (IHACPA) from \$550,000 to \$750,000 on 1 January 2025 and indexing on 1 July yearly.
- Consecutive increases in the AN-ACC price, from \$253.82 to \$280.01 from 1 October 2024, and to \$282.44 from 1 March 2025. Similarly, consecutive increases to the hotelling supplement from \$11.24 to \$12.55 from 20 September 2024, to \$13.46 from 20 March 2025, and to \$15.60 from 1 July 2025. These uplifts support residential aged care providers to meet increased costs.
- Increased care minutes responsibilities from 1 October 2024, requiring providers to deliver a sector-wide average of 215 care minutes per resident per day. This must include 44 minutes of registered nurse care; however, providers have the

flexibility to meet up to 10.0% of their service-level registered nurse targets with care time provided by enrolled nurses.

- 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 and supporting better pathways for nurses in aged care.
- Investment of \$633.1 million in the HCP Program in 2024-25 to support more people to access in-home aged care, prior to the commencement of the Support at Home Program. Support at Home will replace the HCP Program and Short-Term Restorative Care (STRC) Programme. It will have more tailored support, with eight ongoing classifications, more up-front support available through a new Assistive Technology and Home Modification Scheme and Restorative Care Pathway, and higher-level support for people with complex needs, including a new End-of-Life Pathway for people with three months or less to live.
- Provider preparations for the commencement of the new *Aged Care Act 2024* and regulatory model. The new fit-for-purpose Act and regulatory model will be rights-based, person-centred, risk-proportionate, and focused on continuous improvement in the sector. They will enshrine more protections and promote care that is safe, high quality, and tailored to the needs of older people.

More information on aged care reform is available on the [department's website](#). A [summary resource](#) about the government's commitment to strengthening the quality of aged care services in the 2024-25 Budget is also available.





## Report summary

### Recipients of aged care

Change from 30 June 2023



**198,362**

Residential care residents



**2.6%**

**275,486**

Home care recipients



**6.6%**

**834,981**

Home support (CHSP) recipients\*



**2.3%**

### Providers of aged care

Change from 30 June 2023



**736**

Residential care providers



**28**  
providers

**909**

Home Care Package (HCP) providers



**14**  
providers

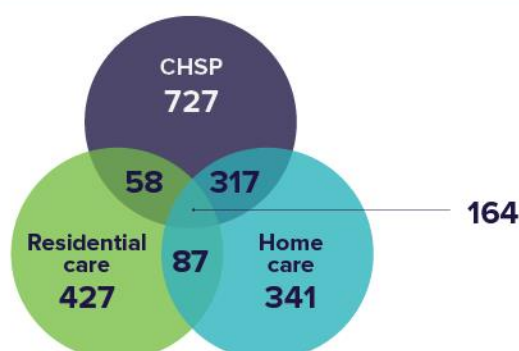
**1,264**

Home support (CHSP) providers\*



**70**  
providers

### Providers delivering multiple care types



## Australian Government funding for aged care



| Care type                         | Amount         | Proportion (%) | Change from 2022–23 |
|-----------------------------------|----------------|----------------|---------------------|
| Residential care                  | <b>\$21.2b</b> | <b>59.3%</b>   | <b>↑ \$5.1b</b>     |
| Home care                         | <b>\$7.5b</b>  | <b>21.1%</b>   | <b>↑ \$1.9b</b>     |
| Basic support at home             | <b>\$3.8b</b>  | <b>10.6%</b>   | <b>↑ \$0.1b</b>     |
| Flexible and short-term aged care | <b>\$1.0b</b>  | <b>2.8%</b>    | <b>↑ \$0.1b</b>     |
| Other aged care                   | <b>\$2.2b</b>  | <b>6.2%</b>    | <b>↑ \$0.5b</b>     |
| <b>Total</b>                      | <b>\$35.7b</b> | <b>100.0%</b>  | <b>↑ \$7.7b</b>     |

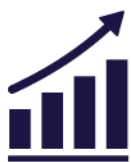
Source: Report on the Operations of the Aged Care Act 1997

Home support includes funding for: CHSP, Disability Support for Older Australians, Veteran's Home Care and Community Nursing.

Flexible and short-term aged care includes funding for: Transition Care Programme (TCP), Short-Term Restorative Care (STRC), Multi-Purpose Services (MPS), National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC), and Innovative care services.

Other aged care includes funding for: Access and Information, Rural and Remote Building Fund, Zero Real Interest Loans (ZRIL), Bond Management, Accommodation Bond Guarantee Scheme, Aged Care Quality, Specialist Dementia Care Units and Aged Care Continuity of Workforce.

## Summary financial performance



|  | Residential care  | Home care  |
|--|---|--|
| <b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b> | <b>\$35.61</b><br>↑ \$28.04 per resident per day (prpd) | <b>\$4.88</b><br>↑ \$2.12 per care recipient per day (pcrpd) |
| <b>Net profit before tax (NPBT)</b>  | <b>\$5.78</b><br>↑ \$31.09 prpd                         | <b>\$4.33</b><br>↑ \$2.16 pcrpd                              |
| <b>Providers with a positive NPBT</b>  | <b>58.7%</b><br>↑ 15.5 percentage points (pp)           | <b>73.0%</b><br>↑ 5.3 pp                                     |

\*Note: total CHSP recipients are calculated across the financial year. This may mean some individuals in the CHSP figure are also represented in the residential care or home care figures.



## Residential aged care

**After reporting net losses from the 2018-19 to 2022-23 years, the residential aged care sector reported a strong profit result in 2023-24.**

### **Key results include:**

- EBITDA increased by \$28.04 per resident per day, totalling \$35.61.
  - The proportion of providers reporting a positive EBITDA position was 76.7%, up 10.1 percentage points.
  - The EBITDA margin was 8.1%, up 6.0 percentage points. This means an EBITDA return of \$8.10 for every \$100 of revenue earned.
- NPBT performance improved by \$31.09 per resident per day, totalling \$5.78.
  - The total NPBT for the sector was a profit of \$410.9 million, up from a loss of \$1.7 billion in 2022-23.
  - The proportion of providers reporting a positive NPBT position was 58.7%, up 15.5 percentage points from 2022-23. This represents 51.7% of operational beds in the sector, up 21.7 percentage points from 2022-23.
- The average occupancy was 88.0%, up 1.9 percentage points from 2022-23.
- Residents received an average of 203.41 total care minutes per day in 2023-24 (1.20 minutes higher than the target of 202.21 in May 2023-24, and up 14.79 minutes from 2022-23).
- Total refundable accommodation deposits and contributions (RADs) held by providers increased from \$37.5 billion in 2022-23 to \$42.2 billion in 2023-24.

### **Key insights include:**

#### **1. A significant increase in care income drove a strong increase in profitability across the residential aged care sector.**

The residential aged care sector reported a \$2.1 billion increase in NPBT from 2022-23 to 2023-24. This result was due to the growth in sector income over this period (28.8%) exceeding the growth in expenses (18.6%).

The increase in sector income was driven by the:

- 24.7% increase in care income to provide funding for the FWC decisions and care minutes requirements
- increase in the AN-ACC price from \$216.80 per resident per day to \$243.10 on 1 July 2023, and to \$253.82 on 1 December 2023
- introduction of the hotelling supplement, 24/7 registered nurse supplement, and outbreak management supplement.

Care-related funding through AN-ACC (\$19.4 billion in 2023-24) continues to contribute to the majority (66.7%) of residential aged care provider income.

Expenses also increased, driven predominantly by an increase in care-related expenses. Total direct care labour costs were \$15.4 billion in 2023-24, up from \$12.1 billion in 2022-23. This was driven, in large part, by:

- increase in wages for direct care staff (including registered nurses, enrolled nurses and personal care workers/assistants in nursing) following the FWC decisions
- increase in direct care staff time, due to providers increasing their compliance with care minutes and 24/7 registered nursing requirements and increasing acuity of resident needs.

Care-related expenses are expected to increase in 2024-25 with the increase in care minutes from 1 October 2024, and the implementation of the FWC's Stage 3 and aged care nurses' decisions, which provide award wage increases for many aged care workers from 1 January 2025 and 1 March 2025 respectively.

## **2. Providers' performance in accommodation and hotelling results must improve to enable capital investment while ensuring care funding is spent on care delivery.**

Although the overall financial performance (NPBT) of the residential aged care sector improved significantly in 2023-24, this was mostly attributed to an increase in government care funding. After the apportionment of administration costs, the sector recorded a positive care result (profit of \$22.03 per resident per day). However, the sector continued to report losses in hotelling (loss of \$7.61 per resident per day) and accommodation (loss of \$8.44 per resident per day).

In parallel, while there were increases to the average total care minutes and registered nurse minutes delivered across the sector in 2023-24, improvements are required to ensure compliance at the service-level. Across the sector, residents received an average of 203.41 total care minutes per day in 2023-24 (1.20 minutes per resident per day higher than the target, and up 14.79 minutes from 2022-23). This included 39.45 minutes per resident per day delivered by a registered nurse (0.72 minutes per resident per day under the target, but up 5.00 minutes from 2022-23). However, fewer than half of all services met both their total care minutes and registered nurse minutes in each quarter of 2023-24.

Together, these results indicate that providers may be using care funding to cover losses in accommodation and hotelling results. Going forward, it is vital that providers appropriately price and earn a return from accommodation and hotelling services, respectively, to improve overall profitability while meeting care minutes requirements. The Government has introduced reforms, including through its response to the Aged Care Taskforce recommendations (as outlined

in the [Aged care reform priorities](#) chapter), which will support providers to improve these results.

### **3. Bed license amortisation continues to impact NPBT results.**

In line with the Government's decision to assign residential aged care places directly to people, since 2022-23, residential care providers have been readjusting their treatment of bed licences as intangible assets. Collectively, the sector wrote off \$820.8 million (\$11.54 per resident per day) in bed licences through amortisation in 2023-24. The residential aged care sector reported an overall profit result for 2023-24 of \$410.9 million. For-profit providers reported a loss of \$64.8 million (a loss of \$2.27 per resident per day) after amortisation of \$637.5 million of bed licences (\$22.36 per resident per day). Not-for-profit providers reported a profit result of \$400.0 million (\$9.95 per resident per day) after amortisation of \$183.3 million (\$4.56 per resident per day) of bed licences. Providers have collectively reported a total of \$87.3 million in bed licences to be amortised by providers as expenses by 30 June 2025.

### **4. The trend for new residents to favour payment of RADs/RACs for their accommodation costs continues.**

In 2023-24, 40.1% of new residents chose to pay a RAD/RAC (up from 33.9% in 2022-23). There was an inverse relationship in the preference for a DAP/DAC (40.0% chose to pay a DAP/DAC in 2023-24, down from 45.4% in 2022-23).

This trend is likely driven by the Maximum Permissible Interest Rate (MPIR), which is used to calculate the DAP/DAC payment, continuously increasing from mid-2022 and continuing to make DAPs/DACs higher and less attractive, when compared to RAD/RACs. With the continuation of this trend, the average value of RADs held by providers has increased from \$350,001 in 2021-22, to \$366,362 in 2022-23, and \$392,246 in 2023-24. The total value of RADs held across the sector has also increased from \$35.0 billion in 2021-22, to \$37.5 billion in 2022-23, and \$42.2 billion in 2023-24.

### **5. Residential care results published in this report differ to results published in the QFS quarter 4 2023-24 due to end of year expenses adjustments.**

In the Quarterly Financial Report (QFR) for quarter 4 2023-24 (which underpins the QFS report for the same period), providers reported a NPBT result of \$571.3 million (\$8.22 per resident per day). This differs from the NPBT result reported by providers in the ACFR and presented in this FRAACS of \$410.9 million (\$5.78 per resident per day).

This difference is due to end of year expenses that were not posted at the time providers submitted their QFR (35 days after the financial year end) but were posted prior to ACFR reporting (four months after the financial year end). QFR data is prepared predominantly using data from management accounts which are unaudited (but approved by the provider's Board). Using management accounts

to inform the QFS provides a timely snapshot of the sector to support the ongoing monitoring and transparency of the sector's financial performance. The end of financial year position reported in the FRAACS captures the audited position, which takes additional time to generate but provides a fuller picture. The FRAACS results also include financial results of local, state, and territory government providers (who are not captured in the QFS results), account for mergers and acquisitions between providers, and adjust financial results for entities that report using a different financial year.

## Home care

**After declining profitability between 2020-21 and 2022-23, the 2023-24 results highlight a significant improvement in the home care sector's financial position.**

Key results include:

- EBITDA increased by \$2.12 per care recipient per day, totalling \$4.88.
  - The proportion of providers reporting a positive EBITDA position was 75.8%, up 5.9 percentage points.
  - The EBITDA margin was 6.4%, up 2.3 percentage points. This means an EBITDA return of \$6.40 for every \$100 of revenue earned.
- NPBT performance improved by \$2.16 per care recipient per day, totalling \$4.33.
  - The total NPBT for the sector was a profit of \$423.0 million, up from \$185.7 million in 2022-23.
  - The proportion of providers reporting a positive NPBT position was 73.0%, up 5.3 percentage points.

**Key insights include:**

**1. Between 2022-23 and 2023-24, the growth in income exceeded the growth in expenses, generating a profitable result for the home care sector.**

There was significant improvement in the financial performance of the home care sector in 2023-24, after years of declining profitability between 2020-21 and 2022-23. The increase in profitability in 2023-24 was a result of the growth in income from 2022-23 (\$8.47 per care recipient per day or 12.5%) exceeding the growth in expenses (\$6.31 per care recipient per day or 9.6%).

The increase in sector income was driven by a:

- 13.8% increase in claim days from 2022-23 to 2023-24, which reflects an increase in allocated HCPs
- 3.4 percentage point increase in use of HCPs from 79.3% in 2022-23 to 82.7% in 2023-24, which measures the proportion of the HCP entitlement used by each recipient

- 11.9% increase in the home care subsidy from 1 July 2023 to reflect government funding for award wage increases following the FWC decisions and annual indexation.

In line with this, there was a 33.9% increase in government expenditure on home care (up from \$5.6 billion in 2022-23 to \$7.5 billion in 2023-24).

Growth in expenses was primarily driven by growth in internal and external direct care expenses (9.5% and 12.5%, respectively), as labour costs (driven by wages and time) increased following the FWC decisions, annual indexation, and the increase in home care claim days.

**2. At a sector-level, income generated from delivering care management services far exceeded care management expenses.**

In 2023-24, income from care management fees represented 17.7% of total income at the sector level (which is under the cap of 20.0%, but an increase from 16.8% in 2022-23). However, the sector-level cost to providers of delivering care management was only 10.5% (down from 11.1% in 2022-23). Over time, these results indicate that providers may be using margins on care management services to cross-subsidise losses in other services. The department will continue to monitor prices set by in-home aged care providers, to ensure they are reasonable and transparent.

**3. Income and expenses for external care services (sub-contractors or brokered client services) continued to outgrow internal care services.**

There was a continued increase in providers' use of external care services in 2023-24. Income from the provision of external care services increased at a significantly higher rate (up 28.8% per care recipient per day from 2022-23) than internal direct care services income (up 6.6% on 2022-23). External care service expenses also increased at a higher rate (up 12.5% from 2022-23) than internal direct care service expenses (up 9.5% from 2022-23). In 2023-24, external care services also represented a greater proportion of total expenses (33.6%) than internal care service (30.1%).

**4. The average EBITDA gap between the highest and lowest performing providers is decreasing, with providers in the bottom quartile reporting the largest increase in EBITDA results.**

In 2023-24, providers in the top quartile recorded an average EBITDA of \$15.19 per care recipient per day, which was broadly consistent with the 2022-23 result.

However, providers in all other quartiles showed notable improvements between the two periods. In particular, the average EBITDA for providers in the bottom quartile was a loss of \$4.85 per care recipient per day, a marked improvement on the 2022-23 result (loss of \$8.94 per care recipient per day). This is the first time since 2020-21 that the average EBITDA for this group of providers has increased.



Further, the substantial increase in the EBITDA result for the bottom quartile was the main driver of the overall increase in the sector average EBITDA, up from \$2.76 per care recipient per day in 2022-23 to \$4.88 in 2023-24.

#### **5. Home care results published in this report differ to results published in the QFS quarter 4 2023-24 due to end of year expenses adjustments.**

In the QFR for quarter 4 2023-24, providers reported a NPBT result of \$528.8 million (\$5.69 per care recipient per day). This differs from the NPBT result reported by providers in the ACFR and presented in this FRAACS of \$423.0 million (\$4.33 per care recipient per day). This difference is due to end of year expenses that were not posted at the time providers submitted their QFR but were posted prior to ACFR reporting. The FRAACS results also include financial results of local, state, and territory government providers (who are not captured in the QFS results), account for mergers and acquisitions between providers, and adjust financial results for entities that report using a different financial year.

### **Commonwealth Home Support Programme**

Government funding for CHSP was \$3.0 billion in 2023-24, consistent with the prior year's expenditure. The number of CHSP recipients increased to 834,981 in 2023-24 (up from 816,132 in 2022-23), however, the number of CHSP providers decreased to 1,264 providers (down 70 providers from 2022-23). CHSP providers are not required to complete the ACFR, so the FRAACS does not provide narrative on the financial performance of CHSP providers. The information in this report supports monitoring the CHSP market in the lead up to new payment arrangements commencing no earlier than 1 July 2027 through the Support at Home Program.

### **Future trends in aged care**

The demand for aged care services continues to increase, driven by an ageing population, changes in the complexity of care needs, and economic factors. Over time, there has been an increase in the use of home care services, and a decrease in the use of residential care services.

Between 2024 and 2044, there is expected to be an increase in:

- **the number of people aged 70 years and over in Australia** by approximately 2.3 million people (an increase of 67.8%). During this time, the proportion of people aged 85 years and over in this cohort will increase by approximately 6.7 percentage points (from 17.4% in 2024 to 24.1% in 2044).
- **residential care (permanent and respite) demand** of approximately 10,600 residents per year, resulting in 410,000 people in residential care by 2044.
- **home care demand** of approximately 34,500 care recipients per year, resulting in 1,820,000 people demanding home care by 2044.



# Chapter 1

## Residential care

Change from 30 June 2023



**198,362**

Residential care residents  
at 30 June 2024



**2.6%**



**736**

Residential care providers  
at 30 June 2024



**28**  
providers

Change from 2022–23

**\$2.5 billion**

total sector EBITDA



**\$2.0**  
billion



**\$35.61**

EBITDA prpd



**\$28.04**  
prpd

**76.7%**

providers reporting a positive EBITDA



**10.1 pp**

**\$410.9 million**

total sector NPBT



**\$2.1**  
billion



**\$5.78**

NPBT prpd



**\$31.09**  
prpd

**58.7%**

providers reporting a positive NPBT



**15.5 pp**

# 1 Residential care

## 1.1 Residential care landscape

### Residential aged care residents and providers

Trends in the demographic landscape of residential care residents and providers, as reported in FRAACS reports from 2020-21 onwards, continued in the 2023-24 financial year.

These included:



- an increase in **residential care resident numbers**, from 193,242 residents at 30 June 2023, to 198,362 residents at 30 June 2024.



- a slight increase in the proportion of residents who entered permanent residential care after leaving home care, from 54.3% in 2022-23 to 54.4% in 2023-24.



- a decrease in the average **length of stay in residential aged care** from 3.0 years in 2022-23 to 2.8 years in 2023-24. The **average stay in residential respite care** was 30.6 days in 2023-24, a small increase from 30.3 days in 2022-23.



- a small decrease in the **number of residential care providers**, from 764 providers at 30 June 2023 to 736 providers at 30 June 2024.

Table 1.1 and Table 1.2 detail the number of residential care residents and providers from 2020-2021 to 2023-2024, including demographic information.



#### Data reference: Length of stay and resident exits

Refer to the **1.1 RC landscape** tab in the *FRAACS data extract* for data on:

- Average length of stay in residential aged care by gender and year of entry
- Average length of stay in residential respite care
- Proportion of residents that exit within 3, 6 or 12 months of first entry.

**Table 1.1: Number of people in residential aged care, 30 June 2021 to 30 June 2024**

|   | 30 June 2021   | 30 June 2022   | 30 June 2023   | 30 June 2024   |
|---|----------------|----------------|----------------|----------------|
| <b>Total residents</b>                          | <b>191,029</b> | <b>188,208</b> | <b>193,242</b> | <b>198,362</b> |
| Permanent residents                             | 183,894        | 180,750        | 185,127        | 189,884        |
| Respite residents                               | 7,135          | 7,458          | 8,115          | 8,478          |
| Culturally and Linguistically Diverse residents | 36,862         | 36,192         | 37,207         | 38,968         |
| Aboriginal and Torres Strait Islander residents | 2,060          | 2,130          | 2,235          | 2,316          |

**Table 1.2: Number of providers, services, places and residents in residential care, by ownership, location and scale, 30 June 2024**

|                        |                              | Provider type |                |  | Provider location |               |                            | Provider scale     |                 |                     |                        |
|------------------------|------------------------------|---------------|----------------|--|-------------------|---------------|----------------------------|--------------------|-----------------|---------------------|------------------------|
|                        | Total sector<br>30 June 2024 | For-profit    | Not-for-profit | Local, state or<br>territory (LST)<br>gov. | Metropolitan      | Regional      | Metropolitan &<br>regional | Single<br>services | 2 to 6 services | 7 to 19<br>services | 20 or more<br>services |
| <b>Total providers</b> | <b>736</b>                   | <b>243</b>    | <b>412</b>     | <b>81</b>                                  | <b>405</b>        | <b>291</b>    | <b>40</b>                  | <b>459</b>         | <b>202</b>      | <b>51</b>           | <b>24</b>              |
| Services               | 2,617                        | 905           | 1,503          | 209  | 1,391             | 579           | 647                        | 459                | 591             | 586                 | 981                    |
| Operational places     | 223,691                      | 90,668        | 125,316        | 7,707                                      | 132,849           | 34,501        | 56,341                     | 38,403             | 46,589          | 48,711              | 89,988                 |
| <b>Total residents</b> | <b>198,362</b>               | <b>79,496</b> | <b>112,397</b> | <b>6,469</b>                               | <b>118,722</b>    | <b>29,882</b> | <b>49,758</b>              | <b>33,708</b>      | <b>40,639</b>   | <b>43,128</b>       | <b>80,887</b>          |
| Permanent residents    | 189,884                      | 75,478        | 108,219        | 6,187                                      | 113,246           | 28,432        | 48,206                     | 31,947             | 38,758          | 41,476              | 77,703                 |
| Respite residents      | 8,478                        | 4,018         | 4,178          | 282  | 5,476             | 1,450         | 1,552                      | 1,761              | 1,881           | 1,652               | 3,184                  |

## Occupancy

The average occupancy rate across all residential care places was 88.0% in 2023-24, up from 86.1% in 2022-23. There also remained variation in occupancy levels based on the ownership type, location, and remoteness of providers. Broadly, occupancy was higher in major cities (88.3%) and decreased with rurality (73.5% in very remote areas). For-profit providers and providers in South Australia, Northern Territory, Queensland, Western Australia and Australian Capital Territory recorded occupancy levels above the average for all providers. The largest increase in occupancy was for-profit providers, up 5.1 percentage points and the largest decrease in occupancy was reported in very remote providers, down 3.4 percentage points.

Table 1.3 shows occupancy rates by provider ownership type and geography, 2020-21 to 2023-24, with a comparison between 2022-23 and the current year.

**Table 1.3: Occupancy rates by provider ownership type and geography, 2020-21 to 2023-24, with comparison to 2022-23**

|                              | 2020-21      | 2021-22      | 2022-23      | 2023-24      | Change from 2022-23 (percentage points) |
|------------------------------|--------------|--------------|--------------|--------------|---|
| <b>All providers</b>         | <b>86.8%</b> | <b>86.2%</b> | <b>86.1%</b> | <b>88.0%</b> | <b>▲ 1.9 pp</b>                         |
| <b>Ownership type</b>        |              |              |              |              |   |
| For-profit                   | 84.2%        | 84.5%        | 84.1%        | 89.2%        | ▲ 5.1 pp                                |
| Not-for-profit               | 88.9%        | 87.5%        | 87.8%        | 86.7%        | ▼ 1.1 pp                                |
| LST gov.                     | 86.5%        | 84.8%        | 82.7%        | 83.7%        | ▲ 1.0 pp                                |
| <b>State / territory</b>     |              |              |              |              |   |
| New South Wales              | 86.6%        | 85.2%        | 85.0%        | 87.3%        | ▲ 2.3 pp                                |
| Victoria                     | 84.2%        | 83.3%        | 82.8%        | 85.5%        | ▲ 2.6 pp                                |
| Queensland                   | 87.0%        | 88.0%        | 88.6%        | 90.5%        | ▲ 1.8 pp                                |
| Western Australia            | 88.3%        | 88.1%        | 88.0%        | 89.0%        | ▲ 0.9 pp                                |
| South Australia              | 93.1%        | 92.2%        | 92.0%        | 92.0%        | – 0.0 pp                                |
| Tasmania                     | 88.9%        | 89.2%        | 88.5%        | 88.0%        | ▼ 0.5 pp                                |
| Australian Capital Territory | 87.3%        | 85.3%        | 87.7%        | 89.7%        | ▲ 1.9 pp                                |
| Northern Territory           | 94.9%        | 89.8%        | 91.8%        | 92.2%        | ▲ 0.3 pp                                |
| <b>Remoteness</b>            |              |              |              |              |   |
| Major cities                 | 86.4%        | 85.9%        | 86.2%        | 88.3%        | ▲ 2.1 pp                                |
| Inner regional               | 88.4%        | 87.3%        | 86.0%        | 87.7%        | ▲ 1.7 pp                                |
| Outer regional               | 86.9%        | 86.6%        | 86.5%        | 87.5%        | ▲ 1.0 pp                                |
| Remote                       | 83.5%        | 80.3%        | 77.6%        | 78.5%        | ▲ 0.8 pp                                |
| Very remote                  | 75.1%        | 77.6%        | 76.8%        | 73.5%        | ▼ 3.4 pp                                |



Note: The occupancy rate is calculated by dividing the *total number of days an operational place is occupied by a resident in the year* by the *total number of days an operational place was available to be occupied per year*, as reported by providers. The rates published above include mainstream operational places only. They exclude flexible places under the National Aboriginal and Torres Strait Islander Flexible Aged Care Program, Innovative Pool programs, and care provided by Multi-Purpose Services. They also exclude allocated places that are not operational (due to factors including workforce shortages or site redevelopments).

## Care minutes

In 2023-24, residential aged care providers were required to provide an average of 202.21 total care minutes per resident per day, including 40.17 minutes per resident per day delivered by a registered nurse. Total care minutes targets were 203.78 for for-profit providers, 201.23 for not-for-profit providers, and 201.15 for LST government providers.

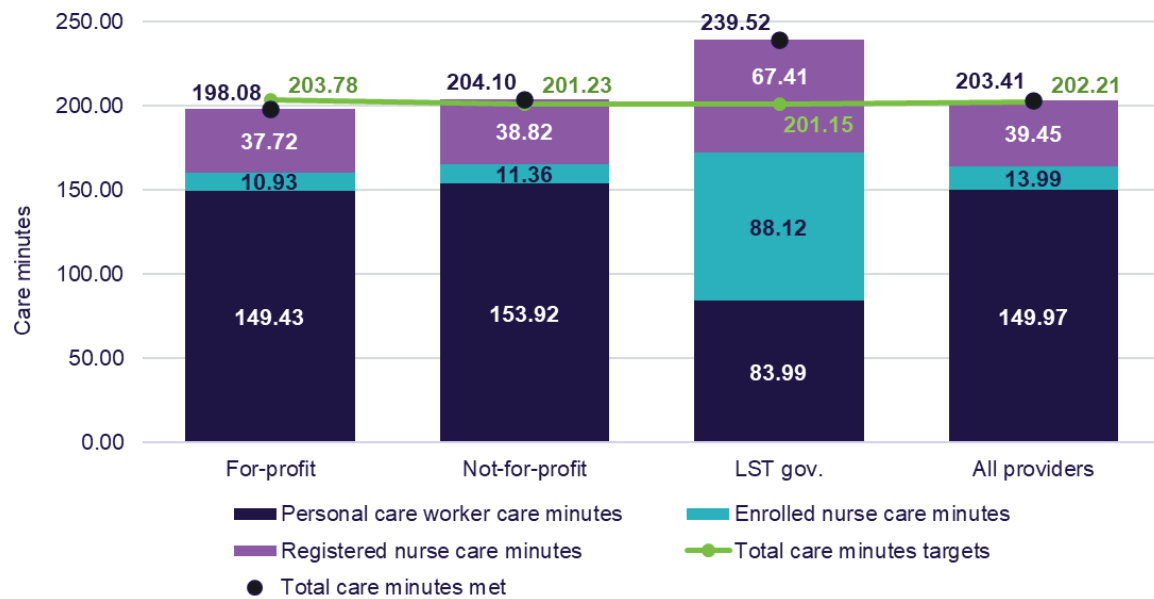
On average in 2023-24:

- across the sector, residents received an average of 203.41 total care minutes per day in 2023-24 (1.20 minutes per resident per day higher than the target, and up 14.79 minutes from 2022-23). This included 39.45 minutes per resident per day delivered by a registered nurse (0.72 minutes per resident per day under the target, but up 5.00 minutes from 2022-23).
- not-for-profit providers delivered 6.02 average total care minutes per resident per day more than for-profit providers (204.10 care minutes per resident per day and 198.08 care minutes per resident per day, respectively).
- LST government providers were also considerably higher in their average care minutes delivered. These providers are likely to have other non-Australian Government funding sources that contribute towards care delivery.

While recent reporting in the QFS reports indicates that the sector is delivering above the care minutes targets, significant improvements are required to ensure individual services are compliant with their mandatory care minute responsibilities.

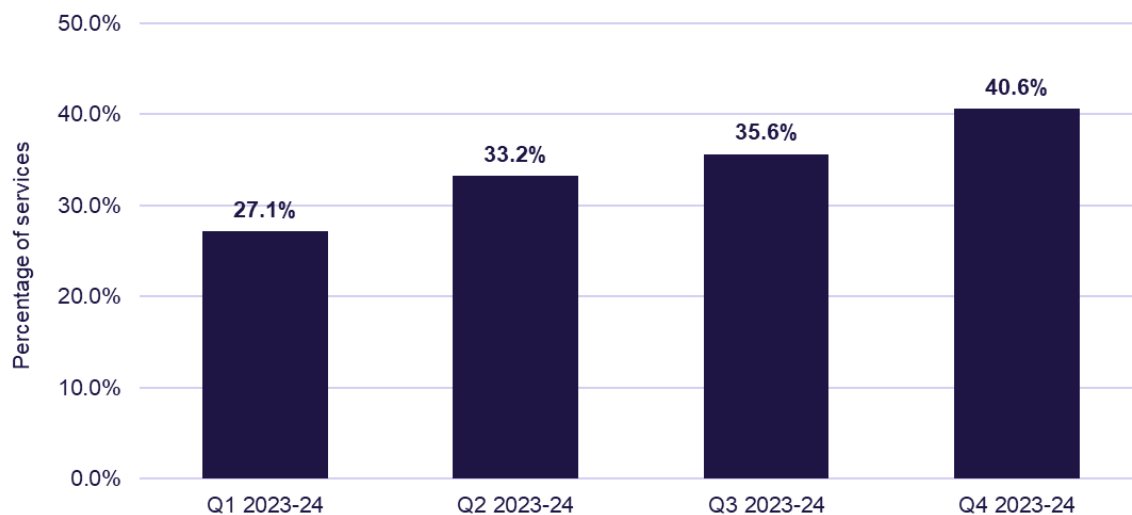
Chart 1.1 shows the average care minutes per resident per day, by provider ownership type reported in the ACFR for 2023-24. Chart 1.2 shows the proportion of services who met both their service-level total care minutes and registered nurse care minute targets from quarter 1 2023-24 to quarter 4 2023-24.

**Chart 1.1: Average care minutes per resident per day, by ownership type, 2023-24**



Note: Figures are rounded to two decimal points, so may not sum to the total. Annual average care minutes reported in Chart 1.1 will differ from the published care minutes in the QFS and the care minutes dashboard. Quarterly data is collected at a point-in-time and is the average of the quarter. The data presented in the chart was extracted from the system on 16 May 2025.

**Chart 1.2: Proportion of services who met both their service-level total care minutes and registered nurse care minute targets, quarter 1 2023-24 to quarter 4 2023-24**



Source: Quarterly Financial Reports quarter 1 2023-24 to quarter 4 2023-24.



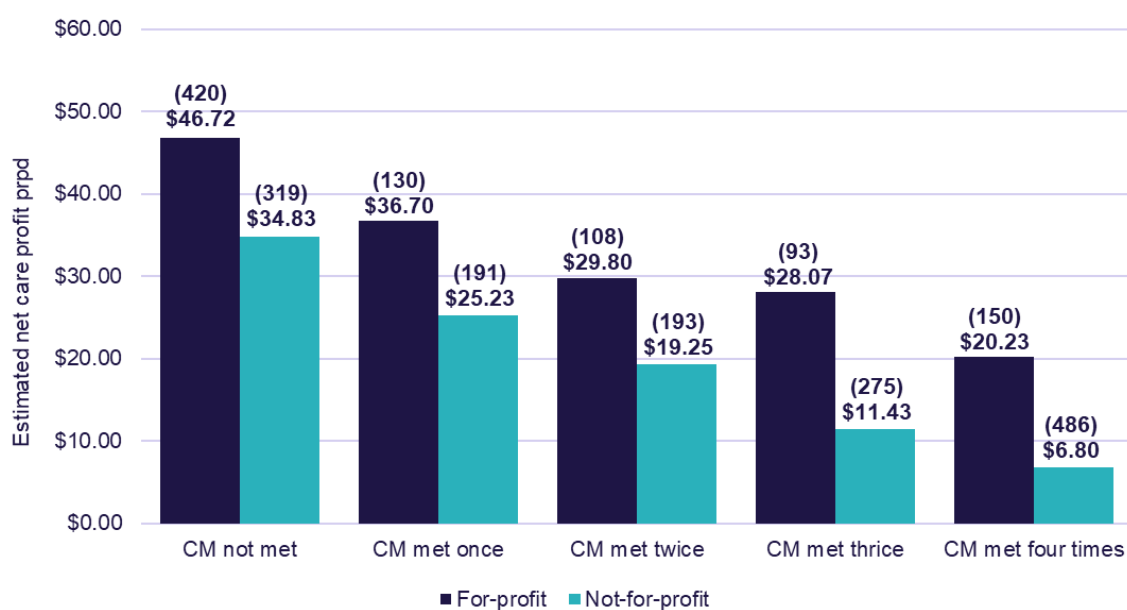
### Insights: Care minutes compliance and care margins

Results published in this FRAACS demonstrate that providers can meet their care minutes requirements **and** maintain positive care margins (even when administrative costs are accounted for). The results also demonstrate that providers not meeting their care minutes requirements are likely to record higher care profits. Chart 1.3 demonstrates this relationship. It shows care profits for 2023-24 based on how many quarters the service met their total care minute target in the year.

The average not-for-profit service that met their total care minutes targets in every quarter of 2023-24 reported a care profit of \$6.80 per resident per day, while the average not-for-profit service that did not meet their total care minutes targets in any quarter of 2023-24 reported a significantly higher care profit of \$34.83 per resident per day. On average, for-profit services that met their total care minutes targets in every quarter reported a \$20.23 care profit per resident per day, compared to for-profit services that did not meet their total care minutes in any quarter reporting a \$46.72 care profit per resident per day.

This result indicates that some providers not meeting their care minutes are either using care profits to cross-subsidise losses in accommodation and hotelling, and/or to boost profits. The linking funding to care minutes measure, commencing April 2026 (based on care minutes delivered from October 2025), will mean that this will no longer be possible in metropolitan aged care homes.

