



Australian Government

Department of Health  
and Aged Care



# Financial Report on the Australian Aged Care Sector

2020–21





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# Introduction

The Department of Health and Aged Care has prepared the Financial Report on the Australian Aged Care Sector (FRAACS) to share data and analysis on the financial performance of aged care providers.

The objective of this report is to build the capacity and transparency of the aged care sector, and help older Australians, their families and carers make informed decisions about their care.

As recognised by the Royal Commission into Aged Care Quality and Safety, the department has an important role to play in leadership and stewardship of the aged care sector.

This new report is part of the department's stewardship role and will form part of a series of measures that will commence over the next 18 months to increase the transparency of the aged care sector. This will include the introduction of quarterly financial snapshots, an annual statement on providers' operations and the publication of facility-level information about expenditure on care, nursing, food, maintenance, cleaning, administration, and profits.

This report is principally based on providers' performance for the 2020–21 financial year. It includes data and analysis that has not previously been published including information on care minutes, and expenditure per bed per day on key items relating to care, hotel services and accommodation.

## Summary of findings

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The department notes that financial results for the 2020–21 financial year were marked by the impacts of COVID-19 and the challenges associated with providing quality and safe care in a financially strained system.

This report continues evidence of the financial stress of providers in the residential care sector. Providers' earnings before interest, tax, depreciation and amortisation (EBITDA) and net profit before tax (NPBT) decreased, alongside falling rates of occupancy. In 2020–21, 46 per cent of providers reported a positive net profit, representing 42 per cent of total operational

beds in the residential care sector. Low profit and break-even margins presented challenges to providers seeking capital investment to upgrade or construct facilities. Furthermore, these margins limited the ability of providers to reinvest capital into improving facilities as funds were required to service their current liabilities.

The department observed that when comparing income and expenses across residential care providers, the results indicate an average loss of \$12.38 per resident per day. Care is primarily funded by the Australian Government and when comparing the care income with care expenses, there was a positive

result of \$25.14 per resident per day. However, the comparison of accommodation and finance income and expense returned an average loss of \$0.64 per resident per day. In addition, increasing administration expenses have eroded profits.

The home care sector reported increases to both EBITDA and NPBT margins. However, regional providers experienced a significant decrease to their average EBITDA per consumer. Government home care providers reported significantly smaller profits compared to not-for-profit and for-profit providers.

Improving the financial sustainability of residential aged care providers was a key area of recommendations made by the Royal Commission. The increase to the

basic daily fee was implemented from 1 July 2021 to support the improvement of the level of care residents received, and enhance food and nutrition standards. The implementation of the Australian National Aged Care Classification (AN-ACC) funding model and expanded role of the Independent Health and Aged Care Pricing Authority (IHACPA) is further aimed at uplifting the financial viability of the sector.

Reforms committed in response to the Royal Commission had not yet taken effect for the 2020–21 financial year. A summary of how these reforms will address issues relating to the sector and the future of aged care are discussed in Chapter 9.

## Next steps

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The department will continue to build its role as a steward of the aged care sector, and is committed to collecting and reporting financial data that supports the sector in understanding performance and improving providers' overall viability with access to information. Further, the Australian Government is working to expand the current IHACPA. IHACPA will inform Australian Government decisions on annual funding increases in residential aged care and undertake regular, transparent costing studies.

The department will continue to consult with stakeholders to better understand what information is most valuable and how to best present this information. This will inform the development of future reports for the sector.

# Report summary

## Overview

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This summary discusses the findings of the chapters within the report.

The first three chapters discuss the overarching demographics of the aged care sector including the number of Australians accessing aged care.

Chapter four to seven presents information on the financial performance and operations of home care and residential aged care programs in Australia.

Chapter eight highlights the future of aged care and the changing population of Australians accessing aged care services.

Chapter nine discusses the policies and programs for the future and how the Australian Government is responding to the Royal Commission into Aged Care Quality and Safety's recommendations.

This report uses the term consumer to refer to an individual older Australian who is accessing an aged care service. The term consumer is widely used in financial performance results. Where possible, this report respectfully adopts a preference for the term older Australians or resident (in the context of residential aged care).

## Aged care in Australia (Chapter 2)

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Australian Government subsidised services were provided to over 1.5 million Australians in 2020–21. Three major programs continued to provide the majority of services received: the Commonwealth Home Support Programme (CHSP), the Home Care Packages Program (HCPP), and residential care.

In 2020–21, subsidised aged care services were provided by:

- 1,432 CHSP providers (decreased from 1,452 in 2019–20)
- 939 home care providers (increased from 920 in 2019–20)
- 830 residential care providers (decreased from 845 in 2019–20)

Expenditure on aged care by the Australian Government in 2020–21 was \$23.6 billion, up from \$21.2 billion in 2019–20.

Funding for residential care is by far the largest proportion of Australian Government aged care expenditure at 59.6 per cent. The proportion decreased from 63.3 per cent the previous year to reflect the increased investment in home care and lower demand in residential care.



Of the 464,990 positions in aged care in 2020, the department estimated that the actual number of aged care workers employed across residential care, HCPP and CHSP was over 370,000. The aggregate number of workforce positions overstates the size of the workforce given staff may work for multiple providers across the same or different care types.

## Access to aged care (Chapter 3)

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In 2020–21, the number of older Australians accessing home care increased by 22 per cent, up to 212,293 from 173,743 in 2019–20. This substantial increase is a continued trend, with the overall level increasing by 117 per cent from 2016–17 when the number of home care package recipients was 97,516.

In contrast to the increasing rate of older Australians accessing home care, the number of residential care residents was relatively stagnant. There was a slight decrease in residents from 244,363 in 2019–20 to 243,117 in 2020–21; and from 2016–17 the number of residents increased by 2 per cent.

Overall, this could reflect a change in older Australians' preferences, choosing to access aged care services at home and delaying entry to residential aged care, and further supported by the median length of stay in home care increasing from 16.3 months in 2019–20 to 16.8 months in 2020–21 (3.2 per cent). The number of people using residential care fell in New South Wales and Victoria, whereas Queensland, Western Australia, and Tasmania increased. The decline in Victoria could be explained by the direct impacts of the COVID-19 pandemic during 2020–21. The decrease in New South Wales could be explained by shifting consumer preferences of older Australians and changes in admission rates due to isolated impacts of the COVID-19 pandemic on some providers.

The number of Australians accessing CHSP services in 2020–21 was 825,383, the third year that the CHSP operated as a fully national program. This was down from 839,373 in 2019–20.

In residential care, average occupancy continued to fall, down to 86.8 per cent in 2020–21 from 88.3 per cent in 2019–20 and 89.4 per cent in 2018–19. This is likely attributed to the COVID-19 pandemic with older Australians choosing to delay their entry into residential care and instead opting to access home care. This access has been possible with the release of more packages in 2020–21.

## Commonwealth Home Support Programme (Chapter 4)

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Total Australian Government expenditure on the CHSP in 2020–21 was \$2.9 billion, up from \$2.8 billion in 2019–20.

In 2020–21, there were 1,432 providers of CHSP, a decrease from 1,452 in 2019–20.

CHSP services are predominately provided by not-for-profit organisations. This has been the case since inception of the CHSP in 2015–16, and was the case for the former programs that combined to create the CHSP. In 2020–21, 69 per cent of providers were not-for-profit. For-profit providers make up only 10 per cent of all providers.

# Report summary

## Home care (Chapter 5)

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The Australian Government contributed \$4.2 billion to home care in 2020–21, up from \$3.4 billion in 2019–20.

The number of home care providers slightly increased with 939 providers at 30 June 2021 compared with 920 in 2020 and 928 in 2019.

The proportion of home care recipients receiving services from for-profit providers has been increasing since key changes in February 2017 where home care packages followed the recipient. In 2020–21, the proportion was 30 per cent, up from 26 per cent in 2019–20 and 21 per cent in 2018–19. There has been a commensurate decline in the proportion of recipients receiving services from not-for-profit providers.

In 2020–21, home care providers generated \$248 million in total profit, up from \$145 million in 2019–20. The average earnings before interest, tax, depreciation and amortisation (EBITDA) per recipient across the sector was \$1,792, up from \$1,369 in 2019–20. This has increased since 2018–19 following the 2017 reforms where home care packages were assigned to recipients.

At 30 June 2021, home care providers reported holding unspent funds of \$1.7 billion. This is up from \$1.2 billion at 30 June 2020, \$751 million at 30 June 2019 and \$539 million at 30 June 2018.

Unspent funds can accumulate for a variety of reasons including older Australians wishing to save for future events, services being unavailable, and recipients not requiring all funds allocated. From 1 September 2021, changes to the treatment of unspent funds means that unspent funds no longer accrue with providers but instead accrue in a care recipient's Home Care Account managed by Services Australia.

As seen in chapter three, older Australians' preferences may be shifting to accessing aged care services in home rather than entering residential care. The Royal Commission's recommendations regarding home care are to enable Australians to access services to prevent earlier residential care admissions and increase the opportunity for Australians to remain at home. The department is currently progressing the design of the new approach to support older Australians to remain independent at home for longer.

## Residential care (Chapter 6)

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The Australian Government contributed \$14.1 billion towards residential care, up from \$13.4 billion in 2019–20.

At 30 June 2021, there were 830 residential care providers operating 219,105 residential care places in Australia. This compares with 845 providers operating 217,145 places at 30 June 2020.

The largest provider group remains not-for-profit providers. They represent 56 per cent of providers and operate 55 per cent of all residential aged care places. For-profit providers account for 33 per cent of providers and 41 per cent of places.

In 2020–21, total revenue for providers was \$21.4 billion, up from \$20.5 billion in 2019–20 and \$19.3 billion in 2018–19. The \$942 million increase in 2020–21 can mostly be attributed to \$392 million in additional basic care subsidy and \$453 million of COVID–19 funding.

These results were prior to the increased basic daily fee (BDF) rate of \$10 per day provided from 1 July 2021, as part of the Australian Government's response to the Royal Commission's recommendations.

Overall, residential care providers faced a challenging 2020–21 financial year. The COVID–19 pandemic put further pressure on the sector, balancing the wellbeing and safety of residents while continuing to provide high-quality care with shrinking margins.

The overall profit of residential care providers has been declining since 2017–18 and was negative \$736 million in 2019–20 and negative \$854 million in 2020–21, dropping below zero for the second consecutive year. This is likely a reflection of the declining average occupancy rate and that earnings from new beds have not outgrown the reduction in financial performance across the sector.

## Residential care: capital investment (Chapter 7)

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At 30 June 2021, refundable accommodation deposits (RADs) held by residential care providers totalled \$33.6 billion (including accommodation bonds).

The average value of RADs continues to increase each year, particularly in metropolitan areas, which reflects among other things rising property prices in the surrounding areas.

At 30 June 2021, there were 97,527 RADs held across providers with an average value of \$344,000<sup>1</sup>, an increase of 3 per cent on the previous year. When residents who are paying with a RAD/DAP combination and partially Commonwealth supported residents are excluded, the average RAD is much higher at \$464,000 per resident. The Australian Government has committed to consider the future of RADs in line with

the Royal Commission's recommendations, and will be consulting on the current RAD arrangements.

While the pool of accommodation deposits continues to grow, the number of accommodation deposits held has plateaued. The proportion of new residents, entering residential care each financial year, choosing RADs, or refundable accommodation contributions (RACs) has steadily dropped from 41 per cent in 2015–16 to 31 per cent in 2020–21.

The current ratio<sup>2</sup> for all residential care providers increased in 2020–21, up to 0.52 from 0.37. The current ratio for not-for-profit providers increased to 0.65 from 0.43 in 2019–20, while the current ratio for for-profit providers increased to 0.40 from 0.28.

The increase in current ratio in 2020–21 is due to RADs which are expected to be paid after 12 months being re-classified from current liabilities to non-current liabilities. This results in a more accurate portrayal of liquidity.

Net assets continued to decline to \$10.4 billion, down from \$11.6 billion in 2019–20 and a peak of \$12.7 billion in 2018–19.

## Future demand for aged care (Chapter 8)

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The ageing of the Australian population over the next 20 years will see the size of the 70 years and over cohort increase by around 1 million people each decade. The older age groups will more than double over this period. The 85 years and over cohort will increase from just

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1 The average value of RADs includes residents who have only paid RAD; residents who have paid a part RAD and a part DAP to make up the total agreed room price; and partially supported residents who only pay a reduced room price (usually paid via daily accommodation contributions).

2 Current ratio represents the ability to meet short term debt through current assets. A current ratio of more than one indicates that an organisation's current assets exceed its current liabilities. It is calculated as current assets/current liabilities.

## Report summary

over 500,000 people in 2021 to just over 1.1 million people by 2041.

The proportion of each age group who currently use residential care and home care packages increases dramatically with age. By age 80, the proportion of people using either permanent residential care or a home care package is projected to be around 7 per cent; this doubles by aged 85; and nearly doubles again by age 90.

This projection is based on present usage, which may not reflect the extent to which older Australians are having their needs and preferences met by current regulated supply.

While the total number of older Australians will increase substantially over the next 20 years, the department notes the total proportion of older Australians receiving the Age Pension will continue to decline as younger generations retire with greater superannuation savings.

### Policies and programs for the future (Chapter 9)

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A range of reforms and program changes are underway in response to the recommendations from the Royal Commission.

To implement these changes and support older Australians, the department will continue to provide leadership and take an active role in market stewardship of the aged care sector. A key aspect of this is continuing to build the department's capability and capacity as a trusted source of information on the financial performance of the sector by providing more regular public reports on providers' finances.

The Australian Government's digital transformation agenda continues to drive data and digital investment

across government, and will help to create efficiencies and drive down administrative costs. The Royal Commission described a strained system and provided 148 recommendations that are shaping the current reforms. This report reflects many of the financial pressures and challenges highlighted by the Royal Commission, and the department is addressing the sustainability challenges of the sector in support of the goal of improving services to older Australians.

- **A new Aged Care Act**

The new Act, which is under development, will put older Australians and their needs at the centre of the new aged care framework, and underpins fundamental and generational reform across aged care in Australia. It will support greater choice and control for older Australians over the care and services they receive. Stronger provider and worker regulation provisions in the Act will also protect older Australians from mistreatment, neglect, and harm.

- **A new funding model for residential care**

The Aged Care Funding Instrument (ACFI) was replaced by the Australian National Aged Care Classification (AN-ACC) funding model on 1 October 2022. Through the AN-ACC funding model a substantial funding uplift is being delivered to residential care providers. AN-ACC was a key recommendation of the Royal Commission and seeks to more equitably distribute care funding and improve care standards through supporting the introduction of mandated minimum care minutes per resident, including care minutes with a registered nurse from 1 October 2023.

Commencing in 2023, the Independent Health and Aged Care Pricing Authority (IHACPA) will provide independent advice to Government on aged care pricing issues, including annual recommendations on the AN-ACC price. This will support the ongoing financial sustainability of the sector by ensuring funding changes are informed by movements in the costs of delivering care in the sector.

- **Greater transparency**

Currently, providers are required to report their financial records in the ACFR. The ACFR and the newly introduced Quarterly Financial Report (QFR) will assist the Government in minimising the risk of providers closing without warning and protecting those accessing aged care against interruptions to the services they receive. The Australian Government is also assisting Australians to make more informed choices about their care through the introduction of the Star Rating system to increase transparency and support the choices of older Australians. Publishing information about how providers spend on care, nursing, food, maintenance, cleaning, administration, and profits will further support transparency in the sector.

- **A recipient-based model of allocation**

The competitive application process that enabled providers to apply for a new Australian Government funded aged care places known as Aged Care Approvals Rounds (ACAR) has ceased, with the last round finalised in 2021. From 1 July 2024, a new system will commence, offering older Australian's flexibility and greater choice, with residential places assigned directly to older Australians.

This shift will drive innovation within the aged care market through competition and allow providers to adapt to the changing preferences of older Australians. It will also empower older Australians as they have greater choice to make decisions that best meets their needs and preferences. These benefits have been observed within the home care sector where 66 per cent of recipients were able to enter into a home care agreement with their preferred provider. This change will also reduce the administrative burden on providers as applications for places will no longer be required.

- **In-home care reform**

The Royal Commission has recommended reforms to in-home aged care programs to enable older Australians to remain in their own homes for longer. The Government has announced a reformed in-home aged care program will commence in 2024, one year later than previously announced. This timing is in line with the recommendation of the Royal Commission.

- **Digital Transformation**

Delivering on reforms will require a strong and modernised aged care sector. The Government has committed \$312.6 million to invest in aged care information, communication and technology (ICT) systems to strengthen the transparency, integrity, and accountability of aged care providers by facilitating the efficient transmission of information and data in near real-time.

It also means older Australians, their families and carers will have access to more accurate and timely information, will be able to see transparently the cost of services, and will have a simple platform for making payments when receiving care in their home.

The ongoing changes and reforms will bring about a period of significant transition for the sector. Through this transition, it is expected that the quality of the sector will lift and that the structure of the aged care market will change and evolve to meet the needs of Australians accessing aged care services.

Some of the reforms recommended by the Royal Commission were implemented in the 2021–22 financial year and the department expects to see the impact of those reforms reflected in the results of next year's annual report. The impact of other reforms will take additional time to address the sustainability and structural challenges of the sector.







## CHAPTER 1

# This report

### 1.1 Aged care sector overview

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### 1.2 Previous annual reports

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### 1.3 Methodology

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### 1.4 Navigating this report

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### 1.1

#### Aged care sector overview

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The aged care sector in Australia provided services to over 1.5 million Australians in 2020–21 and generated over \$28 billion in annual revenue<sup>3</sup>. The sector makes a significant contribution to the Australian economy, representing 1.2 per cent of Gross Domestic Product (GDP)<sup>4</sup>.

The sector is reliant on taxpayer funding, receiving \$23.6 billion in Australian Government funding in 2020–21, an increase of 11.4 per cent from 2019–20. Most of the increase in funding was because of an increase in home care consumers, up 22 per cent in 2020–21 to 212,293 from 173,743 in 2019–20. Almost 60 per cent of total funding (\$14.1 billion) was for residential care.