**Chart 1.3: Care profit of providers against their quarterly care minutes results per resident per day (number of providers in parentheses), by ownership type, 2023-24**



Note: This excludes services that did not have care minutes targets and reporting for all quarters of 2023--24, such as new services, services transferred between providers, and services that went off-line in 2023-24.

## 1.2 Capital investment

Monitoring expenditure on building works and capital investment in the residential aged care sector supports an understanding of the supply of residential aged care beds in the future. Capital works can be funded through multiple sources including:

- equity, including retained earnings
- loans from financial or other institutions
- interest free loans from residents in the form of RADs
- capital investment support from the government by way of capital grants
- capital endowments.

### *Capital works in progress or completed*

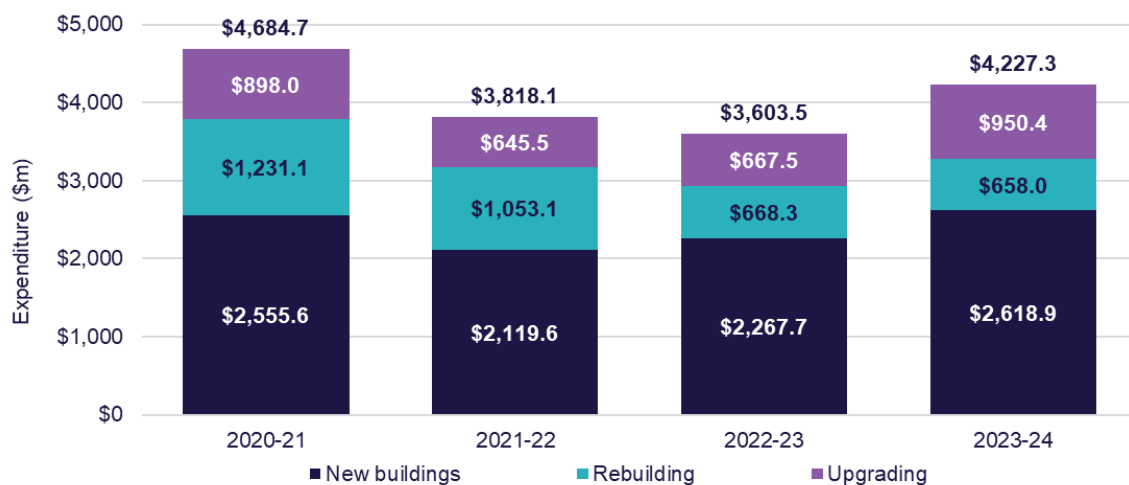
In 2023-24, expenditure on completed or in-progress capital works was \$4.2 billion, up 16.7% from 2022-23 (\$3.6 billion). This included:

- expenditure on new buildings of \$2.6 billion (up 15.5% from 2022-23)
- expenditure on upgrades of \$950.4 million (up 42.4% from 2022-23)
- expenditure on rebuilds of \$658.0 million (down 1.5% from 2022-23).

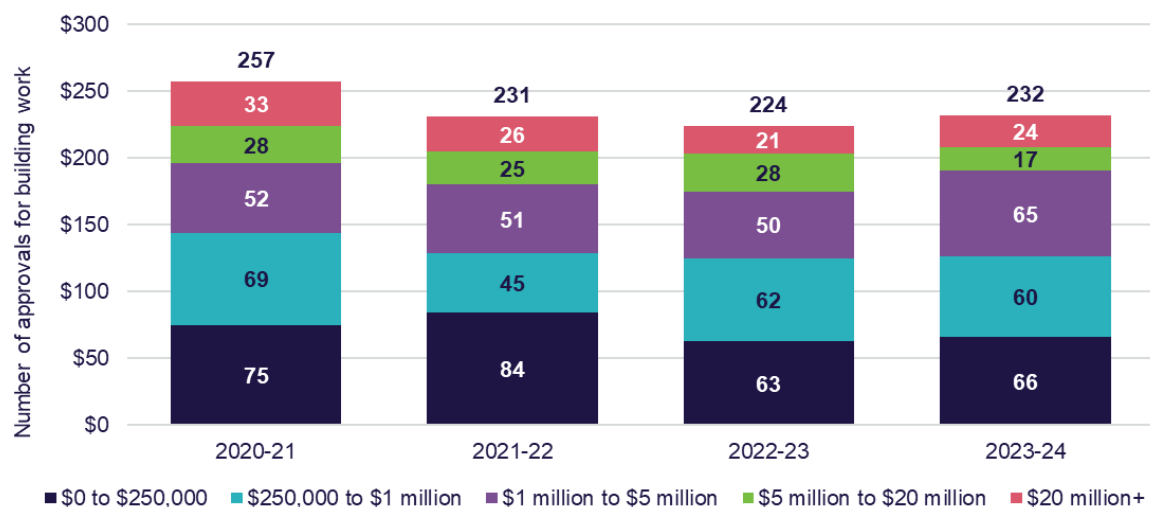
There were 232 building approvals in 2023-24, up from 224 in 2022-23. This marks the first increase since FRAACS reporting in 2020-21.

Chart 1.4 shows the value of residential care building activity (completed or in-progress) for 2020-21 to 2023-24. Chart 1.5 shows the number of building approvals (by value) for building works for 2020-21 to 2023-24.

**Chart 1.4: Building activity (completed or in-progress), 2020-21 to 2023-24**



**Chart 1.5: Number of building approvals, by value of work, 2020-21 to 2023-24**

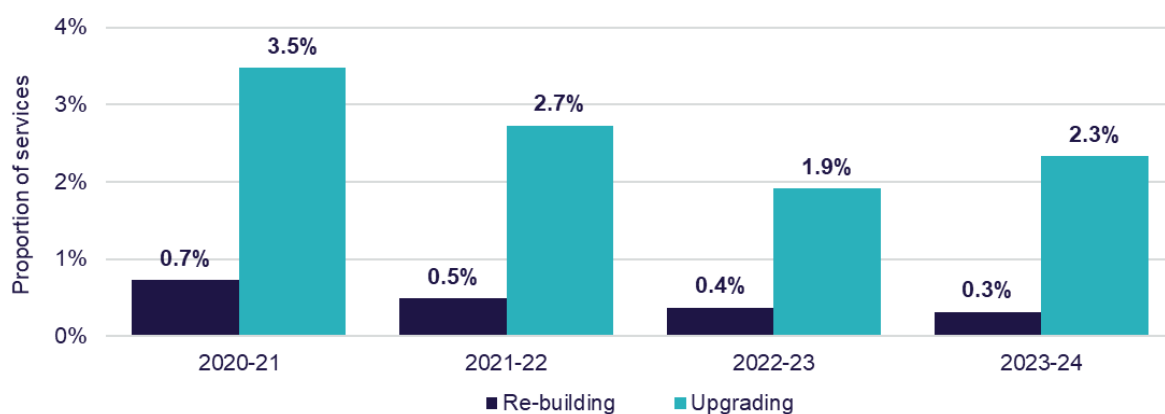


### *Intention to undertake capital works in the future*

Since commencement of FRAACS reporting in 2020-21, there has been a decline in the proportion of services planning to rebuild or upgrade existing services. In 2023-24, this shifted for the proportion of services planning to upgrade, with 2.3% looking to do so, up 0.4 percentage points from 2022-23. However, the proportion looking to rebuild was 0.3%, down 0.1 percentage points from 2022-23.

Chart 1.6 shows the proportion of services planning to upgrade or rebuild for 2020-21 to 2023-24.

**Chart 1.6: Proportion of services planning to upgrade or rebuild, 2020-21 to 2023-24**





## 1.3 Financial performance

### Sector results

After recording net loss before tax results from 2020-21 to 2022-23, the residential aged care sector recorded a profit in 2023-24. At a sector level:

- total income was \$31.2 billion, up 28.9% on 2022-23 (\$24.2 billion).
  - This was equivalent to \$408.84 per resident per day, up from \$333.66 in 2022-23 (an increase of 22.5% per resident per day).
- total expenditure was \$30.8 billion, up 18.5% on 2022-23 (\$26.0 billion).
  - This was equivalent to \$398.74 per resident per day, up from \$349.30 in 2022-23 (an increase of 14.2% per resident per day).
- total earnings before interest, taxes, depreciation and amortisation (EBITDA) was \$2.5 billion, a significant increase on the 2022-23 result (\$519.8 million).
  - This was equivalent to \$35.61 per resident per day, up from \$7.57 in 2022-23 (an increase of \$28.04 per resident per day or up 370.4% on the prior year).
  - The EBITDA margin for all providers was 8.1%, an increase of 6.0 percentage points on the 2022-23 result (2.1%).
- the net profit before tax (NPBT) result was \$410.9 million, a significant increase on the 2022-23 result (a loss of \$1.7 billion).
  - This was equivalent to \$5.78 per resident per day, up from a loss of \$25.31 in 2022-23 (up \$31.09 per resident per day or 122.8% on the prior year).
  - 58.7% of residential care providers were profitable (positive NPBT), compared with 43.2% in 2022-23. These providers serviced 51.7% of residents in 2023-24, up from 30.0% in 2022-23.

Table 1.4 provides a summary of the financial performance of residential care providers from 2020-21 to 2023-24, with a comparison between 2022-23 and the current year. Table 1.5 shows the residential care sector's income and expense statement per resident per day over the same period.



#### Data reference: Acronyms used in this section of the report

The following acronyms are used throughout this section of the report:

- **prpd** refers to 'per resident per day'. Dividing sector results by the total number of residents and days allows the data to be standardised.
- **pp** refers to 'percentage points' (when describing increases and decreases in figures represented as percentages, for example, profit margins).

**Table 1.4: Summary of financial performance of residential care providers, 2020-21 to 2023-24, with comparison to 2022-23**

|                      | 2020-21    | 2021-22     | 2022-23     | 2023-24    | Change from 2022-23 (%) |
|----------------------|------------|-------------|-------------|------------|-------------------------|
| Total income (\$m)   | \$21,478.5 | \$22,074.5  | \$24,239.7  | \$31,216.3 | ▲ 28.8%                 |
| Total expenses (\$m) | \$22,332.1 | \$24,338.6  | \$25,976.8  | \$30,805.3 | ▲ 18.6%                 |
| EBITDA (\$m)         | \$712.6    | (\$8.7)     | \$519.8     | \$2,532.1  | ▲ 387.1%                |
| NPBT (\$m)           | (\$853.7)  | (\$2,264.1) | (\$1,737.1) | \$410.9    | ▲ 123.7%                |
| EBITDA (prpd)        | \$10.33    | (\$0.13)    | \$7.57      | \$35.61    | ▲ 370.4%                |
| NPBT (prpd)          | (\$12.38)  | (\$32.97)   | (\$25.31)   | \$5.78     | ▲ 122.8%                |
| EBITDA margin        | 3.3%       | 0.0%        | 2.1%        | 8.1%       | ▲ 285.7%                |
| NPBT margin          | (4.0%)     | (10.3%)     | (7.2%)      | 1.3%       | ▲ 118.1%                |

**Table 1.5: Income and expense statement per resident per day, 2020-21 to 2023-24, with comparison to 2022-23**

|   | 2020-21         | 2021-22         | 2022-23         | 2023-24         | Change from 2022-23 (%) |
|---|-----------------|-----------------|-----------------|-----------------|-------------------------|
| <b>Recurrent income</b>                     |                 |                 |                 |                 |                         |
| Care income                                 | \$194.31        | \$197.80        | \$219.29        | \$273.39        | ▲ 24.7%                 |
| Hotel services income                       | \$56.63         | \$68.37         | \$64.08         | \$76.74         | ▲ 19.8%                 |
| Accommodation & finance income <sup>1</sup> | \$35.96         | \$36.33         | \$42.79         | \$51.45         | ▲ 20.2%                 |
| COVID-19 income                             | \$10.93         | \$4.46          | \$7.50          | \$7.27          | ▼ 3.1%                  |
| <b>Total recurrent income</b>               | <b>\$297.83</b> | <b>\$306.96</b> | <b>\$333.66</b> | <b>\$408.84</b> | <b>▲ 22.5%</b>          |
| <b>Recurrent expense</b>                    |                 |                 |                 |                 |                         |
| <b>Care expenses</b>                        |                 |                 |                 |                 |                         |
| Labour costs                                | \$151.74        | \$163.40        | \$175.70        | \$216.00        | ▲ 22.9%                 |
| Resident expenses <sup>2</sup>              | \$7.07          | \$7.44          | \$7.16          | \$7.49          | ▲ 4.6%                  |
| Other care expenses <sup>3</sup>            | \$10.36         | \$7.61          | \$8.32          | \$10.80         | ▲ 29.8%                 |
| <b>Total care expenses</b>                  | <b>\$169.17</b> | <b>\$178.44</b> | <b>\$191.19</b> | <b>\$234.28</b> | <b>▲ 22.5%</b>          |
| <b>Hotel services expenses</b>              |                 |                 |                 |                 |                         |
| Catering                                    | \$32.65         | \$34.48         | \$37.14         | \$40.45         | ▲ 8.9%                  |
| Cleaning                                    | \$9.86          | \$10.48         | \$10.72         | \$11.24         | ▲ 4.9%                  |
| Laundry                                     | \$4.47          | \$4.53          | \$4.64          | \$5.07          | ▲ 9.3%                  |
| Other hotel expenses                        | \$8.75          | \$8.71          | \$9.35          | \$10.09         | ▲ 7.9%                  |

|   | 2020-21          | 2021-22          | 2022-23          | 2023-24         | Change from 2022-23 (%) |
|---|------------------|------------------|------------------|-----------------|-------------------------|
| <b>Total hotel expenses</b>                           | <b>\$55.72</b>   | <b>\$58.20</b>   | <b>\$61.85</b>   | <b>\$66.86</b>  | <b>▲ 8.1%</b>           |
| <b>Accommodation &amp; finance expenses</b>           |                  |                  |                  |                 |                         |
| Routine maintenance                                   | \$9.27           | \$9.50           | \$11.24          | \$11.83         | ▲ 5.2%                  |
| Financing interest                                    | -                | \$1.30           | \$1.58           | \$1.39          | ▼ 12.0%                 |
| Depreciation, rent & others                           | \$27.33          | \$40.39          | \$31.17          | \$30.91         | ▼ 0.8%                  |
| <b>Total accommodation &amp; finance expenses</b>     | <b>\$36.60</b>   | <b>\$51.19</b>   | <b>\$43.99</b>   | <b>\$44.12</b>  | <b>▲ 0.3%</b>           |
| <b>Administration expenses</b>                        |                  |                  |                  |                 |                         |
| Corporate recharge                                    | \$19.22          | \$22.27          | \$23.74          | \$24.89         | ▲ 4.8%                  |
| Labour costs  | \$9.74           | \$11.41          | \$11.57          | \$13.28         | ▲ 14.8%                 |
| Other administration                                  | \$9.28           | \$9.34           | \$10.28          | \$12.16         | ▲ 18.3%                 |
| <b>Total administration expenses</b>                  | <b>\$38.24</b>   | <b>\$43.02</b>   | <b>\$45.59</b>   | <b>\$50.32</b>  | <b>▲ 10.4%</b>          |
| <b>COVID-19 expenses</b>                              | <b>\$8.42</b>    | <b>\$10.83</b>   | <b>\$6.69</b>    | <b>\$3.15</b>   | <b>▼ 52.9%</b>          |
| <b>Total recurrent expense</b>                        | <b>\$308.16</b>  | <b>\$341.68</b>  | <b>\$349.30</b>  | <b>\$398.74</b> | <b>▲ 14.2%</b>          |
| <b>Recurrent operating profit / (loss)</b>            | <b>(\$10.33)</b> | <b>(\$34.72)</b> | <b>(\$15.65)</b> | <b>\$10.11</b>  | <b>▲ 164.6%</b>         |
| <b>Non-recurrent income and expenses <sup>4</sup></b> |                  |                  |                  |                 |                         |
| Non-recurrent income                                  | \$13.61          | \$14.50          | \$19.51          | \$30.13         | ▲ 54.4%                 |
| Non-recurrent expense                                 | \$15.66          | \$12.75          | \$29.17          | \$34.46         | ▲ 18.1%                 |
| <b>Non-recurrent profit / (loss)</b>                  | <b>(\$2.05)</b>  | <b>\$1.75</b>    | <b>(\$9.66)</b>  | <b>(\$4.33)</b> | <b>▲ 55.2%</b>          |
| <b>Residential care profit / (loss)</b>               | <b>(\$12.38)</b> | <b>(\$32.97)</b> | <b>(\$25.31)</b> | <b>\$5.78</b>   | <b>▲ 122.8%</b>         |

Notes:

1. The respite supplement was re-classified from care to accommodation in 2023-24 to align it with its purpose of funding accommodation costs.
2. Resident expenses include items such as resident medication, oxygen and related equipment, treatments and procedures, incontinence aids, items that assist mobility, recreation and social activities, rehabilitation support, personal grooming and specific cultural and social events.
3. Other care expenditure relates to the direct costs incurred in providing care for residents within residential care services. Labour costs include payments made to nurses, therapists, nutritionists, care managers, health assistants and support staff.
4. Non-recurrent income and expenses are those which are not related to core business activities and occur irregularly. Examples of non-recurrent income include gains from the sale of assets, asset revaluations, and donations. Examples of non-recurrent expenses include fair value losses on assets and amortisation or impairment of bed licenses.

### **Insights: Drivers of improved profitability**

In 2023-24, overall sector profitability improved as increases in recurrent and non-recurrent income (28.8%) exceeded increases in expenses (18.6%), when compared to the year prior.

Growth in income was driven by:

- a 24.7% increase in care income on the prior year. Care income increased due to the change in AN-ACC subsidies (from \$216.80 to \$243.10 on 1 July 2023, to \$253.82 on 1 December 2023)
- introduction of the hotelling supplement and 24/7 registered nurse supplement on 1 July 2023 and outbreak management supplement on 1 February 2024.

Growth in expenses was driven by:

- a 22.9% increase in labour costs, and a 29.8% increase in other care expenses. Labour costs (wages and time) increased following the FWC decisions, care minutes, and 24/7 registered nurse requirements.
- \$820.8 million bed license amortisation, an increase of \$55.2 million from 2022-23 (7.2% increase).

### **Financial results by funding stream**

#### **Methodology change: Apportionment of administration expenses**

For the 2023-24 FRAACS, administration expenses incurred by providers have been apportioned (split) by funding stream (care, hotel, and accommodation). The costs have been apportioned at service (facility) level in a method consistent with that adopted by IHACPA in its costing studies and then aggregated to the sector level. The method involves apportioning:

- corporate recharge costs to the care, hotelling and accommodation streams (with allocation based on the proportion of these expenses of the total care, hotelling and accommodation expenses)
- remaining administration costs are split equally into hotelling and accommodation streams.

This is a departure from previous financial years of FRAACS reporting, where administration expenses were consolidated and included as a separate category. As a result, care, hotel, and accommodation results presented below are not comparable to those from previous financial years (without apportionment of administration expenses). However, the total operating profit/loss and net profit/loss results remain comparable. All previous figures are available in the *FRAACS data extract*.

In 2023-24, residential aged care providers reported an average profit of \$5.78 per resident per day. This is a significant improvement on the 2022-23 loss result of \$25.31 per resident per day. The sections below report the financial results by funding stream, including care, hotelling, and accommodation for 2023-24. Noting the change in the methodology (as described above), the sections also provide a comparison to the 2022-23 results (which exclude administration cost allocation).

The overall results demonstrate that the cost of delivering care is fully funded. For the sector to remain profitable, while meeting their care requirements, it will be vital for providers to ensure they are appropriately charging for accommodation. This would also improve the financial viability and sustainability of the sector which was a focus of the Aged Care Taskforce. The department will continue to monitor expenditure closely to ensure care funding is used to meet care requirements consistent with the expectation that care funding is spent on care.

### **Care result**

The average sector care result in 2023-24 was:

- a profit of \$22.03 per resident per day (including administration cost allocation), which results in a profit margin of 8.1%.
  - This includes allocation of \$17.08 per resident per day (33.9% of total administration expenses).
- a profit of \$39.11 per resident per day (excluding administration cost allocation), up from \$28.10 per resident per day in 2022-23.

The main driver for growth in the care result (without administration allocation) was the growth in care income (up \$54.10 per resident per day from 2022-23), which outgrew care expenses (up \$43.09 per resident per day from 2022-23).

As detailed earlier in this chapter, the growth in care income was mainly attributed to the increase in the AN-ACC price, and the introduction of the hotelling supplement, outbreak management supplement, and 24/7 registered nurse supplement. Conversely, the growth in care expenses is mainly driven by increases in labour cost across registered nurses and personal care staff following the FWC decision.

### **Hotelling result**

The average sector hotelling result in 2023-24 was:

- a loss of \$7.61 per resident per day (including administration cost allocation), which results in a loss margin of 9.9%.
  - This includes allocation of \$17.49 per resident per day (34.8% of total administration expenses).
- a profit of \$9.88 per resident per day (excluding administration cost allocation), up from \$2.23 per resident per day in 2022-23.

The main driver for growth in the hotelling result (without administration allocation) was the growth in hotelling income (up \$12.66 per resident per day from 2022-23), which outgrew hotelling expenses (up \$5.01 per resident per day from 2022-23). The growth in hotelling income is attributable to the introduction of the hotelling supplement on 1 July 2023, whilst the growth in expenses was driven by an increase in catering expenses (up \$3.31 per resident per day from 2022-23).

### **Accommodation result**

The average sector accommodation result in 2023-24 was:

- a loss of \$8.44 per resident per day (including administration cost allocation), which results in a loss margin of 16.4%.
  - This includes allocation of \$15.76 per resident per day (31.3% of total administration expenses).
- a profit of \$7.32 per resident per day (excluding administration cost allocation), up from a loss of \$1.20 per resident per day in 2022-23.

The improved result is primarily attributed to the re-classification of respite supplement from care to accommodation and the increase in interest income.

### **COVID-19 result**

The average sector COVID-19 result in 2023-24 was a profit of \$4.12 per resident per day, up from \$0.81 per resident per day in 2022-23. There was no allocation of administration expenses for the COVID-19 category.

The main driver for growth in the COVID-19 result was the reduction in COVID-19 expenses (down \$3.54 per resident per day from 2022-23), while COVID-19 income stayed broadly consistent between the periods. This may be attributed to the sector's shift from reporting COVID-19 management to outbreak management in the care category. In addition, some government funding for COVID-19 expenses incurred in 2022-23, may not have been realised until 2023-24 which may have contributed to the improved COVID-19 result for 2023-24.

### **Non-recurrent income and expenses**






The average sector non-recurrent income and expenses result in 2023-24 was a loss of \$4.33 per resident per day, up from a loss of \$9.66 per resident per day in 2022-23. There was no allocation of administration expenses for this category.

Non-recurrent expenses include bed license amortisation, of which there was \$11.54 per resident per day (\$820.8 million in total) in 2023-24. There remains a total of \$87.3 million in bed licences, as intangible assets, to be amortised as expenses in 2024-25. This will not impact the sector's cash balance, as there is no cash outflow.



Figure 1.1 provides a summary of financial performance, income and expense category comparison, per resident per day for residential care providers for 2023-24.

**Figure 1.1: Summary of financial performance, income and expense category comparison, per resident per day, all providers, 2023-24**

|   |  |  |  |
|---|--|--|--|
|  <b>A: Care result</b>   |  |  <b>B: Hotelling result</b>                         |  |
| <b>Income</b><br>Care subsidies and supplements (Australian Government)<br>Resident fees – Means tested care fee<br>Other   |  | <b>Income</b><br>Hotelling subsidies and supplements (Australian Government)<br>Basic daily fee<br>Extra and additional service fees |  |
| <b>Expenses</b><br><b>Labour cost</b><br>Registered nurses<br>Enrolled and licensed nurses<br>Personal care staff<br>Other care staff<br>Resident supplies and supplements<br>Other direct care |  | <b>Expenses</b><br>Catering expense<br>Cleaning expense<br>Laundry expense<br>Utilities<br>Other                                     |  |
| <b>Result (before administration allocation)</b><br>Administration (33.9%)  |  | <b>Result (before administration allocation)</b><br>Administration (34.8%)   |  |
| <b>Result (after administration allocation)</b>   |  | <b>Result (after administration allocation)</b>  |  |
| Care margin   |  | Hotelling margin   |  |
| <b>A + B = C</b>  |  | <b>C. Care and hotelling results:</b>  |  |
|  <b>D: Accommodation result (Inc. finance income)</b>   |  |  <b>E: COVID-19 result</b>                         |  |
| <b>Income</b><br>Accommodation subsidies and supplements (Australian Government)<br>Daily accommodation payments<br>Accommodation charges<br>Finance income<br>Other                            |  | <b>Income</b><br>COVID-19 income grants and subsidies  |  |
| <b>Expenses</b><br>Depreciation, rent and other<br>Routine maintenance  |  | <b>Expenses</b><br>COVID-19 expenses   |  |
| <b>Result (before administration allocation)</b><br>Administration (31.3%)  |  | <b>Result:</b>   |  |
| <b>Result (after administration allocation)</b>   |  | <b>Result:</b>   |  |
| Accommodation margin  |  |  |  |
| <b>C + D + E = F</b>  |  | <b>F. Operating profit / (loss):</b>   |  |
|  <b>G: Non-recurrent income &amp; expenses</b>   |  |  |  |
| <b>Income</b><br>Adoption of AASB 16 leases<br>Other  |  | <b>Income</b><br>Adoption of AASB 16 leases<br>Amortisation of bed licenses<br>Impairment losses on asset disposal<br>Other          |  |
| <b>Expenses</b><br>Adoption of AASB 16 leases<br>Amortisation of bed licenses<br>Impairment losses on asset disposal<br>Other   |  | <b>Result:</b>   |  |
| <b>F + G = H</b>  |  | <b>H. Net profit / (loss):</b>   |  |

Note: Total administration cost in 2023–24 was \$50.32 per resident per day.

### ***Revenue by funding source***

Residential aged care provider revenue is predominantly received in the form of government subsidies and supplements and resident contributions. Of the total revenue reported by the sector in 2023-24:

- 68.2% was from the government (an increase of 2.0 percentage points from 2022-23). The government provided funding predominantly through the basic care subsidy (54.7% of total revenue for 2023-24).
- 21.8% was from resident contributions (a decrease of 3.5 percentage points from 2022-23). Consistent with previous years, the basic daily fee formed the greatest share of revenue from residents (13.6% of revenue for 2023-24).
- 10.0% was from other income sources (including financing income, imputed interest on RADs, and asset revaluation).

Table 1.6 shows residential care provider revenue, by funding source, from 2020-21 to 2023-24, with a comparison between 2022-23 and the current year.

**Table 1.6: Residential care provider income sources, 2020-21 to 2023-24, with comparison to 2022-23**

|                                      |                                    | 2020-21 (\$m)     | 2021-22 (\$m)     | 2022-23 (\$m)     | 2023-24 (\$m)     | Change from 2022-23 |
|--------------------------------------|------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Australian Government funding</b> |                                    | <b>\$14,556.9</b> | <b>\$14,961.5</b> | <b>\$16,047.2</b> | <b>\$21,276.8</b> | <b>▲ 32.6%</b>      |
| Care                                 | Basic care subsidy                 | \$11,777.9        | \$11,883.4        | \$13,038.8        | \$17,068.6        | ▲ 30.9%             |
|                                      | Respite subsidy & supplements      | \$455.8           | \$501.0           | \$681.5           | \$692.9           | ▲ 1.7%              |
| Accommodation                        | Accommodation supplement           | \$1,337.4         | \$1,323.2         | \$1,394.3         | \$1,526.2         | ▲ 9.5%              |
|                                      | Respite supplement <sup>1</sup>    | -                 | -                 | -                 | \$188.4           | -                   |
| Hotelling                            | Hotelling supplement <sup>2</sup>  | -                 | \$661.0           | \$165.3           | \$751.3           | ▲ 354.5%            |
| Other                                | COVID-19 funding                   | \$753.6           | \$306.1           | \$514.7           | \$517.0           | ▲ 0.4%              |
|                                      | Other supplements                  | \$156.6           | \$155.1           | \$138.5           | \$378.7           | ▲ 173.4%            |
|                                      | Capital grants                     | \$75.7            | \$131.7           | \$114.1           | \$153.7           | ▲ 34.7%             |
| <b>Resident contributions</b>        |                                    | <b>\$5,487.8</b>  | <b>\$5,578.5</b>  | <b>\$6,135.2</b>  | <b>\$6,812.1</b>  | <b>▲ 11.0%</b>      |
| Care                                 | Means tested care fees             | \$657.0           | \$678.6           | \$793.1           | \$893.7           | ▲ 12.7%             |
|                                      | Resident other care fees           | \$118.4           | \$113.7           | \$143.1           | \$159.7           | ▲ 11.6%             |
| Accommodation                        | Resident accommodation payment     | \$828.4           | \$833.5           | \$1,019.5         | \$1,112.1         | ▲ 9.1%              |
| Hotelling                            | Resident basic daily fee           | \$3,598.9         | \$3,651.1         | \$3,853.9         | \$4,238.2         | ▲ 10.0%             |
|                                      | Additional services fee            | \$161.8           | \$176.0           | \$200.9           | \$267.9           | ▲ 33.3%             |
|                                      | Extra services fees                | \$123.4           | \$125.6           | \$124.7           | \$140.5           | ▲ 12.7%             |
| <b>Other income sources</b>          |                                    | <b>\$1,433.7</b>  | <b>\$1,534.5</b>  | <b>\$2,057.3</b>  | <b>\$3,127.4</b>  | <b>▲ 52.0%</b>      |
| Other                                | Other funding sources <sup>3</sup> | \$1,433.7         | \$1,534.5         | \$2,057.3         | \$3,127.4         | ▲ 52.0%             |
| <b>Total <sup>4</sup></b>            | <b>Total income</b>                | <b>\$21,478.4</b> | <b>\$22,074.5</b> | <b>\$24,239.7</b> | <b>\$31,216.3</b> | <b>▲ 28.8%</b>      |

Notes:

1. Respite supplement is re-classified from care to accommodation in 2023-24 to align it with its purpose of funding accommodation costs.
2. The Hotelling supplement replaced the Basic Daily Fee supplement from 2021-22.
3. Other funding includes finance income, subsidies and supplements from state/territory governments, interest from accommodation bonds, and non-recurrent income.
4. Figures published in the table are from the 2023-24 ACFR and may vary from those published in the 2023-24 Report on the Operations of the *Aged Care Act 1997*.

In 2023-24, the average EBITDA result per resident per day continued to vary considerably across the sector, with the top quartile of providers performing substantially better than the rest of the residential care sector. Overall, the average EBITDA result increased in 2023-24 for all four quartiles, when compared to 2022-23. The average EBITDA for providers in the top quartile was \$89.17 per resident per day, up from \$59.33 per resident per day in 2022-23. This was a significant improvement of 50.3% on the 2022-23 average EBITDA. These providers serviced 21.4% of residents in 2023-24. Comparatively, in 2023-24, the average EBITDA for providers in the bottom quartile was negative \$32.20 per resident per day, up from negative \$58.52 in 2022-23. These providers serviced 12.2% of residents in 2023-24.

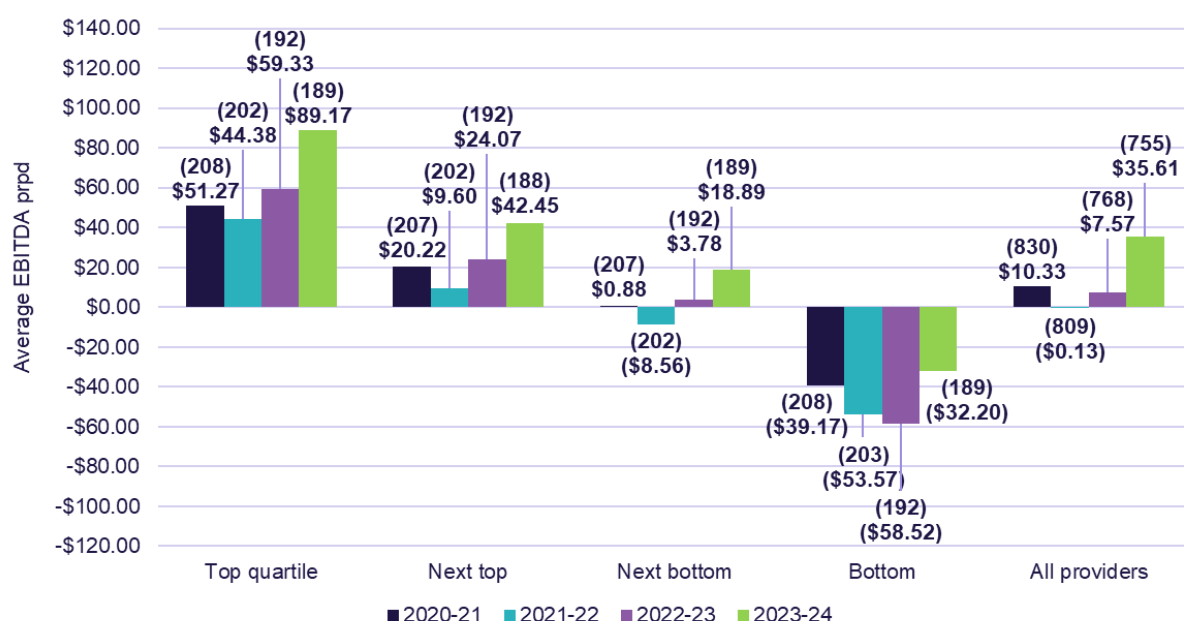
The next top quartile also improved the EBITDA per resident per day result, up from \$24.07 in 2022-23 to \$42.45 in 2023-24, and 33.7% of residents were serviced by providers in this quartile. The next top quartile overtook the next bottom quartile to become the quartile that serviced the most residents in 2023-24.

The next bottom quartile recorded the most improved EBITDA per resident per day result by percentage (up 399.5%), increasing from \$3.78 in 2022-23 to \$18.89 in 2023-24, and 32.8% of residents were serviced by providers in this quartile in 2023-24.

Overall, the top two quartiles increased their share of residents serviced in the sector, from 47.0% in 2022-23 to 55.1% in 2023-24, which contributed to the overall improvement for average EBITDA across the residential aged care sector.

Chart 1.7 shows average EBITDA per resident per day by quartile.

**Chart 1.7: Residential care average EBITDA per resident per day, by quartile (number of providers in parentheses), 2020-21 to 2023-24**



## Results by provider ownership type, location, and scale

### *Provider ownership type*

All provider ownership types had significant increases in EBITDA and NPBT in 2023-24 in comparison to the prior year. The increase in government funding was the contributing factor to these increases. The NPBT result for not-for-profit providers (\$400.0 million) was considerably higher than for-profit providers (a loss of \$64.8 million). The main contributing factor for this difference was largely due to for-profit providers amortising a larger amount of bed licences (\$637.5 million) in non-recurrent expenses in comparison to non-for-profit providers (\$183.3 million).

LST Government providers reported a higher NPBT (\$75.7 million) in comparison to the EBITDA (\$7.9 million). This was due to a \$75.3 million asset revaluation increase on a few aged care buildings from a state government provider (conducted by an external valuer).

When reviewing NPBT results by provider type, per resident per day:

- **Not-for-profit providers** reported a significant increase in NPBT, up from a loss of \$15.60 per resident per day, to a profit of \$9.95 per resident per day in 2023-24. This was due to the growth in income (24.4%) for these providers significantly exceeding growth in expenses (16.3%). The income growth was primarily driven by a 24.9% increase in care income, up \$54.12 per resident per day in 2023-24 on the prior year.
- **For-profit providers** also reported a significant increase in profitability, up from a loss of \$34.69 per resident per day in 2022-23 to a loss of \$2.27 in 2023-24. The income growth for these providers was also primarily driven by an increase in care income received (up 24.8% on the prior year).
- **LST government providers** had the largest NPBT improvement by provider type, up from a loss of \$76.84 in 2022-23 to a profit of \$31.62 in 2023-24. The main driver of this significant improvement is to the increase in care income (up \$70.83 per resident per day) on the prior year. In addition, as noted above, LST government providers reported \$61.61 per resident per day fair value gain and asset revaluation increase from assets (excluding financial assets) in non-recurrent income. It is unlikely that there will be a fair value gain and asset revaluation in 2024-25. This will result in a large decline in NPBT for LST government providers in 2024-25, when compared to 2023-24.

Table 1.7 provides an overview of the 2023-24 financial performance of residential care providers by ownership type, Table 1.8 shows the results per resident per day.

**Table 1.7: Financial performance of residential care providers by ownership type, 2023-24**

|                      | Sector     | For-profit | Not-for-profit | LST gov.  |
|----------------------|------------|------------|----------------|-----------|
| Total income (\$m)   | \$31,216.3 | \$12,507.0 | \$17,318.8     | \$1,390.5 |
| Total expenses (\$m) | \$30,805.3 | \$12,571.8 | \$16,918.8     | \$1,314.8 |
| EBITDA (\$m)         | \$2,532.1  | \$1,075.2  | \$1,449.0      | \$7.9     |
| NPBT (\$m)           | \$410.9    | (\$64.8)   | \$400.0        | \$75.7    |
| EBITDA (prpd)        | \$35.61    | \$37.72    | \$36.04        | \$3.29    |
| NPBT (prpd)          | \$5.78     | (\$2.27)   | \$9.95         | \$31.62   |
| EBITDA margin        | 8.1%       | 8.6%       | 8.4%           | 0.6%      |
| NPBT margin          | 1.3%       | (0.5%)     | 2.3%           | 5.4%      |

**Table 1.8: Summary income and expense statement per resident per day, by ownership type, 2023-24**

|  | Sector          | For-profit      | Not-for-profit  | LST gov.         |
|--|-----------------|-----------------|-----------------|------------------|
| <b>Recurrent income</b>                |                 |                 |                 |                  |
| Care income                            | \$273.39        | \$267.16        | \$271.13        | \$385.41         |
| Hotel services income                  | \$76.74         | \$78.49         | \$75.90         | \$69.96          |
| Accommodation & finance income         | \$51.45         | \$50.94         | \$51.76         | \$52.27          |
| COVID-19 income                        | \$7.27          | \$6.97          | \$7.82          | \$1.53           |
| <b>Total recurrent income</b>          | <b>\$408.84</b> | <b>\$403.56</b> | <b>\$406.62</b> | <b>\$509.17</b>  |
| <b>Recurrent expenses</b>              |                 |                 |                 |                  |
| Care expenses                          | \$234.28        | \$218.90        | \$239.40        | \$331.40         |
| Hotel services expenses                | \$66.86         | \$63.85         | \$67.36         | \$94.32          |
| Accommodation & finance expenses       | \$44.12         | \$49.05         | \$40.11         | \$52.83          |
| COVID-19 expenses                      | \$3.15          | \$4.78          | \$2.08          | \$1.70           |
| Administration expenses                | \$50.32         | \$48.03         | \$51.02         | \$65.90          |
| <b>Total recurrent expenses</b>        | <b>\$398.74</b> | <b>\$384.61</b> | <b>\$399.97</b> | <b>\$546.15</b>  |
| <b>Total recurrent profit / (loss)</b> | <b>\$10.10</b>  | <b>\$18.95</b>  | <b>\$6.65</b>   | <b>(\$36.99)</b> |
| Non-recurrent income                   | \$30.13         | \$35.16         | \$24.11         | \$71.39          |
| Non-recurrent expenses                 | \$34.46         | \$56.38         | \$20.81         | \$2.78           |



|                       | Sector | For-profit | Not-for-profit | LST gov. |
|-----------------------|--------|------------|----------------|----------|
| Total profit / (loss) | \$5.78 | (\$2.27)   | \$9.95         | \$31.62  |

In line with the NPBT results, in 2023-24 the average EBITDA results improved for all provider types compared to the prior year. Compared to 2022-23, for-profit providers were up \$28.77 per resident per day, not-for-profit providers up \$26.12 per resident per day, and LST government providers up \$49.11 per resident per day.

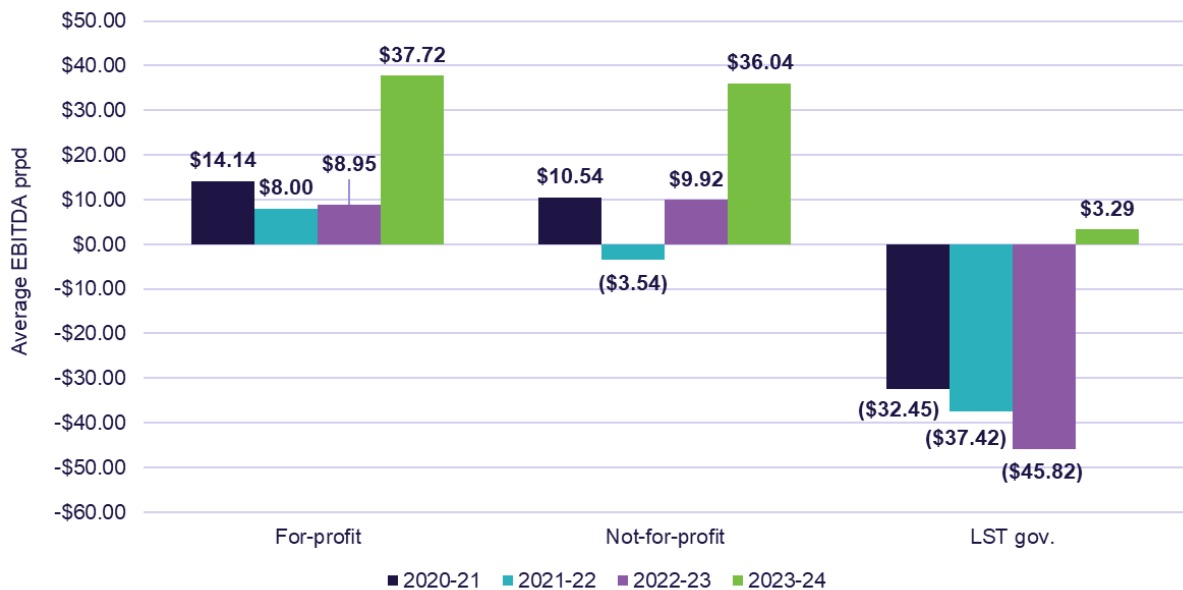
When considering the average EBITDA results by quartile:

- in the **top quartile**, LST providers (\$112.75 per resident per day) outperformed not-for-profit (\$86.45 per resident per day) and for-profit providers (\$91.18 per resident per day).
- in the **bottom quartile**, however, LST providers recorded the largest loss for average EBITDA (negative \$52.48 per resident per day) compared to not-for-profit providers (negative \$25.28 per resident per day) and for-profit providers (negative \$35.13 per resident per day).

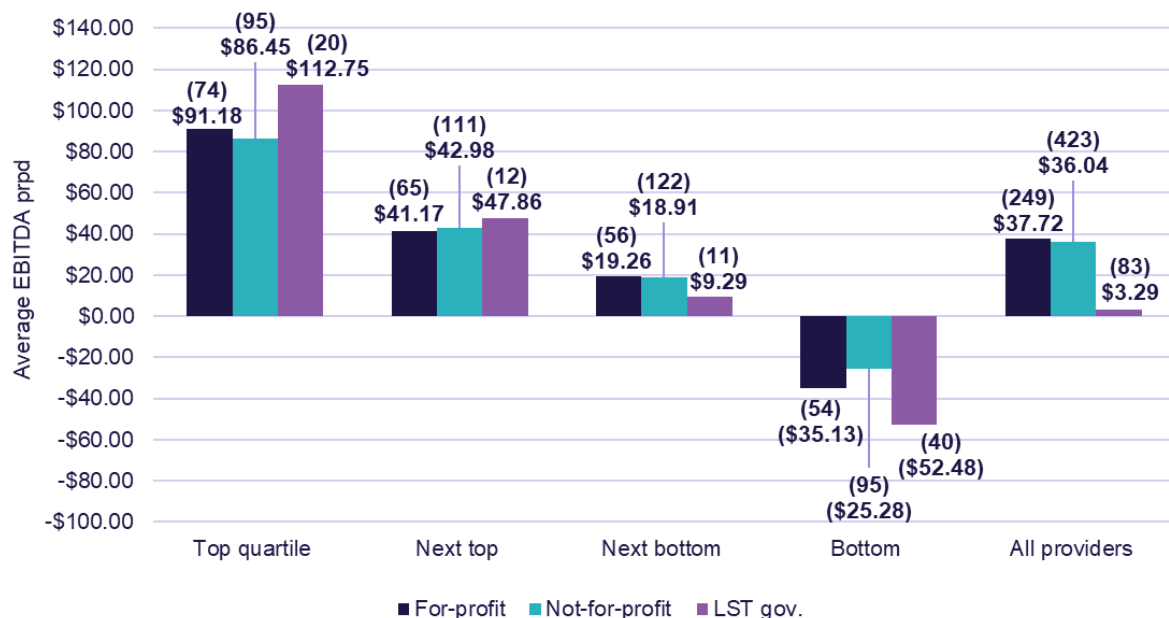
Not-for-profit providers had a relatively even proportion of providers in each quartile range with the highest proportion being in the next bottom quartile (28.8%). For-profit providers' proportions were also relatively even across the top two quartiles (29.7% for the top quartile and 26.1% for the next top quartile), and a minority of for-profit providers were in the bottom quartile (21.7%).

Chart 1.8 shows the average EBITDA per resident per day by ownership type over the last four financial years. Chart 1.9 shows the quartile analysis of the average EBITDA per resident per day for residential care providers by ownership type in 2023-24.

**Chart 1.8: Residential care average EBITDA per resident per day by ownership type, 2020-21 to 2023-24**



**Chart 1.9: Residential care average EBITDA per resident per day, by quartile and ownership type (number of providers in parentheses), 2023-24**



### Provider location

All three provider location types had significant increase in EBITDA and NPBT in 2023-24. Metropolitan providers reported the highest EBITDA (\$37.51 per resident per day) compared to regional providers (\$24.88 per resident per day) and metropolitan and regional providers (\$36.57 per resident per day).

Regional providers reported the highest NPBT (\$15.86 per resident per day), compared to metropolitan providers (\$5.37 per resident per day) and metropolitan and regional providers (\$0.57 per resident per day). The higher NPBT result reported by regional providers was driven by these providers having a smaller amortisation of bed licences per resident per day (\$2.63), compared with \$12.27 per resident per day for metropolitan providers and \$15.00 per resident per day for metropolitan and regional providers.

Table 1.9 provides an overview of the 2023-24 financial performance of residential care providers by location, Table 1.10 shows the break down per resident per day.

**Table 1.9: Financial performance of residential care providers by location, 2023-24**

|                      | Sector     | Metropolitan | Regional  | Metropolitan and regional |
|----------------------|------------|--------------|-----------|---------------------------|
| Total income (\$m)   | \$31,216.3 | \$20,570.7   | \$4,461.2 | \$6,184.3                 |
| Total expenses (\$m) | \$30,805.3 | \$20,320.6   | \$4,308.9 | \$6,175.9                 |
| EBITDA (\$m)         | \$2,532.1  | \$1,748.0    | \$239.0   | \$545.0                   |
| NPBT (\$m)           | \$410.9    | \$250.2      | \$152.3   | \$8.5                     |
| EBITDA (prpd)        | \$35.61    | \$37.51      | \$24.88   | \$36.57                   |
| NPBT (prpd)          | \$5.78     | \$5.37       | \$15.86   | \$0.57                    |
| EBITDA margin        | 8.1%       | 8.5%         | 5.4%      | 8.8%                      |
| NPBT margin          | 1.3%       | 1.2%         | 3.4%      | 0.1%                      |

**Table 1.10: Summary income and expense statement per resident per day, by provider location, 2023-24**

|                                | Sector   | Metropolitan | Regional | Metropolitan and regional |
|--------------------------------|----------|--------------|----------|---------------------------|
| <b>Recurrent income</b>        |          |              |          |                           |
| Care income                    | \$273.39 | \$270.81     | \$299.46 | \$264.65                  |
| Hotel services income          | \$76.74  | \$78.79      | \$72.70  | \$72.93                   |
| Accommodation & finance income | \$51.45  | \$52.47      | \$52.51  | \$47.55                   |
| COVID-19 income                | \$7.27   | \$6.99       | \$3.34   | \$10.69                   |

|  | Sector          | Metropolitan    | Regional         | Metropolitan and regional |
|--|-----------------|-----------------|------------------|---------------------------|
| <b>Total income</b>                    | <b>\$408.84</b> | <b>\$409.06</b> | <b>\$428.01</b>  | <b>\$395.82</b>           |
| <b>Recurrent expenses</b>              |                 |                 |                  |                           |
| Care expenses                          | \$234.28        | \$230.71        | \$260.65         | \$228.47                  |
| Hotel services expenses                | \$66.86         | \$65.29         | \$79.54          | \$63.60                   |
| Accommodation & finance expenses       | \$44.12         | \$45.64         | \$44.38          | \$39.22                   |
| COVID-19 expenses                      | \$3.15          | \$3.17          | \$1.53           | \$4.12                    |
| Administration expenses                | \$50.32         | \$49.86         | \$53.77          | \$49.54                   |
| <b>Total recurrent expenses</b>        | <b>\$398.74</b> | <b>\$394.67</b> | <b>\$439.87</b>  | <b>\$384.95</b>           |
| <b>Total recurrent profit / (loss)</b> | <b>\$10.10</b>  | <b>\$14.39</b>  | <b>(\$11.86)</b> | <b>\$10.87</b>            |
| Non-recurrent income                   | \$30.13         | \$32.37         | \$36.42          | \$19.10                   |
| Non-recurrent expenses                 | \$34.46         | \$41.39         | \$8.70           | \$29.41                   |
| <b>Total profit / (loss)</b>           | <b>\$5.78</b>   | <b>\$5.37</b>   | <b>\$15.86</b>   | <b>\$0.57</b>             |

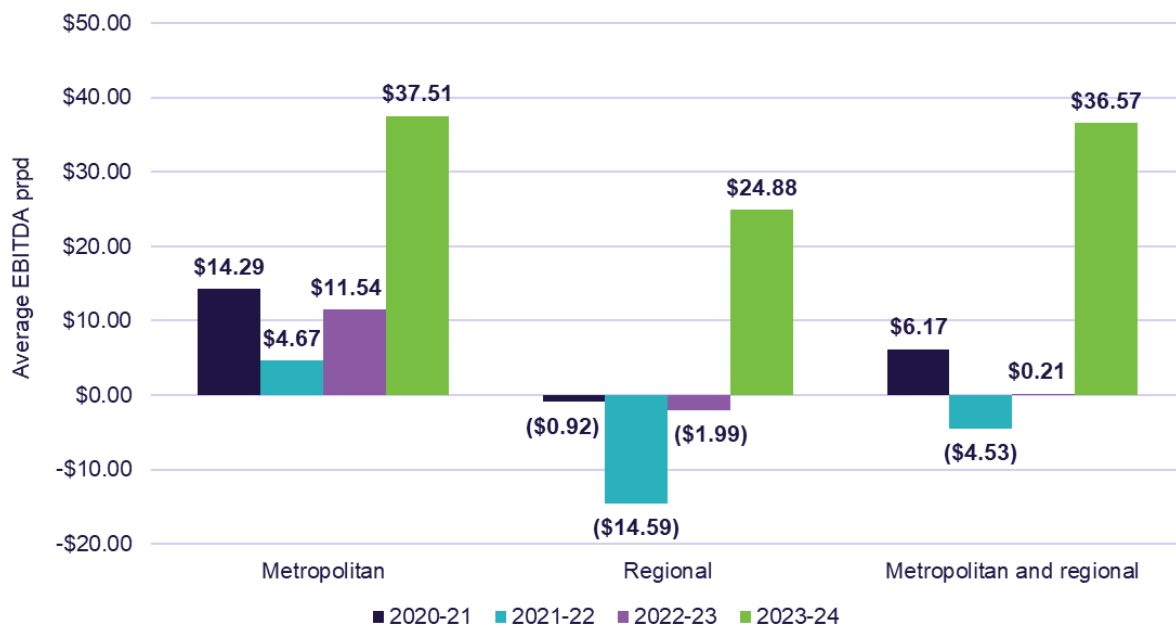
When considering the average EBITDA results by quartile for 2023-24:

- in the **top quartile**, regional providers (\$106.56 per resident per day) outperformed metropolitan (\$90.63 per resident per day) and metropolitan and regional providers (\$76.65 per resident per day)
- in the **bottom quartile**, regional providers (negative \$36.35 per resident per day) recorded the lowest average EBITDA compared to metropolitan providers (negative \$30.52 per resident per day) and metropolitan and regional providers (negative \$24.30 per resident per day).

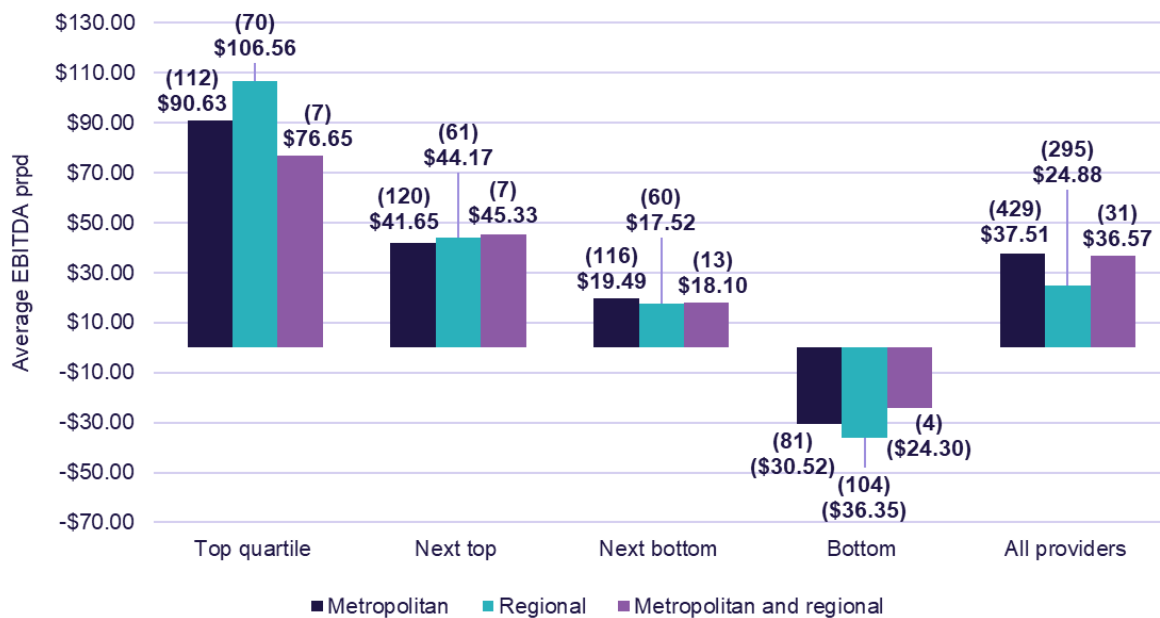
In 2023-24, the proportion of regional providers in the top quartile was 23.7%, while the proportion in the bottom quartile had the majority of regional providers (35.3%). Comparatively, the proportion of metropolitan providers in the top quartile was 26.1%, while the bottom quartile had the smallest proportion for metropolitan providers (18.9%). This difference in distribution of providers by location type across the quartiles drove the variance in overall average EBITDA results between metropolitan and regional providers.

Chart 1.10 shows the average EBITDA per resident per day by location over the last four financial years, Chart 1.11 shows the average EBITDA per resident per day for residential care providers by location in 2023-24.

**Chart 1.10: Residential care average EBITDA per resident per day by location, 2020-21 to 2023-24**



**Chart 1.11: Residential care average EBITDA per resident per day, by quartile and location (number of providers in parentheses), 2023-24**



## Provider scale

In 2023-24, all three provider types by scale, had a significant increase in EBITDA and NPBT. Providers with a single service reported a significantly higher NPBT (\$17.19 per resident per day) compared to other scale types. However, providers with 20 and more services had the highest EBITDA (\$37.53 per resident per day). This is mainly due to the providers with 20 or more services having larger non-cash expenses, such as depreciation and amortisation.

Table 1.11 provides the 2023-24 financial performance of residential care providers by ownership type.

Table 1.12 shows the breakdown per resident per day.

**Table 1.11: Financial performance of residential care providers by scale, 2023-24**

|                      | Sector     | Single service | 2 to 6 services | 7 to 19 services | 20 or more services |
|----------------------|------------|----------------|-----------------|------------------|---------------------|
| Total income (\$m)   | \$31,216.3 | \$5,414.5      | \$6,578.4       | \$7,145.7        | \$12,077.7          |
| Total expenses (\$m) | \$30,805.3 | \$5,201.9      | \$6,451.5       | \$7,115.3        | \$12,036.7          |
| EBITDA (\$m)         | \$2,532.1  | \$456.9        | \$444.4         | \$580.2          | \$1,050.6           |
| NPBT (\$m)           | \$410.9    | \$212.6        | \$126.9         | \$30.4           | \$41.0              |
| EBITDA (prpd)        | \$35.61    | \$36.93        | \$30.11         | \$36.28          | \$37.53             |
| NPBT (prpd)          | \$5.78     | \$17.19        | \$8.60          | \$1.90           | \$1.46              |
| EBITDA margin        | 8.1%       | 8.4%           | 6.8%            | 8.1%             | 8.7%                |
| NPBT margin          | 1.3%       | 3.9%           | 1.9%            | 0.4%             | 0.3%                |

**Table 1.12: Summary income and expense statement per resident per day, by provider scale, 2023-24**

|                                | Sector          | Single service  | 2 to 6 services | 7 to 19 services | 20 or more services |
|--------------------------------|-----------------|-----------------|-----------------|------------------|---------------------|
| <b>Recurrent income</b>        |                 |                 |                 |                  |                     |
| Care income                    | \$273.39        | \$276.78        | \$277.06        | \$283.72         | \$264.05            |
| Hotel services income          | \$76.74         | \$75.04         | \$76.38         | \$75.18          | \$78.57             |
| Accommodation & finance income | \$51.45         | \$57.44         | \$55.96         | \$47.70          | \$48.56             |
| COVID-19 income                | \$7.27          | \$3.79          | \$5.14          | \$8.18           | \$9.42              |
| <b>Total income</b>            | <b>\$408.84</b> | <b>\$413.04</b> | <b>\$414.54</b> | <b>\$414.78</b>  | <b>\$400.59</b>     |
| <b>Recurrent expenses</b>      |                 |                 |                 |                  |                     |
| Care expenses                  | \$234.28        | \$235.34        | \$245.41        | \$239.59         | \$224.91            |
| Hotel services expenses        | \$66.86         | \$68.41         | \$70.14         | \$65.87          | \$65.01             |



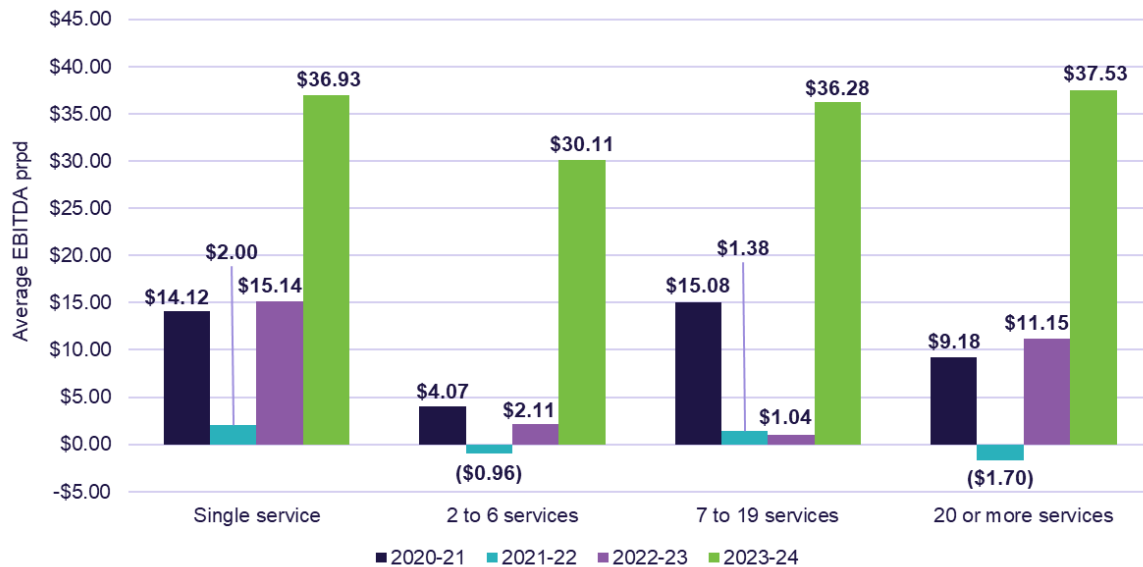
|  | Sector          | Single service  | 2 to 6 services | 7 to 19 services | 20 or more services |
|--|-----------------|-----------------|-----------------|------------------|---------------------|
| Accommodation & finance expenses       | \$44.12         | \$50.09         | \$46.70         | \$42.46          | \$41.08             |
| COVID-19 expenses                      | \$3.15          | \$1.98          | \$2.03          | \$2.61           | \$4.57              |
| Administration expenses                | \$50.32         | \$49.76         | \$51.26         | \$55.02          | \$47.40             |
| <b>Total recurrent expenses</b>        | <b>\$398.74</b> | <b>\$405.58</b> | <b>\$415.55</b> | <b>\$405.54</b>  | <b>\$382.96</b>     |
| <b>Total recurrent profit / (loss)</b> | <b>\$10.10</b>  | <b>\$7.47</b>   | <b>(\$1.01)</b> | <b>\$9.24</b>    | <b>\$17.63</b>      |
| Non-recurrent income                   | \$30.13         | \$24.65         | \$31.27         | \$32.06          | \$30.86             |
| Non-recurrent expenses                 | \$34.46         | \$14.93         | \$21.66         | \$39.40          | \$47.02             |
| <b>Total profit / (loss)</b>           | <b>\$5.78</b>   | <b>\$17.19</b>  | <b>\$8.60</b>   | <b>\$1.90</b>    | <b>\$1.46</b>       |

When considering the average EBITDA results by quartile for 2023-24:

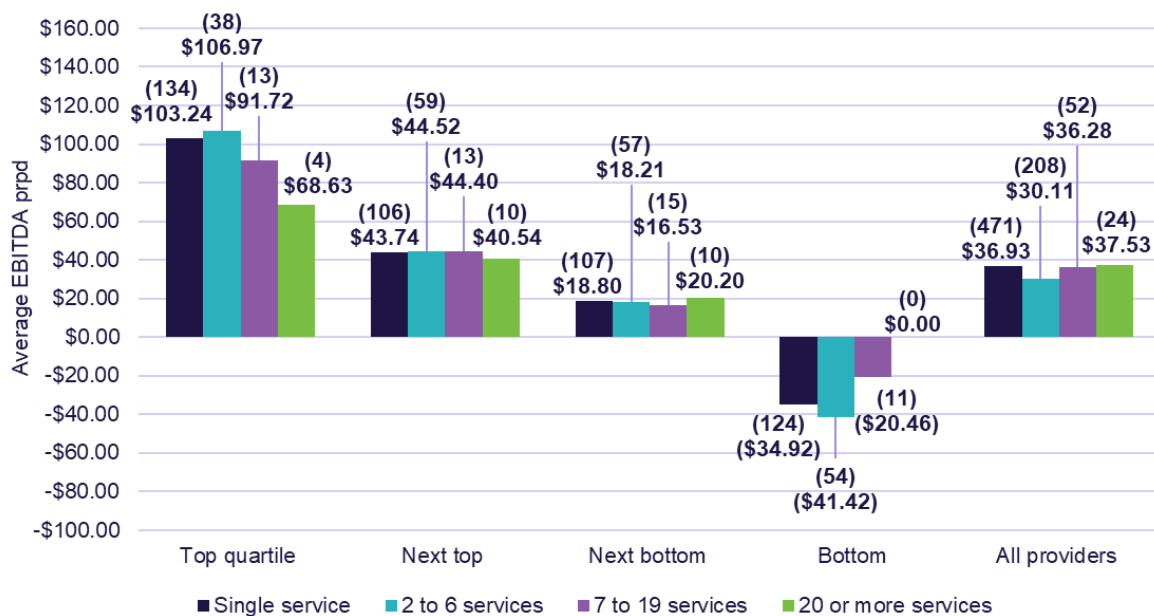
- in the **top quartile**, providers with 2 to 6 services had the highest average EBITDA (\$106.97 per resident per day) and providers with 20 or more services reported the lowest average EBITDA (\$68.63 per resident per day).
- in the **bottom quartile**, providers with 2 to 6 services reported the lowest average EBITDA (negative \$41.42 per resident per day), and providers with 20 or more services reported had no providers in the bottom quartile.

Chart 1.12 shows the average EBITDA per resident per day by provider scale over the last four financial years. Chart 1.13 shows the quartile analysis of the average EBITDA per resident per day for residential care providers by scale in 2023-24.

**Chart 1.12: Residential care average EBITDA per resident per day by provider scale, 2020-21 to 2023-24**



**Chart 1.13: Residential care average EBITDA per resident per day, by quartile and provider scale (number of providers in parentheses), 2023-24**



## 1.4 Financial position (balance sheet)

### **Methodology change: Balance sheet information in FRAACS**

In previous FRAACS reports, the department has published the residential aged care balance sheet, using segment reporting data from the ACFR. Segment reporting is where providers allocate financial statement line items (e.g. 'Financial assets') to the residential segment of their operations. However, providers consistently reported difficulties in undertaking this allocation, leading to underreporting of balances and a misrepresentation of the sector's equity position.

As a result, this FRAACS report publishes balance sheet analysis drawn from the audited General Purpose Financial Statements (submitted by providers as part of their ACFR reporting obligations) which is at the approved provider level. This approach aims to provide a more accurate reflection of a provider's operations and enhance transparency by offering a clearer representation of the sector's financial position. When reading this chapter, it should be noted that:

- the 2022-23 data have been analysed and presented using a consistent methodology with that used for 2023-24 to support comparability of results.
- LST government approved providers and approved providers who do not provide any residential aged care services have been excluded from the balance sheet analysis.

For all previous figures, including ratios and accommodation payment figures, refer to the **1.5 RC and AP balance sheet** tab in the *FRAACS data extract*.

### **Data reference: Balance sheet segment analysis**

Refer to **Appendix D** for the approved provider balance sheet information for 2023-24, with assets and liabilities classified to the 'Residential segment' (where possible), and all un-segmented assets and liability classified to 'Other'. Other can include non-residential care assets and liabilities, such as for Independent Living Units (ILUs) and home care.

## Balance sheet

### Sector results

The balance sheet position of approved providers was stronger at 30 June 2024, when compared to 30 June 2023.

At a sector level:

- total assets were \$102.2 billion, an increase of \$8.3 billion on the 30 June 2023 result (\$93.9 billion).
- total liabilities were \$79.4 billion, an increase of \$5.9 billion on the 30 June 2023 result (\$73.5 billion). This included \$42.2 billion in refundable accommodation deposits (RADs), up \$4.8 billion on the 30 June 2023 result (\$37.4 billion).
- total equity was \$22.8 billion, an increase of \$2.4 billion on the 30 June 2023 result (\$20.4 billion).

Table 1.13 shows the balance sheet at 30 June 2024 for approved providers (excluding LST government providers), compared to 30 June 2023.

**Table 1.13 Balance sheet at 30 June 2024 for approved providers (excl. LST government providers), with comparison to 30 June 2023**

|   | 30 June 2023 (\$m) | 30 June 2024 (\$m) | Change from 30 June 2023 (%) |
|---|--------------------|--------------------|------------------------------|
| <b>Assets</b>   |                    |                    |                              |
| <b>Current assets</b>   |                    |                    |                              |
| Cash and cash equivalents   | \$7,113.7          | \$8,893.1          | ▲ 25.0%                      |
| Financial assets  | \$4,745.4          | \$4,761.9          | ▲ 0.3%                       |
| Trade receivables less provision doubtful debts                                   | \$1,175.0          | \$1,145.0          | ▼ 2.6%                       |
| Refundable resident loans receivable – RADs <sup>1</sup>                          | \$884.1            | \$761.1            | ▼ 13.9%                      |
| Refundable resident loans receivable – retirement independent living units (ILUs) | \$16.3             | \$16.5             | ▲ 1.2%                       |
| Loans receivable related parties  | \$3,157.3          | \$3,708.7          | ▲ 17.5%                      |

|   | 30 June 2023 (\$m) | 30 June 2024 (\$m) | Change from 30 June 2023 (%) |
|---|--------------------|--------------------|------------------------------|
| Loans receivable non-related parties          | \$29.6             | \$61.0             | ▲ 106.1%                     |
| Other current assets                          | \$1,230.1          | \$983.7            | ▼ 20.0%                      |
| <b>Total current assets</b>                   | <b>\$18,351.4</b>  | <b>\$20,331.1</b>  | <b>▲ 10.8%</b>               |
| <b>Non-current assets</b>                     |                    |                    |                              |
| Financial assets                              | \$3,149.5          | \$4,221.6          | ▲ 34.0%                      |
| Loans receivable related parties              | \$5,283.4          | \$6,337.4          | ▲ 19.9%                      |
| Loans receivable non-related parties          | \$67.1             | \$155.9            | ▲ 132.3%                     |
| Capital work in progress                      | \$2,133.9          | \$2,088.5          | ▼ 2.1%                       |
| Property plant and equipment                  | \$37,309.2         | \$37,678.7         | ▲ 1.0%                       |
| Right-of-use asset                            | \$3,559.8          | \$4,594.7          | ▲ 29.1%                      |
| Investment properties                         | \$18,974.3         | \$21,970.5         | ▲ 15.8%                      |
| Intangibles – bed licenses                    | \$995.0            | \$87.3             | ▼ 91.2%                      |
| Intangibles – goodwill                        | \$3,116.2          | \$3,711.6          | ▲ 19.1%                      |
| Intangibles – other                           | \$164.5            | \$171.6            | ▲ 4.3%                       |
| Other non-current assets                      | \$788.0            | \$860.0            | ▲ 9.1%                       |
| <b>Total non-current assets</b>               | <b>\$75,540.9</b>  | <b>\$81,877.8</b>  | <b>▲ 8.4%</b>                |
| <b>Total assets</b>                           | <b>\$93,892.3</b>  | <b>\$102,208.9</b> | <b>▲ 8.9%</b>                |
| <b>Liabilities</b>                            |                    |                    |                              |
| <b>Current liabilities</b>                    |                    |                    |                              |
| Refundable resident loans – RADs <sup>1</sup> | \$24,613.5         | \$27,476.8         | ▲ 11.6%                      |
| Refundable resident loans - retirement ILUs   | \$7,789.5          | \$8,151.0          | ▲ 4.6%                       |
| External borrowings – related parties         | \$2,069.8          | \$2,287.3          | ▲ 10.5%                      |
| External borrowings – non-related parties     | \$1,366.6          | \$882.1            | ▼ 35.5%                      |

|   | 30 June 2023 (\$m) | 30 June 2024 (\$m) | Change from 30 June 2023 (%) |
|---|--------------------|--------------------|------------------------------|
| Employee benefits and provisions              | \$2,730.9          | \$3,056.6          | ▲ 11.9%                      |
| Unspent HCP funds                             | \$288.5            | \$187.9            | ▼ 34.9%                      |
| Unspent CHSP grants                           | \$205.3            | \$118.7            | ▼ 42.2%                      |
| Lease liabilities                             | \$348.4            | \$338.3            | ▼ 2.9%                       |
| Other current liabilities                     | \$5,043.3          | \$4,691.7          | ▼ 7.0%                       |
| <b>Total current liabilities</b>              | <b>\$44,455.9</b>  | <b>\$47,190.4</b>  | <b>▲ 6.2%</b>                |
| <b>Non-current liabilities</b>                |                    |                    |                              |
| Refundable resident loans – RADs <sup>1</sup> | \$12,827.2         | \$14,681.5         | ▲ 14.5%                      |
| Refundable resident loans – retirement ILUs   | \$6,931.4          | \$7,941.1          | ▲ 14.6%                      |
| External borrowings – related parties         | \$1,615.3          | \$1,406.5          | ▼ 12.9%                      |
| External borrowings – non-related parties     | \$2,615.7          | \$2,084.1          | ▼ 20.3%                      |
| Employee benefits                             | \$411.4            | \$444.7            | ▲ 8.1%                       |
| Lease liabilities                             | \$3,482.8          | \$4,479.3          | ▲ 28.6%                      |
| Other liabilities                             | \$1,182.9          | \$1,211.0          | ▲ 2.4%                       |
| <b>Total non-current liabilities</b>          | <b>\$29,066.8</b>  | <b>\$32,248.2</b>  | <b>▲ 10.9%</b>               |
| <b>Total liabilities</b>                      | <b>\$73,522.6</b>  | <b>\$79,438.6</b>  | <b>▲ 8.0%</b>                |
| <b>Net assets (equity)</b>                    | <b>\$20,369.70</b> | <b>\$22,770.30</b> | <b>▲ 11.8%</b>               |

Note:

1. There is a difference between the RADs reported in the income statements and the RADs reported in the above balance sheet. This is due to RADs receivable which make up amounts which residents have agreed to pay, but providers have not yet received as at 30 June 2024. As such, the RADs receivable of \$761.1 million is captured under both the assets and liabilities in the balance sheet.