### 1.2

#### Previous annual reports

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The Aged Care Financing Authority (ACFA) previously provided the Minister responsible for aged care with an annual report on the funding and financing of the aged care sector.

Over time, each ACFA annual report built on the last, producing a substantial body of in-time and trend data on the funding and financing of the aged care sector. The ninth ACFA annual report published in 2021 was the last. Although ACFA ceased to operate from 30 June 2021, all previous ACFA reports provided to the Minister can be accessed at <https://www.health.gov.au/committees-and-groups/aged-care-financing-authority-acfa>

This report aims to give continuity of charts, tables and figures so there is consistency and transparency on the reporting of funding and financing of the aged care sector. In most instances, a consistent method to previous ACFA annual reports was used to generate the data and analysis in this report.

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<sup>3</sup> Excluding refundable accommodation deposits.

<sup>4</sup> <https://treasury.gov.au/publication/2021-intergenerational-report>



## 1.3

### Methodology

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The 2022 report presents and analyses 2020–21 data provided by aged care providers and data held by the department. This is supplemented by more recent data sources, where available.

The principal data sources are financial and administrative data collected by the department:

- From Commonwealth Home Support Programme (CHSP) providers (Home and Community Care providers in WA before 2018–19):
  - CHSP Data Exchange and
  - Home and Community Care (HACC) Minimum Data Set (WA) prior to 2018–19.
- From home care providers:
  - Aged Care Financial Reports (ACFRs).
- From residential care providers:
  - ACFRs
  - General Purpose Financial Reports (GPFR) prior to 2016–17
  - Annual Survey of Aged Care Homes (SACH) and
  - Published aged care accommodation prices (My Aged Care website).
- Other general data:
  - the 2020–21 Report on the Operation of the Aged Care Act 1997 (ROACA), and previous editions
  - quarterly home care data reports
  - the 2020 National Aged Care Workforce Census and Survey and
  - relevant supplementary information from sector analysts, including StewartBrown.

When discussing the financial performance of providers in this report, earnings before interest, tax, depreciation and amortisation (EBITDA) is the main measure used to analyse profitability. This is because EBITDA excludes items such as interest (both income and expense) and tax expenditures, which can vary depending on the financing decisions of an organisation; and non-cash expenses, such as depreciation and amortisation which can vary greatly based on the size and age of facilities and other assets, and on ownership type and depreciation methods.

EBITDA can be used to compare organisations with each other and against industry averages and is a good 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.

This report also refers to net profit before tax (NPBT) which also assists in making comparisons between organisations that are subject to different tax treatments. Financial information on home care and residential care reported in this report is collected through the ACFR. The *Accountability Principles 2014*, made under Section 96–1 of the *Aged Care Act 1997*, require approved providers to submit a financial report in a form approved by the Secretary of the department. For providers of residential care, the ACFR must be accompanied by an audited GPFR and accompanying audit opinion. The ACFR submitted by home care providers is not required to be audited and should not be considered a GPFR.

# Chapter 1

## This report

The changes made for the 2020–21 ACFR and beyond will result in more financial performance information being collected at the facility level, which had not been possible previously. The financial analysis and commentary in this report does not include National Aboriginal and Torres Strait Islander Flexible Aged Care Program providers, providers operating Multi-Purpose Services or providers under the Short-term Restorative Care (STRC) Programme.

It is important to be mindful of the sector composition and the varying objectives of providers when interpreting the data. The aged care sector continues to be dominated by not-for-profit providers. Traditional profit-based measures are not always consistent with the mission and objectives of not-for-profit providers.

### Considerations and limitations

As significant reforms in aged care continue, some forms of service delivery, and therefore data collection, are changing. For this reason, analysis is not always directly comparable with analysis contained in previous reports. Where this is the case, it is noted.

Since 2016–17, the ACFR continues to be used by home care and residential care providers to report financial data to the department. Providers previously reported their financial information using different methodologies meaning comparisons with 2015–16 and earlier years are not always possible.

The vast majority of financial data available regarding home and residential care is at the approved provider level. The changes to financial data collection made by the department in 2021 will result in more service level data being available for future years.

## 1.4

### Navigating this report

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This report is structured as follows:

- Chapter 2 – Aged care in Australia: Provides an overview of the aged care sector in Australia.
- Chapter 3 – Access to aged care: Discusses the supply of, and access to, subsidised aged care in Australia.
- Chapter 4 – Home support: Provides an overview of home support through the CHSP.
- Chapter 5 – Home care: Provides an overview of the Home Care Packages Program and a summary of financial performance of home care providers in 2020–21.
- Chapter 6 – Residential care: Provides an overview of residential aged care and a summary of financial performance of residential care providers in 2020–21.
- Chapter 7 – Residential care: capital investment: Provides discussion and analysis of residential care provider balance sheets and capital investments, as well as building trends in the sector.
- Chapter 8 – Future demand for aged care: Discusses the future demand for aged care in the short, medium and long-term.
- Chapter 9 – Policies and programs for the future.

Analysis of providers in this report is generally presented in four ways:

- whole of sector (refers to all providers operating a particular type of care)
- ownership type (not-for-profit, for-profit or government owned)
- location (metropolitan, regional or a mix of metropolitan and regional) and
- scale (number of services operated by a home care provider or number of facilities operated by a residential care provider).

When referring to facility 'size' the report is referring to the number of beds operated by a single residential care facility.

When referring to 'government owned', the report is referring to services owned and operated by state, territory and local governments. The Australian Government does not own or operate aged care facilities or services.







## CHAPTER 2

# Aged care in Australia

### 2.1 Current aged care programs

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### 2.2 Australian Government expenditure on aged care

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### 2.3 Consumer contributions

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### 2.4 Aged care providers

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### 2.5 Aged care workforce

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## Chapter 2

# Aged care in Australia

The sector provides services to over



**1.5 million**

Australians

The sector generates over



**\$28 billion**

in revenue

The sector received



**\$23.6 billion**

in Australian Government funding

### THIS CHAPTER DISCUSSES:

- types of subsidised aged care in Australia
- providers of aged care
- the regulation of the supply of subsidised aged care services
- Australian Government and consumer expenditure on aged care and
- the aged care workforce.

**3,201**

providers across:

- **1,432**  
Commonwealth  
Home Support Programme  
providers
- **939**  
home care providers
- **830**  
residential care providers



## 2.1

### Current aged care programs

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This report discusses the aged care sector in terms of the three main programs:

- **Commonwealth Home Support Programme (CHSP):** Provides services for those who require basic services to assist with remaining in their own homes. On 1 July 2015, the CHSP was implemented, combining the previous Australian Government's Home and Community Care (HACC) program<sup>5</sup>, the National Respite for Carers Program, Day Therapy Centres and Assistance with Care and Housing for the Aged. On 1 July 2016, the HACC Program in Victoria transitioned to the CHSP and on 1 July 2018 HACC services in Western Australia were also incorporated into the CHSP. All states and territories now operate under the CHSP.
- **Home Care Packages Program (HCPP):** Supports older people with complex care needs to live independently in their own homes. HCPP uses a consumer-directed care approach to make sure the support suits a person's age-related care needs and goals. There are 4 levels of Home Care Packages – from level 1 for basic care needs to level 4 for high care needs. Services may include:
  - help with household tasks
  - equipment (such as walking frames)
  - home modifications
  - personal care and
  - clinical care such as nursing, allied health and physiotherapy services.
- **Residential care:** Provides accommodation and 24-hour care for those who have greater care needs and choose, or need, to be cared for in an aged care facility. Care can be provided on either a temporary (respite) or permanent basis.

In addition, there are flexible care types which this report does not provide analysis or commentary about, due to lack of financial data. These include:

- **Transition care:** The Transition Care Programme (TCP) provides short-term care that seeks to optimise the functioning and independence of older people after a hospital stay. Transition care is goal-oriented, time-limited and therapy-focused. The TCP seeks to optimise the functioning and independence of older people after a hospital stay, enabling them to return home rather than enter residential care. Unlike the Short-term Restorative Care (STRC) Programme, the TCP is a joint Australian Government-state funded program.
- **Restorative care:** Services that focus on enhancing the physical and cognitive function of people who have lost or are at risk of losing condition and independence. The STRC, which commenced in February 2017, aims to reverse and/or slow 'functional decline' in older people and improve their wellbeing through the delivery of a time-limited, goal-oriented, multidisciplinary and coordinated range of services.

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<sup>5</sup> The Commonwealth Home and Community Care Program was created on 1 July 2012 following agreement to the transfer of all formerly joint Commonwealth-state/territory HACC programs, except Victoria and Western Australia. All states and territories have now joined the CHSP.

## Chapter 2

# Aged care in Australia

- **Multi-Purpose Services:** The Multi-Purpose Services (MPS) Program is a long-standing, joint initiative between the Australian Government and state and territory governments. The MPS program provides integrated health and aged care services in small rural and remote communities in all states, the Northern Territory and Norfolk Island. It focuses on providing health and aged care services to older people in the rural and remote communities where they live.
- **National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) Program:** The NATSIFAC Program provides culturally safe aged care to older Aboriginal and Torres Strait Islander peoples to remain close to home and community. Providers are located mainly in remote areas. Services can be delivered in either a residential or home care setting.

- **Innovative care services:** The Innovative Care Program supports the development and testing of flexible models of service delivery in areas where mainstream aged care services may not appropriately meet the needs of a location or target group.

Table 2.1 shows the number of providers, services, places and consumers as well as Australian Government and consumer funding for each of the three care types discussed in this report for the 5 years to 2020–21.



Table 2.1: Aged care in Australia 2016–17 to 2020–21

	2016–17			2017–18			2018–19			2019–20			2020–21		
	Home support	Home care	Residential care	Home support	Home care	Residential care	Home support	Home care	Residential care	Home support	Home care	Residential care	Home support	Home care	Residential care
Number of providers	1,621	702	902	1,547	873	886	1,458	928	873	1,452	920	845	1,432	939	830
Numbers of services/facilities	N/A	2,367	2,672	N/A	2,599	2,695	N/A	2,691	2,717	N/A	2,650	2,722	N/A	2,652	2,704
Number of operational places	N/A	N/A	200,689	N/A	N/A	207,142	N/A	N/A	213,397	N/A	N/A	217,145	N/A	N/A	219,105
Number of consumers	784,927	97,516	239,379	847,534	116,843	241,723	840,984	133,439	242,612	839,373	173,743	244,363	825,383	212,293	243,117
Australian Government funding	\$2.4b	\$1.6b	\$11.9b	\$2.4b	\$2.0b	\$12.2b	\$2.6b	\$2.5b	\$13.0b	\$2.8b	\$3.4b	\$13.4b	\$2.9b	\$4.2b	\$14.1b
Consumer contribution	\$204m	\$128m	\$4.5b	\$219m	\$122m	\$4.5b	\$252m	\$107m	\$4.8b	\$251m	\$102m	\$4.9b	\$269m	\$96m	\$5.1b

Notes:

- Home support for 2016–17 and 2017–18 comprises CHSP as well as WA HACC.
- Australian Government funding for home support in 2015–16, 2016–17 and 2018–19 includes funding for My Aged Care and Regional Assessment Service (RAS) to support the CHSP (\$123 million in 2016–17, \$128 million in 2018–19, \$158 million in 2019–20 and \$149 million in 2020–21).
- The number of consumers of home support in 2015–16 (925,432) includes 285,432 for Vic and WA HACC and an estimate of over 640,000 in the CHSP as accurate data was not available. Due to the lack of accurate data and differences in counting methods the CHSP consumers for 2015–16 are likely overstated.

## Chapter 2

# Aged care in Australia

## 2.2

### Australian Government expenditure on aged care

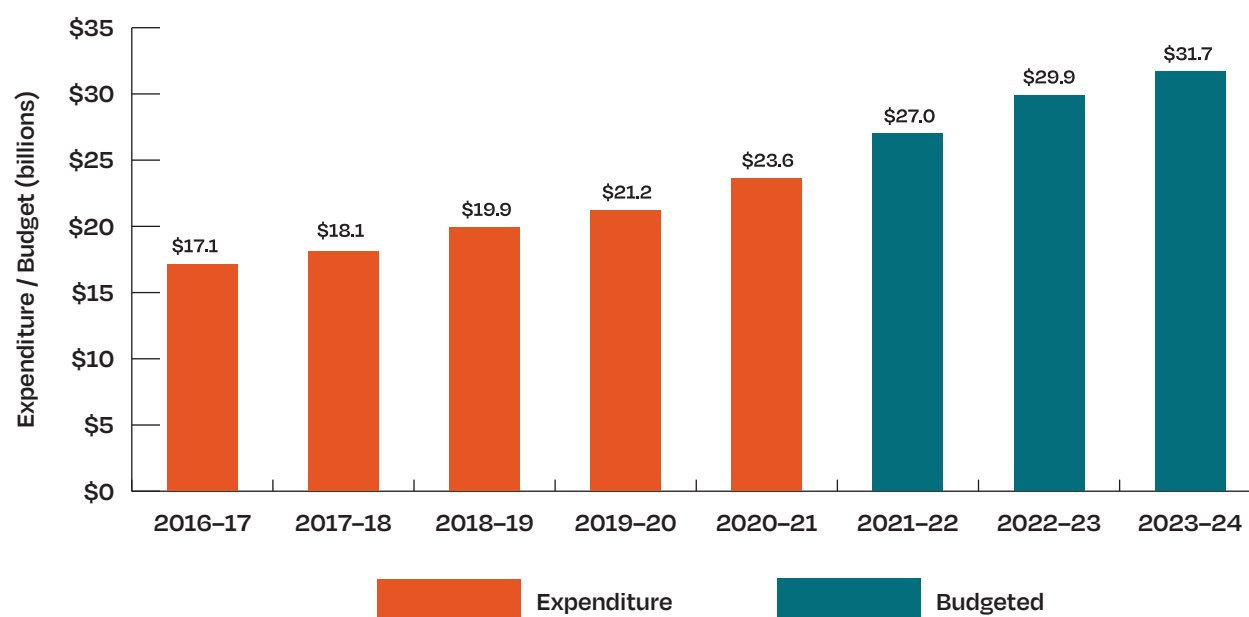
Chart 2.1 shows Australian Government funding in aged care since 2016–17 and budgeted expenditure to 2023–24.

The Australian Government spent \$23.6 billion on aged care in 2020–21, up from \$21.2 billion in 2019–20.

Australian Government funding is expected to increase to \$27 billion in 2021–22 with over \$31 billion budgeted for 2024–25.

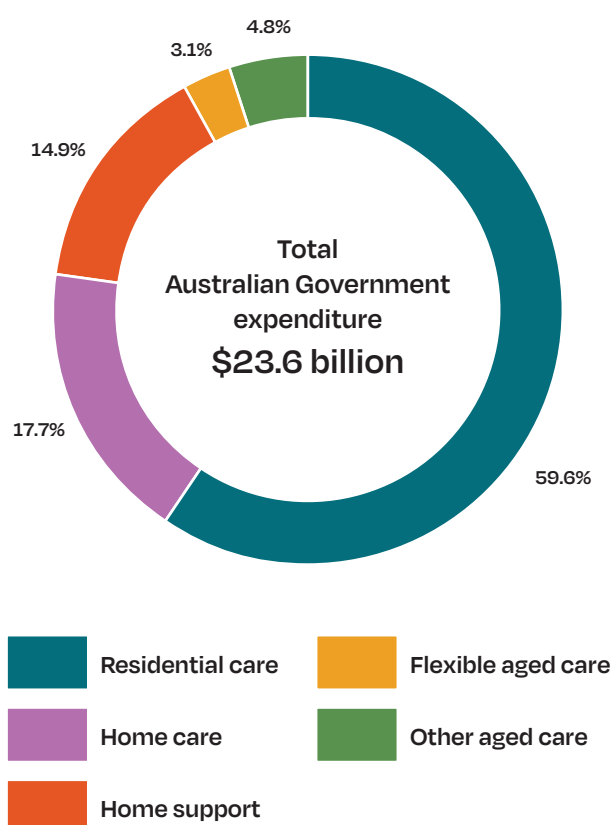
Almost all of the \$2.4 billion increase in Government funding for aged care during 2020–21 was for residential care and home care programs.

**Chart 2.1: Australian Government total aged care expenditure, 2016–17 to 2020–21 and total budgeted aged care expenditure, 2021–22 to 2023–24**



The proportion of Australian Government expenditure in 2020–21 across the sector is illustrated in Chart 2.2. Funding for residential care is by far the largest proportion of Australian Government expenditure at 59.6 per cent, down from 63.3 per cent the previous year.

**Chart 2.2: Australian Government total aged care expenditure, by major program, 2020–21**



## Chapter 2

# Aged care in Australia

## 2.3

### Consumer contributions

Most aged care consumers contribute to their aged care costs. The level of contribution and method for calculating contributions varies according to the type of aged care service. For home care and residential care, consumer contributions are determined through an assessment of income and assets (means assessment). Consumer contributions in CHSP are set at the discretion of the provider. Table 2.2 shows the total Australian Government and consumer contribution across service types since 2015–16. Consumers of home care packages contributed

around \$96 million to their care and support costs in 2020–21, representing 2 per cent of home care providers' revenue, down from approximately 3 per cent in 2019–20.

Residential care consumers contributed around \$5.1 billion, up from \$4.9 billion the prior year.

CHSP consumers contributed \$269 million in 2020–21, which represents 8 per cent of total expenditure on home support.

**Table 2.2: Australian Government expenditure and consumer contribution, by service type, 2015–16 to 2020–21**

		2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Home care	Government	\$1.5b	\$1.6b	\$2.0b	\$2.5b	\$3.4b	\$4.2b
	Consumer	\$127m	\$126m	\$122m	\$107m	\$102m	\$96m
Residential care	Government	\$11.4b	\$11.9b	\$12.2b	\$13.0b	\$13.4b	\$14.1b
	Consumer	\$4.5b	\$4.5b	\$4.5b	\$4.8b	\$4.9b	\$5.1b
Home support	Government	\$2.2b	\$2.4b	\$2.4b	\$2.5b	\$2.6b	\$2.9b
	Consumer	N/A	\$204m	\$219m	\$252m	\$251m	\$269m

Notes: Consumer contributions for home support were not available until 2016–17.