## **Insights: Goodwill assets increased and RADs continue to be the primary source of external funding**

### **Assets**

Of the \$102.2 billion in total assets for the sector, over three-quarters (76.9%) is made up of property, plant and equipment; investment properties; cash and cash equivalents; and loans receivable from related parties. Intangible assets make up a further 3.9% (\$4.0 billion) of total sector assets. These intangible assets include:

- \$3.7 billion in goodwill assets, which increased 19.1% between 30 June 2023 to 30 June 2024. As goodwill is created when the purchase price of a business (during takeover) is higher than the value of the tangible net assets of the business, this indicates an increase in mergers and acquisitions occurring across the sector.
- \$87.3 million in bed licenses, which must be amortised by providers by 30 June 2025. Collectively, the sector wrote off \$820.8 million (\$11.54 per resident per day) in bed licences through amortisation in 2023-24.

### **Liabilities**

RADs, which can be used by providers to generate interest income or invest in new residential aged care facilities, continue to be the primary source of external funding for the aged care sector. In 2023-24, RADs accounted for 53.1% of total liabilities. External borrowings from non-related parties (including bank borrowings) have decreased by 35.5%, while loans receivables from related parties increased, up 19.9% on the prior year.

## ***Results by provider ownership type***

The balance sheet position of for-profit providers and not-for-profit providers differed at 30 June 2024. When considering the:

- **asset position of providers**, for-profit providers held less in property plant and equipment (33.5% of total assets) than not-for-profit providers (38.3% of total assets).
  - Additionally, for-profit providers held only 33.1% of current assets in cash and financial assets (compared to 48.8% for not-for-profit providers), as they held more in other current assets, including loans to related party entities.

- **debt position of providers**, for-profit providers had more debt (total liabilities accounted for 100.3% of total assets), when compared to not-for-profit providers (total liabilities accounted for 68.3% of total assets).
- **equity position of providers**, for-profit providers reported a negative equity position (loss of \$92.8 million), while not-for-profit providers reported a positive equity position (\$22.9 billion). While for-profit providers have reported a negative equity position, this is still an improvement of \$235.4 million on the 30 June 2023 equity balance (negative \$333.9 million).

Table 1.14 shows the balance sheet at 30 June 2024 for approved providers (excluding LST government providers).

**Table 1.14: Balance sheet at 30 June 2024 for approved providers (excl. LST government providers)**

|  | Sector (\$m)      | For-profit (\$m) | Not-for-profit (\$m) |
|--|-------------------|------------------|----------------------|
| <b>Assets</b>  |                   |                  |                      |
| <b>Current assets</b>                                    |                   |                  |                      |
| Cash and cash equivalents                                | \$8,893.1         | \$2,159.9        | \$6,733.1            |
| Financial assets   | \$4,761.9         | \$493.5          | \$4,268.5            |
| Trade receivables less provision doubtful debts          | \$1,145.0         | \$261.6          | \$883.4              |
| Refundable resident loans receivable – RADs <sup>1</sup> | \$761.1           | \$523.4          | \$237.7              |
| Refundable resident loans receivable – retirement ILUs   | \$16.5            | -                | \$16.5               |
| Loans receivable related parties                         | \$3,708.7         | \$2,838.8        | \$869.9              |
| Loans receivable non-related parties                     | \$61.0            | \$18.5           | \$42.5               |
| Other current assets                                     | \$983.7           | \$234.2          | \$749.6              |
| <b>Total current assets</b>                              | <b>\$20,331.1</b> | <b>\$6,529.8</b> | <b>\$13,801.3</b>    |
| <b>Non-current assets</b>                                |                   |                  |                      |
| Financial assets   | \$4,221.6         | \$674.8          | \$3,546.6            |
| Loans receivable related parties                         | \$6,337.4         | \$5,270.4        | \$1,067.0            |
| Loans receivable non-related parties                     | \$155.9           | \$0.9            | \$155.1              |

|   | Sector (\$m)       | For-profit (\$m)  | Not-for-profit (\$m) |
|---|--------------------|-------------------|----------------------|
| Capital work in progress                      | \$2,088.5          | \$555.3           | \$1,533.2            |
| Property plant and equipment                  | \$37,678.7         | \$10,056.8        | \$27,621.9           |
| Right-of-use asset                            | \$4,594.7          | \$3,547.6         | \$1,047.2            |
| Investment properties                         | \$21,970.5         | \$798.3           | \$21,172.1           |
| Intangibles – Bed licenses                    | \$87.3             | \$80.5            | \$6.8                |
| Intangibles – Goodwill                        | \$3,711.6          | \$2,055.5         | \$1,656.0            |
| Intangibles – Other                           | \$171.6            | \$50.1            | \$121.4              |
| Other non-current assets                      | \$860.0            | \$419.0           | \$441.2              |
| <b>Total non-current assets</b>               | <b>\$81,877.8</b>  | <b>\$23,509.3</b> | <b>\$58,368.5</b>    |
| <b>Total assets</b>                           | <b>\$102,208.9</b> | <b>\$30,039.1</b> | <b>\$72,169.8</b>    |
| <b>Liabilities</b>                            |                    |                   |                      |
| <b>Current liabilities</b>                    |                    |                   |                      |
| Refundable resident loans – RADs <sup>1</sup> | \$27,476.8         | \$13,709.3        | \$13,767.5           |
| Refundable resident loans – retirement ILUs   | \$8,151.0          | \$255.3           | \$7,895.7            |
| External borrowings – related parties         | \$2,287.3          | \$1,550.3         | \$737.0              |
| External borrowings – non-related parties     | \$882.1            | \$475.8           | \$406.3              |
| Employee benefits and provisions              | \$3,056.6          | \$798.1           | \$2,258.4            |
| Unspent HCP funds                             | \$187.9            | \$1.8             | \$186.1              |
| Unspent CHSP grants                           | \$118.7            | \$2.8             | \$115.9              |
| Lease liabilities                             | \$338.3            | \$191.8           | \$146.5              |
| Other current liabilities                     | \$4,691.7          | \$1,356.2         | \$3,335.5            |
| <b>Total current liabilities</b>              | <b>\$47,190.4</b>  | <b>\$18,341.4</b> | <b>\$28,849.0</b>    |
| <b>Non-current liabilities</b>                |                    |                   |                      |

|   | Sector (\$m)      | For-profit (\$m)  | Not-for-profit (\$m) |
|---|-------------------|-------------------|----------------------|
| Refundable resident loans – RADs <sup>1</sup> | \$14,681.5        | \$5,833.3         | \$8,848.3            |
| Refundable resident loans – retirement ILUs   | \$7,941.1         | \$117.5           | \$7,823.6            |
| External borrowings – related parties         | \$1,406.5         | \$1,180.2         | \$226.3              |
| External borrowings – non-related parties     | \$2,084.1         | \$531.6           | \$1,552.5            |
| Employee benefits                             | \$444.7           | \$138.6           | \$306.2              |
| Lease liabilities                             | \$4,479.3         | \$3,625.5         | \$853.8              |
| Other liabilities                             | \$1,211.0         | \$364.0           | \$847.0              |
| <b>Total non-current liabilities</b>          | <b>\$32,248.2</b> | <b>\$11,790.5</b> | <b>\$20,457.6</b>    |
| <b>Total liabilities</b>                      | <b>\$79,438.6</b> | <b>\$30,131.9</b> | <b>\$49,306.7</b>    |
| <b>Net assets (equity)</b>                    | <b>\$22,770.3</b> | <b>(\$92.8)</b>   | <b>\$22,863.1</b>    |

Note: There is a difference between the RADs reported in the income statements and the RADs reported in the above balance sheet. This is due to RADs receivable which make up amounts which residents have agreed to pay, but the providers have not yet received as at 30 June 2024. As such, the RADs receivable of \$761.1 million is captured under both the assets and liabilities in the balance sheet.

## Balance sheet performance ratios

Balance sheet performance ratios provide a measure of the financial health of providers through analysis of their profitability, liquidity and efficiency as well as their net worth. Definitions for the balance sheet performance ratios are in the [Glossary](#).

### Current ratio

The current ratio is a measure of a provider’s ability to meet short-term liabilities using short-term assets. The current ratio for all providers was 0.43 at 30 June 2024, an increase of 0.02 from 30 June 2023. The slight increase was mainly driven by an increase in the cash balance with a corresponding increase in RADs. Providers have \$0.43 of current assets for every \$1.00 of current liabilities.

For-profit providers had a lower current ratio (0.36) than not-for-profit providers (0.48), as they reported greater borrowings to related parties resulting in lower current assets. Not-for-profit providers’ current ratio remained consistent with the prior year. This is primarily driven by ongoing strong financial assets for not-for-profit providers (an increase in funding from RADs). For-profit providers current ratio has increased from the prior year (up 20.0% from the prior year).

Table 1.15 shows the current ratio for approved providers, excluding LST government providers, at 30 June 2023 and 30 June 2024.

**Table 1.15: Current ratio for approved providers (excl. LST government providers) at 30 June 2024, with comparison to 30 June 2023**

|                          | 30 June 2023 | 30 June 2024 | Change from 30 June 2023 |
|--------------------------|--------------|--------------|--------------------------|
| Approved providers       | 0.41         | 0.43         | ▲ 0.02                   |
| For-profit providers     | 0.30         | 0.36         | ▲ 0.06                   |
| Not-for-profit providers | 0.48         | 0.48         | – 0.00                   |

### **Equity to total assets and debt to total assets**

A provider's assets can be financed through equity or debt (liabilities). The equity ratio (equity to total assets) and debt ratio (debt to total assets), which should sum to 1, can be used to understand a provider's financial stability, risk profile, and ability to repay debts. In 2023-24, the equity ratio remained the same as 2022-23 (0.22), as did the debt ratio (0.78). An equity ratio of 0.22 means that 22.0% of providers' assets are financed by equity and the remainder by debt. A debt ratio of more than 1.0 indicates that an organisation has a higher debt level than the value of its assets.

The equity ratio for not-for-profit providers has increased slightly (up 0.01) compared to prior year. This is primarily attributed to high financial assets, property plant and equipment and investment properties for not-for profit providers. For-profit providers equity ratio also increased slightly compared to the prior year (up 0.01). Financial assets, property, plant and equipment and investment properties are lower for for-profit compared to not-for-profit providers, as for-profit providers tend to show a preference for leasing. For-profit providers also tend to pay out dividends to their shareholders and have greater borrowings to related parties, resulting in lower equity and higher liabilities.

Table 1.16 shows the equity to total assets ratio for approved providers, excluding LST government providers, at 30 June 2023 and 30 June 2024.

**Table 1.16: Equity to total assets and debt to total assets ratios for approved providers (excl. LST government providers) at 30 June 2024, with comparison to 30 June 2023**

|                               | 30 June 2023 | 30 June 2024 | Change from<br>30 June 2023 |
|-------------------------------|--------------|--------------|-----------------------------|
| <b>Equity to total assets</b> |              |              |                             |
| <b>Approved providers</b>     | <b>0.22</b>  | <b>0.22</b>  | <b>– 0.00</b>               |
| For-profit providers          | (0.01)       | 0.00         | ▲ 0.01                      |
| Not-for-profit providers      | 0.31         | 0.32         | ▲ 0.01                      |
| <b>Debt to total assets</b>   |              |              |                             |
| <b>Approved providers</b>     | <b>0.78</b>  | <b>0.78</b>  | <b>– 0.00</b>               |
| For-profit providers          | 1.01         | 1.00         | ▼ 0.01                      |
| Not-for-profit providers      | 0.69         | 0.68         | ▼ 0.01                      |



### **Insights: Ratios for providers who provide residential care services only**

To support the interpretation of the balance sheet ratios in this sub-chapter, segmented results for the current and equity ratios are discussed below for the 294 providers who deliver residential aged care only (i.e. did not deliver any other aged care or non-aged care services). Given the small sample size and the composition of residential exclusive providers, this analysis is at the aggregate (not split by for-profit and not-for-profit providers), providing a more accurate representation of the financial position of this group.

Approved providers who provided residential care services only reported a:

- **current ratio** of 0.65, which demonstrates better short-term financial health and the ability to meet financial obligations than the all-provider population (0.43). This higher value is due to the greater number of for-profit providers in this sample size who have lower current liabilities than the wider sector.
- **equity ratio** of 0.07, demonstrating a weaker result compared to all providers (equity ratio of 0.22). This is due to the greater number of for-profit providers in this sample who have higher levels of debt due to the need to pay dividends to their shareholders and greater related party borrowings.
- **debt to total assets ratio** of 0.93, higher than the all-provider group (0.78). This showed this group held a much higher debt level compared to their assets than the rest of the residential care providers.

## Accommodation payments and contributions

Residential aged care residents need to make an accommodation deposit/payment or contribution (with the remainder supported through government funding).

Residents can make their accommodation payment as:

a) a lump sum:

- a refundable accommodation deposit (RAD)
- refundable accommodation contribution (RAC)

b) a daily payment:

- daily accommodation payment (DAP)
- daily accommodation contribution (DAC), or

c) a combination of both a) and b).

RADs/RACs received by residential aged care providers can be used to generate income, in line with permitted uses, until they are payable to the resident upon their exit from the service.

### *New resident choice of payment or contribution*

#### **Sector results**

At a sector level, the preference for RAD/RACs continues to increase, with 40.1% of new residents choosing to pay a RAD/RAC in 2023-24 (up from 33.9% in 2022-23). There was an inverse relationship in the preference for DAP/DACs (40.0% chose to pay a DAP/DAC in 2023-24, down from 45.4% in 2022-23). This is likely driven by the Maximum Permissible Interest Rate (MPIR), which is used to calculate the DAP/DAC payment, increasing from mid-2022 and continuing to make DAPs/DACs higher and less attractive when compared to RAD/RACs. There was broad consistency in the proportion of residents who chose to pay a combination of RAD/RACs and DAP/DACs (19.9% in 2023-24, compared to 20.7% in 2022-23). LST government providers are included in the data presented in this sub-section.

Chart 1.14 shows the breakdown of accommodation payment preferences, for all residents and by partially supported and non-supported residents from 2020-21 to 2023-24.

**Chart 1.14: Resident method of accommodation payment, by partially supported and non-supported residents, and total 2020-21 to 2023-24**



Note: Individual percentages may not sum to 100% due to rounding.

### Results by provider ownership type and location

There was little variation in residents’ choice of payment method by location and ownership type in 2023-24. Consistent with previous years, the proportion of residents in for-profit providers choosing a RAD/RAC was higher than the proportion of residents in not-for-profit or LST government providers. Consistent with previous years, residents in regional and remote areas were more likely to pay a DAP/DAC than a RAD/RAC, when compared to their metropolitan counterparts.

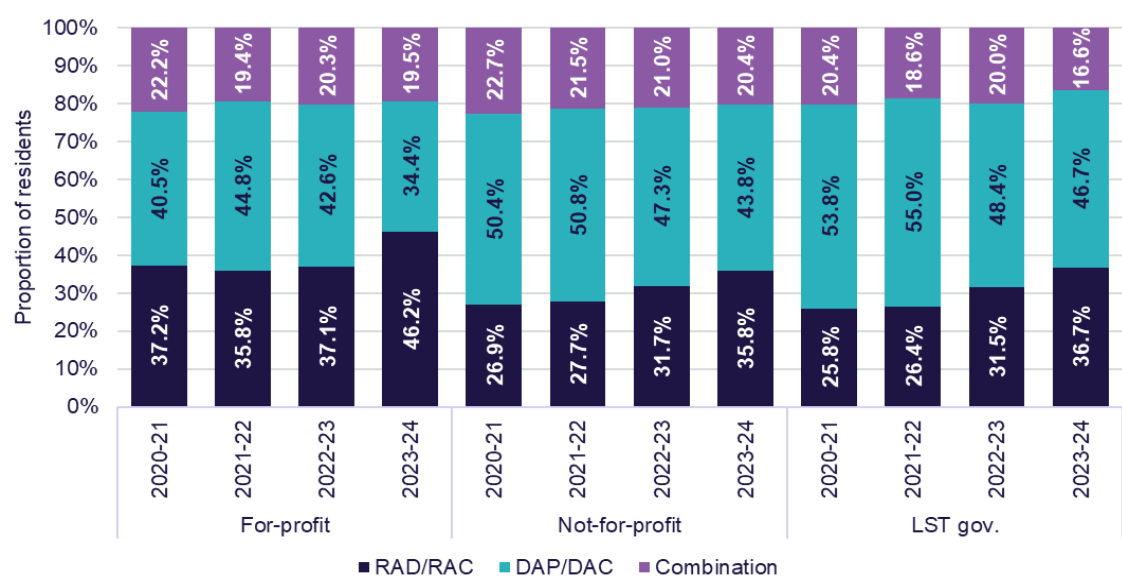
By ownership type, the proportion of residents in not-for-profit providers choosing RAD/RACs has increased to 35.8% in 2023-24, up from 31.7% in 2022-23. This is the highest proportion of RAD/RACs take up reported by not-for-profit providers in the last 4 years. The proportion of residents in for-profit providers choosing RAD/RACs has consistently been higher than the proportion of residents in not-for-profits. The RAD/RAC take up in for-profit providers increased from 37.1% in 2022-23 to 46.2% in 2023-24. The proportion of new residents that chose to pay their accommodation deposit fully through RADs has increased for all ownership types in 2023-24. Meanwhile, new residents paying for accommodation through DAP/DACs decreased for all providers, with the most significant decrease being for-profit providers down from 42.6% in 2022-23 to 34.4% in 2023-24.

By location, the proportion of RAD/RACs increased in metropolitan areas, up from 35.3% in 2022-23 to 41.6% in 2023-24. In regional areas, the proportion of

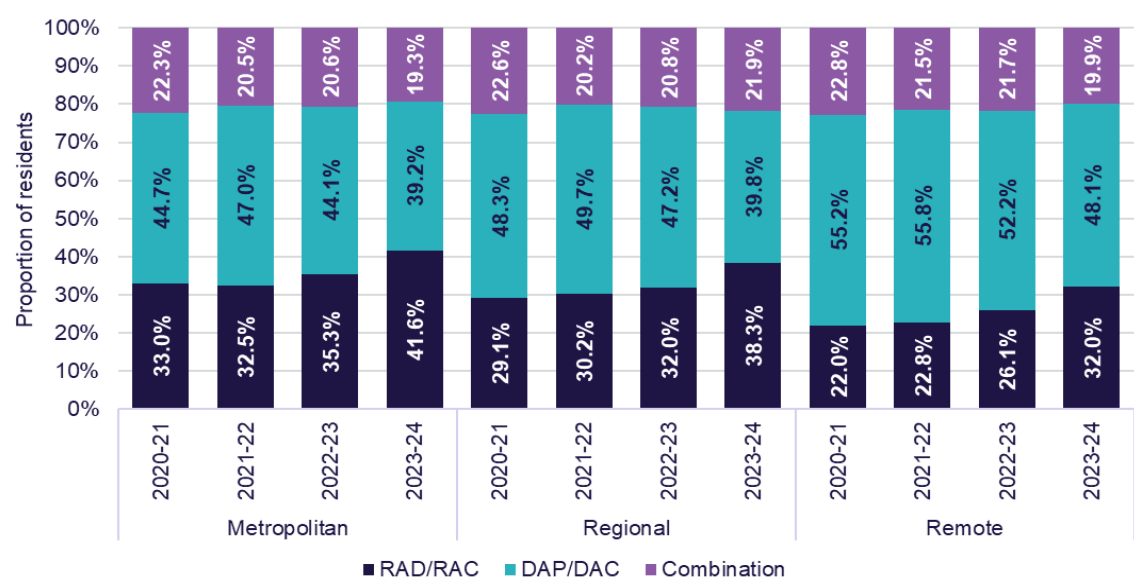
RAD/RACs increased from 32.0% in 2022-23 to 38.3% in 2023-24. In remote areas, there was an increase from 26.1% in 2022-23 to 32.0% in 2023-24.

Chart 1.15 and Chart 1.16 show the resident choice of payment method, by ownership type and location, respectively, from 2020-21 to 2023-24.

**Chart 1.15: Resident choice of payment method, by ownership type, 2020-21 to 2023-24**



**Chart 1.16: Resident choice of payment method, by location, 2020-21 to 2023-24**



## ***Accommodation deposit prices***

### **Sector results**

In 2023-24, the maximum RAD a provider could charge without prior approval from IHACPA was \$550,000. For prices above \$550,000, IHACPA must approve the maximum before it can be published. Incoming residents can negotiate a lower price than what is published, with the outcome being the 'agreed price'.

At a sector-level, in 2023-24, the average:

- **published price** was \$501,000 (up from \$488,000 in 2022-23), and
- **agreed price** was \$451,000 (up from \$438,000 in 2022-23).



### **Insights: Impacts of the Aged Care Taskforce reforms**

As highlighted throughout this FRAACS, to improve profitability while ensuring that care funding is spent on care, it is important that provider accommodation and hotelling results continue to improve. The government has introduced reforms, following recommendations from the Aged Care Taskforce, which will support providers to improve their accommodation results, including:

- increasing the maximum room price a provider can charge without IHACPA approval from \$550,000 to \$750,000 from 1 January 2025, with the amount being indexed on 1 July each year.
- requiring providers to retain 2.0% per annum of RAD/RAC deposits for up to five years from 1 November 2025.
- requiring providers to index DAPs twice per year by the consumer price index for residents that enter care on or after 1 November 2025.

### **Results by provider ownership type and location**

As expected, in 2023-24 there was variability in published and agreed accommodation prices based on the ownership type and location of providers, however, this variability was consistent with previous financial years. Specifically:

- for-profit providers had consistently higher published (\$539,000) and agreed (\$466,000) prices than not-for-profit providers (\$490,000 for published, and \$448,000 for agreed) and LST government providers (\$354,000 for published, and \$341,000 for agreed).
- providers in metropolitan areas had consistently higher published (\$550,000) and agreed (\$485,000) prices than providers in regional areas (\$402,000 for

published, and \$373,000 for agreed) and remote areas (\$313,000 for published, and \$307,000 for agreed).

Table 1.17 shows the average agreed and published accommodation prices at the sector level, and by ownership type and location, from 2020-21 to 2023-24.

**Table 1.17: Average agreed and published accommodation prices (lump sum equivalent), at sector-level and by ownership type and location, 2020-21 to 2023-24**

|                       |            | 2020-21   | 2021-22   | 2022-23   | 2023-24   |
|-----------------------|------------|-----------|-----------|-----------|-----------|
| All providers         | Published  | \$456,000 | \$472,000 | \$488,000 | \$501,000 |
|                       | Agreed     | \$404,000 | \$425,000 | \$438,000 | \$451,000 |
|                       | Difference | \$52,000  | \$47,000  | \$50,000  | \$50,000  |
| <b>Ownership type</b> |            |           |           |           |           |
| For-profit            | Published  | \$489,000 | \$504,000 | \$522,000 | \$539,000 |
|                       | Agreed     | \$417,000 | \$439,000 | \$452,000 | \$466,000 |
|                       | Difference | \$72,000  | \$65,000  | \$70,000  | \$73,000  |
| Not-for-profit        | Published  | \$444,000 | \$461,000 | \$476,000 | \$490,000 |
|                       | Agreed     | \$401,000 | \$421,000 | \$435,000 | \$448,000 |
|                       | Difference | \$43,000  | \$40,000  | \$41,000  | \$42,000  |
| LST gov.              | Published  | \$350,000 | \$352,000 | \$357,000 | \$354,000 |
|                       | Agreed     | \$317,000 | \$325,000 | \$333,000 | \$341,000 |
|                       | Difference | \$33,000  | \$27,000  | \$24,000  | \$13,000  |
| <b>Location</b>       |            |           |           |           |           |
| Metropolitan          | Published  | \$495,000 | \$517,000 | \$535,000 | \$550,000 |
|                       | Agreed     | \$435,000 | \$458,000 | \$472,000 | \$485,000 |
|                       | Difference | \$60,000  | \$59,000  | \$63,000  | \$65,000  |
| Regional              | Published  | \$373,000 | \$380,000 | \$393,000 | \$402,000 |
|                       | Agreed     | \$337,000 | \$352,000 | \$363,000 | \$373,000 |
|                       | Difference | \$36,000  | \$28,000  | \$30,000  | \$29,000  |
| Remote                | Published  | \$316,000 | \$321,000 | \$324,000 | \$313,000 |
|                       | Agreed     | \$266,000 | \$274,000 | \$291,000 | \$307,000 |
|                       | Difference | \$50,000  | \$47,000  | \$33,000  | \$6,000   |

Note: Published and agreed prices are estimated average values at the midpoint of the respective financial year. The figures are then aggregated and rounded to the nearest thousand. As such they are not a simple average.



### ***Value of RADs held***

Since the introduction of RADs in 2014-15, the total value of RADs, number of RADs, and the average RAD value have continually increased. Since 2020-21, RADs held (which includes any RACs) have increased by \$8.6 billion, up 25.6%.

- The total RADs held continues to increase, up 12.4% from 2022-23.
- The total number of RADs also slightly increased, up 5.0% on the prior year.
- The average RAD value also increased, up 7.1% on the prior year.

Table 1.18 shows the total value and number of RADs held in the sector and average RAD value, from 2020-21 to 2023-24.

**Table 1.18: Total value and number of RADs held in the sector, and average RAD value, 2020-21 to 2023-24**

|                    | 2020-21     | 2021-22     | 2022-23     | 2023-24     | Change from 2022-23 (%) |
|--------------------|-------------|-------------|-------------|-------------|-------------------------|
| RADs held (\$m)    | \$33,558.8  | \$35,003.6  | \$37,541.1  | \$42,185.2  | ▲ 12.4%                 |
| RADs held (number) | 97,527      | 100,010     | 102,470     | 107,548     | ▲ 5.0%                  |
| Average RAD value  | \$344,097.3 | \$350,001.4 | \$366,361.6 | \$392,245.7 | ▲ 7.1%                  |

Note: The above RADs balance includes RADs held by both residential providers and multi-purpose services and does not include RADs receivable.



## Chapter 2

### Home care

Change from 30 June 2023



**275,486**

Home care recipients  
at 30 June 2024



**6.6%**



**909**

HCP providers  
at 30 June 2024



**14**  
providers

Change from 2022–23

**\$476.1 million**

total sector EBITDA



**\$240.0**  
million



**\$4.88**

EBITDA pcrpd



**\$2.12**  
pcrpd

**75.8%**

providers reporting a positive EBITDA



**5.9 pp**

**\$423.0 million**

total sector NPBT



**\$237.3**  
million



**\$4.33**

NPBT pcrpd



**\$2.16**  
pcrpd

**73.0%**

providers reporting a positive NPBT



**5.3 pp**

# 2 Home care

## 2.1 Home care landscape

### Home care recipients and providers

The number of available Home Care Packages (HCP) continues to increase to meet the needs of older people who prefer to remain in their home for longer. The broad trends in home care recipients and providers, as reported in the FRAACS reports from 2020-21 onwards, continued in 2023-24.

These included:



- an increase in **home care recipient numbers**, from 258,374 recipients at 30 June 2023, to 275,486 recipients at 30 June 2024.



- an increase in the median **length of stay** in home care from 18.6 months in 2022-23 to 20.4 months in 2023-24.



- a decrease in the **number of home care Package providers**, from 923 providers at 30 June 2023 to 909 providers at 30 June 2024.

Table 2.1 and Table 2.2 detail the annual number of home care recipients and providers at 30 June from 2021 to 2024, including demographic information.

**Table 2.1: Home Care Package recipients, 30 June 2021 to 30 June 2024**

|  | 30 June 2021   | 30 June 2022   | 30 June 2023   | 30 June 2024   |
|--|----------------|----------------|----------------|----------------|
| <b>Total recipients</b>                          | <b>176,105</b> | <b>215,743</b> | <b>258,374</b> | <b>275,486</b> |
| Culturally and Linguistically Diverse recipients | 50,767         | 64,192         | 78,536         | 85,079         |
| Aboriginal and Torres Strait Islander recipients | 3,734          | 5,773          | 7,879          | 8,775          |
| <b>Level</b>                                     |                |                |                |                |
| Level 1  | 17,405         | 11,677         | 13,439         | 14,792         |
| Level 2  | 71,020         | 88,993         | 103,676        | 111,996        |
| Level 3  | 45,603         | 67,053         | 87,447         | 90,908         |
| Level 4  | 42,077         | 48,020         | 53,812         | 57,790         |

|  | 30 June 2021 | 30 June 2022 | 30 June 2023 | 30 June 2024 |
|--|--------------|--------------|--------------|--------------|
| <b>Location</b>                        |              |              |              |              |
| Metropolitan                           | 123,022      | 152,729      | 155,034      | 167,502      |
| Regional                               | 53,083       | 63,014       | 55,674       | 55,815       |
| Metropolitan and regional <sup>1</sup> | -            | -            | 47,666       | 52,169       |
| <b>Ownership type</b>                  |              |              |              |              |
| For-profit                             | 52,942       | 71,563       | 94,613       | 106,908      |
| Not-for-profit                         | 112,422      | 131,980      | 150,942      | 155,923      |
| LST gov.                               | 10,741       | 12,200       | 12,819       | 12,655       |

Note: From 2022-2023, providers were classified as metropolitan or regional if they had either 70% of services in metropolitan areas (metropolitan provider) or more than 70% of services in regional areas (regional provider). Full definitions are in the Glossary. In 2023-24, location was determined by the location of the provider's care recipients, rather than its services. For more information, refer to the Methodology change box on page 74.

**Table 2.2: Home Care Package providers, 30 June 2021 to 30 June 2024**

|                           | 30 June 2021 | 30 June 2022 | 30 June 2023 | 30 June 2024 |
|---------------------------|--------------|--------------|--------------|--------------|
| <b>Total providers</b>    | <b>939</b>   | <b>916</b>   | <b>923</b>   | <b>909</b>   |
| <b>Location</b>           |              |              |              |              |
| Metropolitan              | 528          | 521          | 557          | 549          |
| Regional                  | 320          | 313          | 326          | 320          |
| Metropolitan and regional | 91           | 82           | 40           | 40           |
| <b>Ownership type</b>     |              |              |              |              |
| For-profit                | 342          | 334          | 349          | 349          |
| Not-for-profit            | 481          | 473          | 471          | 461          |
| LST gov.                  | 116          | 109          | 103          | 99           |



#### **Data reference: Length of stay and care recipient exits**

Refer to the **2.1 HC landscape** tab in the *FRAACS data extract* for data on:

- Median and average length of stay in home care by year of exit.
- Cumulative proportion of home care recipients leaving home care during their first year by year of entry.

## 2.2 Financial performance

### Sector results

Between 2020-21 and 2022-23, the home care sector experienced a decline in profitability, with net profit before tax (NPBT) dropping from \$4.29 per care recipient per day in 2020-21, to \$2.78 in 2021-22, and to \$2.17 in 2022-23. However, the financial performance of the home care sector improved in 2023-24 to \$4.33 per care recipient per day. At a sector level:

- total income was \$7.4 billion, up 27.6% on 2022-23 (\$5.8 billion).
  - This was equivalent to \$76.11 per care recipient per day, up from \$67.64 in 2022-23 (an increase of 12.5% per care recipient per day).
  - Care recipient contributions (basic daily fee and income tested fees) accounted for \$206.87 million or 2.8% of total income (up from \$167.0 million in 2022-23).
- total expenditure was \$7.0 billion, up 25.0% on 2022-23 (\$5.6 billion).
  - This was equivalent to \$71.78 per care recipient per day, up from \$65.47 in 2022-23 (an increase of 9.6% per care recipient per day).
- the EBITDA result was \$476.1 million, a significant increase from the 2022-23 result (\$236.1 million).
  - The EBITDA margin at the sector level was 6.4%, an increase of 2.3 percentage points on the 2022-23 result (4.1%).
- the NPBT result was \$423.0 million, a significant increase on the 2022-23 result (\$185.7 million).
  - This was equivalent to \$4.33 per care recipient per day, up from \$2.17 in 2022-23 (an increase of 99.7% per care recipient per day).
  - 73.0% of HCP providers were profitable (positive NPBT), up 5.3 percentage points from 2022-23 (67.7%).

Table 2.3 provides a summary of the financial performance of HCP providers from 2020-21 to 2023-24, with a comparison between 2022-23 and the current year. Table 2.4 shows the home care sector's income and expense statement per care recipient per day over the same period.

### **Data reference: Acronyms and terms used in this section of the report**

The following acronyms are used throughout this section report:

- **pcrpd** refers to ‘per care recipient per day’. This standardised result is derived by dividing sector results by the total claim days.
- **pp** refers to ‘percentage points’ (when describing increases and decreases in figures represented as percentages, for example, profit margins).
- **internal care services** refer to services provided by staff directly employed by the home care providers.
- **external care services** refer to services delivered by sub-contractors or brokered client services engaged by the home care provider.

**Table 2.3: Summary of financial performance of HCP providers, 2020-21 to 2023-24, with comparison to 2022-23**

|                      | 2020-21   | 2021-22   | 2022-23   | 2023-24   | Change from 2022-23 |
|----------------------|-----------|-----------|-----------|-----------|---------------------|
| Total income (\$m)   | \$3,972.2 | \$4,689.8 | \$5,787.2 | \$7,427.9 | ▲ 28.3%             |
| Total expenses (\$m) | \$3,724.3 | \$4,492.4 | \$5,601.5 | \$7,004.9 | ▲ 25.1%             |
| EBITDA (\$m)         | \$283.6   | \$240.1   | \$236.1   | \$476.1   | ▲ 101.6%            |
| NPBT (\$m)           | \$247.8   | \$197.4   | \$185.7   | \$423.0   | ▲ 127.8%            |
| EBITDA (pcrpd)       | \$4.91    | \$3.38    | \$2.76    | \$4.88    | ▲ 76.8%             |
| NPBT (pcrpd)         | \$4.29    | \$2.78    | \$2.17    | \$4.33    | ▲ 99.7%             |
| EBITDA margin        | 7.1%      | 5.1%      | 4.1%      | 6.4%      | ▲ 2.3 pp            |
| NPBT margin          | 6.2%      | 4.2%      | 3.2%      | 5.7%      | ▲ 2.5 pp            |

**Table 2.4: Income and expense statement per care recipient per day, 2020-21 to 2023-24, with comparison to 2022-23**

|   | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Change from 2022-23 |
|---|---------|---------|---------|---------|---------------------|
| <b>Income</b>                             |         |         |         |         |                     |
| Provision of internal care services       | \$33.65 | \$28.75 | \$28.72 | \$30.61 | ▲ 6.6%              |
| Provision of external care services       | \$14.63 | \$14.61 | \$15.88 | \$20.45 | ▲ 28.8%             |
| Care management service fees <sup>1</sup> | \$11.36 | \$10.89 | \$11.38 | \$13.50 | ▲ 18.5%             |
| Package management service fees           | \$7.11  | \$7.62  | \$7.87  | \$9.29  | ▲ 18.1%             |



|  | 2020-21        | 2021-22        | 2022-23        | 2023-24        | Change from 2022-23 |
|--|----------------|----------------|----------------|----------------|---------------------|
| Exit amounts deducted <sup>2</sup>               | \$0.12         | \$0.06         | \$0.03         | \$0.00         | ▼ 96.1%             |
| COVID-19 funding                                 | \$1.17         | \$0.26         | \$0.04         | \$0.10         | ▲ 149.6%            |
| Other income <sup>3</sup>                        | \$0.73         | \$3.74         | \$3.73         | \$2.17         | ▼ 41.7%             |
| <b>Total income</b>                              | <b>\$68.77</b> | <b>\$65.94</b> | <b>\$67.64</b> | <b>\$76.11</b> | <b>▲ 12.5%</b>      |
| <b>Expenses</b>                                  |                |                |                |                |                     |
| <b>Internal care services expenses</b>           |                |                |                |                |                     |
| Employee and agency staff labour costs           | \$24.13        | \$18.81        | \$18.21        | \$20.21        | ▲ 11.0%             |
| Other internal direct care services expenses     | -              | \$2.00         | \$1.52         | \$1.40         | ▼ 8.2%              |
| <b>Total internal care services expenses</b>     | <b>\$24.13</b> | <b>\$20.81</b> | <b>\$19.73</b> | <b>\$21.61</b> | <b>▲ 9.5%</b>       |
| <b>External care services expenses</b>           |                |                |                |                |                     |
| Sub-contracted or brokered client services       | \$13.60        | \$10.83        | \$12.82        | \$14.68        | ▲ 14.5%             |
| Other external direct service expenses           | -              | \$8.53         | \$8.62         | \$9.44         | ▲ 9.6%              |
| <b>Total external care services expenses</b>     | <b>\$13.60</b> | <b>\$19.36</b> | <b>\$21.44</b> | <b>\$24.12</b> | <b>▲ 12.5%</b>      |
| Care related expenses                            | \$7.05         | -              | -              | -              | -                   |
| <b>Total care services expenses</b>              | <b>\$44.78</b> | <b>\$40.17</b> | <b>\$41.17</b> | <b>\$45.73</b> | <b>▲ 11.1%</b>      |
| Care management expenses                         | \$7.08         | \$7.24         | \$7.24         | \$7.56         | ▲ 4.4%              |
| <b>Administration and support expenses</b>       |                |                |                |                |                     |
| Administration and support labour expenses       | \$9.37         | \$10.54        | \$11.53        | \$11.95        | ▲ 3.7%              |
| Other administration and support expenses        | -              | \$2.96         | \$3.26         | \$4.01         | ▲ 23.2%             |
| <b>Total administration and support expenses</b> | <b>\$9.37</b>  | <b>\$13.50</b> | <b>\$14.78</b> | <b>\$15.96</b> | <b>▲ 8.0%</b>       |
| Depreciation and interest costs                  | \$0.62         | \$0.60         | \$0.59         | \$0.54         | ▼ 7.6%              |
| COVID-19 expenses                                | \$0.65         | \$0.41         | \$0.12         | \$0.04         | ▼ 64.6%             |
| Motor vehicle expenses                           | \$0.57         | \$0.69         | \$0.67         | \$0.65         | ▼ 3.2%              |
| Other expenses                                   | \$1.42         | \$0.55         | \$0.90         | \$1.30         | ▲ 43.6%             |
| <b>Total expenses</b>                            | <b>\$64.49</b> | <b>\$63.16</b> | <b>\$65.47</b> | <b>\$71.78</b> | <b>▲ 9.6%</b>       |
| <b>Home care segment profit / (loss)</b>         | <b>\$4.28</b>  | <b>\$2.78</b>  | <b>\$2.17</b>  | <b>\$4.33</b>  | <b>▲ 99.7%</b>      |

Notes:

1. Provision of care/services and management fees charged to recipients includes income recognised from recipients' HCP and private home care recipients. This includes government subsidies and supplements, recipient contributions in the form of the basic daily fee, income tested care fees, and private contributions.
2. Exit amounts ceased on 31 December 2022.
3. Other income includes other sources of income generated from running home care services such as state and territory payments, trust distribution, donations and bequests, interest earned on investments, insurance and gains from the sale of assets.





### Data reference: Home care sector income statement

Refer to **Appendix G** for the complete income statement for the home care sector.



### Insights: Drivers of improved profitability

In 2023-24, overall sector profitability improved as increases in income (28.3%) exceeded increases in expenses (25.1%), when compared to the prior year.

The growth in income was driven by:

- **13.8% increase in claim days** from 2022-23 to 2023-24, which reflects an increase in allocated Home Care Packages
- **3.4 percentage point increase in use of HCPs** from 79.3% in 2022-23 to 82.7% in 2023-24, which measures the proportion of the HCP entitlement used by each recipient
- **11.9% increase in the home care subsidy** from 1 July 2023 to reflect government funding for award wage increases following the FWC decisions and annual indexation.

The impact of increases in claim days and use on income can be seen in the 28.8% increase in external care services income (comparing 2023-24 to 2022-23), 18.5% increase in care management income, and 18.1% increase in package management income.

The growth in expenses was primarily driven by growth in internal and external direct care expenses (9.5% and 12.5%, respectively), as labour costs (driven by wages and time) increased following the FWC decisions, annual indexation, and the increase in home care claim days.

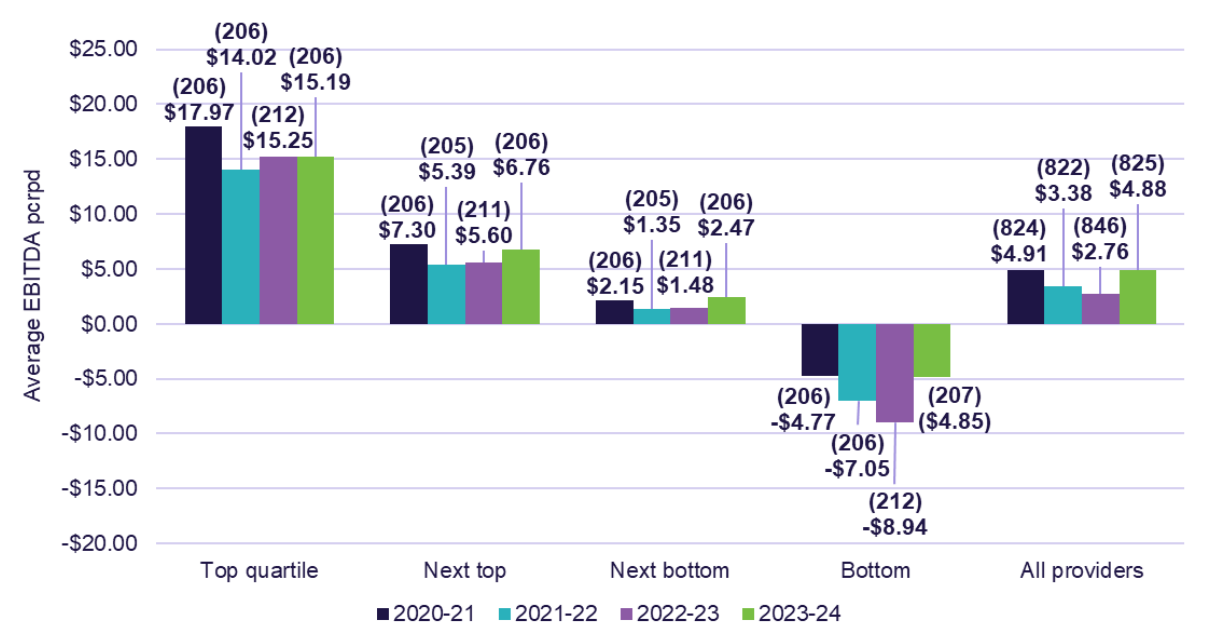
In 2023-24, the EBITDA result continued to vary considerably across the sector, with the top quartile of providers performing substantially better than the rest of the home care sector. Whilst the EBITDA result in the top quartile was significantly better than the other quartiles, the sector-wide improvement for the average EBITDA result was driven by improvements in providers outside the top quartile.


The performance of providers in the top quartile remained stable between 2022-23 and 2023-24. The average EBITDA for providers in the top quartile was \$15.19 per care recipient per day, consistent with \$15.25 in 2022-23. However, providers in the next top quartile showed notable improvement, with even more significant gains observed in the next bottom and bottom quartiles. In 2023-24, the average EBITDA

for providers in the bottom quartile was a loss of \$4.85 per care recipient per day, up from a loss of \$8.94 in 2022-23. Of the 227 providers who experienced losses in 2022-23, 119 (52.4%) achieved profitability in 2023-24. These results indicate the EBITDA gap between the highest and lowest performing providers is decreasing, as the performance of the lowest performing providers improves.

Chart 2.1 shows average EBITDA per care recipient per day by quartile.

**Chart 2.1: HCP providers average EBITDA per care recipient per day, by quartile (number of providers in parentheses), 2020-21 to 2023-24**




**Insights: Changes to unspent funds**

From 1 September 2021, unspent government subsidy for HCPs accrues 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 will be used to meet needs of care recipients or be returned to the government on exit.

As per data extracted from Services Australia, at 30 June 2024, there was \$3.6 billion in unspent HCP funds (up by \$0.8 billion from 30 June 2023).

This includes:

- \$3.2 billion of unspent funds in the Home Care Account held by Services Australia (up \$1.0 billion)

- \$0.4 billion in the Provider Held Portion of unspent funds (down \$0.2 billion).

Providers also self-report changes in their Home Care Account balance and Provider Held Portion of unspent funds through the ACFR (Table 2.5 below). This data varies from that extracted from Services Australia (above) due to the timing of data collection and the coverage of the FRAACS data (99.5% of HCP providers in 2023-24), and enables an understanding of the inflows and outflows of government subsidies for HCP services.

Table 2.5 below shows the change in unspent government subsidy for HCPs in 2023-24 as reported by providers in the ACFR.

**Table 2.5: Unspent Australian Government subsidy for HCPs, 2023-24**

|   | Total (\$m)       | Percentage of total inflow |
|---|-------------------|----------------------------|
| <b>Home Care Account balance plus unspent package funds opening balance</b> | <b>\$2,996.77</b> |                            |
| Commonwealth subsidies and supplements                                      | \$8,335.50        | 95.8%                      |
| Client fees - Basic daily fee   | \$24.70           | 0.3%                       |
| Client fees - Income tested care fees                                       | \$130.68          | 1.5%                       |
| Client fees - Other   | \$51.50           | 0.6%                       |
| Funds transferred in with new clients                                       | \$156.46          | 1.8%                       |
| Funds transferred out - Another provider                                    | (\$67.58)         | (0.8%)                     |
| Funds transferred out - Client / estate                                     | (\$25.33)         | (0.3%)                     |
| Funds transferred out - Commonwealth  | (\$539.21)        | (6.2%)                     |
| Package funds spent   | (\$7,441.13)      | (85.5%)                    |
| <b>Home Care Account balance plus unspent package funds closing balance</b> | <b>\$3,622.34</b> |                            |

## Results by provider ownership type, location, and scale

### *Provider ownership type*

Financial performance for all provider types improved from 2022-23 to 2023-24, with for-profit providers continuing to outperform not-for-profit and LST government providers. When reviewing NPBT results by provider type:

- **for-profit providers** had the largest increase in NPBT, from \$2.75 per care recipient per day in 2022-23 to \$5.71 in 2023-24 (up \$2.96). This was due to the growth in income (11.5% per care recipient per day) for these providers

exceeding growth in expenses (7.4%). The income growth was primarily driven by a 56.3% increase in income received for external care services, up \$9.06 per care recipient per day in 2023-24 on the prior year.

- **not-for-profit providers** also saw an increase in profitability, from \$1.94 per care recipient per day in 2022-23 to \$3.70 in 2023-24 (up \$1.76). The income growth for these providers was primarily driven by an 11.5% increase in income received for internal care services (\$34.78 in 2023-24), a 12.2% increase in external care services (\$16.76 in 2023-24), and a 18.6% increase in care management service fees and package management services fees (total of \$24.48 in 2023-24).
- **LST government providers** reported a small improvement in NPBT, from \$0.94 per care recipient per day in 2022-23 to \$1.04 in 2023-24. This was largely driven by LST government providers being more reliant on external care services (as seen in their lower internal care services income and expenses, and higher external direct care income and expenses). This meant LST government providers were more exposed (when compared to other provider types) to the 14.2% increase in the cost of external care services between 2022-23 and 2023-24. Analysis indicates that there was no change in the number of external care services hours delivered, meaning this cost increase was driven by an increase in the hourly rate, likely driven by the FWC decisions.

Table 2.6 provides an overview of the 2023-24 financial performance of HCP providers by ownership type,

Table 2.7 provides a breakdown of the NPBT result by ownership type, with results for the income and expense statement categories.

**Table 2.6: Summary of financial performance of HCP providers by ownership type, 2023-24**

|                      | Sector    | For-profit | Not-for-profit | LST gov. |
|----------------------|-----------|------------|----------------|----------|
| Total income (\$m)   | \$7,427.9 | \$2,737.8  | \$4,363.3      | \$326.7  |
| Total expenses (\$m) | \$7,004.9 | \$2,527.8  | \$4,155.2      | \$321.9  |
| EBITDA (\$m)         | \$476.1   | \$232.0    | \$238.2        | \$5.8    |
| NPBT (\$m)           | \$423.0   | \$210.0    | \$208.1        | \$4.8    |
| EBITDA (pcrpd)       | \$4.88    | \$6.31     | \$4.24         | \$1.26   |
| NPBT (pcrpd)         | \$4.33    | \$5.71     | \$3.70         | \$1.04   |
| EBITDA margin        | 6.4%      | 8.5%       | 5.5%           | 1.8%     |
| NPBT margin          | 5.7%      | 7.7%       | 4.8%           | 1.5%     |

**Table 2.7: Financial performance of HCP providers per care recipient per day, by ownership type, 2023-24**

|                                     | Sector         | For-profit     | Not-for-profit | LST gov.       |
|-------------------------------------|----------------|----------------|----------------|----------------|
| <b>Income</b>                       |                |                |                |                |
| Internal care services              | \$30.61        | \$25.92        | \$34.78        | \$17.19        |
| External care services              | \$20.45        | \$25.14        | \$16.76        | \$28.06        |
| Care management service fees        | \$13.50        | \$12.12        | \$14.38        | \$13.69        |
| Package management service fees     | \$9.29         | \$7.91         | \$10.10        | \$10.37        |
| COVID-19 funding                    | \$0.10         | \$0.07         | \$0.12         | \$0.02         |
| Other income                        | \$2.17         | \$3.33         | \$1.49         | \$1.31         |
| <b>Total income</b>                 | <b>\$76.11</b> | <b>\$74.50</b> | <b>\$77.62</b> | <b>\$70.63</b> |
| <b>Expenses</b>                     |                |                |                |                |
| Internal care services              | \$21.61        | \$18.78        | \$24.06        | \$14.36        |
| External care services              | \$24.12        | \$26.79        | \$21.83        | \$30.59        |
| Care management                     | \$7.56         | \$6.39         | \$8.06         | \$10.72        |
| Admin costs and support expenses    | \$15.96        | \$13.78        | \$17.65        | \$12.85        |
| Other expenses and non-direct costs | \$2.53         | \$3.04         | \$2.32         | \$1.07         |
| <b>Total expenses</b>               | <b>\$71.78</b> | <b>\$68.78</b> | <b>\$73.92</b> | <b>\$69.59</b> |
| <b>Total profit / (loss)</b>        | <b>\$4.33</b>  | <b>\$5.71</b>  | <b>\$3.70</b>  | <b>\$1.04</b>  |

### **Insights: Care management fees and expenses**

In 2023-24, income from care management fees represented 17.7% of total income at the sector level (which is under the cap of 20.0%). However, the sector-level cost to providers of delivering care management was only 10.5%. These results indicate that providers may be using margins on care management services to cross-subsidise losses in other services.

When reviewing the difference between care management income and costs by provider type, it was highest for not-for-profit providers (18.5% of income and 10.9% of costs), followed by for-profit providers (16.3% and 9.3% for costs), and LST government providers (19.4% of income and 15.4% of costs).

In line with the NPBT results, in 2023-24 the average EBITDA results improved for for-profit providers (up \$2.76 per care recipient per day on 2022-23) and not-for-profit providers (up \$1.82) but declined for LST government providers (down \$0.05).

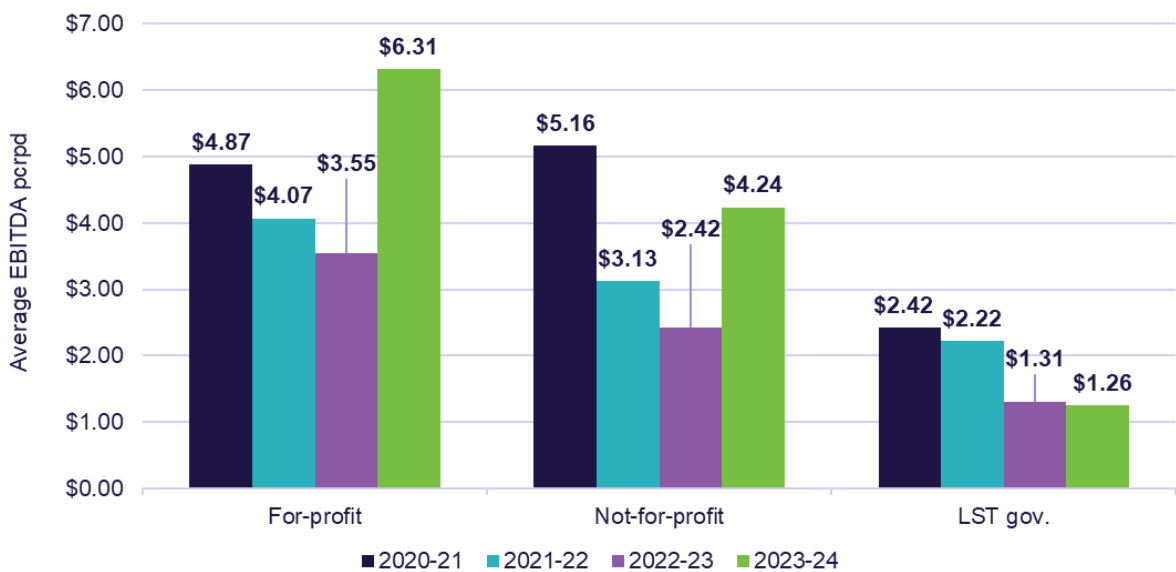
When considering the average EBITDA results for 2023-24, by quartile:

- in the **top quartile**, for-profit providers (\$16.49 per care recipient per day) continued to outperform not-for-profit providers (\$14.04 per care recipient per day) and LST government providers (\$14.13 per care recipient per day), in line with previous financial years.
- in the **bottom quartile**, not-for-profit providers (a loss of \$4.00 per care recipient per day) recorded a smaller loss compared to for-profit providers (a loss of \$7.26 per care recipient per day) and LST government providers (a loss of \$9.68 per care recipient per day).

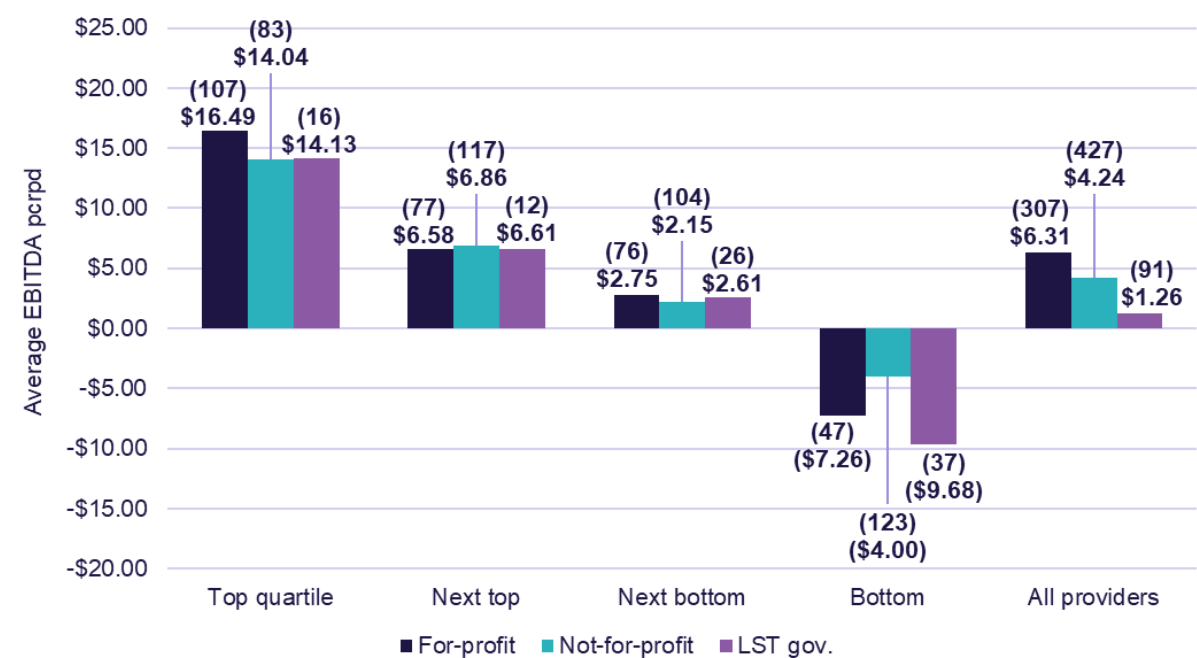
The overall improvement in the sector’s average EBITDA result was largely driven by the significant improvement in the financial performance of for-profit providers in the bottom quartile whose average direct care margins increased due to revenue increases. These providers reported an improvement of \$7.39 per care recipient per day in their average EBITDA result (a loss of \$7.26 in 2023-24 compared to a loss of \$14.65 in 2022-23).

Chart 2.2 shows the average EBITDA per recipient per day by ownership type over the last four financial years, Chart 2.3 shows the quartile analysis of the average EBITDA per care recipient per day by ownership type in 2023-24.

**Chart 2.2: HCP providers average EBITDA per care recipient per day by ownership type, 2020-21 to 2023-24**



**Chart 2.3: HCP providers average EBITDA per care recipient per day, by quartile and ownership type (number of providers in parentheses), 2023-24**



### Provider location

Consistent with previous financial years, in 2023-24, metropolitan providers were the most profitable providers by location type, with a NPBT result of \$4.65 per care recipient per day. Comparatively, providers in metropolitan and regional areas recorded a NPBT result of \$4.26 per care recipient per day, and regional providers reported a profit result of \$3.27 per care recipient per day.



### **Methodology change: Assignment of providers to a location**

For the 2023-24 FRAACS, HCP providers have been assigned to locations (metropolitan providers, regional providers, and providers across metropolitan and regional areas), based on where 70% or more of the care recipients who they service (or the HCPs) are located. This aligns with the approach taken in the department's associated publication, the *Quarterly Financial Snapshot*. As the location of care recipients is accurately captured by providers, this method also improves the meaningfulness of the data.

This is, however, a departure from previous financial years of FRAACS reporting, where HCP providers were assigned to locations based on where 70% or more of its *services* (home care outlets) were located.

As a result, a chart has not been published comparing EBITDA results over the four financial years by provider location, as these results are not comparable. However, all previous figures are available in the *FRAACS data extract*.

Table 2.8 provides an overview of the 2023-24 financial performance of HCP providers by location, Table 2.9 provides a breakdown of the NPBT result by location, with results for the income and expense statement categories.

**Table 2.8: Financial performance of HCP providers by location, 2023-24**

|                      | Sector    | Metropolitan | Regional | Metropolitan and Regional |
|----------------------|-----------|--------------|----------|---------------------------|
| Total income (\$m)   | \$7,427.9 | \$4,130.3    | \$904.4  | \$2,393.1                 |
| Total expenses (\$m) | \$7,004.9 | \$3,891.9    | \$863.3  | \$2,249.7                 |
| EBITDA (\$m)         | \$476.1   | \$263.3      | \$46.4   | \$166.4                   |
| NPBT (\$m)           | \$423.0   | \$238.4      | \$41.1   | \$143.4                   |
| EBITDA (pcrpd)       | \$4.88    | \$5.13       | \$3.68   | \$4.94                    |
| NPBT (pcrpd)         | \$4.33    | \$4.65       | \$3.27   | \$4.26                    |
| EBITDA margin        | 6.4%      | 6.4%         | 5.1%     | 7.0%                      |
| NPBT margin          | 5.7%      | 5.8%         | 4.5%     | 6.0%                      |

**Table 2.9: Financial performance of HCP providers per care recipient per day, by location, 2023-24**

|                                     | Sector         | Metropolitan   | Regional       | Metropolitan and Regional |
|-------------------------------------|----------------|----------------|----------------|---------------------------|
| <b>Income</b>                       |                |                |                |                           |
| Internal care services              | \$30.61        | \$30.45        | \$30.20        | \$31.00                   |
| External care services              | \$20.45        | \$23.95        | \$17.12        | \$16.38                   |
| Care management service fees        | \$13.50        | \$13.53        | \$13.27        | \$13.52                   |
| Package management service fees     | \$9.29         | \$9.20         | \$9.25         | \$9.43                    |
| COVID-19 funding                    | \$0.10         | \$0.11         | \$0.06         | \$0.10                    |
| Other income                        | \$2.17         | \$3.27         | \$1.92         | \$0.60                    |
| <b>Total income</b>                 | <b>\$76.11</b> | <b>\$80.51</b> | <b>\$71.82</b> | <b>\$71.03</b>            |
| <b>Expenses</b>                     |                |                |                |                           |
| Internal care services              | \$21.61        | \$22.28        | \$22.39        | \$20.30                   |
| External care services              | \$24.12        | \$27.49        | \$21.30        | \$20.03                   |
| Care management                     | \$7.56         | \$7.68         | \$8.26         | \$7.10                    |
| Admin costs and support expenses    | \$15.96        | \$15.59        | \$14.79        | \$16.98                   |
| Other expenses and non-direct costs | \$2.53         | \$2.83         | \$1.81         | \$2.35                    |
| <b>Total expenses</b>               | <b>\$71.78</b> | <b>\$75.86</b> | <b>\$68.55</b> | <b>\$66.77</b>            |
| <b>Total profit / (loss)</b>        | <b>\$4.33</b>  | <b>\$4.65</b>  | <b>\$3.27</b>  | <b>\$4.26</b>             |

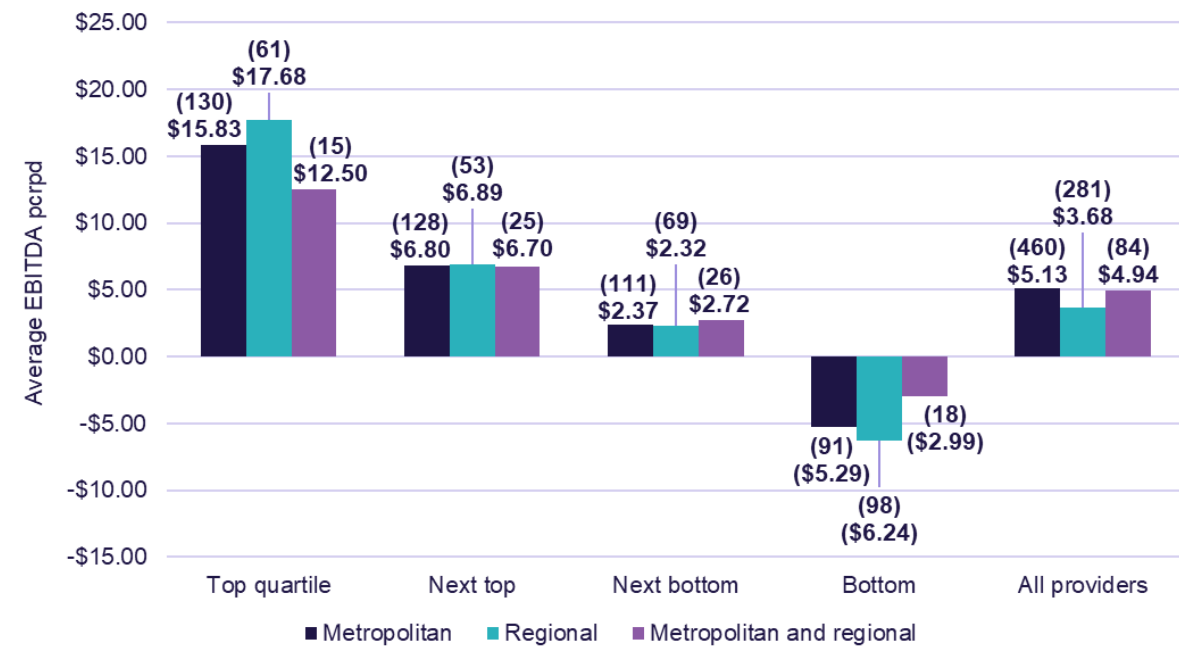
When considering the average EBITDA results for 2023-24, by quartile:

- in the **top quartile**, regional providers (\$17.68 per care recipient per day) outperformed metropolitan (\$15.83), and metropolitan and regional providers (\$12.50)
- in the **bottom quartile**, regional providers (a loss of \$6.24 per care recipient per day) recorded a larger loss compared to metropolitan providers (a loss of \$5.29), and metropolitan and regional providers (a loss of \$2.99).

In 2023-24, 21.7% of regional providers were in the top quartile, while 34.9% were in the bottom quartile. Comparatively, 28.3% of metropolitan providers were in the top quartile, while only 19.8% were in the bottom quartile. This difference in distribution of providers by location type across the quartiles drove the variance in overall average EBITDA results between metropolitan and regional providers.

Chart 2.4 shows the quartile analysis of the average EBITDA per care recipient per day for HCP providers by location in 2023-24.

**Chart 2.4: HCP providers average EBITDA per care recipient per day, by quartile and location (number of providers in parentheses), 2023-24**



**Provider scale**

In 2023-24, there was little variance in the NPBT of HCP providers by scale. Providers that serviced 101 to 500 HCPs reported an average NPBT result of \$4.73 per care recipient per day, slightly outperforming other providers. Comparatively, those that serviced 1 to 100 HCPs reported an average NPBT result of \$4.35 per recipient per day, and those that serviced 501 or more HCPs reported an average NPBT result of \$4.17 per care recipient per day.

There was an observed relationship between the scale of the provider and the total income and expenses associated with external care services (providers that serviced 1 to 100 HCPs reported an external care services expenditure of \$19.62, compared to \$24.54 in providers servicing 501 or more HCPs). This may indicate increased use of subcontracted and brokered services as the scale of the provider increases.

### Methodology change: Determining the ‘scale’ of a provider

For the 2023-24 FRAACS, the scale of home care providers has been determined by reviewing the number of home care recipients (i.e., the number of HCPs) they service. As the number of care recipients serviced more accurately reflects a provider’s operating scale, this method improves the meaningfulness of the data.

This is a departure from previous financial years of FRAACS reporting, where the scale of HCP providers was based on the number of *services* (home care outlets) the provider operated.

As a result, a chart has not been published comparing EBITDA results over the four financial years by provider scale, as these results are not comparable. However, all previous figures are available in the *FRAACS data extract*.

Table 2.10 provides an overview of the 2023-24 financial performance of HCP providers by scale, Table 2.11 provides a breakdown of the NPBT result by scale, with results for the income and expense statement categories.

**Table 2.10: Financial performance of HCP providers by scale, 2023-24**

|                      | Sector    | 1 to 100 HCPs | 101 to 500 HCPs | 501 or more HCPs |
|----------------------|-----------|---------------|-----------------|------------------|
| Total income (\$m)   | \$7,427.9 | \$558.1       | \$2,110.7       | \$4,759.1        |
| Total expenses (\$m) | \$7,004.9 | \$528.6       | \$1,985.0       | \$4,491.3        |
| EBITDA (\$m)         | \$476.1   | \$33.3        | \$138.4         | \$304.4          |
| NPBT (\$m)           | \$423.0   | \$29.4        | \$125.7         | \$267.8          |
| EBITDA (pcrpd)       | \$4.88    | \$4.92        | \$5.20          | \$4.74           |
| NPBT (pcrpd)         | \$4.33    | \$4.35        | \$4.73          | \$4.17           |
| EBITDA margin        | 6.4%      | 6.0%          | 6.6%            | 6.4%             |
| NPBT margin          | 5.7%      | 5.3%          | 6.0%            | 5.6%             |

**Table 2.11: Financial performance of HCP providers per care recipient per day, by scale, 2023-24**

|                        | Sector  | 1 to 100 HCPs | 101 to 500 HCPs | 501 or more HCPs |
|------------------------|---------|---------------|-----------------|------------------|
| <b>Income</b>          |         |               |                 |                  |
| Internal care services | \$30.61 | \$42.10       | \$33.58         | \$28.16          |
| External care services | \$20.45 | \$15.06       | \$20.52         | \$20.99          |

|                                     | Sector         | 1 to 100 HCPs  | 101 to 500 HCPs | 501 or more HCPs |
|-------------------------------------|----------------|----------------|-----------------|------------------|
| Care management service fees        | \$13.50        | \$12.84        | \$13.53         | \$13.55          |
| Package management service fees     | \$9.29         | \$9.09         | \$9.29          | \$9.31           |
| COVID-19 funding                    | \$0.10         | \$0.06         | \$0.06          | \$0.12           |
| Other income                        | \$2.17         | \$3.34         | \$2.38          | \$1.97           |
| <b>Total income</b>                 | <b>\$76.11</b> | <b>\$82.50</b> | <b>\$79.36</b>  | <b>\$74.10</b>   |
| <b>Expenses</b>                     |                |                |                 |                  |
| Internal care services              | \$21.61        | \$31.11        | \$24.47         | \$19.43          |
| External care services              | \$24.12        | \$19.62        | \$24.24         | \$24.54          |
| Care management                     | \$7.56         | \$8.12         | \$8.06          | \$7.29           |
| Admin costs and support expenses    | \$15.96        | \$16.02        | \$15.71         | \$16.07          |
| Other expenses and non-direct costs | \$2.53         | \$3.29         | \$2.16          | \$2.61           |
| <b>Total expenses</b>               | <b>\$71.78</b> | <b>\$78.15</b> | <b>\$74.63</b>  | <b>\$69.93</b>   |
| <b>Total profit / (loss)</b>        | <b>\$4.33</b>  | <b>\$4.35</b>  | <b>\$4.73</b>   | <b>\$4.17</b>    |

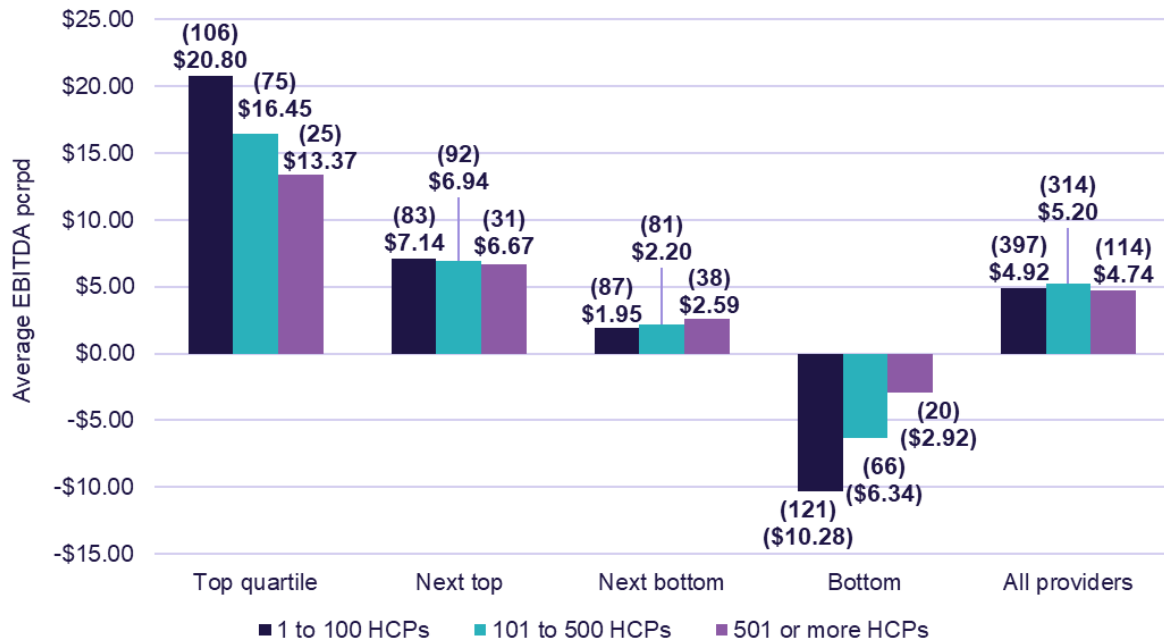
When considering the average EBITDA results for 2023-24, by quartile:

- in the **top quartile**, providers with 1-100 HCPs had the highest average EBITDA (\$20.80 per care recipient per day), compared to 101-500 HCPs (\$16.45) and 501 or more HCPs (\$13.37).
- in the **bottom quartile**, providers with 1-100 HCPs had the lowest average EBITDA (a loss of \$10.28 per care recipient per day), compared to 101-500 HCPs (a loss of \$6.34) and 501 or more HCPs (a loss of \$2.92).