## 2.4

### Aged care providers

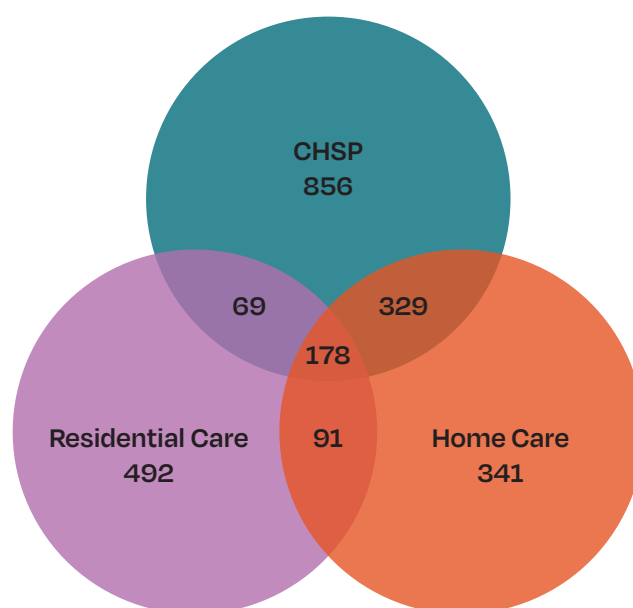
Table 2.3 shows the number of providers over the last 7 years. The number of residential care and CHSP providers have continued to decline. The number of home care providers increased slightly to 939, up from 920.

**Table 2.3: Number of aged care providers, by service type, 2014–15 to 2020–21**

	Home support	Home care	Residential care
2014–15	1,628	504	972
2015–16	1,686	496	949
2016–17	1,621	702	902
2017–18	1,547	873	886
2018–19	1,458	928	873
2019–20	1,452	920	845
2020–21	1,432	939	830

While the majority of providers operate only one type of aged care service, some operate two or all three of the major types. Chart 2.3 shows the number of providers offering only one type, two types and all three types of services in 2020–21<sup>6</sup>. There were 178 providers who offered all three major types of care.

**Chart 2.3: Proportion of aged care providers providing more than one type of aged care service, 2020–21**



<sup>6</sup> Some aged care providers, particularly not-for-profit providers, also provide disability services and seniors' housing.

## Chapter 2

# Aged care in Australia

The proportion of providers who have diversified into more than one type of care is continuing to increase, albeit very slowly, as shown in Table 2.4.

**Table 2.4: Proportion of aged care providers providing more than one type of service, 2014–15 to 2020–21**

	One type only	Two types	All three types
2014–15	84%	14%	2%
2015–16	78%	16%	6%
2016–17	76%	17%	7%
2017–18	74%	19%	7%
2018–19	73%	20%	7%
2019–20	72%	21%	7%
2020–21	72%	21%	7%

## 2.5

### Aged care workforce

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The 2020 Aged Care Workforce Census (the Census)<sup>7</sup> estimated that the total number of workers in positions across aged care at end of 2020 was:

- 277,671 in residential care; of these, 267,751 were permanent or casual/contractor positions (14 per cent more than in 2016). Direct care roles accounted for 208,903 staff, and 201,542 of these were employed on a permanent or casual/contractor basis. This represents 129,151 full-time equivalent (FTE) positions, an increase of 32 per cent since 2016
- 80,340 in HCPP; of these, 64,019 (80 per cent) were direct care staff
- 76,096 in CHSP; of these, 59,029 (or 78 per cent) were direct care staff

Personal care workers (PCWs) made up the largest group of direct care workers across each of the three service care types.

Volunteer workers also made a significant contribution across the sector. The number of people reported working in a volunteer role in the last fortnight of November 2020 was:

- 11,980 in residential care
- 8,748 in HCPP
- 10,155 in CHSP

Chart 2.4 shows the composition of the aged care workforce as reported in the Census. The aggregate number of workforce positions overstates the size of the workforce given staff may work for multiple providers across the same or different service care types, or for the same provider across care types. The department analysed several relevant data sources, including the Census and Multi-Agency Data Integration Project (MADIP) information to estimate the net number of aged care workers operating in the sector. Of the 464,990 positions in aged care in 2020, the department estimated that the actual number of aged care workers employed across residential care, HCPP and CHSP was over 370,000<sup>8</sup>. This number included nurses, personal care workers and allied health professionals, as well as administrative and ancillary staff.

Around half of direct care workers (52 per cent) in residential care are under 40 years of age, an increase from 35 per cent in 2016. In contrast, around one third of direct care staff were under the age of 40 for home care and CHSP.

The number of direct care workers who identify as being from a culturally and linguistically diverse (CALD) background in 2020 was 49,475 or 35 per cent of the total residential care direct care workforce. This is an increase from 26 per cent in 2016, although the 2016 distributions excluded agency/subcontractor roles, whereas 2020 responses did not differentiate these roles.

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<sup>7</sup> <https://www.health.gov.au/resources/publications/2020-aged-care-workforce-census>

<sup>8</sup> This estimate is not directly comparable to the estimate of 366,000 derived and reported in the 2016 National Aged Care Workforce Census and Survey. Amongst other differences, since the 2016 National Aged Care Workforce Census and Survey, more contemporaneous methodologies are available to reliably estimate duplication of worker counts in the workforce such as where a worker has multiple job roles across the aged care sector

## Chapter 2

### Aged care in Australia

The aged care workforce remained a largely female workforce in 2020, with about 86 per cent of the residential care workforce across direct care roles identifying as female. For registered nurses, enrolled nurses and personal care workers (roles for which 2016 data is available), the gender distribution was consistent across 2016 and 2020, noting that in 2016 gender distributions excluded agency/subcontractor roles, while 2020 responses did not differentiate these roles.

Workforce expenditure as a proportion of total expenditure in residential care is discussed in chapter 6 (Chart 6.12).

**Chart 2.4: Aged care workforce compositions, 2020**

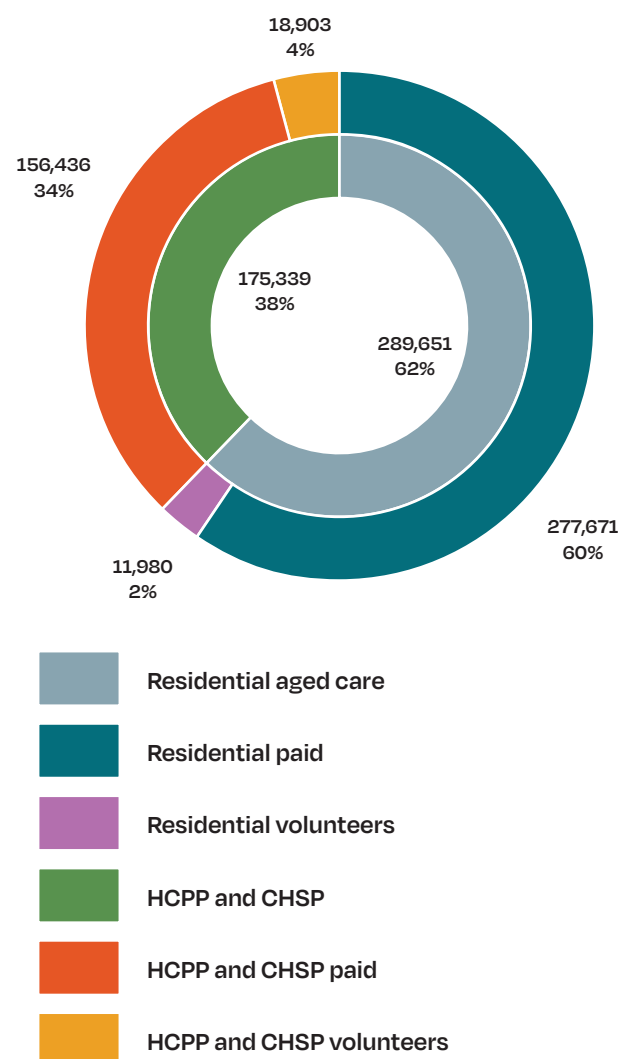




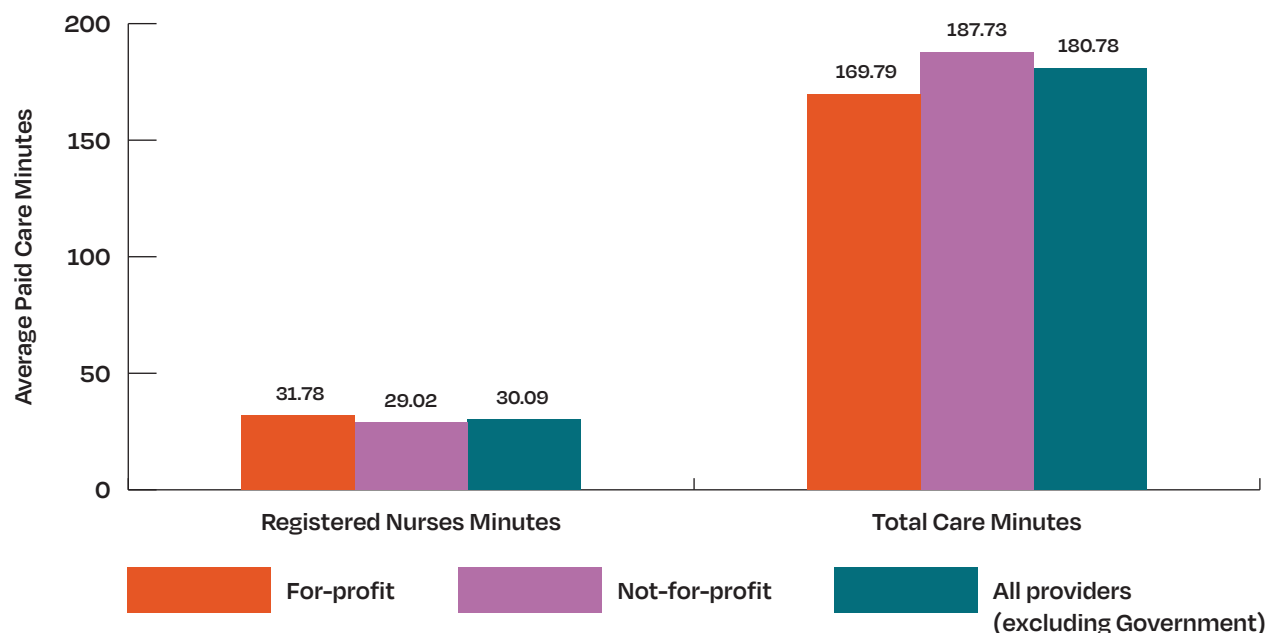
Chart 2.5 shows the average paid care minutes per resident per day by different ownership types for 2020–21. This is a new chart not previously included in ACFA reports.

For-profit providers had a higher average of registered nurse care minutes per resident per day (31.78 care minutes) compared to not-for-profit providers (29.02 care minutes).

The average total care minutes per resident per day was 17.94 minutes higher in not-for-profit providers (187.73 total care minutes), compared with 169.79 total care minutes for for-profit providers.

The care minutes of individuals residents could vary widely.

**Chart 2.5: Average paid care minutes per resident per day, by ownership type, 2020–21**





## CHAPTER 3

# Access to aged care

**3.1** Supply of subsidised  
aged care

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**3.2** Aged Care Approvals Round

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**3.3** Access to aged care

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**3.4** Access to home care

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**3.5** Access to residential care

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**3.6** Residential respite care

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**3.7** Supported residents

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**3.8** Age profile across care type

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**3.9** Access by Culturally and  
Linguistically Diverse and  
First Nations elders

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## Chapter 3

### Access to aged care

The number of

CHSP consumers

**825,383**



Home care consumers

**212,293**



Residential care consumers

**243,117**



#### THIS CHAPTER DISCUSSES:

- access to subsidised aged care for older Australians
- the supply of subsidised aged care and
- usage of aged care by age cohorts.

Average occupancy  
in residential care:

**86.8%**



## 3.1

### Supply of subsidised aged care

The Australian Government regulates the supply of services offered through the Commonwealth Home Support Programme (CHSP) through a capped funding amount that is indexed annually. This is discussed in Chapter 4.

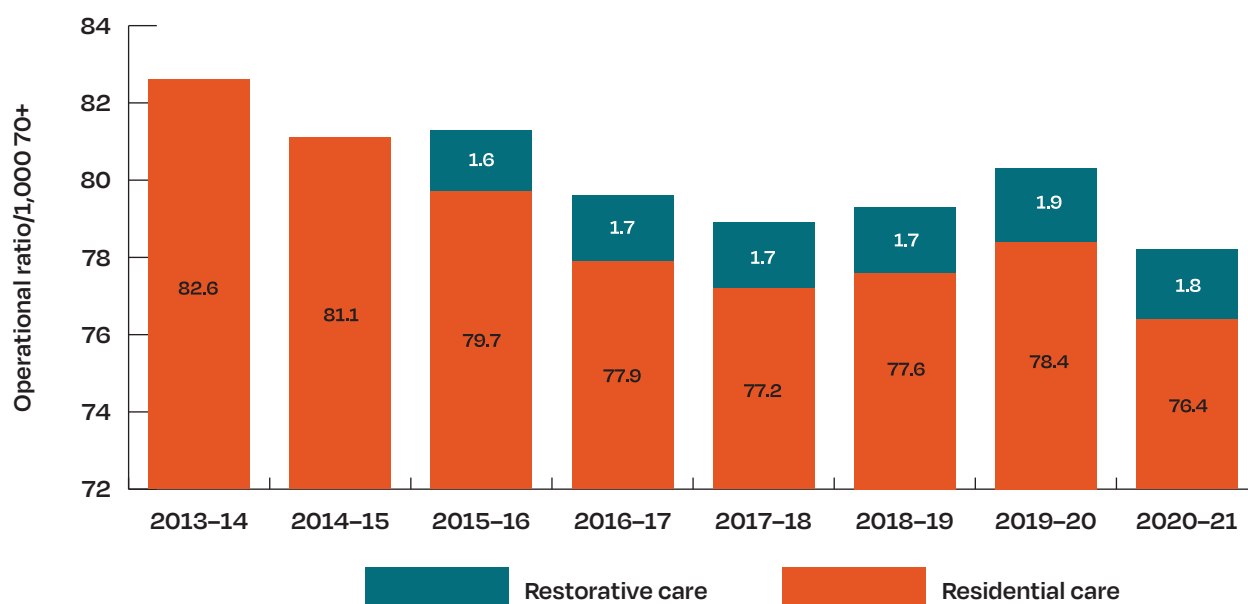
The Australian Government regulates the supply of home care packages and residential aged care places it funds by specifying targets. These targets, known as the aged care target provision ratios, are based on the number of people aged 70 and over.

The overall aged care target provision ratio was increased progressively to 125 operational places per 1,000 people aged 70 and over by 2021–22.

Chart 3.1 shows the achieved residential care ratios for the 8 years to 30 June 2021. The 2020–21 residential care ratio is 76.4, down from 78.4 the prior year.

While the overall aged care target provision ratio comprises residential care, home care, and, since 2016, restorative care places, the reported operational ratio refers only to places assigned to approved providers. Since the introduction of the Increasing Choice in Home Care reforms on 27 February 2017, home care packages can no longer be defined as 'operational places' as they are not assigned to the provider, but to the consumer, and are therefore no longer included in the operational ratio.

**Chart 3.1: Residential care achieved ratios, 2013–14 to 2020–21**



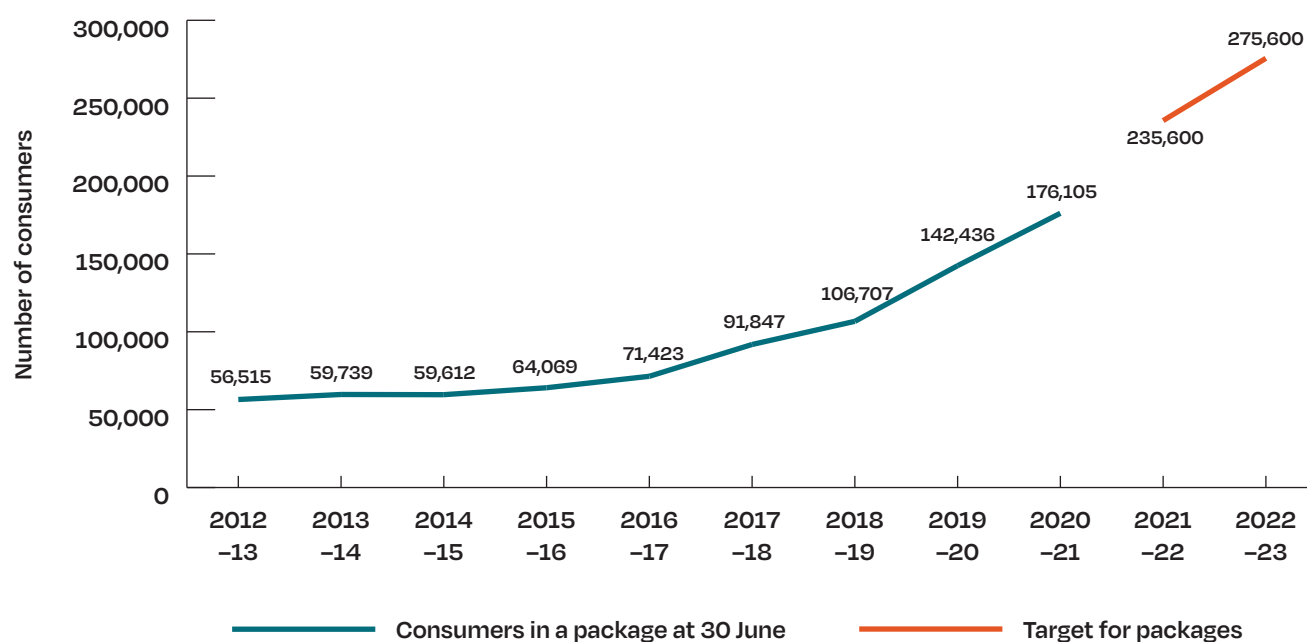
## Chapter 3

### Access to aged care

Chart 3.2 shows the number of consumers with a home care package as at 30 June for each of the previous 8 years, as well as the target number of packages to 2022–23. While the historical and forward

estimates numbers are not directly comparable, the Chart gives some indication of the increase in home care packages that has occurred and the increase that is planned to be released.