Similar to the breakdown of EBITDA results by location and quartile, the difference in distribution of providers by scale across the quartiles drove the variance in overall average EBITDA results. In 2023-24, 26.7% of providers that serviced 1-100 HCPs were in the top quartile, while 30.5% were in the bottom quartile. Comparatively, 23.9% of providers that serviced 101-500 HCPs were in the top quartile, while 21.0% were in the bottom quartile.

Chart 2.5 shows the quartile analysis of the average EBITDA per care recipient per day for HCP providers by scale in 2023-24.

**Chart 2.5: HCP providers average EBITDA per care recipient per day, by quartile and scale (number of providers in parentheses), 2023-24**







## Chapter 3

### Commonwealth Home Support Programme (CHSP)

Change from 2022–23



**834,981**

CHSP recipients  
in 2023–24



**2.3%**



**1,264**

CHSP providers  
in 2023–24



**70**  
providers



**\$3.0 billion**

Australian Government funding



**0.9%**



# 3 Commonwealth Home Support Programme (CHSP)

## 3.1 CHSP landscape

### CHSP recipients and providers

The trends in the demographic landscape of CHSP recipients and CHSP providers, as reported in the FRAACS reports from 2020-21 onwards, continued in the 2023-24 financial year.

These included:



- An increase in **CHSP recipient numbers**, from 816,132 recipients in 2022-23, to 834,981 recipients in 2023-24.



- a decrease in the **number of CHSP providers**, from 1,334 providers in 2022-23, to 1,264 providers in 2023-24.

Table 3.1 and Table 3.2 show the number of CHSP recipients and providers from 2020-2021 to 2023-2024, including demographic information.

**Table 3.1: Number of CHSP recipients, 2020-21 to 2023-24**

|   | 2020-21        | 2021-22        | 2022-23        | 2023-24        |
|---|----------------|----------------|----------------|----------------|
| <b>Total CHSP recipients</b>                          | <b>825,383</b> | <b>818,228</b> | <b>816,132</b> | <b>834,981</b> |
| Culturally and Linguistically Diverse CHSP recipients | 166,943        | 166,830        | 165,694        | 167,035        |
| Aboriginal and Torres Strait Islander CHSP recipients | 22,986         | 22,452         | 22,630         | 24,003         |

**Table 3.2: Providers of CHSP, by ownership type, 2020-21 to 2023-24**

|                             | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|-----------------------------|--------------|--------------|--------------|--------------|
| <b>Total CHSP providers</b> | <b>1,432</b> | <b>1,407</b> | <b>1,334</b> | <b>1,264</b> |
| For-profit                  | 100          | 149          | 116          | 107          |
| Not-for-profit              | 988          | 938          | 942          | 894          |
| LST gov.                    | 344          | 304          | 276          | 263          |

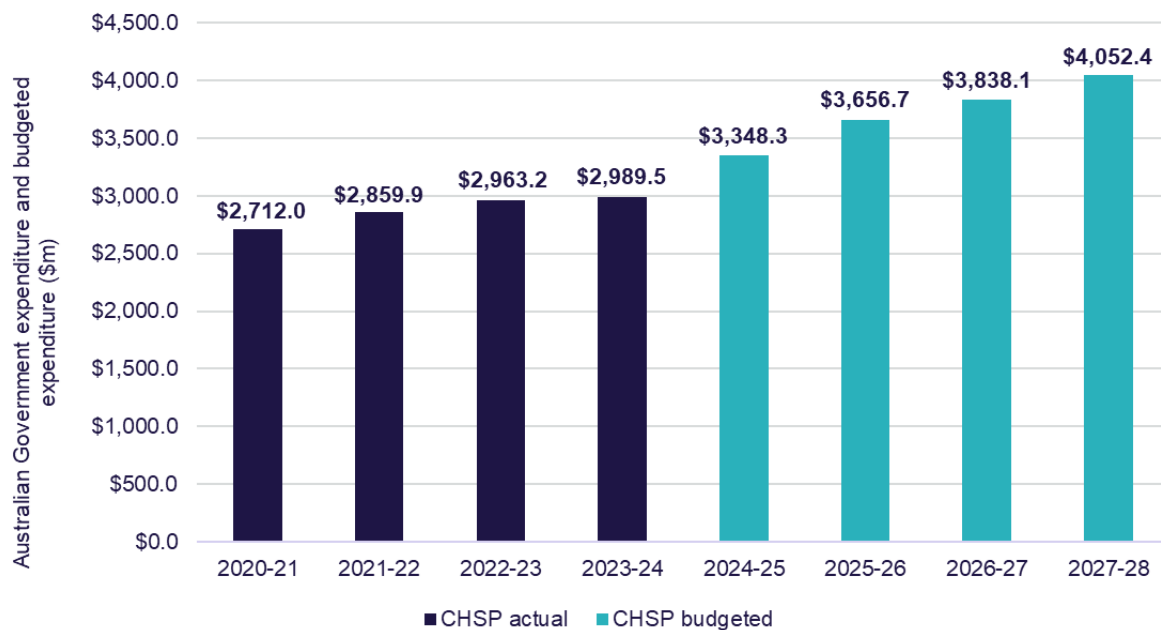
## 3.2 Financial summary

### Expenditure

In 2023-24, government funding for the delivery of CHSP services was \$3.0 billion and was consistent with the prior year's expenditure.

Chart 3.1 shows government expenditure and budgeted expenditure for service delivery of CHSP, 2020-21 to 2027-28.

**Chart 3.1: Australian Government expenditure and budgeted expenditure for service delivery of CHSP, 2020-21 to 2027-28**



In 2023-24, the largest service types by expenditure were:

- domestic assistance with \$563.6 million (19.7% of total expenditure), down \$10.0 million from 2022-23
- social support with \$502.1 million (17.5% of total expenditure), down \$33.3 million from 2022-23
- respite with \$322.6 million (11.3% of total expenditure), down \$34.7 million from 2022-23.

Table 3.3 provides a breakdown of CHSP expenditure by service type from 2020-21 to 2023-24, with a comparison between 2022-23 and the current year.

**Table 3.3: CHSP expenditure by service type, 2020-21 to 2023-24, with comparison to 2022-23**

|   | 2020-21<br>(\$m) | 2021-22<br>(\$m) | 2022-23<br>(\$m) | 2023-24<br>(\$m) | Change from<br>2022-23 (%) |
|---|------------------|------------------|------------------|------------------|----------------------------|
| Social support <sup>1</sup>                     | \$477.3          | \$513.5          | \$535.4          | \$502.1          | ▼ 6.2%                     |
| Domestic assistance                             | \$536.1          | \$558.4          | \$573.6          | \$563.6          | ▼ 1.7%                     |
| Nursing   | \$283.1          | \$292.8          | \$302.0          | \$315.1          | ▲ 4.3%                     |
| Respite <sup>2</sup>                            | \$301.3          | \$336.6          | \$357.3          | \$322.6          | ▼ 9.7%                     |
| Allied health and therapy services              | \$263.0          | \$283.6          | \$294.1          | \$293.3          | ▼ 0.3%                     |
| Personal care                                   | \$210.1          | \$219.8          | \$225.4          | \$219.6          | ▼ 2.6%                     |
| Transport                                       | \$195.7          | \$212.8          | \$218.0          | \$224.3          | ▲ 2.9%                     |
| Home modifications and maintenance <sup>3</sup> | \$163.2          | \$183.1          | \$190.3          | \$200.1          | ▲ 5.1%                     |
| Meals and other food services <sup>4</sup>      | \$89.1           | \$99.3           | \$108.6          | \$116.6          | ▲ 7.4%                     |
| Sector support and development                  | \$40.9           | \$42.9           | \$34.6           | \$31.4           | ▼ 9.3%                     |
| Assistance with care and housing                | \$21.2           | \$22.9           | \$14.7           | \$6.8            | ▼ 53.8%                    |
| Specialised support services <sup>5</sup>       | \$67.5           | \$59.5           | \$59.5           | \$53.0           | ▼ 11.0%                    |
| Goods, equipment and assistive technology       | \$11.7           | \$12.2           | \$12.7           | \$13.1           | ▲ 3.5%                     |

**Notes:**

The figures provided in Table 3.3 represent funding spent on core CHSP services by each service type. These figures do not sum to the total expenditure shown in Chart 3.1 as those figures include total grant funding and funding provided to a separate key project, geat2GO, which is also funded through CHSP appropriations.

1. Social support includes social support group and social support individual.
2. Respite includes centre-based respite, cottage respite and flexible respite.
3. Home modifications and maintenance are two separate services in CHSP.
4. Meals and other food services are two separate services in CHSP.
5. Specialised support services provide services that meet the specialised needs of older people living at home with a particular condition such as dementia or vision impairment.



## **Chapter 4**

Future trends in aged care

# 4 Future trends in aged care

## 4.1 Demand for aged care

The government has a significant role in stewarding the aged care market to ensure older people in Australia have access to the aged care services they need now and into the future. To do this, the government monitors demand and capital investment (refer to *Capital investment* in [section 1.2](#)) to ensure the aged care market provides the range of services older people in Australia need and expect in the places where they need them. The historic data and future projections outlined in this chapter highlight the growing demand for aged care services in Australia and the need for continued investment in the sector, particularly through capital works, to increase the availability of services for older people.



### Data reference: Use of aged care in people aged 70 years and over

The charts below include data labels for the total values only to support readability. Refer to the **4.1 Population drivers** and **4.2 Projections** tabs in the *FRAACS data extract* for additional data on:

- number of people aged 70 years and over, by age cohort
- proportion of people using residential care and home care, by gender
- use of residential care and home care, by age group and gender
- demand for residential and home care services, by care type.

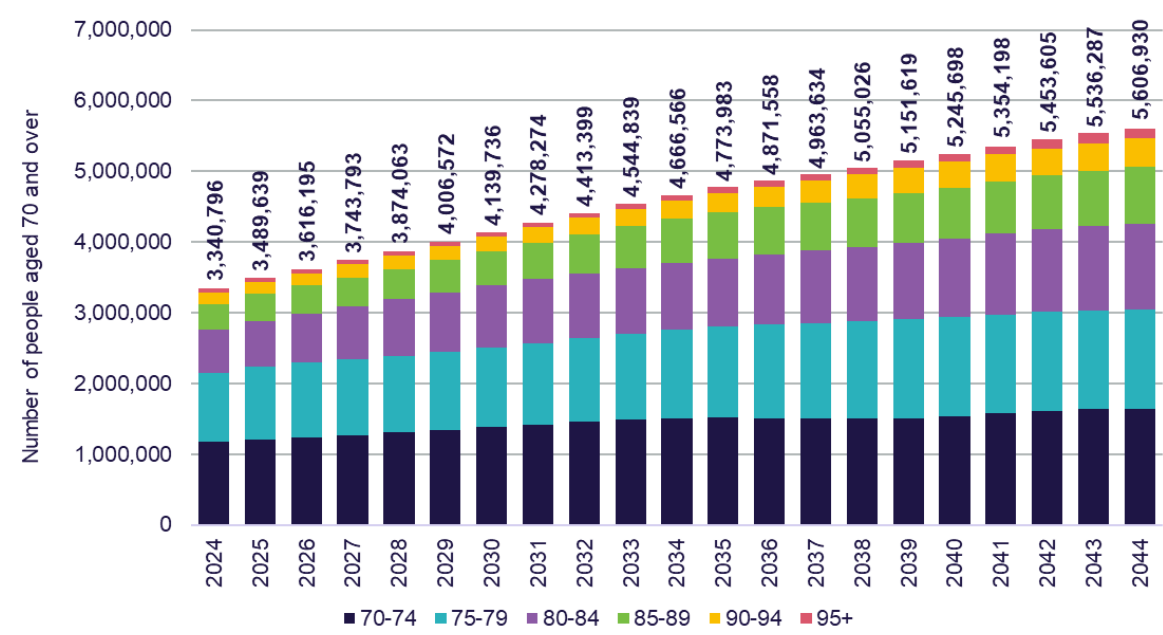
## Drivers for increasing demand for aged care services

### Ageing population

The demand for aged care services will expand with the ageing of the population. Over the next 20 years, the number of people aged 70 years and over in Australia will increase by approximately 2.3 million (67.8%). During this time, the proportion of people aged 85 years and over in this cohort will increase by 6.7 percentage points (from 17.4% in 2024 to 24.1% in 2044).

Chart 4.1 shows the number of people aged 70 years and over for the next 20 years.

Chart 4.1: Number of people aged 70 years and over, by age cohort, 2024 to 2044



**Increasing use of aged care with age**

The proportion of people accessing aged care services increases significantly with age. At age 80, the proportion of people accessing aged care through permanent residential care or a HCP, is 15.1% for females and 9.5% for males. By age 90, this increases to 47.4% for females and 34.3% for males.

Chart 4.2 and Chart 4.3 show the proportion of people using residential care and home care, for females and males, at 30 June 2024.

Chart 4.2: Proportion of females using aged care, by age and service, 30 June 2024

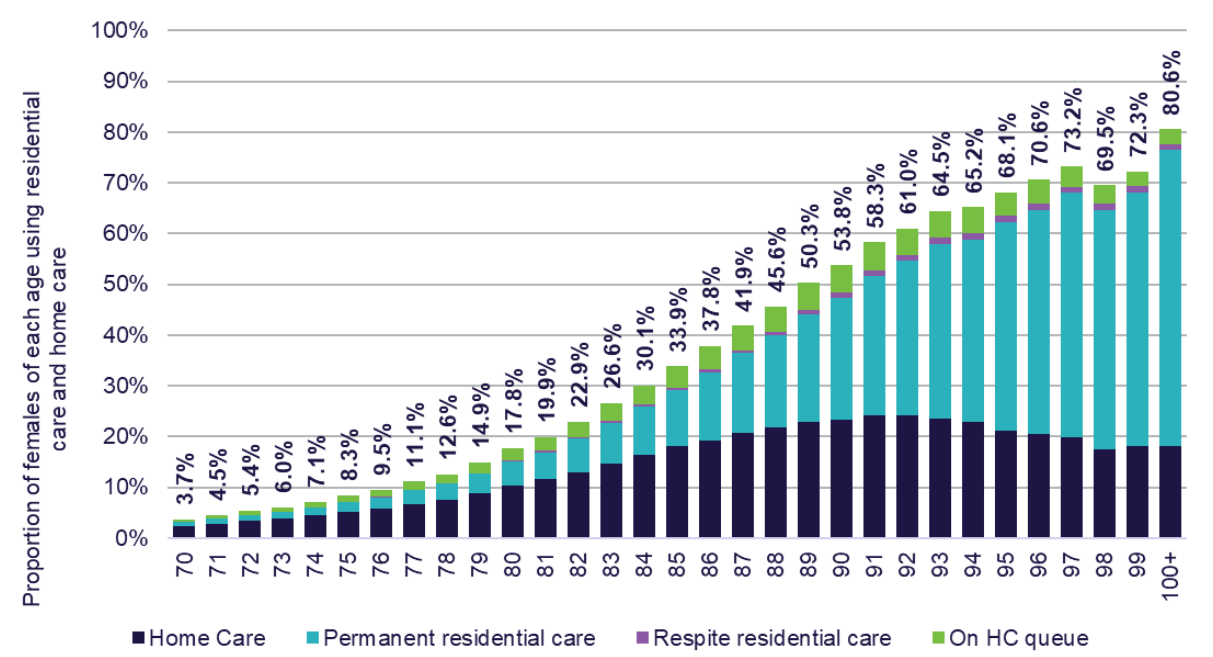
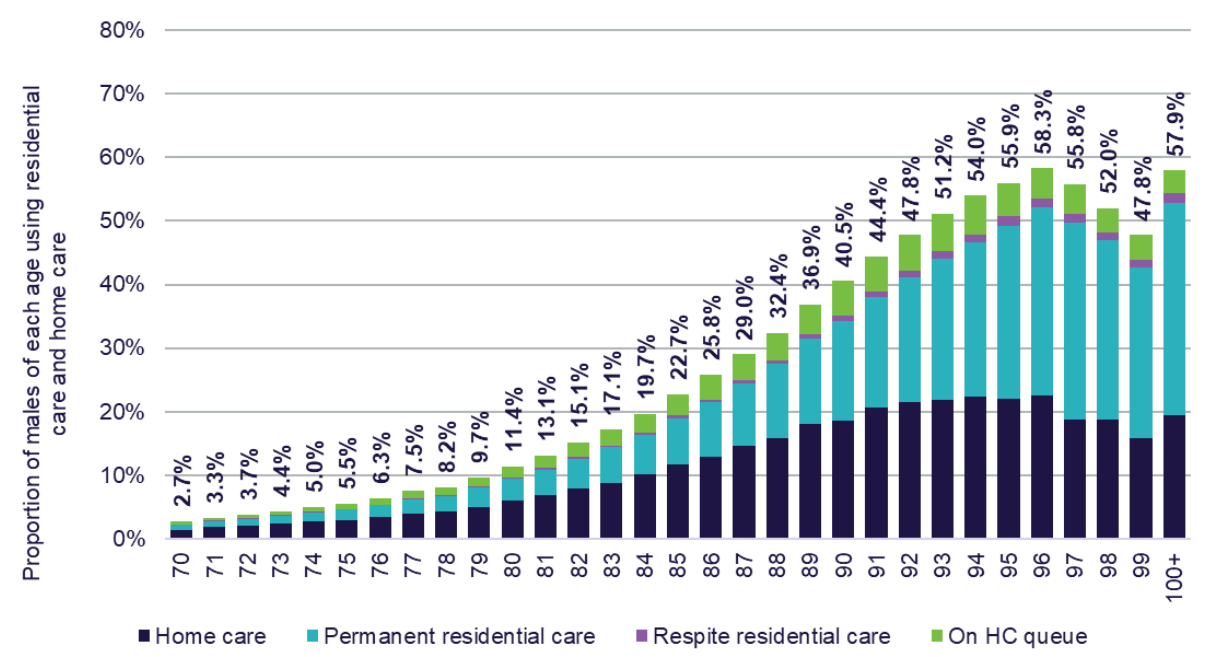


Chart 4.3: Proportion of males using aged care, by age and service, 30 June 2024



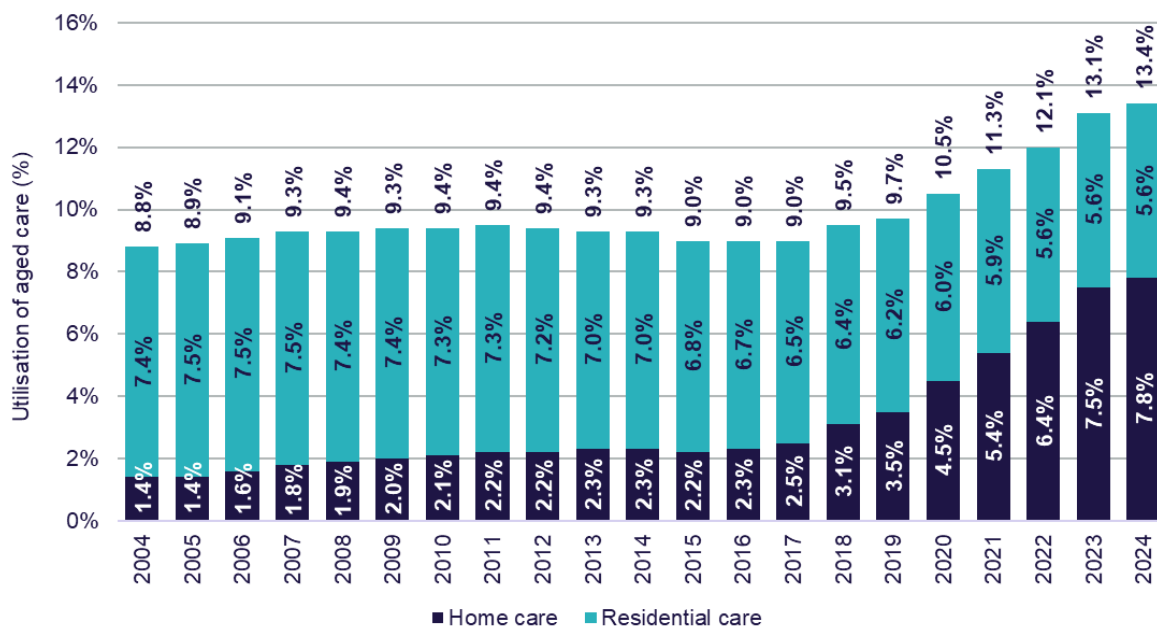


### Preference for home care over residential care

Over the past 20 years, there has been a significant increase in the proportion of older people using home care (from 1.4% of 70 to 99 years olds in 2004 to 7.8% in 2024). This increase corresponds with a marked expansion in the number of HCPs made available in excess of population growth. Over the same period, residential care use has declined by 1.8 percentage points, reflecting the preference of older people to remain at home and access home care services. As a result, the proportion of people receiving residential aged care (as a proportion of all people receiving aged care services) has decreased from 84.1% to 42.0% over this 20-year period.

Chart 4.4 shows the proportion of people aged 70 to 99 years using residential care and home care from 2004 to 2024.

**Chart 4.4: Use of aged care services, by residential care and home care, for people aged 70 to 99 years, 2004 to 2024**



### Projections of demand for aged care services

Estimates of future demand for residential care and home care services have been updated from previous published estimates. Changes to demand projections are driven by changes in the rates of age-specific use of aged care services.

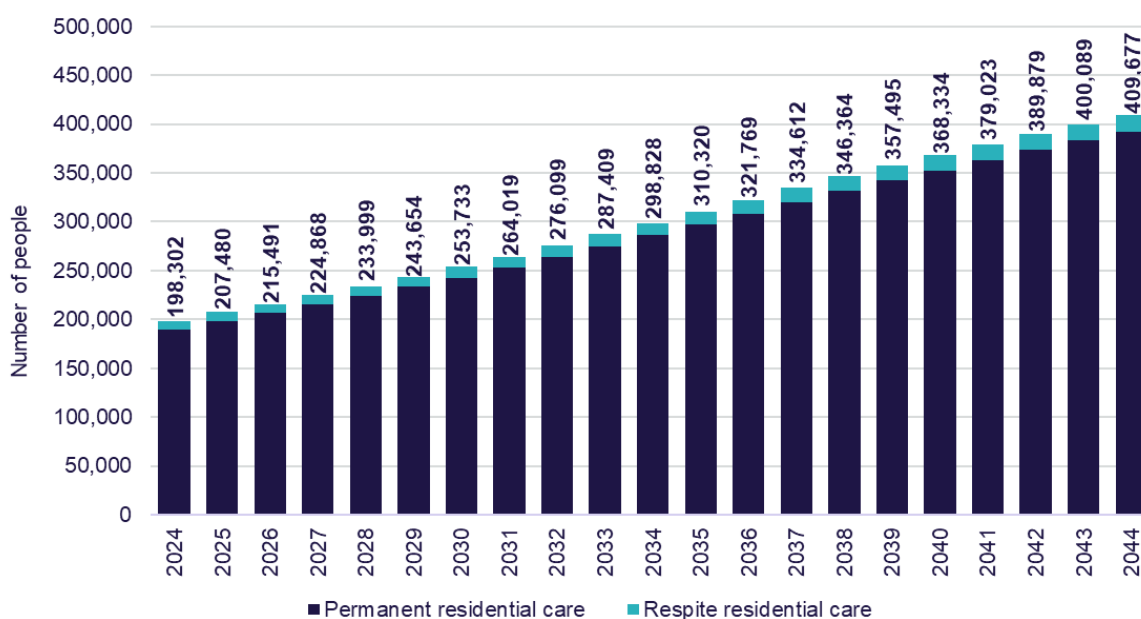
Over the next 20 years (from 2024 to 2044), the average year-on-year increase in:

- **residential care** (permanent and respite) demand is approximately 10,600 residents per year, resulting in approximately 410,000 people in residential care by 2044. This represents an average annual growth rate of 3.7% over this time.

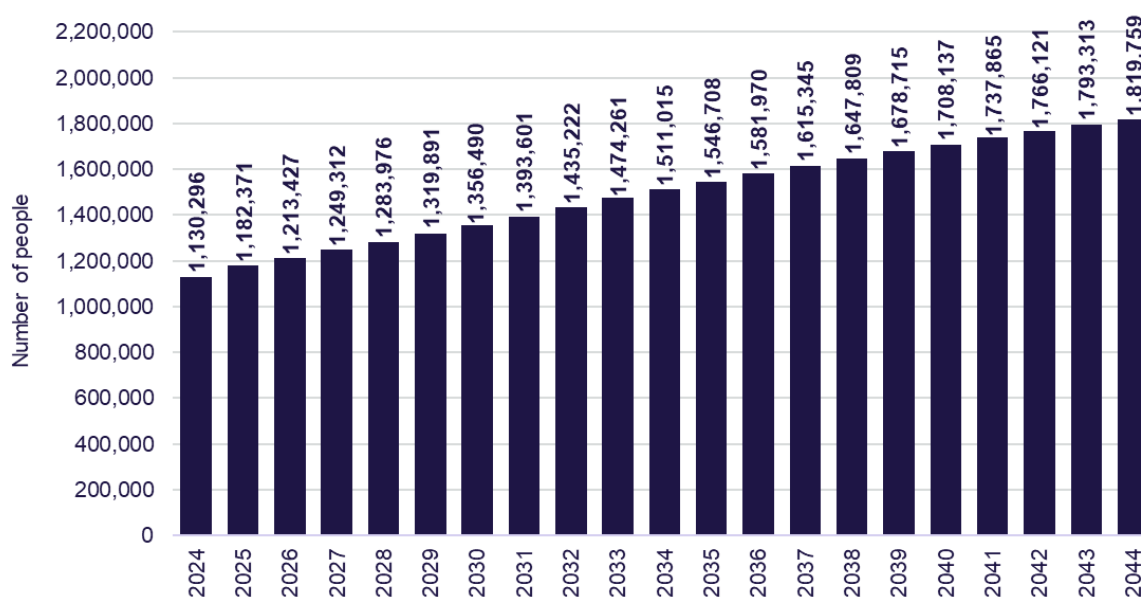
- **home care** demand is approximately 34,500 people per year, resulting in approximately 1,820,000 people demanding home care by 2044. This represents an average annual growth rate of 2.4% over this time.

Chart 4.5 and Chart 4.6 show the projected use of, and demand for, residential care and home care respectively, between 2024 and 2044. These projections are underpinned by the Australian Bureau of Statistics single-year-age and sex population projections.

**Chart 4.5: Projected use of residential care, 2024 to 2044**



**Chart 4.6: Projected demand for in-home aged care, 2024 to 2044**



# 5 Glossary

| Term                                      | Definition   |
|---|--|
| Accommodation supplement                  | A government funded means tested supplement payable on behalf of residents who receive permanent residential aged care and do not have the capacity to pay the full cost of their accommodation.   |
| Aged Care Financial Report (ACFR)         | A reporting template introduced for the 2016–17 reporting year that consolidates prudential and financial reporting information that was previously separately reported. The ACFR consolidates information previously reported through the Annual Prudential Compliance Statement, the Survey of Aged Care Homes, the Home Care Financial Report and the Short-Term Restorative Care Financial Report.   |
| <i>Aged Care Act 1997</i> (Cth) (the Act) | <p>The primary legislation governing the provision of aged care services during 2023-24.</p> <p>Note: The government introduced new legislation (the Aged Care Bill 2024) to Parliament on 12 September 2024. It passed Parliament on 25 November 2024 and the <i>Aged Care Act 2024</i> (Cth) will commence from 1 November 2025.</p>   |
| Aged Care Approvals Round (ACAR)          | A competitive application process that enables prospective and existing approved providers of residential aged care to apply for a range of new government-funded aged care places and financial assistance in the form of a capital grant. The 2021 ACAR was the last round held. As part of the new <i>Aged Care Act 2024</i> (Cth), residential care places will be allocated directly to recipients. |
| Agreed accommodation price                | The price agreed between a provider and prospective resident prior to entry, as reported by providers through the Aged Care Entry Record.  |
| Approved provider                         | An approved provider of aged care is an organisation approved by the Secretary of the department to provide residential care, home care or flexible care under the <i>Aged Care Act 1997</i> (Cth).  |

| Term  | Definition   |
|---|--|
| <a href="#">Australian National Aged Care Classification (AN-ACC)</a> | The government provides subsidies to approved residential aged care providers through the AN-ACC funding model. The AN-ACC model commenced in October 2022.  |
| <a href="#">Care management</a>                                       | Care management is mandatory and ensures HCP recipients receive the appropriate level of support in a way that meets their care needs. 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 government Subsidy for care management.  |
| <a href="#">Care minutes</a>  | 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.   |
| Commonwealth Home Support Programme (CHSP)                            | <p>The CHSP is an entry-level in-home aged care support program that helps older people to live independently in their homes and communities. In 2023-24, to obtain access to CHSP services, individuals were first assessed by either a Regional Assessment Service (RAS) or an Aged Care Assessment Team (ACAT). For individuals who required low-level support to stay independent at home, a RAS assessor would determine eligibility for CHSP.</p> <p>CHSP providers are not required to complete the annual Aged Care Financial Report (ACFR). The department monitors CHSP providers through an annual grant acquittal process.</p> |
| Claim days  | Claims days refers to the total number of days of government subsidised residential aged care delivered in the year, as per claims submitted to Services Australia by providers.   |
| Culturally and Linguistically Diverse (CALD)                          | Older people in Australia who have particular cultural or linguistic affiliations due to their: place of birth or ethnic origin; main language other than English spoken at home; or proficiency in spoken English.  |
| Daily Accommodation Contribution (DAC)                                | An amount paid by a partially supported resident as a contribution toward their accommodation costs in a residential aged care service, calculated on a daily basis and paid periodically.   |

| Term  | Definition  |
|---|---|
| Daily Accommodation Payment (DAP)                                     | An amount paid by a non-supported resident towards their accommodation costs in a residential aged care service calculated on a daily basis and paid periodically.  |
| Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) | EBITDA is the profit result prior to applying interest, tax, depreciation, and amortisation. It can be used to compare organisations with each other and against industry averages and is a useful measure of core profit trends because it eliminates some of the extraneous factors mentioned above. This is particularly important when analysing aged care given the diversity of ownership and capital structures. EBITDA helps to smooth out these factors. |
| EBITDA margin   | EBITDA margin shows the average net profit after tax (with interest, taxes, depreciation and amortisation added back into it) generated for each \$1 of revenue earned. It is calculated as EBITDA / total revenue.   |
| Flexible care   | For those in either a residential or home care setting, that may require a different care approach than that provided through mainstream residential and home care.   |
| General Purpose Financial Report (GPFR)                               | An audited financial report that is submitted by providers with their unaudited ACFR. While the ACFR provides a greater level of detail, the GPFR is the only audited report and is used to verify the information provided in the ACFR.  |
| Home care   | Home based care provided through a Home Care Package to help people remain in their own homes. Home care is provided through the Home Care Packages (HCP) Program.  |
| Home Care Package   | A package of services, delivered through the HCP Program, tailored to meet the care needs of a person living at home. The package is coordinated by an approved home care provider, with funding provided by the government (with some contributions from the recipient). HCPs range from level 1 to 4 and are assigned based on an individual's level of need, where Level 1 is for basic care needs, and Level 4 is for high care needs.                        |

| Term   | Definition  |
|--|---|
| Home Care Packages Program   | HCPs allow recipients to access services and equipment to assist them live independently in the community. To obtain access to a HCP, individuals are first assessed by an ACAT who determines eligibility for a HCP and the level of the HCP. Once assessed as eligible for home care, an individual can elect to opt into the National Priority System (NPS). They are then offered a HCP when one becomes available. A person's place in the NPS is based on their date of approval and priority as assessed by an ACAT. |
| Independent Health and Aged Care Pricing Authority (IHACPA)                          | An Independent Government Agency that uses data to set fair pricing in the delivery and funding of public health and aged care services across Australia. IHACPA provides advice to the government on the sector average efficient cost for delivering care and ensures AN-ACC funding is in line with the costs of delivering care. IHACPA also assesses applications from providers for room prices above the maximum accommodation payment amount.   |
| Location (providers)   | Location indicates where a provider, service or recipient is located. Providers are assigned to locations (metropolitan providers, regional providers, and providers across metropolitan and regional areas), based on where 70% or more of the care recipients who they service (or the HCPs) are located.<br><br>Metropolitan providers are classified under the Modified Monash (MM) category MM 1. Regional providers are classified MM 2-7.  |
| Modified Monash Model (MMM)  | The MMM is how the department defines whether a location is metropolitan, rural, remote or very remote. The model measures remoteness and population size on a scale of MM categories – MM 1 (major city) to MM 7 (very remote).  |
| My Aged Care   | The main online entry point to the aged care system in Australia. My Aged Care aims to make it easier for older people, their families, and carers to access information on ageing and aged care, have their needs assessed and be supported to find and access services.   |
| National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) Program | A government-funded program to provide culturally appropriate aged care to older Aboriginal and Torres Strait Islander peoples. Service providers in this program deliver a mix of aged care services, mainly in rural and remote areas.  |
| Net Profit Before Tax (NPBT)   | NPBT is determined by revenue minus expenses for the period, except for taxes.  |

| Term  | Definition   |
|---|--|
| Net Profit (Before Tax) NPBT Margin         | Shows the average profitability generated on each \$1 of total revenue. It is calculated as Net Profit Before Tax / total revenue.   |
| Non-supported residents                     | Residents who have been assessed (based on a means test) as able to pay the full cost of their accommodation and contribute toward their care costs. Non-supported residents pay a basic daily fee, accommodation payment and means tested care fee (but may still receive some assistance with care costs). |
| Operational places                          | Refers to a residential aged care place allocated to a residential aged provider to deliver government-funded aged care services.  |
| <a href="#">Package management</a>          | Is the ongoing administration and organisational activities associated with ensuring the smooth delivery of a HCP. Providers must not charge more than 15% of the government subsidy for package management.   |
| Partially supported residents               | Residents assessed (based on a means test) as eligible for government assistance with their care costs, but are able to make a part contribution to their accommodation costs. Partially supported residents pay a basic daily fee and accommodation contribution.   |
| Quarterly Financial Report (QFR)            | A quarterly reporting template introduced from the July to September 2022 quarter to improve financial reporting and strengthen prudential compliance for aged care providers.   |
| Refundable Accommodation Contribution (RAC) | An amount paid as a lump sum by a partially supported resident as a contribution toward their accommodation costs in a residential aged care service.  |
| Refundable Accommodation Deposit (RAD)      | An amount paid as a lump sum by a non-supported resident for their accommodation costs in a residential aged care service.   |
| Regional                                    | A geographic region outside of a major city and classified by the Australian Bureau of Statistics as inner regional, outer regional, remote and very remote.   |
| Residential aged care                       | A program that provides a range of care options and accommodation for older people who can no longer live independently in their own home.   |



| Term                                    | Definition  |
|---|---|
| Restorative care                        | Care focused on enhancing the physical and cognitive function of people who have lost, or are at risk of losing, condition and independence. In 2023-24, the Short-Term Restorative Care (STRC) Programme was a flexible care program providing restorative care to older people to improve their capacity to stay independent and living in their own homes.   |
| Retained earnings                       | Refers to the percentage of net earnings not paid out as dividends but retained by the company to be reinvested in its core business, or to pay debt. This is recorded under shareholders' equity on the balance sheet.   |
| Scale (providers)                       | The scale of HCP providers is determined by the number of home care recipients (or HCPs) they service.  |
| <a href="#">Support at Home program</a> | At its commencement, the Support at Home Program will replace the HCP Program and the STRC Programme. The Commonwealth Home Support Programme will transition to the program no earlier than 1 July 2027. More information on the program can be found on the <a href="#">department's website</a> .  |
| Supported residents                     | Residents who have been assessed (based on a means test) as eligible for full government assistance with their care and accommodation costs. Supported residents are only required to pay a basic daily fee.  |
| Survey of Aged Care Homes (SACH)        | The SACH seeks information annually on accommodation payments and planned and actual building activity during the previous financial year for each operating residential aged care service.   |
| Transition care                         | For those requiring time-limited, goal-oriented and therapy-focused packages of services after a hospital stay.   |
| <a href="#">Unspent funds</a>           | 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, which can also be used for a care recipient's care and services. |



# Appendices

**Appendix A:** Data sources and methodology

**Appendix B:** Residential segment income and expense statement, 2023–24

**Appendix C:** Residential segment income and expense statement, per resident per day, 2023–24

**Appendix D:** Balance sheet as at 30 June 2024 for approved providers (excl. LST government providers), with segment analysis

**Appendix E:** Financial performance results of HCP providers per care recipient per day, by ownership type, by quartile, 2023–24

**Appendix F:** Financial package results for HCP providers per care recipient per day, by ownership type, by quartile, 2023–24

**Appendix G:** Home care segment income and expense statement, 2023–24

**Appendix H:** Home care segment income and expense statement, per care recipient per day, 2023–24

# 6 Appendices

## Appendix A

### Data sources

This 2023-24 FRAACS report presents and analyses financial year data provided by aged care providers through the Aged Care Financial Report (ACFR) and other data held by the department. The *Accountability Principles 2014*, made under section 96-1 of the *Aged Care Act 1997*, require approved providers to submit a financial report (the ACFR) in a form approved by the Secretary of the department. Providers are responsible for submitting accurate information, and ensuring the ACFR is signed by:

- a director of the body corporate or a member of the provider’s governing body (if they are a for-profit or not-for-profit provider).
- one of the approved provider’s key personnel (if they are a State, a Territory, an authority of a State or Territory or a local government authority).

For providers of residential care, the ACFR must also be accompanied by an audited General Purpose Financial Report (GPFR) and accompanying audit opinion.

The department undertakes a data validation and analysis process on all data submitted by aged care providers prior to publication.

Data sources included in the 2023-24 FRAACS are shown below.

| Segment                     | Data sources   |
|-----------------------------|--|
| Residential care providers  | <ul style="list-style-type: none"><li>• ACFR submissions</li><li>• GPFR submissions</li><li>• QFR submissions</li><li>• Annual Survey of Aged Care Homes (SACH), and</li><li>• Aged care accommodation prices (My Aged Care website, Aged Care Entry Record)</li></ul> |
| Home Care Package providers | <ul style="list-style-type: none"><li>• ACFR submissions</li></ul>   |
| CHSP providers              | <ul style="list-style-type: none"><li>• CHSP Data Exchange</li></ul>   |
| Other data                  | <ul style="list-style-type: none"><li>• 2023-24 Report on the Operation of the <i>Aged Care Act 1997</i></li><li>• Home Care data reports (My Aged Care website)</li></ul>   |

This FRAACS includes the financial and operational results of 755 residential aged care providers and 825 HCP providers (noting some providers deliver both home care and residential aged care and are included in both figures).<sup>1 2 3</sup>

### Methodology notes

- A small number of residential aged care providers report data in the ACFR on a non-standard financial year. Data collected for these providers is taken from the 2022-23 ACFR (consistent with the approach used in previous FRAACS).
- National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) program providers do not currently report financial data via ACFRs or GPFRs, therefore data for this program is not included in the 2023-24 FRAACS.
- Multi-Purpose Services (MPS) or providers under the Short-term Restorative Care (STRC) Programme are only required to complete the Annual Prudential Compliance Statement (APCS) component of the ACFR where they choose to collect a RAD from their clients. STRC providers must complete an income and expense statement. However, analysis of this data is not included in this report.
- EBITDA is a useful measure of profitability because it excludes items such as interest and tax expenditure (which may vary based on the financing decisions) and non-cash expenses (which may vary based on the size and age of services). The formulae used in this report are:
  - $\text{EBITDA (residential care)} = \text{NPBT} + \text{Interest Expense} + \text{Depreciation on Building} + \text{Depreciation on Other Assets} + \text{Amortisation of Bed Licenses} + \text{Amortisation of Goodwill and Other Intangibles} + \text{Impairment loss} + \text{Fair value losses on financial assets} + \text{Fair value loss \& asset revaluation decrease of other assets} - \text{Fair value gains on financial assets} - \text{Fair value gain \& asset revaluation increase of other assets}.$
  - $\text{EBITDA (home care)} = \text{NPBT} + \text{Depreciation} + \text{Interest expense}.$
- This report also refers to NPBT which assists in making comparisons between organisations that are subject to different tax treatments. The NPBT result includes depreciation, amortisation, and interest expenses, giving a more complete picture of profitability. It also reflects the impact on profitability of financing decisions (like debt) and capital investments (like equipment).

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<sup>1</sup> This excludes National Aboriginal and Torres Strait Islander Flexible Aged Care and Multi-Purpose Service services as these programs have varied provider responsibilities and reporting arrangements.

<sup>2</sup> These figures differ from the provider numbers reported in FRAACS 2023-24 report summary. Not all providers report the ACFR, and the data is across the financial year rather than at a point in time.

<sup>3</sup> Financial results have been rounded for ease of reading. As a result, the figures may not be exact.



## Appendix B

**Table 6.1: Residential segment income and expense statement, 2023-24**

|   | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|---|---------------------|----------------------|-------------------|------------------------|
| <b>Income</b>                                     |                     |                      |                   |                        |
| <b>Recurrent income</b>                           |                     |                      |                   |                        |
| <b>Care income</b>                                |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$7,151.9           | \$10,315.8           | \$672.5           | \$18,140.1             |
| Subsidies and supplements (state / territory)     | \$3.3               | \$28.9               | \$215.2           | \$247.4                |
| Resident fees: means-tested care fee              | \$393.1             | \$478.7              | \$21.9            | \$893.7                |
| Grants: recurrent                                 | \$10.5              | \$38.6               | \$7.1             | \$56.2                 |
| Other care income                                 | \$57.4              | \$39.7               | \$6.4             | \$103.6                |
| <b>Total care income</b>                          | <b>\$7,616.1</b>    | <b>\$10,901.7</b>    | <b>\$923.1</b>    | <b>\$19,440.9</b>      |
| <b>Hotel services income</b>                      |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$277.8             | \$447.3              | \$26.1            | \$751.3                |
| Basic daily fee                                   | \$1,682.9           | \$2,416.3            | \$139.0           | \$4,238.2              |
| Extra service fees                                | \$108.5             | \$30.6               | \$1.3             | \$140.5                |
| Additional service fees                           | \$154.0             | \$113.8              | \$0.0             | \$267.9                |
| Other hotel services income                       | \$14.3              | \$43.9               | \$1.0             | \$59.2                 |
| <b>Total hotel services income</b>                | <b>\$2,237.6</b>    | <b>\$3,051.9</b>     | <b>\$167.6</b>    | <b>\$5,457.1</b>       |
| <b>Accommodation and finance income</b>           |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$651.1             | \$1,006.9            | \$56.7            | \$1,714.7              |
| Subsidies and supplements (state / territory)     | \$0.0               | \$29.3               | \$6.5             | \$35.8                 |
| Daily accommodation payments                      | \$346.4             | \$671.4              | \$28.5            | \$1,046.3              |
| Accommodation charges                             | \$34.0              | \$28.2               | \$3.6             | \$65.8                 |
| Interest received – accommodation payments        | \$75.1              | \$61.2               | \$9.0             | \$145.3                |
| Other accommodation income                        | \$13.2              | \$46.3               | \$2.2             | \$61.6                 |
| Interest and investment income                    | \$332.4             | \$237.8              | \$18.8            | \$589.0                |
| <b>Total accommodation and finance income</b>     | <b>\$1,452.2</b>    | <b>\$2,081.1</b>     | <b>\$125.2</b>    | <b>\$3,658.5</b>       |
| <b>COVID-19 income</b>                            |                     |                      |                   |                        |
| COVID-19 income                                   | \$198.7             | \$314.6              | \$3.7             | \$517.0                |
| <b>Total COVID-19 income</b>                      | <b>\$198.7</b>      | <b>\$314.6</b>       | <b>\$3.7</b>      | <b>\$517.0</b>         |
| <b>Total recurrent income</b>                     | <b>\$11,504.6</b>   | <b>\$16,349.4</b>    | <b>\$1,219.5</b>  | <b>\$29,073.5</b>      |

|   | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|---|---------------------|----------------------|-------------------|------------------------|
| <b>Non-recurrent income</b>                                       |                     |                      |                   |                        |
| Donations, bequests and fundraising                               | \$0.6               | \$60.5               | \$1.0             | \$62.1                 |
| Fair value gains on financial assets                              | \$9.9               | \$34.7               | \$0.8             | \$45.4                 |
| Fair value gain / asset revaluation increase – other assets       | \$5.6               | \$22.5               | \$147.6           | \$175.7                |
| Capital grants (Australian Government, state and territory)       | \$32.6              | \$117.6              | \$3.5             | \$153.7                |
| Reversal of prior period impairment                               | \$4.1               | \$1.1                | \$0.0             | \$5.2                  |
| Realised gains on disposal of assets                              | \$59.2              | \$12.4               | \$0.0             | \$71.6                 |
| Effect of adoption of AASB 16 leases – RADs only                  | \$742.0             | \$524.1              | \$2.7             | \$1,268.7              |
| Other non-recurrent income  | \$148.5             | \$196.5              | \$15.5            | \$360.5                |
| <b>Total non-recurrent income</b>                                 | <b>\$1,002.4</b>    | <b>\$969.4</b>       | <b>\$171.0</b>    | <b>\$2,142.8</b>       |
| <b>Total income</b>   | <b>\$12,507.0</b>   | <b>\$17,318.8</b>    | <b>\$1,390.5</b>  | <b>\$31,216.3</b>      |
| <b>Expense</b>  |                     |                      |                   |                        |
| <b>Care expenses</b>  |                     |                      |                   |                        |
| <b>Employee labour costs</b>                                      |                     |                      |                   |                        |
| Registered nurses   | \$1,250.6           | \$1,908.8            | \$200.7           | \$3,360.1              |
| Enrolled nurses   | \$260.8             | \$443.9              | \$200.1           | \$904.7                |
| Personal care staff / assistants in nursing                       | \$3,308.3           | \$5,158.0            | \$167.2           | \$8,633.5              |
| Care management staff   | \$134.0             | \$272.2              | \$45.5            | \$451.8                |
| Allied health   | \$29.0              | \$81.8               | \$11.2            | \$122.0                |
| Diversional therapy / lifestyle / recreation / activities officer | \$133.6             | \$235.0              | \$21.4            | \$389.9                |
| <b>Total employee labour costs</b>                                | <b>\$5,116.2</b>    | <b>\$8,099.7</b>     | <b>\$646.2</b>    | <b>\$13,862.0</b>      |
| <b>Agency labour costs</b>  |                     |                      |                   |                        |
| Registered nurses   | \$152.6             | \$339.0              | \$49.5            | \$541.1                |
| Enrolled nurses   | \$18.7              | \$37.3               | \$23.7            | \$79.6                 |
| Personal care staff / assistants in nursing                       | \$199.5             | \$356.0              | \$19.7            | \$575.1                |
| Care management staff   | \$0.8               | \$2.7                | \$0.5             | \$4.0                  |
| Allied health   | \$113.0             | \$172.4              | \$7.7             | \$293.1                |
| Diversional therapy / lifestyle / recreation / activities officer | \$2.7               | \$1.9                | \$0.1             | \$4.7                  |
| <b>Total agency labour costs</b>                                  | <b>\$487.3</b>      | <b>\$909.3</b>       | <b>\$101.2</b>    | <b>\$1,497.8</b>       |
| <b>Total direct care labour costs</b>                             | <b>\$5,603.5</b>    | <b>\$9,008.9</b>     | <b>\$747.4</b>    | <b>\$15,359.8</b>      |
| <b>Resident expenses</b>  |                     |                      |                   |                        |
| Medical supplies  | \$72.5              | \$135.9              | \$11.1            | \$219.5                |

|   | For-profit (\$m) | Not-for-profit (\$m) | LST gov. (\$m) | All providers (\$m) |
|---|------------------|----------------------|----------------|---------------------|
| Incontinence supplies                           | \$58.2           | \$83.8               | \$5.1          | \$147.1             |
| Nutritional supplements                         | \$17.6           | \$28.6               | \$1.9          | \$48.1              |
| Health living expenses                          | \$1.7            | \$3.9                | \$0.1          | \$5.7               |
| Other resident services and consumables         | \$53.0           | \$52.9               | \$6.2          | \$112.2             |
| <b>Total resident expenses</b>                  | <b>\$203.0</b>   | <b>\$305.1</b>       | <b>\$24.4</b>  | <b>\$532.6</b>      |
| <b>Other direct care expenses</b>               |                  |                      |                |                     |
| Workcover premium (care employee labour)        | \$132.9          | \$204.0              | \$11.8         | \$348.6             |
| Payroll tax (care employee labour)              | \$239.1          | \$6.0                | \$0.5          | \$245.7             |
| Quality, compliance and training external costs | \$20.8           | \$32.4               | \$2.0          | \$55.3              |
| Chaplaincy / pastoral care                      | \$0.2            | \$22.3               | \$0.2          | \$22.7              |
| Other direct care expenses                      | \$40.7           | \$47.2               | \$7.5          | \$95.4              |
| Total other direct care expenses                | \$433.8          | \$311.9              | \$22.0         | \$767.7             |
| <b>Total care expenses</b>                      | <b>\$6,240.3</b> | <b>\$9,626.0</b>     | <b>\$793.7</b> | <b>\$16,660.0</b>   |
| <b>Hotel expenses</b>                           |                  |                      |                |                     |
| <b>Catering expenses</b>                        |                  |                      |                |                     |
| Employee and agency labour costs                | \$625.1          | \$856.8              | \$69.3         | \$1,551.2           |
| Consumables                                     | \$342.7          | \$523.8              | \$31.1         | \$897.6             |
| Contract services – internal                    | \$4.0            | \$80.6               | \$22.2         | \$106.8             |
| Contract services – outsourcing                 | \$118.4          | \$196.9              | \$5.7          | \$320.9             |
| <b>Total catering expenses</b>                  | <b>\$1,090.2</b> | <b>\$1,658.0</b>     | <b>\$128.3</b> | <b>\$2,876.5</b>    |
| <b>Cleaning expenses</b>                        |                  |                      |                |                     |
| Employee and agency labour costs                | \$172.9          | \$269.5              | \$34.7         | \$477.1             |
| Consumables                                     | \$46.0           | \$73.1               | \$5.6          | \$124.7             |
| Contract services – internal                    | \$0.4            | \$3.7                | \$10.8         | \$14.9              |
| Contract services – outsourcing                 | \$61.8           | \$117.5              | \$3.1          | \$182.5             |
| <b>Total cleaning expenses</b>                  | <b>\$281.2</b>   | <b>\$463.8</b>       | <b>\$54.3</b>  | <b>\$799.2</b>      |
| <b>Laundry expenses</b>                         |                  |                      |                |                     |
| Employee and agency labour costs                | \$92.6           | \$112.1              | \$7.2          | \$212.0             |
| Consumables                                     | \$16.7           | \$22.0               | \$1.3          | \$40.0              |
| Contract services – internal                    | \$2.9            | \$9.9                | \$3.6          | \$16.4              |
| Contract services – outsourcing                 | \$25.2           | \$59.7               | \$7.6          | \$92.5              |
| <b>Total laundry expenses</b>                   | <b>\$137.4</b>   | <b>\$203.7</b>       | <b>\$19.7</b>  | <b>\$360.9</b>      |
| Utilities                                       | \$215.2          | \$324.5              | \$19.2         | \$558.9             |
| Motor vehicle expenses                          | \$5.1            | \$12.7               | \$1.2          | \$19.0              |
| <b>Other hotel expenses</b>                     |                  |                      |                |                     |



|  | For-profit (\$m) | Not-for-profit (\$m) | LST gov. (\$m) | All providers (\$m) |
|--|------------------|----------------------|----------------|---------------------|
| Workcover premium (hotel services employee labour)       | \$19.9           | \$32.1               | \$1.5          | \$53.5              |
| Payroll tax (hotel services employee labour)             | \$40.4           | \$0.7                | \$0.0          | \$41.2              |
| Quality, compliance and training external costs          | \$3.9            | \$3.7                | \$0.1          | \$7.7               |
| Other hotel expenses                                     | \$27.0           | \$9.0                | \$1.5          | \$37.6              |
| <b>Total other hotel expenses</b>                        | <b>\$91.1</b>    | <b>\$45.6</b>        | <b>\$3.2</b>   | <b>\$139.9</b>      |
| <b>Total hotel expenses</b>                              | <b>\$1,820.2</b> | <b>\$2,708.3</b>     | <b>\$225.9</b> | <b>\$4,754.4</b>    |
| <b>Administration expenses</b>                           |                  |                      |                |                     |
| Corporate recharge                                       | \$556.0          | \$1,128.0            | \$85.6         | \$1,769.7           |
| Employee and agency labour costs                         | \$376.9          | \$444.0              | \$40.1         | \$861.0             |
| Workcover premium (aged care home admin employee labour) | \$15.2           | \$32.8               | \$1.0          | \$49.0              |
| Payroll tax (aged care home admin employee labour)       | \$32.0           | \$0.7                | \$0.1          | \$32.8              |
| Fringe benefits tax                                      | \$1.1            | \$0.4                | \$0.1          | \$1.6               |
| Quality, compliance and training external costs          | \$12.4           | \$42.7               | \$1.0          | \$56.1              |
| Insurances   | \$36.0           | \$83.8               | \$3.0          | \$122.8             |
| Other administration costs                               | \$339.6          | \$319.0              | \$26.9         | \$685.5             |
| <b>Total administration expenses</b>                     | <b>\$1,369.3</b> | <b>\$2,051.4</b>     | <b>\$157.8</b> | <b>\$3,578.5</b>    |
| <b>Accommodation and finance expenses</b>                |                  |                      |                |                     |
| Employee and agency labour costs                         | \$16.2           | \$11.5               | \$2.5          | \$30.2              |
| Depreciation – building                                  | \$180.7          | \$558.0              | \$67.5         | \$806.2             |
| Depreciation – right of use assets AASB 16               | \$228.9          | \$26.5               | \$0.1          | \$255.5             |
| Depreciation – other assets                              | \$215.2          | \$285.9              | \$9.8          | \$511.0             |
| Amortisation   | \$9.3            | \$5.4                | \$0.3          | \$14.9              |
| Refurbishment costs                                      | \$2.9            | \$13.4               | \$2.9          | \$19.2              |
| Rent for buildings – not captured by AASB 16             | \$112.8          | \$18.2               | \$1.3          | \$132.4             |
| Interest expense – lease liabilities AASB 16             | \$184.4          | \$46.5               | \$0.0          | \$230.9             |
| Interest paid (RAD / bond)                               | \$72.5           | \$54.8               | \$1.4          | \$128.8             |
| Financing interest                                       | \$71.6           | \$26.4               | \$0.7          | \$98.7              |
| <b>Routine maintenance expenses</b>                      |                  |                      |                |                     |
| Employee and agency labour costs                         | \$76.2           | \$146.4              | \$11.0         | \$233.6             |
| Repairs and maintenance                                  | \$165.1          | \$351.9              | \$15.6         | \$532.5             |
| Contract services – internal                             | \$1.9            | \$2.9                | \$5.8          | \$10.6              |
| Contract services – outsourcing                          | \$18.0           | \$41.8               | \$4.7          | \$64.5              |

|   | For-profit (\$m)  | Not-for-profit (\$m) | LST gov. (\$m)   | All providers (\$m) |
|---|-------------------|----------------------|------------------|---------------------|
| <b>Total routine maintenance expenses</b>                     | <b>\$261.2</b>    | <b>\$542.9</b>       | <b>\$37.2</b>    | <b>\$841.2</b>      |
| Workcover premium (accommodation employee labour)             | \$1.9             | \$4.3                | \$0.1            | \$6.3               |
| Payroll tax (accommodation employee labour)                   | \$3.9             | \$0.2                | \$0.0            | \$4.1               |
| Other accommodation expenses                                  | \$36.6            | \$18.8               | \$2.8            | \$58.2              |
| <b>Total accommodation and finance expenses</b>               | <b>\$1,398.3</b>  | <b>\$1,612.9</b>     | <b>\$126.5</b>   | <b>\$3,137.7</b>    |
| <b>COVID-19 expenses</b>                                      |                   |                      |                  |                     |
| Employee and agency labour costs                              | \$100.8           | \$52.3               | \$2.2            | \$155.3             |
| Resident support  | \$0.7             | \$2.5                | \$0.1            | \$3.3               |
| Preventative measures   | \$25.9            | \$19.7               | \$1.0            | \$46.6              |
| Infection prevention and control (IPC) lead expenses          | \$8.4             | \$8.0                | \$0.7            | \$17.0              |
| Other COVID-19 expenses                                       | \$0.6             | \$1.1                | \$0.1            | \$1.8               |
| <b>Total COVID-19 expenses</b>                                | <b>\$136.3</b>    | <b>\$83.6</b>        | <b>\$4.1</b>     | <b>\$224.0</b>      |
| <b>Total recurrent expenses</b>                               | <b>\$10,964.4</b> | <b>\$16,082.1</b>    | <b>\$1,308.1</b> | <b>\$28,354.7</b>   |
| <b>Non-recurrent expenses</b>                                 |                   |                      |                  |                     |
| Fair value losses on financial assets                         | \$1.0             | \$0.3                | \$0.1            | \$1.4               |
| Fair value loss / asset revaluation decreases on other assets | \$12.9            | \$3.3                | \$2.2            | \$18.4              |
| Amortisation / impairment of bed licenses                     | \$637.5           | \$183.3              | \$0.0            | \$820.8             |
| Impairment loss   | \$27.3            | \$43.5               | \$0.0            | \$70.8              |
| Realised losses on disposal of assets                         | \$0.6             | \$13.8               | \$1.0            | \$15.4              |
| Effect of adoption of AASB16 leases – RADs only               | \$725.0           | \$505.3              | \$2.4            | \$1,232.7           |
| Other non-recurrent expenses                                  | \$203.1           | \$87.0               | \$0.9            | \$291.1             |
| <b>Total non-recurrent expenses</b>                           | <b>\$1,607.4</b>  | <b>\$836.6</b>       | <b>\$6.7</b>     | <b>\$2,450.7</b>    |
| <b>Total expense</b>  | <b>\$12,571.8</b> | <b>\$16,918.8</b>    | <b>\$1,314.8</b> | <b>\$30,805.3</b>   |
| <b>Net profit / (loss)</b>                                    | <b>(\$64.8)</b>   | <b>\$400.0</b>       | <b>\$75.7</b>    | <b>\$410.9</b>      |

## Appendix C

**Table 6.2: Residential segment income and expense statement, per resident per day, 2023-24**

|   | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|---|---------------------|----------------------|-------------------|------------------------|
| <b>Income</b>                                     |                     |                      |                   |                        |
| <b>Recurrent income</b>                           |                     |                      |                   |                        |
| <b>Care income</b>                                |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$250.87            | \$256.56             | \$280.76          | \$255.10               |
| Subsidies and supplements (state / territory)     | \$0.11              | \$0.72               | \$89.86           | \$3.48                 |
| Resident fees: means-tested care fee              | \$13.79             | \$11.91              | \$9.13            | \$12.57                |
| Grants: recurrent                                 | \$0.37              | \$0.96               | \$2.98            | \$0.79                 |
| Other care income                                 | \$2.01              | \$0.99               | \$2.68            | \$1.46                 |
| <b>Total care income</b>                          | <b>\$267.16</b>     | <b>\$271.13</b>      | <b>\$385.41</b>   | <b>\$273.39</b>        |
| <b>Hotel services income</b>                      |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$9.75              | \$11.12              | \$10.91           | \$10.56                |
| Basic daily fee                                   | \$59.03             | \$60.10              | \$58.05           | \$59.60                |
| Extra service fees                                | \$3.81              | \$0.76               | \$0.56            | \$1.98                 |
| Additional service fees                           | \$5.40              | \$2.83               | \$0.02            | \$3.77                 |
| Other hotel services income                       | \$0.50              | \$1.09               | \$0.42            | \$0.83                 |
| <b>Total hotel services income</b>                | <b>\$78.49</b>      | <b>\$75.90</b>       | <b>\$69.96</b>    | <b>\$76.74</b>         |
| <b>Accommodation and finance income</b>           |                     |                      |                   |                        |
| Subsidies and supplements (Australian Government) | \$22.84             | \$25.04              | \$23.66           | \$24.11                |
| Subsidies and supplements (state / territory)     | \$0.00              | \$0.73               | \$2.70            | \$0.50                 |
| Daily accommodation payments                      | \$12.15             | \$16.70              | \$11.89           | \$14.71                |
| Accommodation charges                             | \$1.19              | \$0.70               | \$1.49            | \$0.92                 |
| Interest received – accommodation payments        | \$2.63              | \$1.52               | \$3.76            | \$2.04                 |
| Other accommodation income                        | \$0.46              | \$1.15               | \$0.90            | \$0.87                 |
| Interest and investment income                    | \$11.66             | \$5.91               | \$7.85            | \$8.28                 |
| <b>Total accommodation and finance income</b>     | <b>\$50.94</b>      | <b>\$51.76</b>       | <b>\$52.27</b>    | <b>\$51.45</b>         |
| <b>COVID-19 income</b>                            |                     |                      |                   |                        |
| COVID-19 income                                   | \$6.97              | \$7.82               | \$1.53            | \$7.27                 |
| <b>Total COVID-19 income</b>                      | <b>\$6.97</b>       | <b>\$7.82</b>        | <b>\$1.53</b>     | <b>\$7.27</b>          |
| <b>Total recurrent income</b>                     | <b>\$403.56</b>     | <b>\$406.62</b>      | <b>\$509.17</b>   | <b>\$408.84</b>        |

|   | For-profit (\$m) | Not-for-profit (\$m) | LST gov. (\$m)  | All providers (\$m) |
|---|------------------|----------------------|-----------------|---------------------|
| <b>Non-recurrent income</b>                                       |                  |                      |                 |                     |
| Donations, bequests and fundraising                               | \$0.02           | \$1.50               | \$0.42          | \$0.87              |
| Fair value gains on financial assets                              | \$0.35           | \$0.86               | \$0.35          | \$0.64              |
| Fair value gain / asset revaluation increase – other assets       | \$0.20           | \$0.56               | \$61.61         | \$2.47              |
| Capital grants (Australian Government, state and territory)       | \$1.14           | \$2.93               | \$1.46          | \$2.16              |
| Reversal of prior period impairment                               | \$0.14           | \$0.03               | \$0.00          | \$0.07              |
| Realised gains on disposal of assets                              | \$2.08           | \$0.31               | \$0.00          | \$1.01              |
| Effect of adoption of AASB 16 leases – RADs only                  | \$26.03          | \$13.03              | \$1.11          | \$17.84             |
| Other non-recurrent income  | \$5.21           | \$4.89               | \$6.45          | \$5.07              |
| <b>Total non-recurrent income</b>                                 | <b>\$35.16</b>   | <b>\$24.11</b>       | <b>\$71.39</b>  | <b>\$30.13</b>      |
| <b>Total income</b>   | <b>\$438.72</b>  | <b>\$430.73</b>      | <b>\$580.56</b> | <b>\$438.98</b>     |
| <b>Expense</b>  |                  |                      |                 |                     |
| <b>Care expenses</b>  |                  |                      |                 |                     |
| <b>Employee labour costs</b>                                      |                  |                      |                 |                     |
| Registered nurses   | \$43.87          | \$47.47              | \$83.81         | \$47.25             |
| Enrolled nurses   | \$9.15           | \$11.04              | \$83.54         | \$12.72             |
| Personal care staff / assistants in nursing                       | \$116.05         | \$128.28             | \$69.82         | \$121.41            |
| Care management staff   | \$4.70           | \$6.77               | \$19.01         | \$6.35              |
| Allied health   | \$1.02           | \$2.03               | \$4.68          | \$1.72              |
| Diversional therapy / lifestyle / recreation / activities officer | \$4.69           | \$5.84               | \$8.92          | \$5.48              |
| <b>Total employee labour costs</b>                                | <b>\$179.47</b>  | <b>\$201.44</b>      | <b>\$269.78</b> | <b>\$194.93</b>     |
| <b>Agency labour costs</b>  |                  |                      |                 |                     |
| Registered nurses   | \$5.35           | \$8.43               | \$20.68         | \$7.61              |
| Enrolled nurses   | \$0.65           | \$0.93               | \$9.89          | \$1.12              |
| Personal care staff / assistants in nursing                       | \$7.00           | \$8.85               | \$8.22          | \$8.09              |
| Care management staff   | \$0.03           | \$0.07               | \$0.22          | \$0.06              |
| Allied health   | \$3.96           | \$4.29               | \$3.20          | \$4.12              |
| Diversional therapy / lifestyle / recreation / activities officer | \$0.09           | \$0.05               | \$0.05          | \$0.07              |
| <b>Total agency labour costs</b>                                  | <b>\$17.09</b>   | <b>\$22.61</b>       | <b>\$42.26</b>  | <b>\$21.06</b>      |
| <b>Total direct care labour costs</b>                             | <b>\$196.56</b>  | <b>\$224.06</b>      | <b>\$312.04</b> | <b>\$216.00</b>     |
| <b>Resident expenses</b>  |                  |                      |                 |                     |
| Medical supplies  | \$2.54           | \$3.38               | \$4.63          | \$3.09              |
| Incontinence supplies   | \$2.04           | \$2.08               | \$2.14          | \$2.07              |
| Nutritional supplements   | \$0.62           | \$0.71               | \$0.79          | \$0.68              |

|  | For-profit (\$m) | Not-for-profit (\$m) | LST gov. (\$m)  | All providers (\$m) |
|--|------------------|----------------------|-----------------|---------------------|
| Health living expenses                             | \$0.06           | \$0.10               | \$0.04          | \$0.08              |
| Other resident services and consumables            | \$1.86           | \$1.32               | \$2.60          | \$1.58              |
| <b>Total resident expenses</b>                     | <b>\$7.12</b>    | <b>\$7.59</b>        | <b>\$10.19</b>  | <b>\$7.49</b>       |
| <b>Other direct care expenses</b>                  |                  |                      |                 |                     |
| Workcover premium (care employee labour)           | \$4.66           | \$5.07               | \$4.92          | \$4.90              |
| Payroll tax (care employee labour)                 | \$8.39           | \$0.15               | \$0.21          | \$3.45              |
| Quality, compliance and training external costs    | \$0.73           | \$0.81               | \$0.84          | \$0.78              |
| Chaplaincy / pastoral care                         | \$0.01           | \$0.56               | \$0.07          | \$0.32              |
| Other direct care expenses                         | \$1.43           | \$1.17               | \$3.13          | \$1.34              |
| Total other direct care expenses                   | \$15.22          | \$7.76               | \$9.17          | \$10.80             |
| <b>Total care expenses</b>                         | <b>\$218.90</b>  | <b>\$239.40</b>      | <b>\$331.40</b> | <b>\$234.28</b>     |
| <b>Hotel expenses</b>                              |                  |                      |                 |                     |
| <b>Catering expenses</b>                           |                  |                      |                 |                     |
| Employee and agency labour costs                   | \$21.93          | \$21.31              | \$28.93         | \$21.81             |
| Consumables  | \$12.02          | \$13.03              | \$12.99         | \$12.62             |
| Contract services – internal                       | \$0.14           | \$2.00               | \$9.26          | \$1.50              |
| Contract services – outsourcing                    | \$4.15           | \$4.90               | \$2.36          | \$4.51              |
| <b>Total catering expenses</b>                     | <b>\$38.24</b>   | <b>\$41.24</b>       | <b>\$53.55</b>  | <b>\$40.45</b>      |
| <b>Cleaning expenses</b>                           |                  |                      |                 |                     |
| Employee and agency labour costs                   | \$6.07           | \$6.70               | \$14.48         | \$6.71              |
| Consumables  | \$1.61           | \$1.82               | \$2.35          | \$1.75              |
| Contract services – internal                       | \$0.01           | \$0.09               | \$4.52          | \$0.21              |
| Contract services – outsourcing                    | \$2.17           | \$2.92               | \$1.30          | \$2.57              |
| <b>Total cleaning expenses</b>                     | <b>\$9.86</b>    | <b>\$11.53</b>       | <b>\$22.65</b>  | <b>\$11.24</b>      |
| <b>Laundry expenses</b>                            |                  |                      |                 |                     |
| Employee and agency labour costs                   | \$3.25           | \$2.79               | \$3.01          | \$2.98              |
| Consumables  | \$0.59           | \$0.55               | \$0.53          | \$0.56              |
| Contract services – internal                       | \$0.10           | \$0.25               | \$1.52          | \$0.23              |
| Contract services – outsourcing                    | \$0.89           | \$1.48               | \$3.18          | \$1.30              |
| <b>Total laundry expenses</b>                      | <b>\$4.82</b>    | <b>\$5.07</b>        | <b>\$8.24</b>   | <b>\$5.07</b>       |
| Utilities  | \$7.55           | \$8.07               | \$8.03          | \$7.86              |
| Motor vehicle expenses                             | \$0.18           | \$0.31               | \$0.51          | \$0.27              |
| <b>Other hotel expenses</b>                        |                  |                      |                 |                     |
| Workcover premium (hotel services employee labour) | \$0.70           | \$0.80               | \$0.65          | \$0.75              |
| Payroll tax (hotel services employee labour)       | \$1.42           | \$0.02               | \$0.02          | \$0.58              |