**Chart 3.2: Home care consumers in a package at 30 June, 2013–14 to 2020–21 and target packages, 2021–22 to 2022–23**



Note:

- i. Target for packages as published within the Portfolio Budget Statements 2022–23.

3.2

Aged Care Approvals Round

Unlike home care packages, residential care places are still allocated to providers. However, as part of the 2021–22 Budget, a new system for residential aged care was announced. From 1 July 2024, the new system will assign residential places directly to eligible consumers, rather than allocating places to providers. As part of the reform, the Aged Care Approvals Round (ACAR) has now ceased. Providers who can

immediately provide care, can apply to the department for an allocation of places to ensure ongoing supply of places until 2024.

In terms of provider ownership, a trend evident for the last four ACARs is that the for-profit providers have been successful in gaining around two thirds of allocated residential care places, as shown in Table 3.1.

Table 3.1: Aged Care Approval Rounds, proportion of allocated places, by ownership, 2014 to 2020

	2014	2015	2016–17	2018–19	2020
For-profits	68%	70%	63%	68%	68%
Not-for-profits	32%	30%	37%	32%	32%

Note:  
i. Prior year numbers have been slightly adjusted to include not-for-profit and government providers.



## Chapter 3

### Access to aged care

### 3.3

#### Access to aged care

In 2020–21, almost 1.3 million older Australians accessed Australian Government subsidised aged care through the three types of aged care that this report mainly discusses (CHSP, home care and residential care). Table 3.2 shows the number of consumers since 2016–17.

The number of older Australians who received subsidised home care during 2020–21 continued to increase (up 22 per cent).

The number of older Australians who received permanent residential care during 2020–21 was 243,117, down from 244,363 (0.5 per cent) in 2019–20. This decline was primarily driven by the two most populous states. The number of people using residential care fell in both New South Wales and Victoria, whereas Queensland, Western Australia, and Tasmania all had increases.

The number of home support consumers decreased to 825,383, down from 839,373 (1.7 per cent)

**Table 3.2: Aged care in Australia, number of consumers, 2016–17 to 2020–21**

	2016–17	2017–18	2018–19	2019–20	2020–21
Home support	784,927	847,534	840,984	839,373	825,383
Home care	97,516	116,843	133,439	173,743	212,293
Residential care	239,379	241,723	242,612	244,363	243,117

Notes:

- CHSP consumer numbers for 2018–19 are not perfectly comparable with home support consumer numbers reported for previous years, which combine CHSP consumer counts with the HACC programs that operated in Victoria and Western Australia. These HACC programs have now ceased providing aged care. The methods used to collect data and measure consumer numbers are different across programs, and any comparisons over time should be treated with caution.



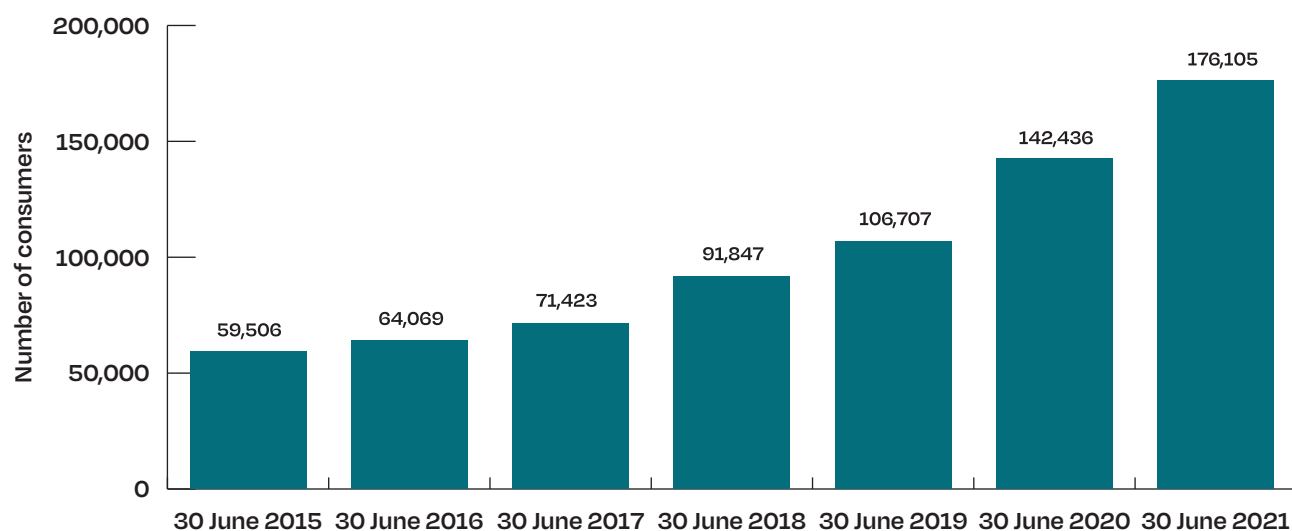
## 3.4

### Access to home care

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Chart 3.3 shows the significant increase in overall home care consumer numbers, particularly since 30 June 2017. As at 30 June 2021, there were 176,105 consumers in a package, up from 142,436 at 30 June 2020.

**Chart 3.3: Number of home care consumers in a package, 30 June 2015 to 30 June 2021**

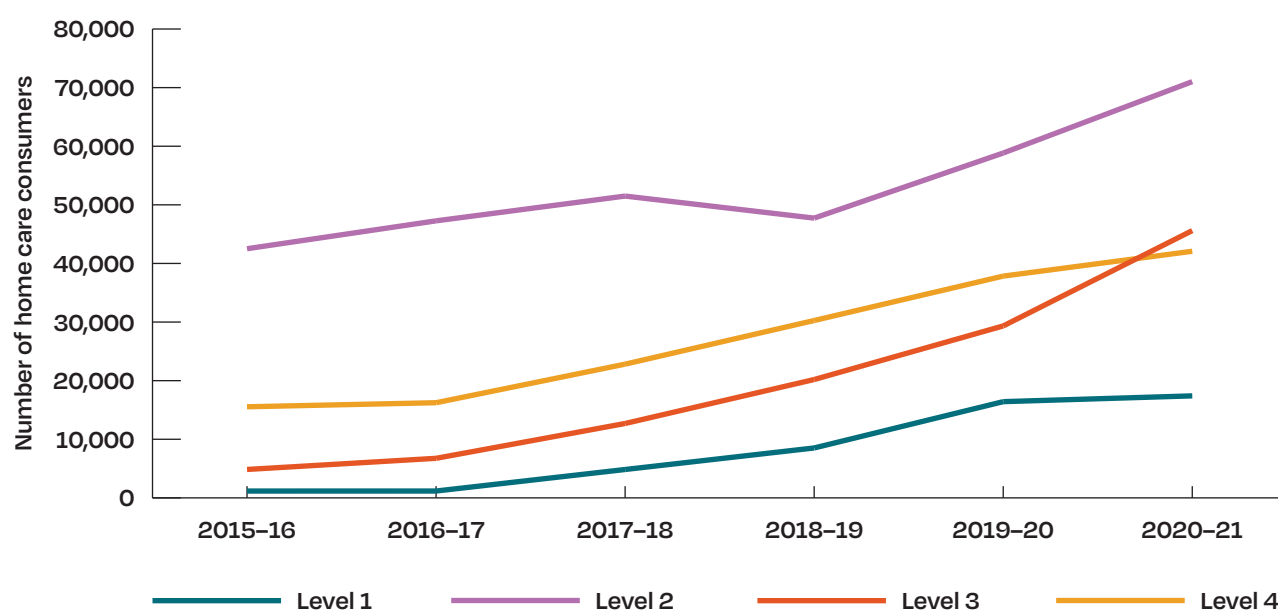


## Chapter 3

### Access to aged care

Chart 3.4 shows the number of consumers, by package levels, since 2015–16. The number of consumers increased for all package levels. Level 2 packages continued to have the highest number of home care consumers. Level 3 packages were the second most common, recording a higher number than level 1 and level 4 packages.

**Chart 3.4: Number of home care consumers, by package level, 2015–16 to 2020–21**



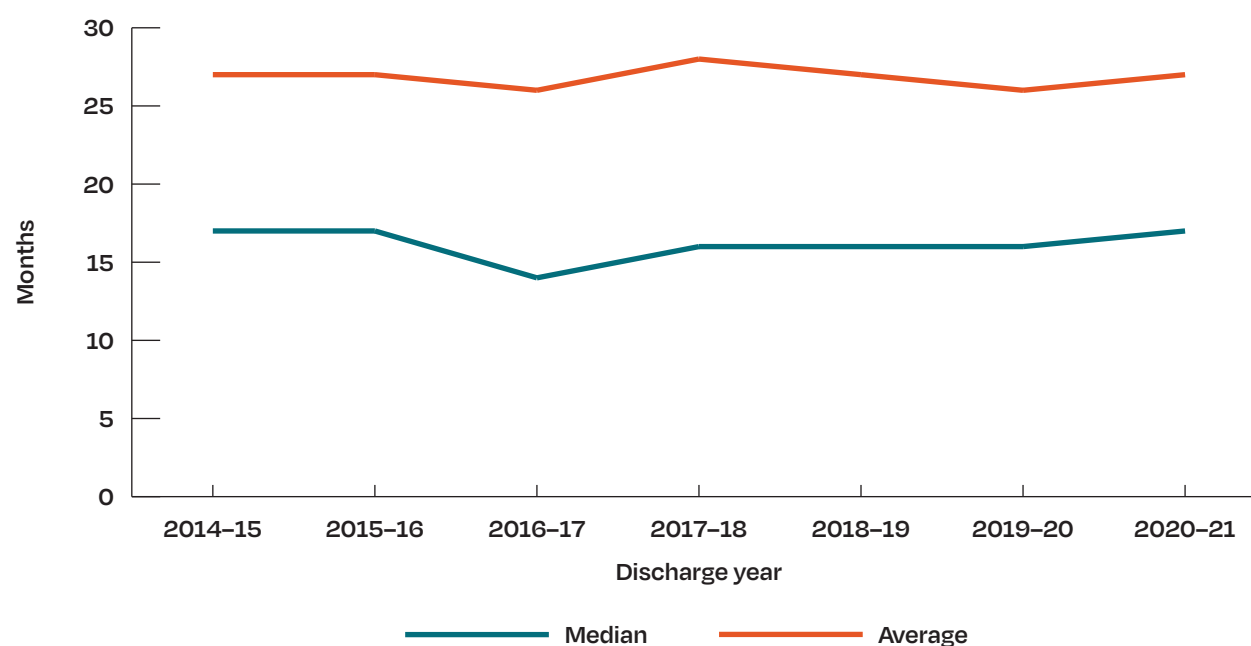
#### Demand for home care packages

At 30 June 2021, there were 79,597 people in the National Priority System (NPS) waiting for a home care package at their approved level, a decrease of 22,484 since 30 June 2020. Of the people in the NPS at 30 June 2021, 61 per cent also had approval for permanent residential care.

## Length of stay in home care

Chart 3.5 shows the median time spent in the home care program at discharge was around 17 months in 2020–21. The average length of stay was around 27 months, up 0.5 per cent from 2019–20.

■ Chart 3.5: Median and average length of stay in home care, by year of discharge

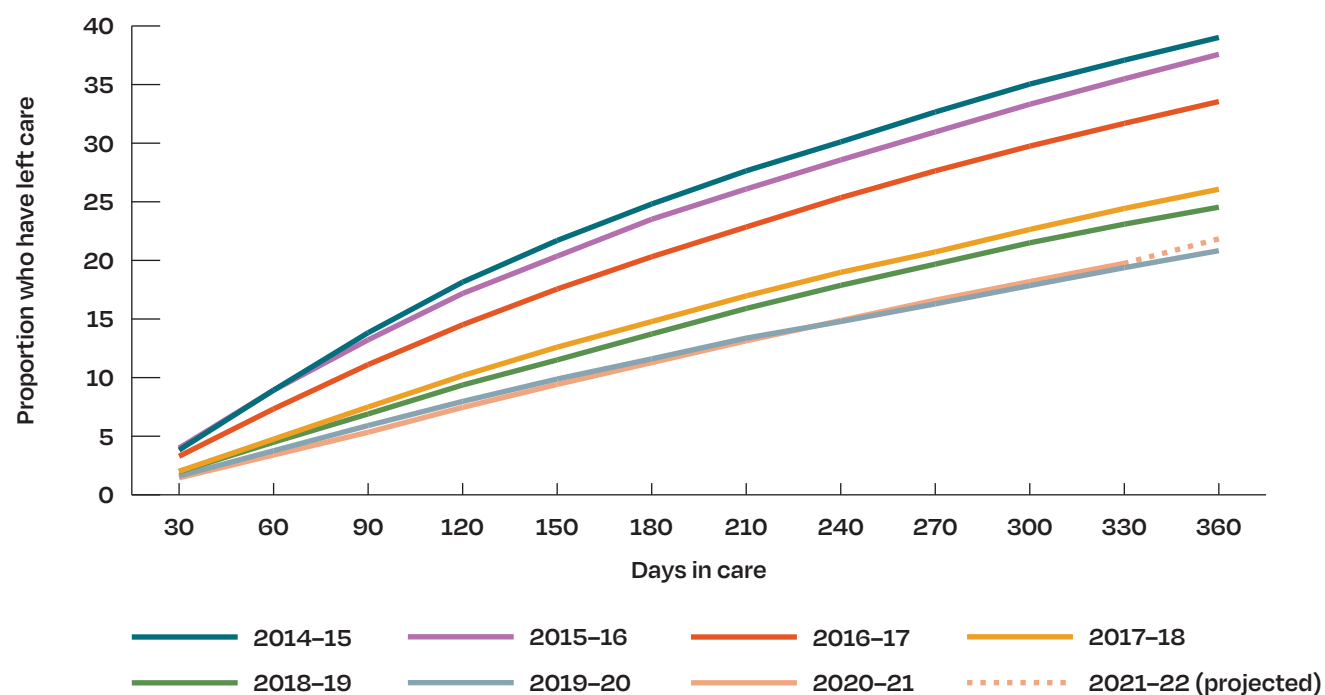


## Chapter 3

### Access to aged care

Chart 3.6 shows that fewer people from each annual entry cohort are leaving home care in their first year. In 2020–21 it was a similar proportion to 2019–20.

**Chart 3.6: Cumulative proportion of home care recipients leaving home care during their first year by year of entry**



## 3.5

### Access to residential care

The number of older Australians who received permanent residential care during 2020–21 was 243,117, down from 244,363 in 2019–20. At 30 June 2021 there were 183,894 permanent residents in care.

The number of people who accessed residential respite care in 2020–21 was 67,775, an increase of 1.3 per cent from 66,873 in 2019–20.

#### Occupancy in residential care

Occupancy is measured as the total number of days an allocated place is occupied by a resident, divided by the total number of days an allocated place was available to be occupied. The subsequent rates therefore reflect both demand for care (i.e. the number of residents accessing places) and the supply of places made available by providers.

Table 3.3 shows that both the for-profit and not-for-profit sectors had faster growth in the available bed days compared with days of care provided.

**Table 3.3: Growth in residential care claims and growth in available beds between 2019–20 and 2020–21**

Provider type	Claim day growth	Bed day growth
Not-for-profit	–0.9%	0.9%
For-profit	0.2%	1.6%
Government	–3.1%	–1.1%
All providers	–0.5%	1.1%

## Chapter 3

### Access to aged care

In 2020–21, the average occupancy rate across all residential care places was 86.8 per cent, down from 88.3 per cent in 2019–20 and 89.4 per cent in 2018–19.

In terms of ownership type, all three ownership types reported a decrease in occupancy when compared with 2019–20.

**Table 3.4: Occupancy rates, by organisation type, 2016–17 to 2020–21**

Provider type	2016–17	2017–18	2018–19	2019–20	2020–21
Not-for-profit	93.00%	92.10%	91.50%	90.50%	88.86%
For-profit	90.00%	87.90%	86.50%	85.30%	84.18%
Government	90.00%	90.30%	90.40%	88.30%	86.50%
All providers	<b>91.80%</b>	<b>90.30%</b>	<b>89.40%</b>	<b>88.30%</b>	<b>86.84%</b>

Table 3.5 shows average occupancy by state and territory for the last 5 years.

There continue to be variations in average occupancy by state and territory. The Northern Territory continued to have the highest occupancy with 94.9 per cent,

while Victoria reported the lowest with 84.2 per cent. Queensland, South Australia, Tasmania and the Northern Territory all reported an increase, whereas all other states reported a decrease. Victoria had the highest decrease, dropping by 3.7 percentage points to 84.2 per cent.

**Table 3.5: Occupancy in residential care, by state and territory, 2016–17 to 2020–21**

State/territory	2016–17	2017–18	2018–19	2019–20	2020–21
New South Wales	91.1%	89.5%	89.2%	88.0%	86.6%
Victoria	91.1%	90.2%	89.0%	87.9%	84.2%
Queensland	92.3%	89.1%	88.3%	86.7%	87.0%
Western Australia	93.8%	93.2%	90.3%	89.4%	88.3%
South Australia	93.5%	93.4%	92.8%	92.5%	93.1%
Tasmania	91.2%	90.2%	89.9%	88.7%	88.9%
Australian Capital Territory	90.1%	91.0%	89.6%	89.4%	87.3%
Northern Territory	95.4%	94.4%	94.3%	94.0%	94.9%
Australia	<b>91.8%</b>	<b>90.3%</b>	<b>89.4%</b>	<b>88.3%</b>	<b>86.8%</b>

Table 3.6 shows average occupancy in residential care by location over the last 5 years.