|  | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|--|---------------------|----------------------|-------------------|------------------------|
| Quality, compliance and training external costs          | \$0.14              | \$0.09               | \$0.03            | \$0.11                 |
| Other hotel expenses                                     | \$0.95              | \$0.23               | \$0.65            | \$0.53                 |
| <b>Total other hotel expenses</b>                        | <b>\$3.20</b>       | <b>\$1.13</b>        | <b>\$1.34</b>     | <b>\$1.97</b>          |
| <b>Total hotel expenses</b>                              | <b>\$63.85</b>      | <b>\$67.36</b>       | <b>\$94.32</b>    | <b>\$66.86</b>         |
| <b>Administration expenses</b>                           |                     |                      |                   |                        |
| Corporate recharge                                       | \$19.50             | \$28.05              | \$35.76           | \$24.89                |
| Employee and agency labour costs                         | \$13.22             | \$11.04              | \$16.73           | \$12.11                |
| Workcover premium (aged care home admin employee labour) | \$0.53              | \$0.81               | \$0.43            | \$0.69                 |
| Payroll tax (aged care home admin employee labour)       | \$1.12              | \$0.02               | \$0.02            | \$0.46                 |
| Fringe benefits tax                                      | \$0.04              | \$0.01               | \$0.03            | \$0.02                 |
| Quality, compliance and training external costs          | \$0.44              | \$1.06               | \$0.42            | \$0.79                 |
| Insurances   | \$1.26              | \$2.08               | \$1.24            | \$1.73                 |
| Other administration costs                               | \$11.91             | \$7.93               | \$11.25           | \$9.64                 |
| <b>Total administration expenses</b>                     | <b>\$48.03</b>      | <b>\$51.02</b>       | <b>\$65.90</b>    | <b>\$50.32</b>         |
| <b>Accommodation and finance expenses</b>                |                     |                      |                   |                        |
| Employee and agency labour costs                         | \$0.57              | \$0.29               | \$1.02            | \$0.42                 |
| Depreciation – building                                  | \$6.34              | \$13.88              | \$28.17           | \$11.34                |
| Depreciation – right of use assets AASB 16               | \$8.03              | \$0.66               | \$0.06            | \$3.59                 |
| Depreciation – other assets                              | \$7.55              | \$7.11               | \$4.09            | \$7.19                 |
| Amortisation   | \$0.32              | \$0.13               | \$0.11            | \$0.21                 |
| Refurbishment costs                                      | \$0.10              | \$0.33               | \$1.19            | \$0.27                 |
| Rent for buildings – not captured by AASB 16             | \$3.96              | \$0.45               | \$0.56            | \$1.86                 |
| Interest expense – lease liabilities AASB 16             | \$6.47              | \$1.16               | \$0.01            | \$3.25                 |
| Interest paid (RAD / bond)                               | \$2.54              | \$1.36               | \$0.58            | \$1.81                 |
| Financing interest                                       | \$2.51              | \$0.66               | \$0.30            | \$1.39                 |
| <b>Routine maintenance expenses</b>                      |                     |                      |                   |                        |
| Employee and agency labour costs                         | \$2.67              | \$3.64               | \$4.60            | \$3.28                 |
| Repairs and maintenance                                  | \$5.79              | \$8.75               | \$6.50            | \$7.49                 |
| Contract services – internal                             | \$0.07              | \$0.07               | \$2.44            | \$0.15                 |
| Contract services – outsourcing                          | \$0.63              | \$1.04               | \$1.98            | \$0.91                 |
| <b>Total routine maintenance expenses</b>                | <b>\$9.16</b>       | <b>\$13.50</b>       | <b>\$15.52</b>    | <b>\$11.83</b>         |
| Workcover premium (accommodation employee labour)        | \$0.07              | \$0.11               | \$0.04            | \$0.09                 |

|   | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|---|---------------------|----------------------|-------------------|------------------------|
| Payroll tax (accommodation employee labour)                   | \$0.14              | \$0.01               | \$0.00            | \$0.06                 |
| Other accommodation expenses                                  | \$1.29              | \$0.47               | \$1.18            | \$0.82                 |
| <b>Total accommodation and finance expenses</b>               | <b>\$49.05</b>      | <b>\$40.11</b>       | <b>\$52.83</b>    | <b>\$44.12</b>         |
| <b>COVID-19 expenses</b>                                      |                     |                      |                   |                        |
| Employee and agency labour costs                              | \$3.54              | \$1.30               | \$0.90            | \$2.18                 |
| Resident support  | \$0.02              | \$0.06               | \$0.06            | \$0.05                 |
| Preventative measures   | \$0.91              | \$0.49               | \$0.42            | \$0.66                 |
| Infection prevention and control (IPC) lead expenses          | \$0.29              | \$0.20               | \$0.28            | \$0.24                 |
| Other COVID-19 expenses                                       | \$0.02              | \$0.03               | \$0.04            | \$0.03                 |
| <b>Total COVID-19 expenses</b>                                | <b>\$4.78</b>       | <b>\$2.08</b>        | <b>\$1.70</b>     | <b>\$3.15</b>          |
| <b>Total recurrent expense</b>                                | <b>\$384.61</b>     | <b>\$399.97</b>      | <b>\$546.15</b>   | <b>\$398.74</b>        |
| <b>Non-recurrent expenses</b>                                 |                     |                      |                   |                        |
| Fair value losses on financial assets                         | \$0.04              | \$0.01               | \$0.03            | \$0.02                 |
| Fair value loss / asset revaluation decreases on other assets | \$0.45              | \$0.08               | \$0.90            | \$0.26                 |
| Amortisation / impairment of bed licenses                     | \$22.36             | \$4.56               | \$0.00            | \$11.54                |
| Impairment loss   | \$0.96              | \$1.08               | \$0.02            | \$1.00                 |
| Realised losses on disposal of assets                         | \$0.02              | \$0.34               | \$0.43            | \$0.22                 |
| Effect of adoption of AASB16 leases – RADs only               | \$25.43             | \$12.57              | \$1.01            | \$17.34                |
| Other non-recurrent expenses                                  | \$7.12              | \$2.16               | \$0.39            | \$4.09                 |
| <b>Total non-recurrent expenses</b>                           | <b>\$56.38</b>      | <b>\$20.81</b>       | <b>\$2.78</b>     | <b>\$34.46</b>         |
| <b>Total expense</b>  | <b>\$440.99</b>     | <b>\$420.78</b>      | <b>\$548.94</b>   | <b>\$433.20</b>        |
| <b>Net profit / (loss)</b>                                    | <b>(\$2.27)</b>     | <b>\$9.95</b>        | <b>\$31.62</b>    | <b>\$5.78</b>          |



## Appendix D

**Table 6.3: Balance sheet as at 30 June 2024 for approved providers (excl. LST government providers), with segment analysis**

|   | 30 June 2024<br>(\$m) | Residential<br>segment (\$m)<br><sup>1</sup> | Other<br>(\$m) |
|---|-----------------------|--|----------------|
| <b>Assets</b>   |                       |  |                |
| <b>Current assets</b>   |                       | -  |                |
| Cash and cash equivalents   | \$8,893.1             | -  | \$8,893.1      |
| Financial assets  | \$4,761.9             | -  | \$4,761.9      |
| Trade receivables less provision doubtful debts                                   | \$1,145.0             | -  | \$1,145.0      |
| Refundable resident loans receivable – RADs <sup>2</sup>                          | \$761.1               | \$761.1                                      | -              |
| Refundable resident loans receivable – retirement independent living units (ILUs) | \$16.5                | -  | \$16.5         |
| Loans receivable related parties  | \$3,708.7             | \$3,033.2                                    | \$675.5        |
| Loans receivable non-related parties  | \$61.0                | -  | \$61.0         |
| Other current assets  | \$983.7               | -  | \$983.7        |
| <b>Total current assets</b>   | <b>\$20,331.1</b>     |  |                |
| <b>Non-current assets</b>   |                       |  |                |
| Financial assets  | \$4,221.6             | -  | \$4,221.6      |
| Loans receivable related parties  | \$6,337.4             | \$5,322.8                                    | \$1,014.6      |
| Loans receivable non-related parties  | \$155.9               | -  | \$155.9        |
| Capital work in progress  | \$2,088.5             | \$1,127.8                                    | \$960.8        |
| Property plant and equipment  | \$37,678.7            | \$29,901.9                                   | \$7,776.9      |
| Right-of-use asset  | \$4,594.7             | \$4,026.4                                    | \$568.3        |
| Investment properties   | \$21,970.5            | \$216.0                                      | \$21,754.5     |
| Intangibles – bed licenses  | \$87.3                | \$87.3                                       | -              |
| Intangibles – goodwill  | \$3,711.6             | \$3,617.5                                    | \$94.1         |
| Intangibles – other   | \$171.6               | \$50.4                                       | \$121.1        |
| Other non-current assets  | \$860.0               | -  | \$860.0        |
| <b>Total non-current assets</b>   | <b>\$81,877.8</b>     |  |                |
| <b>Total assets</b>   | <b>\$102,208.9</b>    |  |                |
| <b>Liabilities</b>  |                       |  |                |
| <b>Current liabilities</b>  |                       |  |                |
| Refundable resident loans – RADs <sup>2</sup>                                     | \$27,476.8            | \$27,476.8                                   | -              |
| Refundable resident loans – retirement ILUs                                       | \$8,151.0             | -  | \$8,151.0      |

|   | 30 June 2024<br>(\$m) | Residential<br>segment (\$m)<br><sup>1</sup> | Other<br>(\$m) |
|---|-----------------------|--|----------------|
| External borrowings – related parties         | \$2,287.3             | \$1,299.9                                    | \$987.4        |
| External borrowings – non-related parties     | \$882.1               | \$649.4                                      | \$232.7        |
| Employee benefits and provisions              | \$3,056.6             | \$1,783.1                                    | \$1,273.5      |
| Unspent HCP funds                             | \$187.9               | -  | \$187.9        |
| Unspent CHSP grants                           | \$118.7               | -  | \$118.7        |
| Lease liabilities                             | \$338.3               | \$347.5                                      | (\$9.2)        |
| Other current liabilities                     | \$4,691.7             | -  | \$4,691.7      |
| <b>Total current liabilities</b>              | <b>\$47,190.4</b>     |  |                |
| <b>Non-current liabilities</b>                |                       |  |                |
| Refundable resident loans – RADs <sup>2</sup> | \$14,681.5            | \$14,681.4                                   | -              |
| Refundable resident loans – retirement ILUs   | \$7,941.1             | -  | \$7,941.1      |
| External borrowings – related parties         | \$1,406.5             | \$845.9                                      | \$560.6        |
| External borrowings – non-related parties     | \$2,084.1             | \$1,026.2                                    | \$1,057.9      |
| Employee benefits                             | \$444.7               | \$426.4                                      | \$18.3         |
| Lease liabilities                             | \$4,479.3             | \$3,984.7                                    | \$494.5        |
| Other liabilities                             | \$1,211.0             | -  | \$1,211.0      |
| <b>Total non-current liabilities</b>          | <b>\$32,248.2</b>     |  |                |
| <b>Total liabilities</b>                      | <b>\$79,438.6</b>     |  |                |
| <b>Net assets (equity)</b>                    | <b>\$22,770.30</b>    |  |                |

Note:

1. Assets and liabilities have been classified to the residential segment wherever possible, with all un-segmented assets classified to Other. Other can include non-residential care assets and liabilities such as for Independent Living Units and home care.
2. There is a difference between the RADs reported in income statements and the RADs reported in the above balance sheet. This is due to RADs receivable which make up amounts which residents have agreed to pay, but providers have not yet received as at 30 June 2024. As such, the RADs receivable of \$761.1 million is captured under both the assets and liabilities in the balance sheet.

## Appendix E

**Table 6.4: Financial performance results of HCP providers per care recipient per day, by ownership type, by quartile, 2023-24**

|                                       | Top quartile   | Next top      | Next bottom   | Bottom          | All providers |
|---------------------------------------|----------------|---------------|---------------|-----------------|---------------|
| <b>For-profit</b>                     |                |               |               |                 |               |
| Number of providers                   | 107            | 77            | 76            | 47              | 307           |
| Provision of internal care services   | \$44.44        | \$21.90       | \$17.89       | \$36.67         | \$25.92       |
| Provision of external care services   | \$20.44        | \$14.00       | \$34.70       | \$20.92         | \$25.14       |
| Client / case management fees charged | \$12.99        | \$11.16       | \$11.95       | \$14.72         | \$12.12       |
| Admin and management of packages      | \$8.85         | \$7.28        | \$7.60        | \$9.84          | \$7.91        |
| Exit amounts deducted                 | \$0.01         | \$0.00        | \$0.00        | \$0.00          | \$0.00        |
| COVID-19 funding                      | \$0.02         | \$0.10        | \$0.08        | \$0.14          | \$0.07        |
| Other income                          | \$3.28         | \$8.00        | \$0.61        | \$2.75          | \$3.33        |
| Total expenses                        | \$74.09        | \$56.39       | \$70.77       | \$92.70         | \$68.78       |
| <b>Net profit before tax</b>          | <b>\$15.95</b> | <b>\$6.05</b> | <b>\$2.06</b> | <b>(\$7.67)</b> | <b>\$5.71</b> |
| <b>Not-for-profit</b>                 |                |               |               |                 |               |
| Number of providers                   | 83             | 117           | 104           | 123             | 427           |
| Provision of internal care services   | \$34.79        | \$35.39       | \$33.92       | \$34.84         | \$34.78       |
| Provision of external care services   | \$17.84        | \$17.03       | \$16.36       | \$16.09         | \$16.76       |
| Client / case management fees charged | \$15.89        | \$14.27       | \$13.58       | \$14.48         | \$14.38       |
| Admin and management of packages      | \$11.63        | \$10.33       | \$9.72        | \$9.13          | \$10.10       |
| Exit amounts deducted                 | \$0.00         | \$0.00        | \$0.00        | \$0.00          | \$0.00        |
| COVID-19 funding                      | \$0.05         | \$0.20        | \$0.12        | \$0.06          | \$0.12        |
| Other income                          | \$1.93         | \$1.01        | \$1.46        | \$1.97          | \$1.49        |
| Total expenses                        | \$68.89        | \$71.99       | \$73.34       | \$81.06         | \$73.92       |
| <b>Net profit before tax</b>          | <b>\$13.25</b> | <b>\$6.24</b> | <b>\$1.82</b> | <b>(\$4.48)</b> | <b>\$3.70</b> |
| <b>LST gov.</b>                       |                |               |               |                 |               |
| Number of providers                   | 16             | 12            | 26            | 37              | 91            |
| Provision of internal care services   | \$24.84        | \$32.64       | \$13.55       | \$14.23         | \$17.19       |
| Provision of external care services   | \$17.59        | \$20.62       | \$33.32       | \$26.26         | \$28.06       |
| Client / case management fees charged | \$14.23        | \$14.33       | \$13.61       | \$13.33         | \$13.69       |
| Admin and management of packages      | \$10.78        | \$12.89       | \$10.10       | \$9.69          | \$10.37       |
| Exit amounts deducted                 | \$0.00         | \$0.00        | \$0.00        | \$0.00          | \$0.00        |
| COVID-19 funding                      | \$0.00         | \$0.04        | \$0.00        | \$0.04          | \$0.02        |

|                                       | Top<br>quartile | Next top       | Next<br>bottom | Bottom          | All<br>providers |
|---------------------------------------|-----------------|----------------|----------------|-----------------|------------------|
| Other income                          | \$1.77          | \$0.67         | \$0.95         | \$1.99          | \$1.31           |
| Total expenses                        | \$55.23         | \$74.92        | \$69.19        | \$75.35         | \$69.59          |
| <b>Net profit before tax</b>          | <b>\$14.00</b>  | <b>\$6.27</b>  | <b>\$2.35</b>  | <b>(\$9.81)</b> | <b>\$1.04</b>    |
| <b>All providers</b>                  |                 |                |                |                 |                  |
| Number of providers                   | 206             | 206            | 206            | 207             | 825              |
| Provision of internal care services   | \$38.99         | \$30.87        | \$24.77        | \$33.47         | \$30.61          |
| Provision of external care services   | \$19.06         | \$16.08        | \$26.40        | \$17.49         | \$20.45          |
| Client / case management fees charged | \$14.47         | \$13.24        | \$12.79        | \$14.42         | \$13.50          |
| Admin and management of packages      | \$10.29         | \$9.36         | \$8.72         | \$9.27          | \$9.29           |
| Exit amounts deducted                 | \$0.00          | \$0.00         | \$0.00         | \$0.00          | \$0.00           |
| COVID-19 funding                      | \$0.03          | \$0.16         | \$0.09         | \$0.07          | \$0.10           |
| Other income                          | \$2.56          | \$3.32         | \$1.01         | \$2.07          | \$2.17           |
| <b>Total expenses</b>                 | <b>\$70.86</b>  | <b>\$66.86</b> | <b>\$71.81</b> | <b>\$82.07</b>  | <b>\$71.78</b>   |
| <b>Net profit before tax</b>          | <b>\$14.54</b>  | <b>\$6.17</b>  | <b>\$1.98</b>  | <b>(\$5.29)</b> | <b>\$4.33</b>    |

## Appendix F

**Table 6.5: Financial package results for HCP providers per care recipient per day, by ownership type, by quartile, 2023-24**

|                              | Top quartile   | Next top      | Next bottom   | Bottom          | All providers |
|------------------------------|----------------|---------------|---------------|-----------------|---------------|
| <b>For-profit</b>            |                |               |               |                 |               |
| Number of providers          | 107            | 77            | 76            | 47              | 307           |
| Total revenue per recipient  | \$90.03        | \$62.43       | \$72.83       | \$85.04         | \$74.50       |
| Total expenses per recipient | \$74.09        | \$56.39       | \$70.77       | \$92.70         | \$68.78       |
| <b>NPBT per recipient</b>    | <b>\$15.95</b> | <b>\$6.05</b> | <b>\$2.06</b> | <b>(\$7.67)</b> | <b>\$5.71</b> |
| <b>Not-for-profit</b>        |                |               |               |                 |               |
| Number of providers          | 83             | 117           | 104           | 123             | 427           |
| Total revenue per recipient  | \$82.14        | \$78.23       | \$75.17       | \$76.58         | \$77.62       |
| Total expenses per recipient | \$68.89        | \$71.99       | \$73.34       | \$81.06         | \$73.92       |
| <b>NPBT per recipient</b>    | <b>\$13.25</b> | <b>\$6.24</b> | <b>\$1.82</b> | <b>(\$4.48)</b> | <b>\$3.70</b> |
| <b>LST gov.</b>              |                |               |               |                 |               |
| Number of providers          | 16             | 12            | 26            | 37              | 91            |
| Total revenue per recipient  | \$69.22        | \$81.19       | \$71.54       | \$65.54         | \$70.63       |
| Total expenses per recipient | \$55.23        | \$74.92       | \$69.19       | \$75.35         | \$69.59       |
| <b>NPBT per recipient</b>    | <b>\$14.00</b> | <b>\$6.27</b> | <b>\$2.35</b> | <b>(\$9.81)</b> | <b>\$1.04</b> |
| <b>All providers</b>         |                |               |               |                 |               |
| Number of providers          | 206            | 206           | 206           | 207             | 825           |
| Total revenue per recipient  | \$85.40        | \$73.03       | \$73.79       | \$76.78         | \$76.11       |
| Total expenses per recipient | \$70.86        | \$66.86       | \$71.81       | \$82.07         | \$71.78       |
| <b>NPBT per recipient</b>    | <b>\$14.54</b> | <b>\$6.17</b> | <b>\$1.98</b> | <b>(\$5.29)</b> | <b>\$4.33</b> |

## Appendix G

**Table 6.6: Home care segment income and expense statement, 2023-24**

|  | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|--|---------------------|----------------------|-------------------|------------------------|
| <b>Income</b>  |                     |                      |                   |                        |
| Direct care services                                   | \$952.5             | \$1,954.8            | \$79.5            | \$2,986.8              |
| Domestic   | \$611.7             | \$1,361.7            | \$57.8            | \$2,031.3              |
| Nursing  | \$73.0              | \$96.6               | \$4.3             | \$173.9                |
| Allied health  | \$7.8               | \$89.4               | \$2.5             | \$99.7                 |
| Other  | \$260.0             | \$407.1              | \$14.9            | \$682.0                |
| Sub-contracted services                                | \$924.0             | \$942.2              | \$129.8           | \$1,995.9              |
| Domestic   | \$429.9             | \$297.0              | \$49.4            | \$776.4                |
| Nursing  | \$21.1              | \$35.7               | \$4.7             | \$61.5                 |
| Allied health  | \$138.0             | \$146.2              | \$14.8            | \$299.1                |
| Other  | \$335.0             | \$463.2              | \$60.8            | \$859.0                |
| Care management service fees                           | \$445.4             | \$808.2              | \$63.3            | \$1,317.0              |
| Package management service fees                        | \$290.8             | \$567.5              | \$48.0            | \$906.2                |
| Exit amounts deducted                                  | \$0.1               | \$0.0                | \$0.0             | \$0.1                  |
| Handling fee   | \$3.6               | \$2.8                | \$2.2             | \$8.6                  |
| COVID-19 funding                                       | \$2.7               | \$6.9                | \$0.1             | \$9.7                  |
| Other income   | \$118.8             | \$80.9               | \$3.8             | \$203.6                |
| <b>Total income</b>                                    | <b>\$2,737.8</b>    | <b>\$4,363.3</b>     | <b>\$326.7</b>    | <b>\$7,427.9</b>       |
| <b>Expenses</b>  |                     |                      |                   |                        |
| <b>Internal direct service costs</b>                   |                     |                      |                   |                        |
| Labour cost – internal direct care – employee          | \$597.8             | \$1,214.8            | \$59.1            | \$1,871.6              |
| Registered nurses                                      | \$26.8              | \$80.8               | \$3.8             | \$111.5                |
| Enrolled nurses  | \$8.9               | \$15.5               | \$0.8             | \$25.2                 |
| Personal care staff / other unlicensed nurses          | \$536.4             | \$1,015.2            | \$47.9            | \$1,599.5              |
| Allied health  | \$6.9               | \$48.5               | \$2.2             | \$57.6                 |
| Other employee staff                                   | \$18.7              | \$54.8               | \$4.3             | \$77.9                 |
| Labour cost – internal direct care – agency care staff | \$17.6              | \$49.6               | \$1.6             | \$68.8                 |
| Registered nurses                                      | \$1.0               | \$1.8                | \$0.0             | \$2.7                  |
| Enrolled nurses  | \$0.1               | \$0.8                | \$0.0             | \$0.9                  |
| Personal care staff / other unlicensed nurses          | \$14.1              | \$26.5               | \$1.6             | \$42.1                 |
| Allied health  | \$1.5               | \$14.5               | \$0.0             | \$16.0                 |
| Other employee staff                                   | \$1.0               | \$6.0                | \$0.0             | \$7.0                  |
| Payroll tax – care staff                               | \$27.5              | \$4.6                | \$0.1             | \$32.2                 |
| Care related expenses                                  | \$39.4              | \$53.7               | \$4.4             | \$97.5                 |
| Motor vehicle expenses                                 | \$7.1               | \$55.0               | \$1.3             | \$63.3                 |

|  | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All<br>providers<br>(\$m) |
|--|---------------------|----------------------|-------------------|---------------------------|
| Other internal direct service costs  | \$7.9               | \$29.7               | \$1.3             | \$38.9                    |
| <b>Total internal direct service costs expenses</b>                            | <b>\$697.2</b>      | <b>\$1,407.3</b>     | <b>\$67.7</b>     | <b>\$2,172.2</b>          |
| <b>External direct service costs</b>   |                     |                      |                   |                           |
| Sub-contracted or brokered client services – external direct care service cost | \$675.1             | \$659.3              | \$97.8            | \$1,432.1                 |
| Registered nurses  | \$13.6              | \$21.1               | \$3.7             | \$38.3                    |
| Enrolled nurses  | \$1.8               | \$4.0                | \$0.8             | \$6.5                     |
| Personal care staff / other unlicensed nurses                                  | \$456.6             | \$316.2              | \$56.3            | \$829.1                   |
| Allied health  | \$139.1             | \$187.5              | \$15.0            | \$341.6                   |
| Other sub-contracted / brokered staff  | \$64.0              | \$130.5              | \$22.1            | \$216.6                   |
| Consumables  | \$43.8              | \$156.6              | \$11.4            | \$211.7                   |
| Home modifications   | \$24.9              | \$43.1               | \$5.4             | \$73.4                    |
| Client capital purchases   | \$89.5              | \$168.3              | \$15.0            | \$272.8                   |
| Transport services   | \$24.0              | \$41.1               | \$5.0             | \$70.1                    |
| Commission / brokerage fee / franchisee fee                                    | \$21.8              | \$7.5                | \$0.1             | \$29.4                    |
| Other external direct service costs  | \$105.7             | \$151.4              | \$6.7             | \$263.8                   |
| <b>Total external direct service costs expenses</b>                            | <b>\$984.7</b>      | <b>\$1,227.3</b>     | <b>\$141.5</b>    | <b>\$2,353.4</b>          |
| <b>Care management</b>   |                     |                      |                   |                           |
| Wages and salaries – care management staff                                     | \$222.9             | \$440.1              | \$48.5            | \$711.5                   |
| Payroll tax – care management staff  | \$8.4               | \$2.0                | \$0.2             | \$10.5                    |
| Motor vehicle expenses   | \$3.7               | \$10.8               | \$0.9             | \$15.4                    |
| <b>Total care management expenses</b>  | <b>\$234.9</b>      | <b>\$452.9</b>       | <b>\$49.6</b>     | <b>\$737.4</b>            |
| <b>Administration and support</b>  |                     |                      |                   |                           |
| Wages and salaries – administration & non-care staff                           | \$262.7             | \$394.1              | \$29.2            | \$686.0                   |
| Workers compensation insurance   | \$28.6              | \$43.4               | \$1.4             | \$73.5                    |
| Payroll tax – administration and non-care staff                                | \$13.5              | \$1.2                | \$0.2             | \$14.9                    |
| <b>Administration costs and management fees</b>                                | <b>\$201.6</b>      | <b>\$553.5</b>       | <b>\$28.6</b>     | <b>\$783.7</b>            |
| Education / training & quality control expense                                 | \$9.9               | \$12.4               | \$1.8             | \$24.1                    |
| General insurances   | \$8.4               | \$7.7                | \$0.2             | \$16.4                    |
| Rent, utilities, and property outgoings  | \$23.4              | \$30.8               | \$2.1             | \$56.3                    |
| IT and communication expenses  | \$36.0              | \$35.8               | \$2.9             | \$74.8                    |
| Corporate recharge   | \$16.4              | \$360.1              | \$15.8            | \$392.3                   |
| Other administration costs   | \$107.5             | \$106.6              | \$5.7             | \$219.8                   |
| Depreciation expenses  | \$13.5              | \$28.4               | \$1.0             | \$42.9                    |



|  | For-profit<br>(\$m) | Not-for-profit (\$m) | LST gov.<br>(\$m) | All providers<br>(\$m) |
|--|---------------------|----------------------|-------------------|------------------------|
| Interest expenses                                | \$8.5               | \$1.7                | \$0.0             | \$10.2                 |
| <b>Total administration and support expenses</b> | <b>\$528.3</b>      | <b>\$1,022.3</b>     | <b>\$60.4</b>     | <b>\$1,611.1</b>       |
| COVID-19 expenses                                | \$0.8               | \$3.1                | \$0.1             | \$4.0                  |
| Other expenses                                   | \$81.8              | \$42.3               | \$2.6             | \$126.7                |
| <b>Total expenses</b>                            | <b>\$2,527.8</b>    | <b>\$4,155.2</b>     | <b>\$321.9</b>    | <b>\$7,004.9</b>       |
| <b>Net profit / (loss) before tax</b>            | <b>\$210.0</b>      | <b>\$208.1</b>       | <b>\$4.8</b>      | <b>\$423.0</b>         |

## Appendix H

**Table 6.7: Home care segment income and expense statement, per care recipient per day, 2023-24**

|  | For profit     | Not-for-profit | LST gov.       | All providers  |
|--|----------------|----------------|----------------|----------------|
| <b>Income</b>  |                |                |                |                |
| Direct care services                                   | \$25.92        | \$34.78        | \$17.19        | \$30.61        |
| Domestic   | \$16.64        | \$24.22        | \$12.50        | \$20.81        |
| Nursing  | \$1.99         | \$1.72         | \$0.92         | \$1.78         |
| Allied health  | \$0.21         | \$1.59         | \$0.54         | \$1.02         |
| Other  | \$7.08         | \$7.24         | \$3.22         | \$6.99         |
| Sub-contracted services                                | \$25.14        | \$16.76        | \$28.06        | \$20.45        |
| Domestic   | \$11.70        | \$5.28         | \$10.68        | \$7.96         |
| Nursing  | \$0.57         | \$0.64         | \$1.02         | \$0.63         |
| Allied health  | \$3.76         | \$2.60         | \$3.21         | \$3.06         |
| Other  | \$9.11         | \$8.24         | \$13.14        | \$8.80         |
| Care management service fees                           | \$12.12        | \$14.38        | \$13.69        | \$13.50        |
| Package management service fees                        | \$7.91         | \$10.10        | \$10.37        | \$9.29         |
| Exit amounts deducted                                  | \$0.00         | \$0.00         | \$0.00         | \$0.00         |
| Handling fee   | \$0.10         | \$0.05         | \$0.48         | \$0.09         |
| COVID-19 funding                                       | \$0.07         | \$0.12         | \$0.02         | \$0.10         |
| Other income   | \$3.23         | \$1.44         | \$0.83         | \$2.09         |
| <b>Total income</b>                                    | <b>\$74.50</b> | <b>\$77.62</b> | <b>\$70.63</b> | <b>\$76.11</b> |
| <b>Expenses</b>  |                |                |                |                |
| <b>Internal direct service costs</b>                   |                |                |                |                |
| Labour cost – internal direct care – employee          | \$16.26        | \$21.61        | \$12.77        | \$19.18        |
| Registered nurses                                      | \$0.73         | \$1.44         | \$0.83         | \$1.14         |
| Enrolled nurses  | \$0.24         | \$0.28         | \$0.18         | \$0.26         |
| Personal care staff / other unlicensed nurses          | \$14.60        | \$18.06        | \$10.36        | \$16.39        |
| Allied health  | \$0.19         | \$0.86         | \$0.47         | \$0.59         |
| Other employee staff                                   | \$0.51         | \$0.98         | \$0.93         | \$0.80         |
| Labour cost – internal direct care – agency care staff | \$0.48         | \$0.88         | \$0.34         | \$0.70         |
| Registered nurses                                      | \$0.03         | \$0.03         | \$0.00         | \$0.03         |
| Enrolled nurses  | \$0.00         | \$0.01         | \$0.00         | \$0.01         |
| Personal care staff / other unlicensed nurses          | \$0.38         | \$0.47         | \$0.34         | \$0.43         |
| Allied health  | \$0.04         | \$0.26         | \$0.00         | \$0.16         |
| Other employee staff                                   | \$0.03         | \$0.11         | \$0.01         | \$0.07         |
| Payroll tax – care staff                               | \$0.75         | \$0.08         | \$0.02         | \$0.33         |
| Care related expenses                                  | \$1.07         | \$0.95         | \$0.95         | \$1.00         |
| Motor vehicle expenses                                 | \$0.19         | \$0.98         | \$0.27         | \$0.65         |

|  | For profit     | Not-for-profit | LST gov.       | All providers  |
|--|----------------|----------------|----------------|----------------|
| Other internal direct service costs  | \$0.21         | \$0.53         | \$0.27         | \$0.40         |
| <b>Total internal direct service costs expenses</b>                            | <b>\$18.97</b> | <b>\$25.04</b> | <b>\$14.63</b> | <b>\$22.26</b> |
| <b>External direct service costs</b>   |                |                |                |                |
| Sub-contracted or brokered client services – external direct care service cost | \$18.37        | \$11.73        | \$21.15        | \$14.68        |
| Registered nurses  | \$0.37         | \$0.38         | \$0.79         | \$0.39         |
| Enrolled nurses  | \$0.05         | \$0.07         | \$0.17         | \$0.07         |
| Personal care staff / other unlicensed nurses                                  | \$12.42        | \$5.63         | \$12.17        | \$8.50         |
| Allied health  | \$3.78         | \$3.34         | \$3.24         | \$3.50         |
| Other sub-contracted / brokered staff  | \$1.74         | \$2.32         | \$4.77         | \$2.22         |
| Consumables  | \$1.19         | \$2.79         | \$2.46         | \$2.17         |
| Home modifications   | \$0.68         | \$0.77         | \$1.17         | \$0.75         |
| Client capital purchases   | \$2.44         | \$2.99         | \$3.25         | \$2.80         |
| Transport services   | \$0.65         | \$0.73         | \$1.09         | \$0.72         |
| Commission / brokerage fee / franchisee fee                                    | \$0.59         | \$0.13         | \$0.02         | \$0.30         |
| Other external direct service costs  | \$2.88         | \$2.69         | \$1.45         | \$2.70         |
| <b>Total external direct service costs expenses</b>                            | <b>\$26.79</b> | <b>\$21.83</b> | <b>\$30.59</b> | <b>\$24.12</b> |
| <b>Care management</b>   |                |                |                |                |
| Wages and salaries – care management staff                                     | \$6.06         | \$7.83         | \$10.48        | \$7.29         |
| Payroll tax – care management staff  | \$0.23         | \$0.04         | \$0.04         | \$0.11         |
| Motor vehicle expenses   | \$0.10         | \$0.19         | \$0.20         | \$0.16         |
| <b>Total care management expenses</b>  | <b>\$6.39</b>  | <b>\$8.06</b>  | <b>\$10.72</b> | <b>\$7.56</b>  |
| <b>Administration and support</b>  |                |                |                |                |
| Wages and salaries – administration & non-care staff                           | \$7.15         | \$7.01         | \$6.31         | \$7.03         |
| Workers compensation insurance   | \$0.78         | \$0.77         | \$0.30         | \$0.75         |
| Payroll tax – administration and non-care staff                                | \$0.37         | \$0.02         | \$0.05         | \$0.15         |
| <b>Administration costs and management fees</b>                                | <b>\$5.48</b>  | <b>\$9.85</b>  | <b>\$6.19</b>  | <b>\$8.03</b>  |
| Education / training & quality control expense                                 | \$0.27         | \$0.22         | \$0.39         | \$0.25         |
| General insurances   | \$0.23         | \$0.14         | \$0.05         | \$0.17         |
| Rent, utilities, and property outgoings  | \$0.64         | \$0.55         | \$0.46         | \$0.58         |
| IT and communication expenses  | \$0.98         | \$0.64         | \$0.64         | \$0.77         |
| Corporate recharge   | \$0.44         | \$6.41         | \$3.42         | \$4.02         |
| Other administration costs   | \$2.93         | \$1.90         | \$1.23         | \$2.25         |
| Depreciation expenses  | \$0.37         | \$0.51         | \$0.21         | \$0.44         |
| Interest expenses  | \$0.23         | \$0.03         | \$0.00         | \$0.10         |

|  | For profit     | Not-for-profit | LST gov.       | All providers  |
|--|----------------|----------------|----------------|----------------|
| <b>Total administration and support expenses</b> | <b>\$14.38</b> | <b>\$18.19</b> | <b>\$13.06</b> | <b>\$16.51</b> |
| COVID-19 expenses                                | \$0.02         | \$0.06         | \$0.02         | \$0.04         |
| Other expenses                                   | \$2.23         | \$0.75         | \$0.56         | \$1.30         |
| <b>Total expenses</b>                            | <b>\$68.78</b> | <b>\$73.92</b> | <b>\$69.59</b> | <b>\$71.78</b> |
| <b>Net profit / (loss) before tax</b>            | <b>\$5.71</b>  | <b>\$3.70</b>  | <b>\$1.04</b>  | <b>\$4.33</b>  |

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