There remains a variation in occupancy rates by remoteness location. In 2020–21, the occupancy in

major cities, inner regional, outer regional and remote locations decreased (approximately 1 to 2 percentage points). Occupancy in very remote locations increased to 75.1 per cent, up from 72.6 per cent.

**Table 3.6: Occupancy in residential care, by location, 2016–17 to 2020–21**

Provider location	2016–17	2017–18	2018–19	2019–20	2020–21
Major cities	91.4%	90.0%	88.9%	88.0%	86.4%
Inner regional	92.7%	91.4%	91.1%	89.8%	88.4%
Outer regional	92.2%	90.8%	90.0%	87.2%	86.9%
Remote	91.7%	88.4%	87.6%	84.4%	83.5%
Very remote	77.4%	77.1%	71.9%	72.6%	75.1%
Australia	91.8%	90.3%	89.4%	88.3%	86.8%

## Chapter 3

### Access to aged care

#### Admission to residential care

Elapsed time between when a resident is assessed as eligible for residential care and entering permanent care has been increasing steadily in recent years as shown in Chart 3.7, despite declining average occupancy rates. This trend has been evident since 2012–13, however it stabilised in 2018–19 and 2019–20, before increasing again in 2020–21.

The percentage of people entering care within:

- one week of being assessed was 6 per cent (18 per cent in 2012–13).
- one month of being assessed was 19 per cent (44 per cent in 2012–13).
- nine months of being assessed was 57 per cent (88 per cent in 2012–13).

**Chart 3.7: Elapsed time between assessment and entering permanent residential care, 2012–13 to 2020–21 (%)**

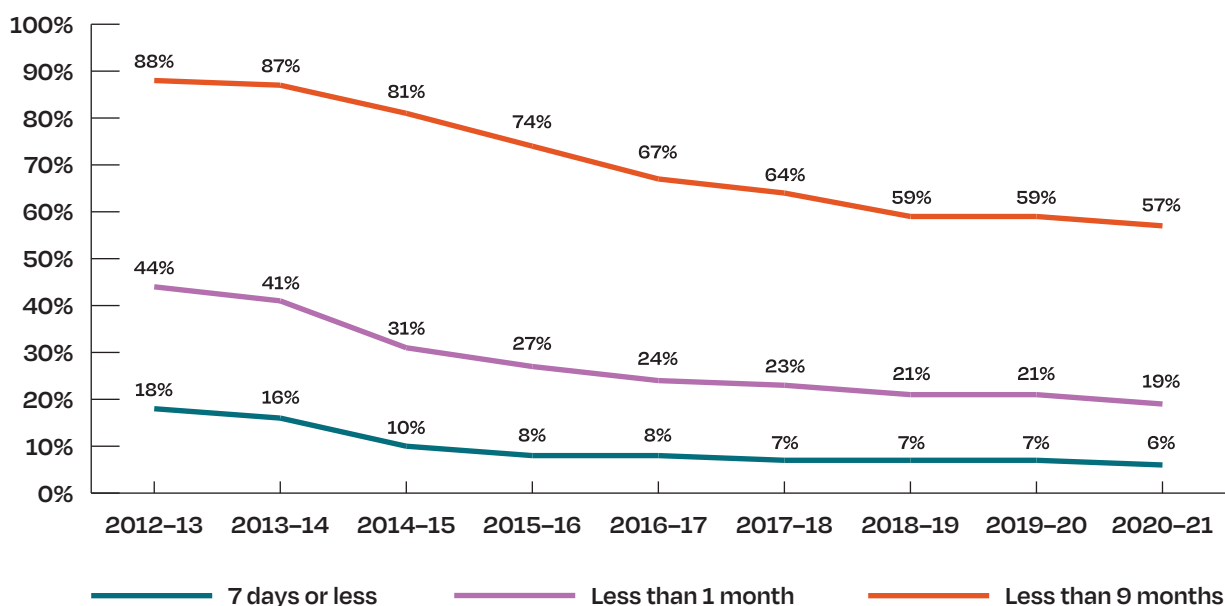
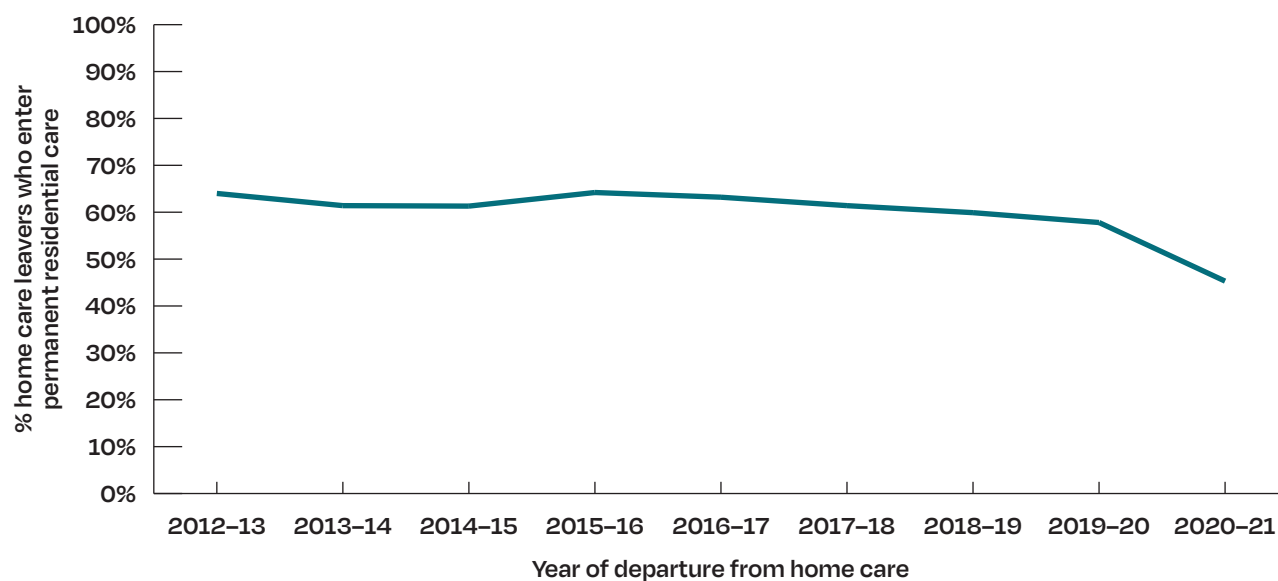




Chart 3.8 shows the proportion of consumers who entered permanent residential care after leaving home care. The proportion entering residential care has been dropping consistently since 2015–16 and fell to 45 per cent in 2020–21.

**Chart 3.8: Proportion of consumers entering permanent residential care after leaving home care, 2012–13 to 2020–21**



## Chapter 3

### Access to aged care

#### Length of stay in residential care

In 2020–21, the average total length of stay of those leaving residential care was 3 years. As can be seen in Chart 3.9, the total length of stay has been around this

level since 2012–13. The slight increase in 2019–20 continued in 2020–21. Females stayed on average around 11 months longer than males in 2020–21.

**Chart 3.9: Average length of stay in residential care, by gender and year of entry, 2012–13 to 2020–21**

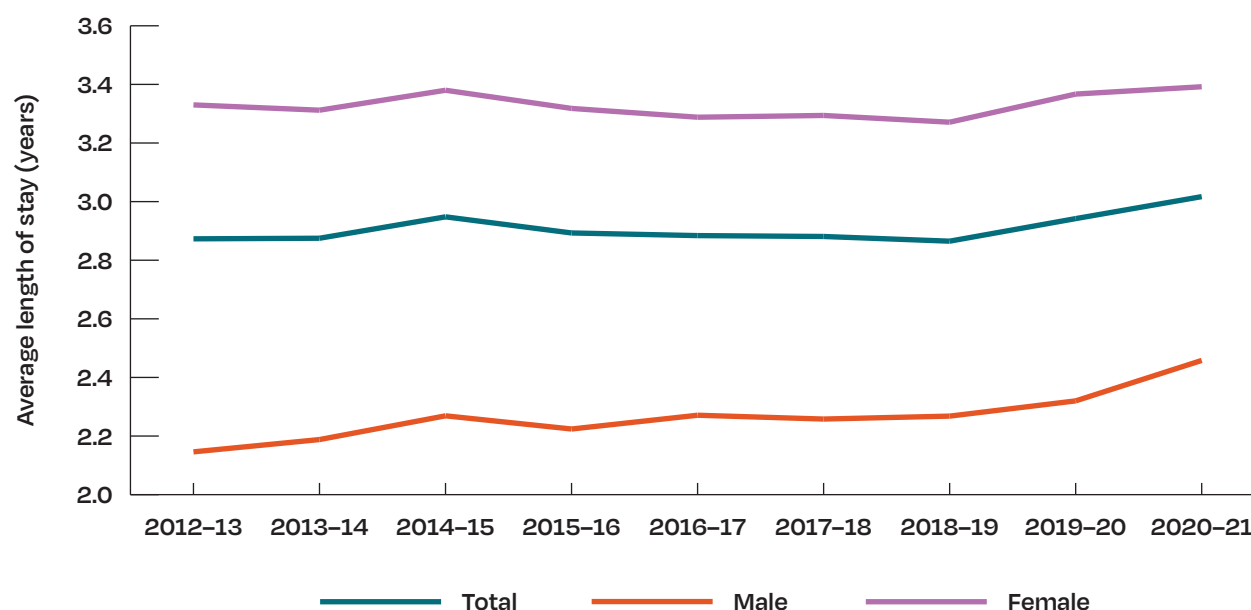
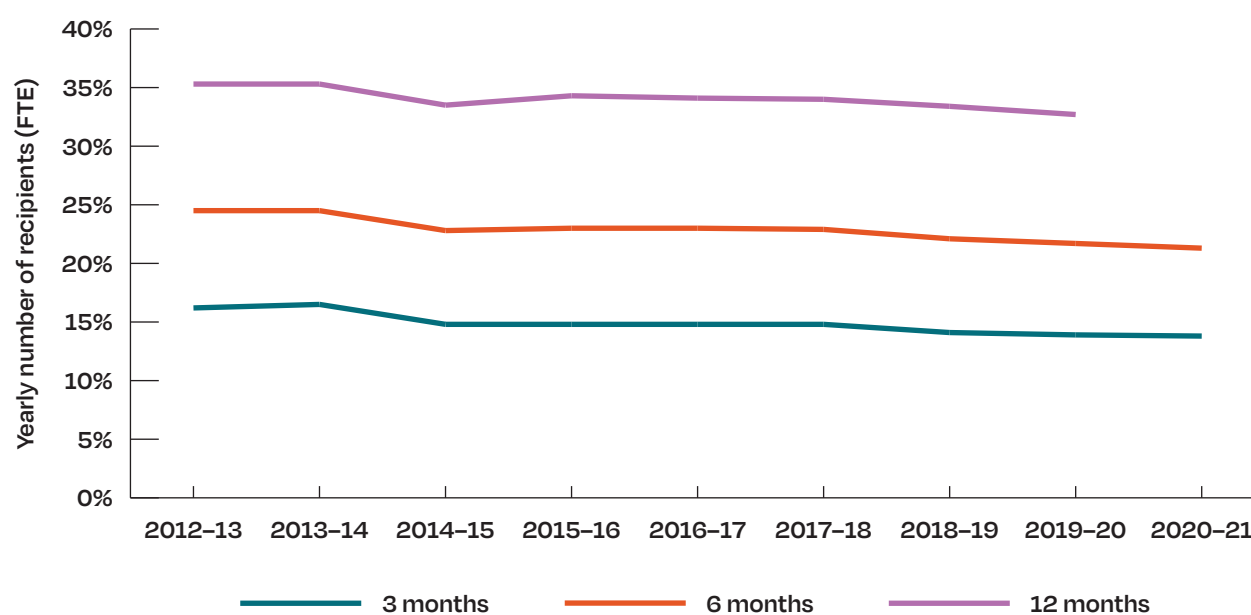


Chart 3.10 shows a slight decrease in the proportion of permanent residents that leave within 3, 6 or 12 months of first entry since 2012–13.

**Chart 3.10: Proportion of permanent residents that leave within 3, 6 or 12 months of first entry, 2012–13 to 2020–21**



### 3.6

## Residential respite care

Residential respite care is short-term care delivered within an aged care facility<sup>9</sup> on either a planned or emergency basis. People are assessed for eligibility by an Aged Care Assessment Team (ACAT), who will approve someone for low care respite or high care respite. The distinction between high and low care was not removed from respite care when it was removed from permanent residential care on 1 July 2014. A consumer can access subsidised residential respite for up to 63 days per financial year, with extensions possible when an ACAT considers it necessary.

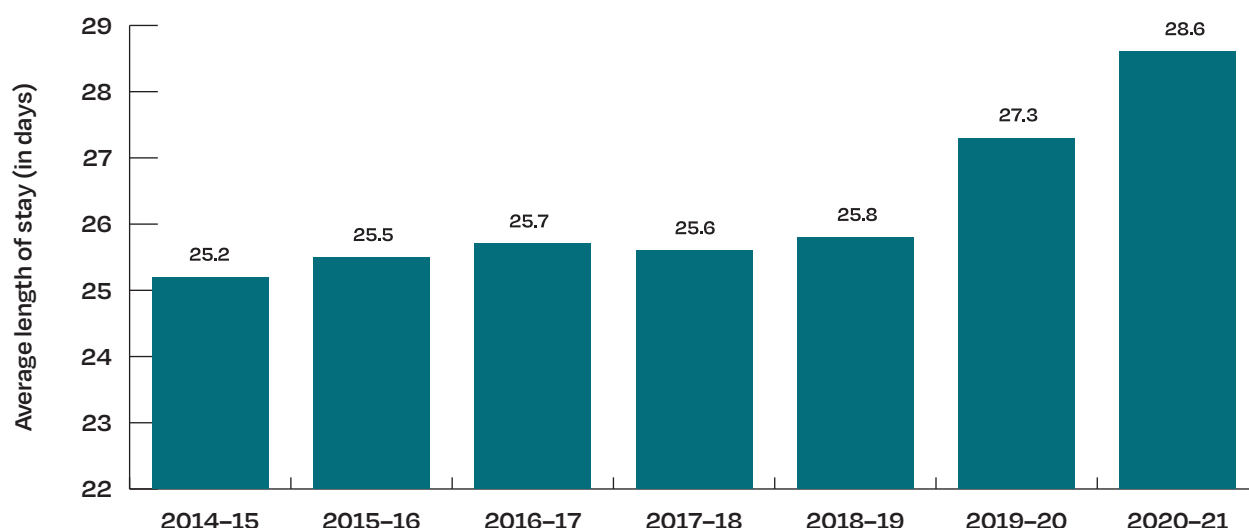
Respite residents do not pay any means tested accommodation or care contributions. However, they can be asked to pay the basic daily fee for living expenses, which is at the same rate as permanent residents. Respite residents can also purchase additional services, in the same manner as a permanent resident.

Residential care providers have a proportion of their allocated residential care places which may be used for the provision of respite care, and it is up to each provider what mix of permanent and respite care they provide. Providers can vary this proportion, however currently they have to contact the department to seek approval.

### Length and frequency of stay in residential respite care

On average, each stay<sup>10</sup> was 28.6 days<sup>11</sup> (excluding recipients of home care packages who access residential respite care), a significant increase from 27.3 in 2019–20. Average stay had been stable between 2014–15 to 2018–19 at between 25 to 26 days.

**Chart 3.11: Average length of stay (days) in residential respite care, 2014–15 to 2020–21**



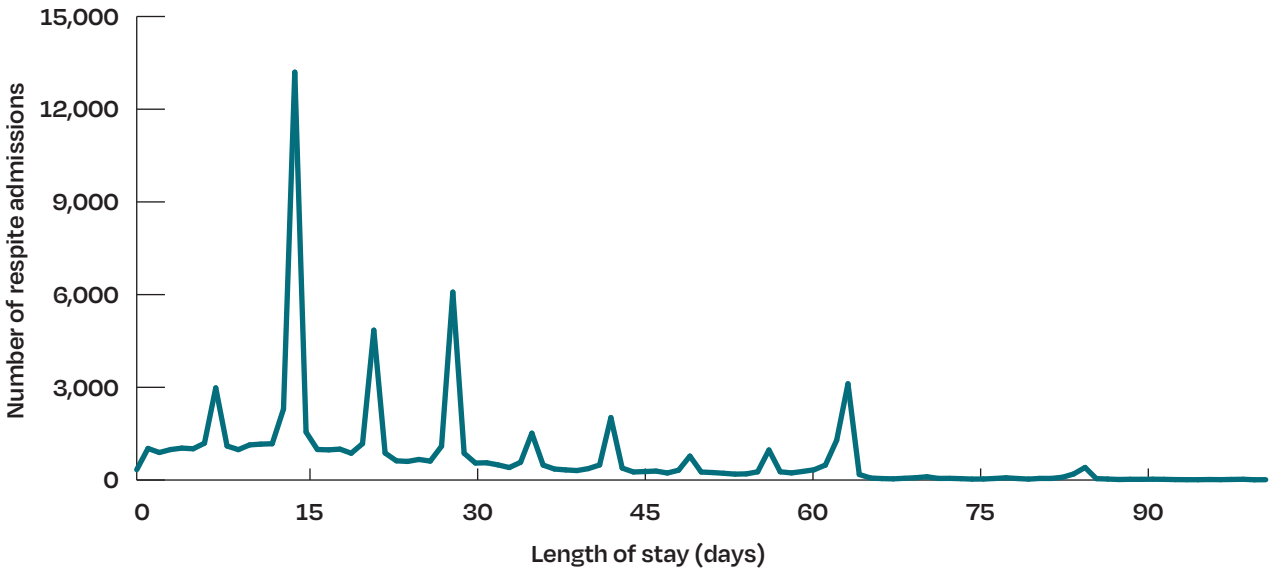
<sup>9</sup> Other types of respite care can be accessed through the CHSP or through a home care package.

<sup>10</sup> A residential respite 'stay' refers to a single stay and is from when they enter to when they exit, no matter the duration.

<sup>11</sup> Note this figure excludes recipients of home care packages who access residential respite care.

Chart 3.12 shows a clear pattern of respite care usage which is usually for stays of whole weeks at a time. Two weeks is by far the most common residential respite care length of stay. One, three, four and nine weeks are the next most common lengths of stay.

**Chart 3.12: Frequency of length of respite care stays, 2020–21**



## Chapter 3

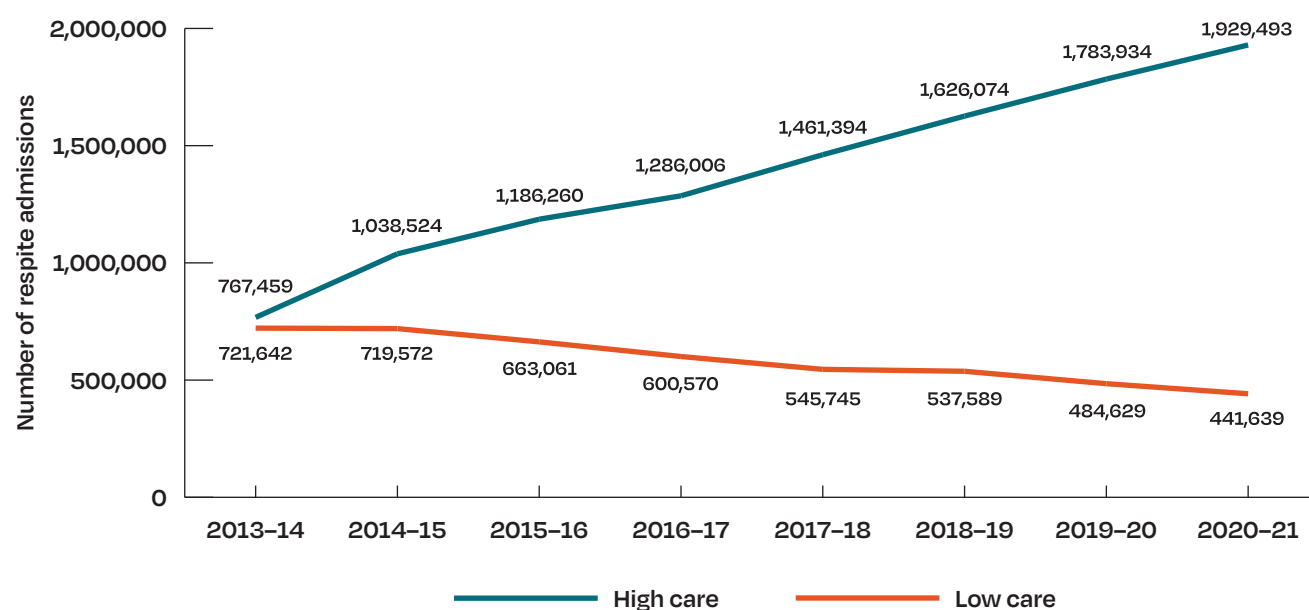
### Access to aged care

#### High and low residential respite care

A trend that has been occurring since 2014–15 is the number of respite consumers accessing high level respite care is increasing, while the number accessing

low level respite care is decreasing. This trend continued in 2020–21 where 81 per cent of respite days were for high care respite residents.

■ Chart 3.13: Number of residential respite care days, by level, 2013–14 to 2020–21



## 3.7

### Supported residents

The Australian Government supports access to permanent residential care by consumers who are assessed as not being able to meet all or part of their own accommodation costs by paying providers an accommodation supplement on their behalf. These residents are known as supported (or low-means) residents.

Since the aged care reforms of 1 July 2014, eligibility for a full or partial accommodation supplement is determined by a combined assessment of an individual's income and assets (the means test).

The amount of accommodation supplement received by a provider on behalf of a supported resident depends on:

- the outcome of the resident's means test assessment
- whether the residential care facility has been built or significantly refurbished since 20 April 2012 and
- whether the facility provides more than 40 per cent of its care days to supported residents.

Providers have discretion to determine the proportion of supported residents in their facilities. However, providers with 40 per cent or fewer supported residents in a facility (excluding those residents receiving extra services) have the accommodation supplement they receive for all supported residents in that facility reduced by 25 per cent.

Table 3.7 shows that the proportion of supported residents across Australia has been consistently above 40 per cent since 2015–16, though there has been a slight decrease in recent years, including in 2019–20 and 2020–21. In 2020–21, there was a continued trend towards a higher proportion of supported residents in regional and remote locations compared with metropolitan areas.

**Table 3.7: Proportion of claims for supported residents, by location, 2015–16 to 2020–21**

Location	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Metropolitan	50.10%	48.70%	47.90%	47.10%	46.20%	45.19%
Regional	54.00%	52.80%	51.80%	50.90%	49.60%	48.44%
Remote	68.10%	67.90%	65.90%	63.60%	63.40%	62.66%
Australia	51.50%	50.20%	49.30%	48.40%	47.40%	46.35%



## Chapter 3

### Access to aged care

Not-for-profit providers continue to have a higher proportion (47.7 per cent) of supported residents compared with for-profit providers (43.6 per cent).

■ **Table 3.8: Proportion of claims for supported residents, by ownership type, 2015–16 to 2020–21**

Ownership type	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Not-for-profit	53.10%	51.90%	50.70%	49.90%	48.80%	47.69%
For-profit	47.70%	46.60%	46.20%	45.40%	44.60%	43.60%
Government	57.80%	55.90%	54.60%	53.80%	52.30%	50.28%
All providers	51.50%	50.20%	49.30%	48.40%	47.40%	46.29%

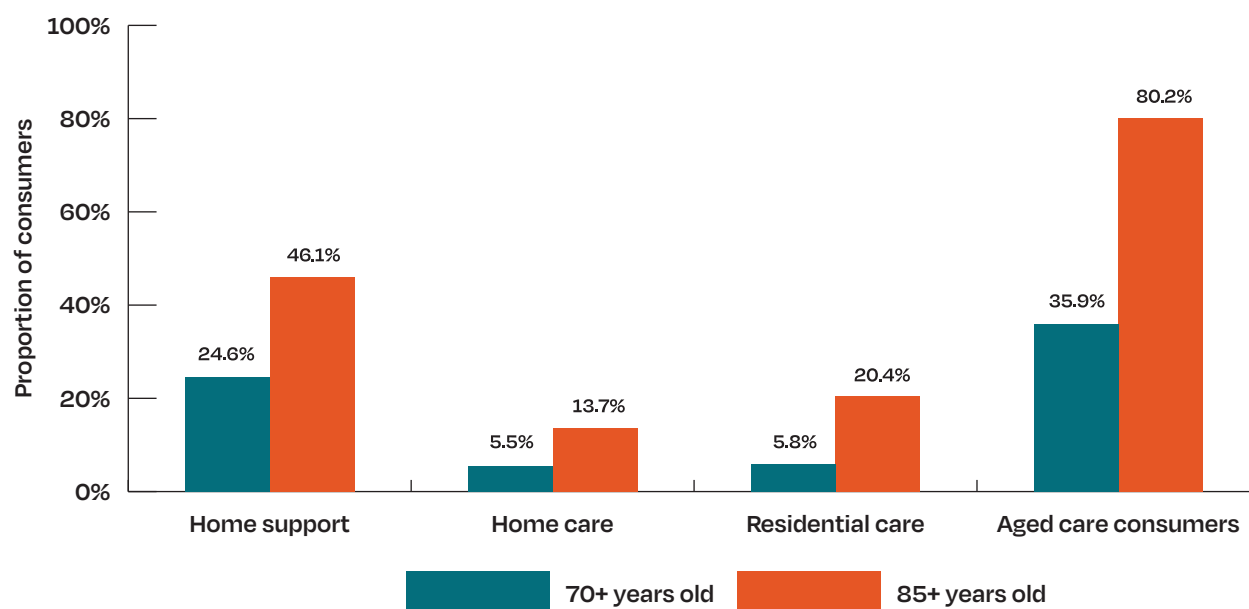
## 3.8

### Age profile across care type

As consumers of aged care get older, the types of care they access changes. Chart 3.14 shows the proportion of older Australians using CHSP, home care packages and residential care in 2020–21, based on age brackets. As has been the case previously, the proportion using

home care and residential care increases around three-fold in the 85 and over age bracket compared with those aged 70 and over and almost doubles for home support.

**Chart 3.14: Proportion of the population 70+ and 85+ accessing aged care, at 30 June 2021**



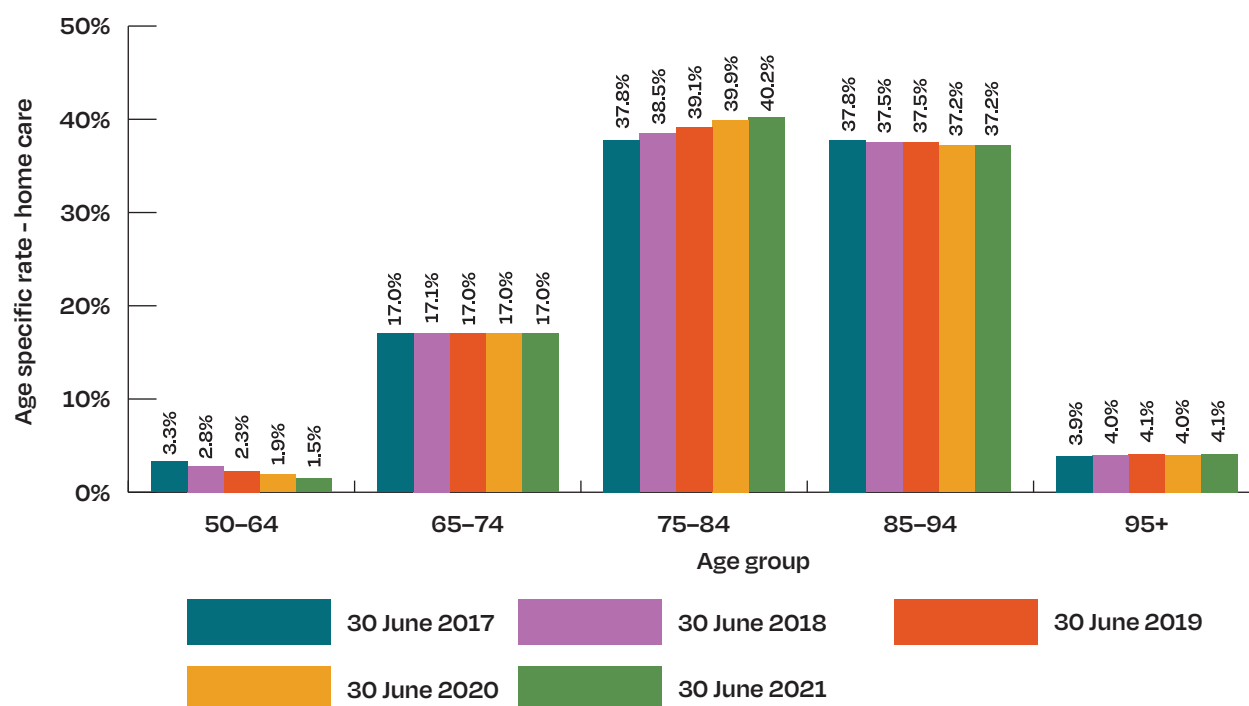
## Chapter 3

### Access to aged care

Chart 3.15 shows the age profile for consumers of home care over the 5 years to 30 June 2021. The proportion of those aged 65–74, 85–94 and 95 and over has been steady in recent years. The proportion

of those aged 75–84 has steadily increased in the last 5 years and the proportion of those aged 50–64 has been gradually decreasing.

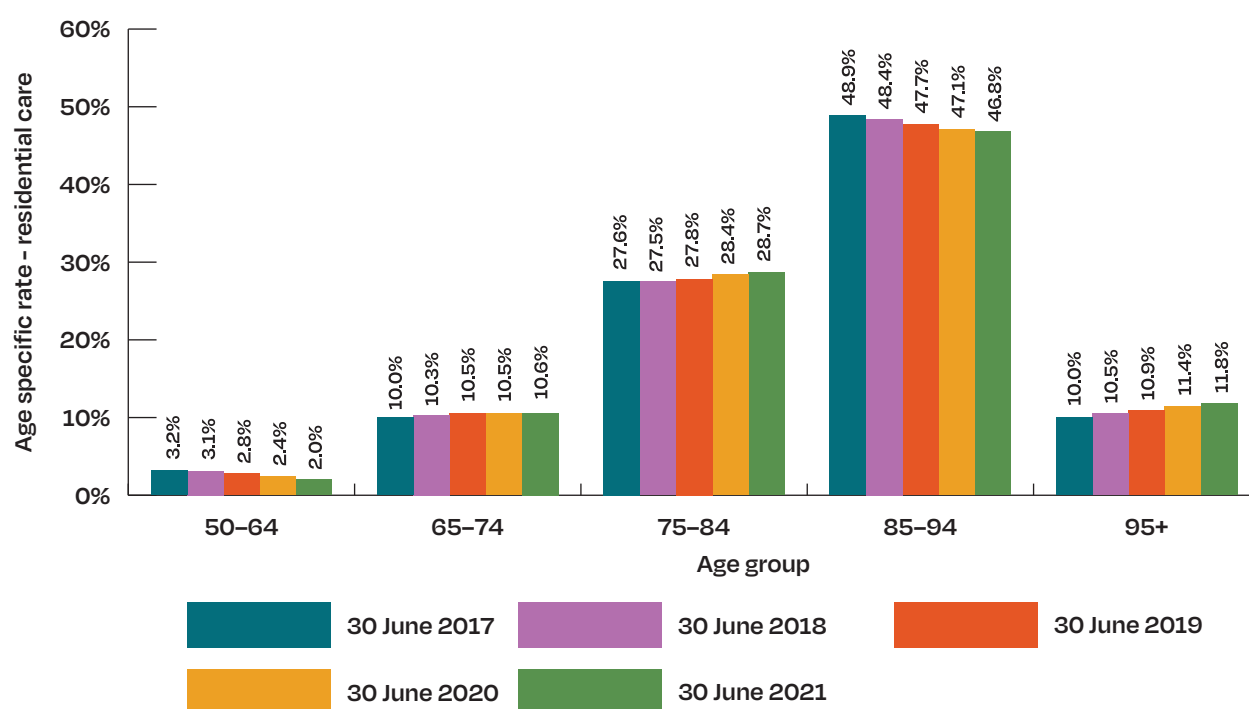
**Chart 3.15: Age profile of people in home care, 30 June 2017 to 30 June 2021**



In residential care, the trends evident in recent years have generally continued in 2020–21. The proportion of people aged 85–94 has continued to decrease gradually, down to 46.8 per cent at 30 June 2021 (from

48.9 per cent in 2017), and the proportion of those aged 95 and over has increased every year over the 5 years. The proportion of those aged 75–84 has slightly increased in the last 3 years.

**Chart 3.16: Age profile of people in residential care, 30 June 2017 to 30 June 2021**



## 3.9

## Access by Culturally and Linguistically Diverse and First Nations elders

## Culturally and Linguistically Diverse Australians

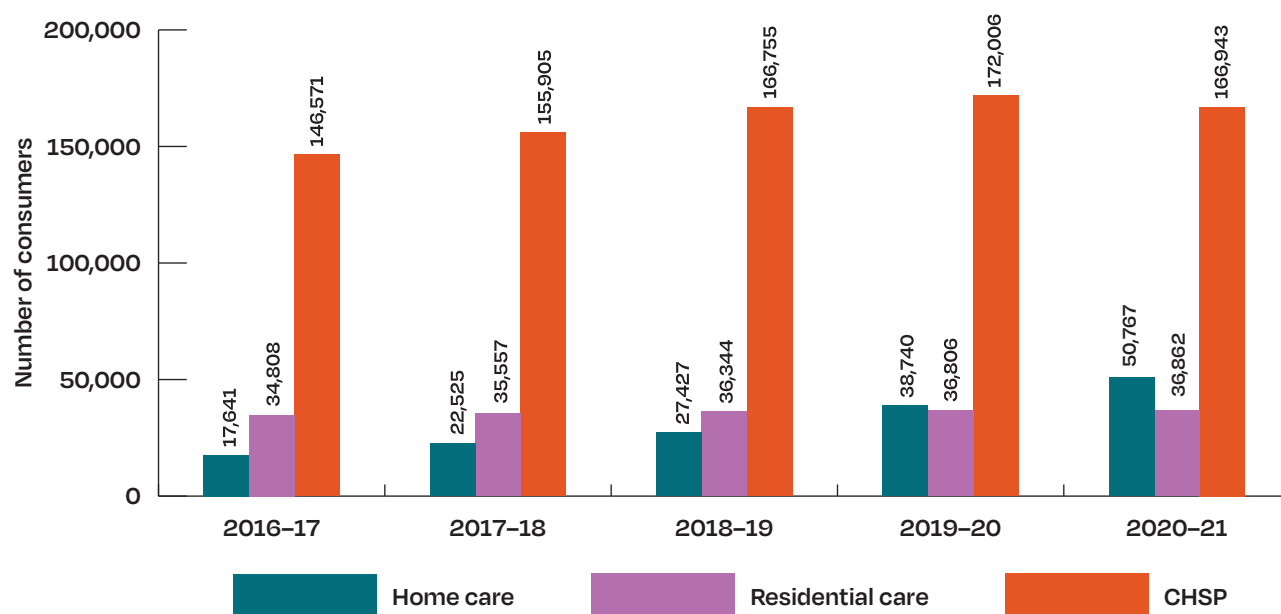
Chart 3.17 shows the number of culturally and linguistically diverse (CALD)<sup>12</sup> home care, residential care and CHSP consumers over the last 5 years.

There were 50,767 older Australians from CALD backgrounds in a home care package as at 30 June 2021, up from 38,740 at 30 June 2020.

In residential care, as at 30 June 2021, there were 36,862 older Australians from CALD backgrounds in permanent or respite care (36,806 at 30 June 2020).

In 2020–21, 166,943 consumers from a CALD background accessed home support, down from 172,006 in 2019–20.

■ Chart 3.17: CALD consumers in aged care, 2016–17 to 2020–21



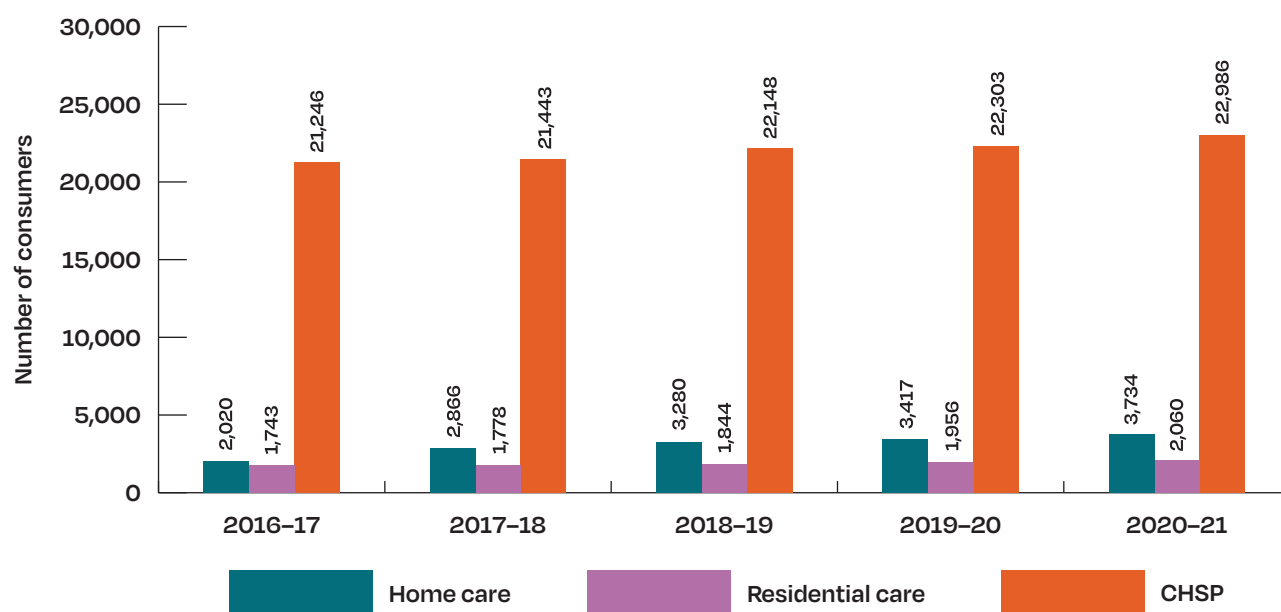
12 CALD status is derived from self-reported information provided by consumers.

## First Nations elders

Chart 3.18 shows the number of First Nations elders accessing home care and residential care over the last 5 years. In 2020–21, the number of First Nations

elders accessing all three types of services continued to increase gradually to 28,780, up from 27,676 in 2019–20.

Chart 3.18: First Nations elders in aged care, 2016–17 to 2020–21









## CHAPTER 4

# Home support

### 4.1 Consumers of the CHSP

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### 4.2 Providers of the CHSP

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### 4.3 Funding for the CHSP

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## Chapter 4

# Home support

### CHSP consumers



**825,383**

### CHSP providers



**1,432**

### Australian Government contribution to CHSP



**2.9 billion**

### THIS CHAPTER DISCUSSES:

- the operation of the CHSP
- the supply and usage of CHSP and
- the funding of the CHSP.

## 4.1

### Consumers of the CHSP

In 2020–21, there were 825,383 consumers of the Commonwealth Home Support Programme (CHSP), down from 839,373 in 2019–20. This slight decrease is despite total Government funding of the CHSP increasing from \$2.8 billion in 2019–20 to \$2.9 billion in 2020–21.

Table 4.1 sets out the types of services that may be accessed through the CHSP. In 2020–21, around 51 per cent of CHSP consumers received one type of service (50 per cent in 2019–20), 43 per cent received between two and four types of services (43 per cent in 2019–20) and the remainder (approximately 6 per cent) accessed five or more types of services.

**Table 4.1: CHSP services: by sub-program and service type**

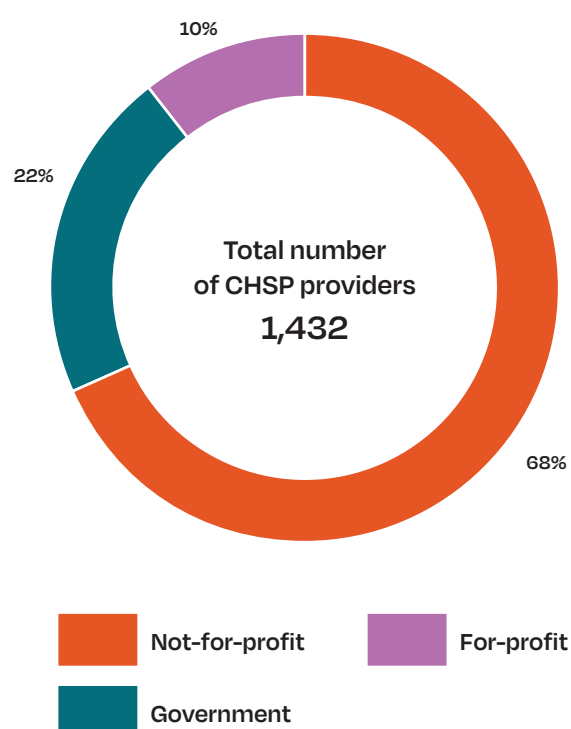
Sub-program	Community and home support	Care relationships and carer support	Assistance with care and housing	Service system development
Objective	To provide entry-level support services to assist older people to live independently at home and in the community.	To support and maintain care relationships between carers and consumers, through providing good quality respite care for older people so that regular carers can take a break.	To support those who are homeless or at risk of homelessness, to access appropriate and sustainable housing as well as community care and other support services, specifically targeted at avoiding homelessness or reducing the impact of homelessness.	To support the development of the community aged care service system in a way that meets the aims of the CHSP and broader aged care system.
Service types funded	<ul style="list-style-type: none"> <li>Meals</li> <li>Other food services</li> <li>Transport</li> <li>Domestic assistance</li> <li>Personal care</li> <li>Home maintenance</li> <li>Home modifications</li> <li>Social support – individual</li> <li>Social support – group (formerly centre-based day care)</li> <li>Nursing</li> <li>Allied health and therapy services</li> <li>Goods, equipment and assistive technology</li> <li>Specialised support services</li> </ul>	<ul style="list-style-type: none"> <li>Flexible respite</li> <li>In-home day respite</li> <li>In-home overnight respite</li> <li>Community access – individual respite</li> <li>Host family day respite</li> <li>Host family overnight respite</li> <li>Mobile respite</li> <li>Other planned respite</li> <li>Centre-based respite</li> <li>Centre-based day respite</li> <li>Residential day respite</li> <li>Community access – group respite</li> <li>Cottage respite (overnight community)</li> </ul>	Assistance with care and housing (a person must be: prematurely aged; 50 years and over (45 years and over for Aboriginal and Torres Strait Islander people); on a low income; and be homeless or at risk of homelessness as a result of experiencing housing stress or not having secure accommodation).	Sector support and development activities.

#### 4.2

#### Providers of the CHSP

In 2020–21, there were 1,432 providers delivering services through the CHSP, down from 1,452 in 2019–20. CHSP services are predominately provided by not-for-profit organisations. This has been the case since inception of the CHSP in 2015–16, and was the case for the former programs that combined to create the CHSP. In 2020–21, 68 per cent of providers were not-for-profit. For-profit providers make up only 10 per cent of all providers, with government providers representing 22 per cent.

**Chart 4.1: CHSP providers by ownership type, 2020–21**



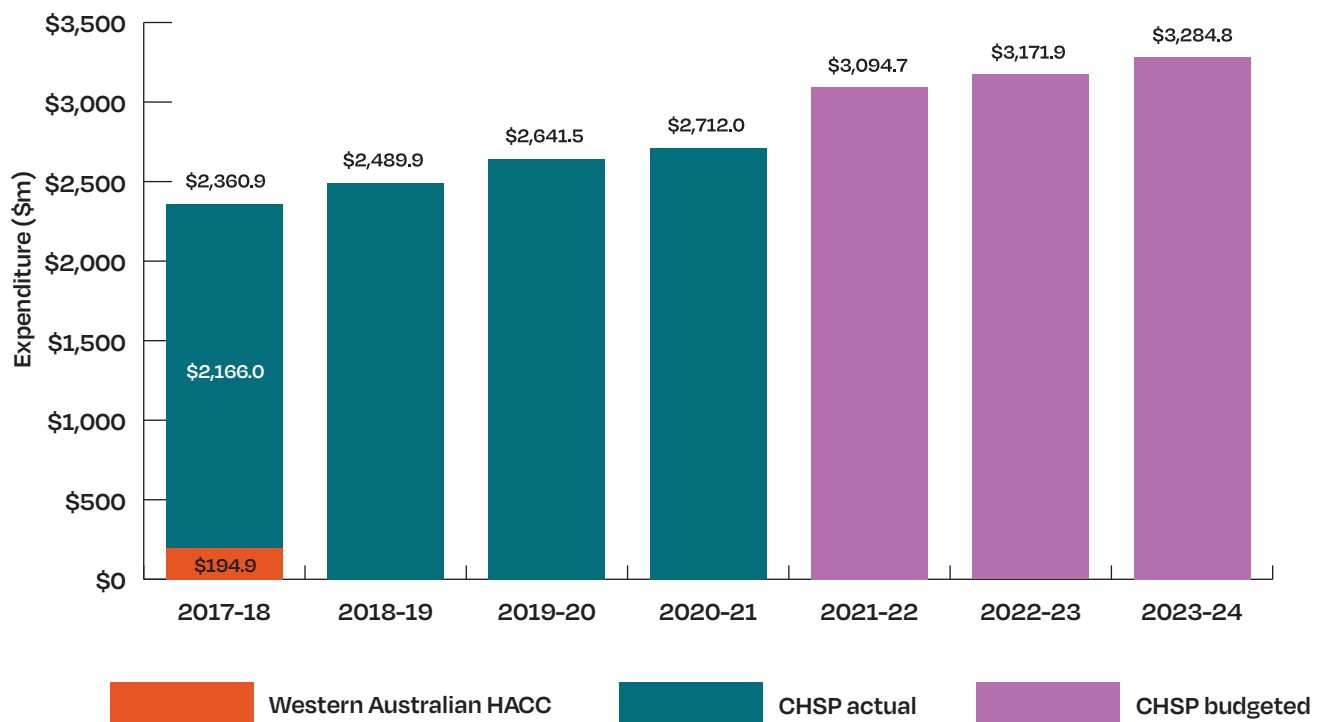
## 4.3

### Funding for the CHSP

Chart 4.2 shows total expenditure on home support service delivery since 2017–18, along with budgeted expenditure to 2023–24. Total Australian Government funding for home support continues to increase each year. In 2020–21, total Australian Government expenditure on the CHSP was \$2.7 billion, up from

\$2.6 billion in 2019–20. The Australian Government also provided \$148.9 million to My Aged Care, Regional Assessment Services (RAS), and Emergency COVID–19 funding and other initiatives in support of the CHSP. In total, Australian Government expenditure for the program in 2020–21 was \$2.9 billion.

**Chart 4.2: Australian Government expenditure and budgeted expenditure for service delivery of CHSP<sup>13</sup> and Western Australia HACC program<sup>14</sup>, 2017–18 to 2023–24**



<sup>13</sup> CHSP expenditure here excludes expenditure on assessment of My Aged Care support services as these are not services to consumers.

<sup>14</sup> The WA HACC services for older Australians became part of the CHSP on 1 July 2018.

## Chapter 4

### Home support

Chart 4.3 shows Australian Government expenditure for service delivery in the CHSP in 2020–21, by state and territory. The highest Australian Government expenditure is in Victoria with \$760 million spent on CHSP services.

**Chart 4.3: Australian Government expenditure on CHSP services, by state and territory, 2020–21**

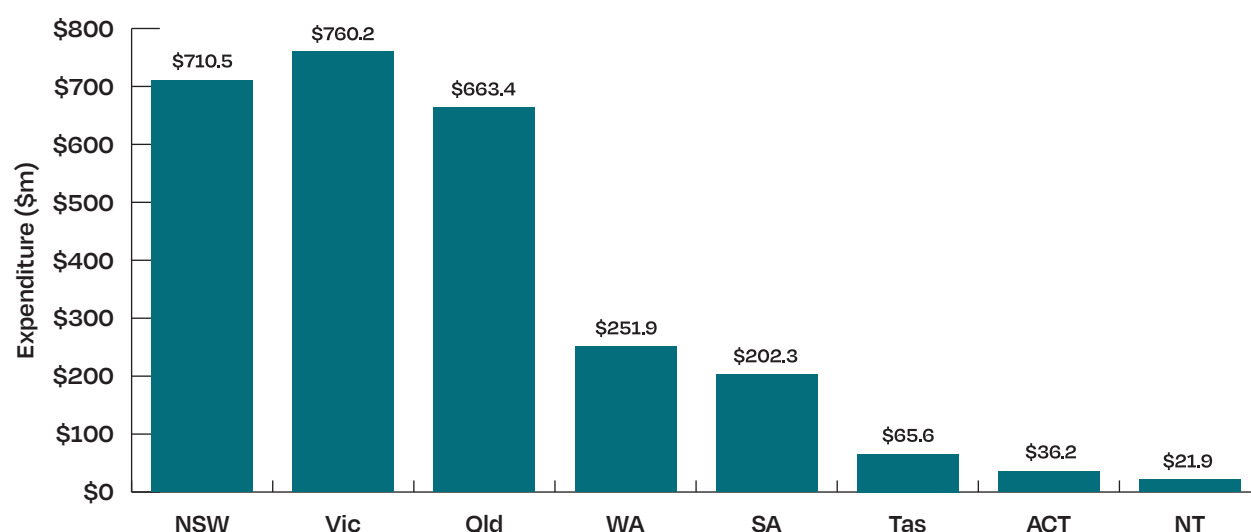


Table 4.2 shows a breakdown of the size of grants provided through the CHSP in 2020–21 by provider type. As has been the case in recent years, the majority of grants to providers under the CHSP are for less than

\$1 million. Around 69 per cent of providers received less than \$1 million and of those, 78 per cent are less than \$500,000.

**Table 4.2: CHSP grants, by size of grant and provider ownership, 2020–21**

Grant size	Not-for-profit	For-profit	Government	Total
Less than \$500,000	553	109	112	774
\$500,000 – \$1 million	140	10	67	217
\$1–10 million	253	21	126	400
\$10–50 million	26	<10	<10	35
Over \$50 million	<10	<10	<10	<10

CHSP expenditure for 2019–20 and 2020–21 on each of the major service types is detailed in Table 4.3.

In 2020–21, domestic assistance services was the largest expenditure (20 per cent) with \$536.1 million, up from \$522.1 million the prior year.

Social support services was the next largest, accounting for 18 per cent of expenditure, followed by respite services (11 per cent), nursing services (11 per cent) and allied health and therapy services (10 per cent).

**Table 4.3: CHSP expenditure by service type, 2019–20 to 2020–21**

Service	2019–20 (\$m)	2020–21 (\$m)
Social support <sup>i</sup>	458.1m	477.3m
Domestic assistance	522.1m	536.1m
Nursing	277.3m	283.1m
Respite <sup>ii</sup>	283.1m	301.3m
Allied health and therapy services	254.4m	263.0m
Personal care	204.7m	210.1m
Transport	189.4m	195.7m
Home modifications and maintenance <sup>iii</sup>	154.7m	163.2m
Meals and other food services <sup>iv</sup>	86.5m	89.1m
Sector support and development	45.1m	40.9m
Assistance with care and housing	13.8m	21.2m
Specialised support services	85.4m	67.5m
Goods, equipment and assistive technology	13.6m	11.7m

Notes:

- i. Social Support includes Social Support Group and Social Support Individual
- ii. Respite includes Centre-based Respite, Cottage Respite and Flexible Respite
- iii. Home modifications and maintenance are 2 separate services in CHSP
- iv. Meals and other food services are 2 separate services in CHSP







## CHAPTER 5

# Home care

### 5.1 Overview of the sector

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### 5.2 Operational performance

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## Chapter 5

# Home care

### Home care package consumers



**212,293**

### Home care package providers



**939**

### Australian Government contribution to home care



**4.2 billion**

### THIS CHAPTER DISCUSSES:

- the operation of the Home Care Packages Program
- the funding of the home care sector and
- the financial performance of home care providers in 2020–21.

## 5.1

### Overview of the sector

---

#### The Home Care Packages Program

The Home Care Packages Program commenced on 1 August 2013, replacing the former home care programs – Community Aged Care Packages (CACPs), Extended Aged Care at Home (EACH) packages and Extended Aged Care at Home Dementia (EACH-D) packages.

Home care packages allow consumers to access a range of services and equipment which assists them to live independently in the community. Packages are delivered on a Consumer Directed Care (CDC) basis. Consumers and the provider of their choice agree on a care plan and individualised budget to meet their age-related assessed care needs and goals.

Home care consumers may use their package funds to purchase the following:

- personal services - including help with showering or bathing, dressing and mobility
- support services - including help with washing and ironing, house cleaning, gardening, basic home maintenance, home modifications related to care needs, transport to help with shopping, doctor visits or attending social activities
- care related services - including nursing/other health support such as physiotherapy (exercise, mobility, strength and balance), services of a

dietitian (nutrition assessment, food and nutrition advice, dietary changes) and hearing and vision services and

- care management - coordinating care and services that will help consumers achieve the goals identified in their care plan.

In addition, providers may charge consumers a package management fee, which covers administrative costs such as issuing monthly financial statements and managing unspent package funds on behalf of consumers.

For many consumers, home care packages offer an opportunity to remain living at home instead of entering residential care. Packages are categorised into four levels with level 1 being for people with basic care needs through to level 4 which supports people with higher care needs.

To obtain access to a home care package, individuals are first assessed by an independent Aged Care Assessment Team (ACAT) which determines eligibility for a package. Many people assessed as eligible to receive a package are also assessed as eligible for residential care. Once assessed as eligible for home care, an individual can elect to opt in to the National Priority System (NPS). They will be offered a home care package 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.

## Chapter 5

### Home care

#### Providers and consumers of home care

Chart 5.1 shows overall home care provider numbers, as well as the proportion by ownership type, over the 7 years to June 2021.

Following the changes in 2017 that assigned home care packages directly to consumers rather than to providers, there was a significant increase in home

care providers with many new providers entering the market seeking to compete for consumers. In the last 3 years, the number of providers has remained stable. There was a slight increase in 2020–21 to 939 providers at 30 June 2021, compared with 920 providers at 30 June 2020. The mix of provider ownership has also remained stable over the last 3 years.

**Chart 5.1: Number of home care providers, by proportion of ownership type, 30 June 2015 to 30 June 2021**

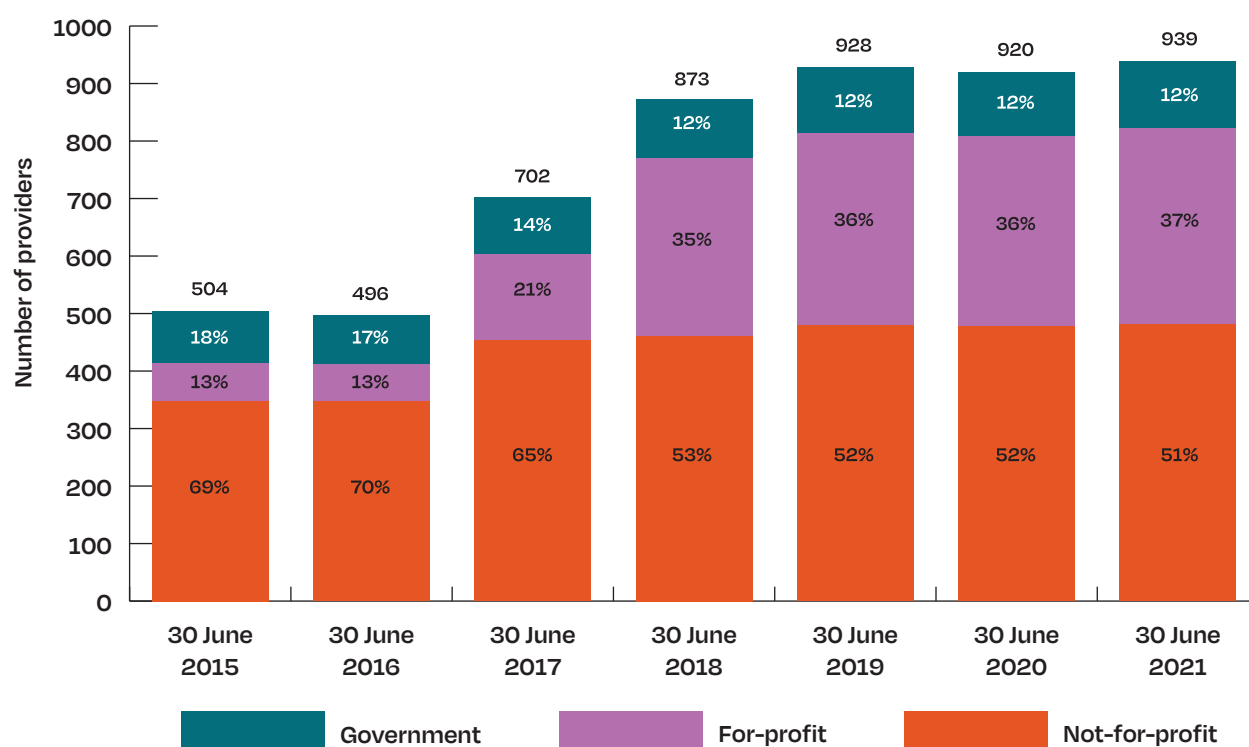


Table 5.1 presents a breakdown of home care providers by ownership type and location in 2020–21. At 30 June 2021, not-for-profit providers represented 51 per cent of the sector while for-profit providers made up 37 per cent.

At 30 June 2021, there were 176,105 consumers in a home care package, an increase of 24 per cent on the prior year. A not-for-profit provider was selected by 64 per cent of the consumers.

**Table 5.1: Provider numbers and number of consumers, at 30 June 2021**

	30-Jun-20	30-Jun-21	Ownership type			Location		
			Not-for-profit	For-profit	Government	Metropolitan	Regional	Metropolitan and regional
Number of providers	920	939	481 51%	342 37%	116 12%	528 56%	320 34%	91 10%
Number of consumers	142,436	176,105	112,422 64%	52,942 30%	10,741 6%	123,022 70%	53,083 30%	n/a n/a

The mix of provider ownership has been mostly stable in the last 3 years.

**Table 5.2: Change in number of providers and ownership, 30 June 2019 to 30 June 2021**

	30-Jun-19	Proportion of total	30-Jun-20	Proportion of total	30-Jun-21	Proportion of total
Not-for-profit	479	52%	477	52%	481	51%
For-profit	335	36%	331	36%	342	37%
Government	114	12%	112	12%	116	12%
Total	928	100%	920	100%	939	100%

## Chapter 5

### Home care

Over the past 4 years, there has been a shift in consumer package levels. At 30 June 2021, 50 per cent of consumers were in a Level 3 or 4 package, compared to 39 per cent at 30 June 2018. Over the same period,

the percentage of consumers in a Level 1 or 2 package has dropped to 50 per cent from 61 per cent at 30 June 2018.

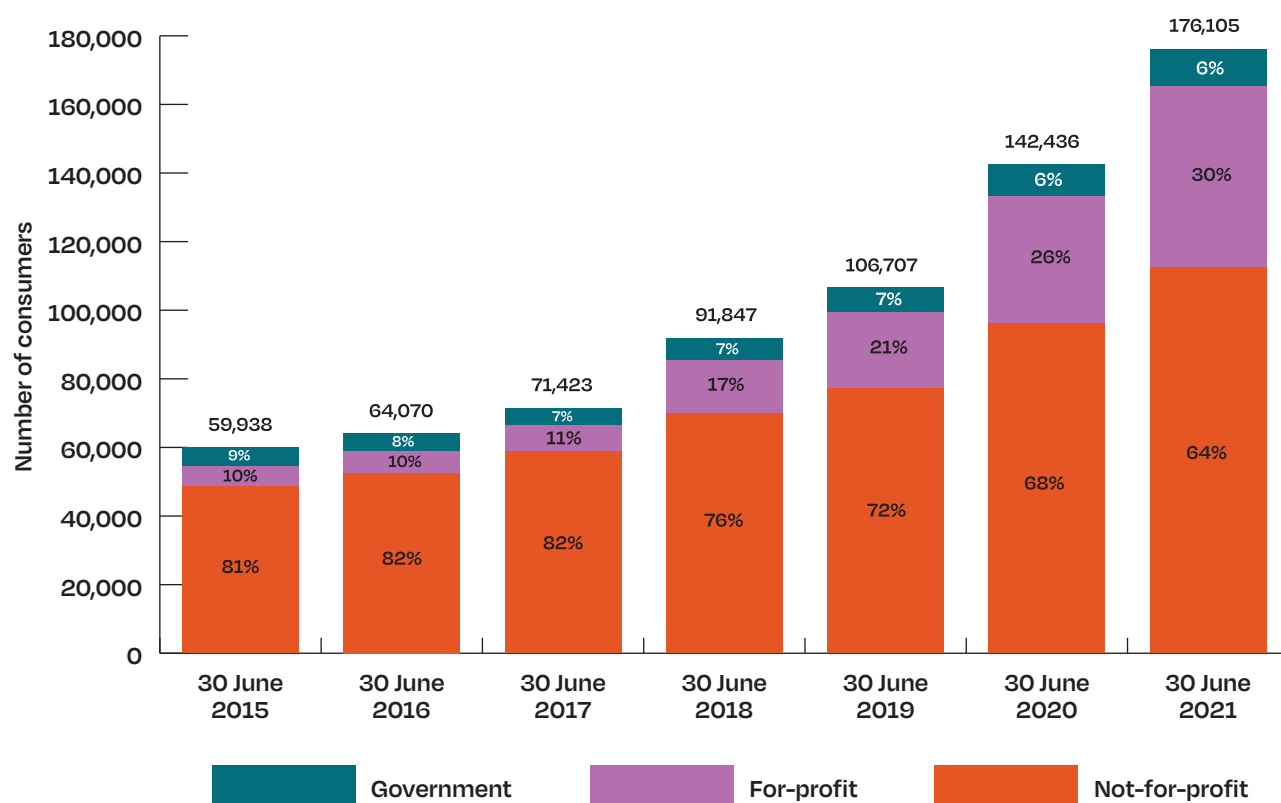
**Table 5.3: Home care consumers, by package level and proportion of total, 2017–18 to 2020–21**

	2017–18	% of total	2018–19	% of total	2019–20	% of total	2020–21	% of total
Level 1	4,841	5.3%	8,516	8.0%	16,418	11.5%	17,405	9.9%
Level 2	51,496	56.1%	47,734	44.7%	58,842	41.3%	71,020	40.3%
Level 3	12,693	13.8%	20,193	18.9%	29,336	20.6%	45,603	25.9%
Level 4	22,817	24.8%	30,264	28.4%	37,840	26.6%	42,077	23.9%
Total	91,847	100.0%	106,707	100.0%	142,436	100.0%	176,105	100.0%

As shown in Chart 5.2, the proportion of home care consumers receiving services from for-profit providers has been increasing since the changes of February 2017. At 30 June 2021, the proportion was 30 per cent, up from 26 per cent in 2020 and

21 per cent in 2019. There has been a commensurate decline in the proportion of consumers receiving services from not-for-profit providers. This continues the trend of for-profit providers increasing their share of the market, albeit from a relatively small base.

**Chart 5.2: Home care consumers, by provider ownership type, 30 June 2015 to 30 June 2021**





## 5.2

### Operational performance

The discussion of financial performance in this chapter predominantly relates to earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA is the commonly used metric for analysis and comparison of the profitability of providers and the sector. Net profit before tax (NPBT), which takes interest, depreciation and amortisation into the calculation, is also used on occasion. A more detailed overview of the methodology used for this report is available in section 1.3.

Until the 2018 Aged Care Financing Authority (ACFA) report, financial performance of home care providers was largely summarised on a 'per package' basis as the packages were previously allocated to providers after a competitive tender through an Aged Care Approvals Round (ACAR). Analysis on this basis included the provider's packages that were not fully utilised for whatever reason in a financial year. The reform changes of February 2017 have resulted in packages being assigned to consumers and as a result, the analysis

is now calculated on a 'per consumer' basis. EBITDA calculated on a 'per consumer' basis is generally higher when compared with EBITDA calculated on a 'per package' basis as unutilised packages are excluded. When trend data is analysed, previous years have been re-calculated on the 'per consumer' basis to allow for direct comparison between years.

#### Analysis of 2020–21 financial performance of home care providers

Chart 5.3 shows the whole of sector average EBITDA per consumer of all home care providers since 2015–16. In 2020–21 there was an increase in the average EBITDA per consumer of home care providers compared to the previous 3 years. Average EBITDA per consumer across the sector in 2020–21 was \$1,792, a 47 per cent increase over the average in 2017–18 (\$1,217). The average EBITDA remains about 40 per cent below the average of \$3,000 in 2016–17 and 2015–16.

■ Chart 5.3: Home care providers average EBITDA per consumer per year, 2015–16 to 2020–21

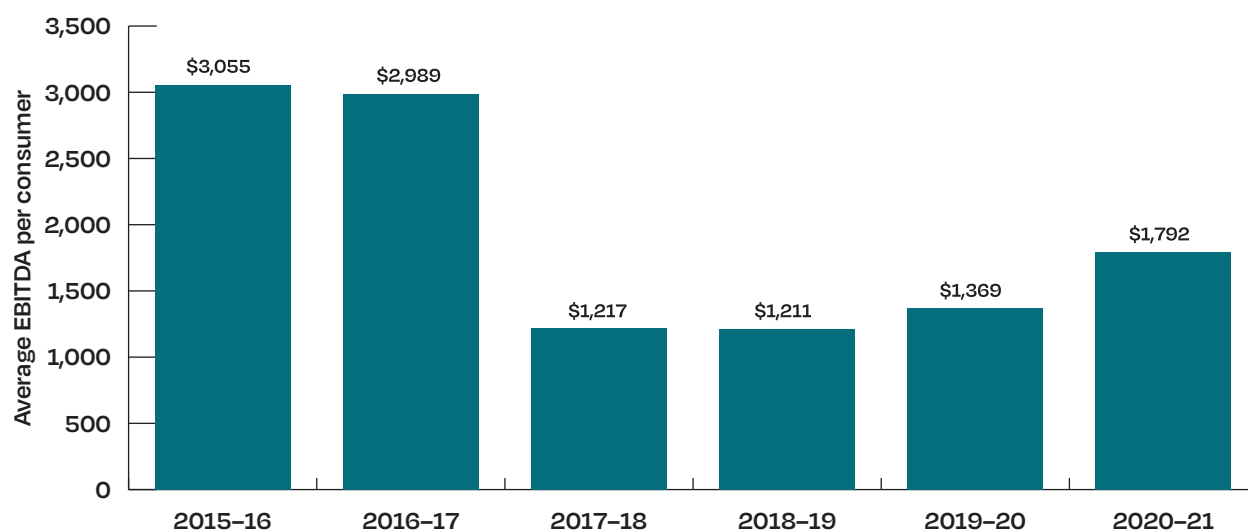


Table 5.4 provides an overview of the 2020–21 financial performance of home care providers, including a breakdown by ownership type, location and scale.

■ **Table 5.4: Summary of financial performance of home care providers, 2020–21**

	All providers	Not-for-profit	For-profit	Government	Metropolitan	Regional	Metropolitan and regional	Single service	Two to six services	Seven or more services
Total revenue (\$m)	\$3,972.2	\$2,617.3	\$1,128.9	\$226.0	\$2,478.3	\$663.0	\$830.9	\$1,168.6	\$843.1	\$1,960.5
Total expenses (\$m)	\$3,724.3	\$2,439.0	\$1,067.2	\$218.1	\$2,306.5	\$639.2	\$778.7	\$1,101.6	\$772.5	\$1,850.2
Profit (\$m)	\$247.8	\$178.2	\$61.6	\$8.0	\$171.8	\$23.8	\$52.2	\$67.0	\$70.6	\$110.2
EBITDA (\$m)	\$283.6	\$195.3	\$79.6	\$8.7	\$195.3	\$31.3	\$57.1	\$75.3	\$76.7	\$131.6
Average EBITDA per consumer	\$1,792.3	\$1,884.4	\$1,779.1	\$883.6	\$2,046.3	\$1,030.6	\$1,757.1	\$1,705.8	\$2,247.7	\$1,645.6
Average NPBT per consumer	\$1,566.5	\$1,720.3	\$1,377.4	\$808.0	\$1,800.9	\$785.8	\$1,606.7	\$1,518.0	\$2,069.5	\$1,378.5
EBITDA margin	7.1%	7.5%	7.1%	3.9%	7.9%	4.7%	6.9%	6.4%	9.1%	6.7%
NPBT margin	6.2%	6.8%	5.5%	3.5%	6.9%	3.6%	6.3%	5.7%	8.4%	5.6%

## Chapter 5

### Home care

#### Revenue

Home care revenue consists of Australian Government contributions in the form of subsidies and supplements paid on behalf of home care package holders, and a small contribution from consumers (the basic daily fee and income tested fees). Total revenue can also include other revenue sources (such as consumer contributions for non-home care related services, interest income and state and territory government payments).

In 2020–21, total Australian Government expenditure on home care subsidies and supplements was \$4.2 billion, up from \$3.4 billion in 2019–20.

Consumer contributions in 2020–21 reported by providers totalled around \$128 million, compared with \$102 million for 2019–20.

In 2020–21, total sector revenue for all home care providers was \$3.97 billion, up from \$3.13 billion in 2019–20, an increase of 27 per cent. The increase mainly reflects the significant increase in the number of home care packages. Unspent funds held by providers (\$1.7 billion at 30 June 2021) are not treated as revenue.

Table 5.5 shows the maximum annual subsidy applicable for each home care package level in 2020–21 and 2021–22. Supplements can also be paid in circumstances where the consumer requires additional care and/or services.

**Table 5.5: Home care basic subsidy payments per annum, 2020–21 to 2021–22**

Package level	Annualised subsidy 2020–21	Annualised subsidy 2021–22
Level 1	\$8,928	\$9,026
Level 2	\$15,706	\$15,878
Level 3	\$34,175	\$34,551
Level 4	\$51,808	\$52,378

Note:

- The annualised subsidy amounts above do not account for the temporary 1.2 per cent increase to the daily subsidy rates from 1 March to 31 August 2020.

Table 5.6 shows provider income per consumer per day for the last 3 years, split by the major types of income. In 2020–21, care management and administration charges were almost 27 per cent of provider income, a decrease from 29 per cent in 2019–20.

Provision of care/direct care services were almost 49 per cent of provider income, a decrease from around 52 per cent in 2019–20.

**Table 5.6: Home care provider income per consumer per day, 2018–19 to 2020–21**

Income type	2018–19	% of total	2019–20	% of total	2020–21	% of total
Provision of care / direct care services	\$49.57	67.3%	\$35.38	51.7%	\$33.65	48.9%
Provision of care / sub-contracted Services	–	0.0%	\$11.75	17.2%	\$14.63	21.3%
Care management fees charged to consumers	\$10.35	14.1%	\$11.05	16.2%	\$11.36	16.5%
Administration of packages charged to consumers	\$11.49	15.6%	\$8.55	12.5%	\$7.11	10.3%
Unspent funds and exit amounts deducted	\$0.15	0.2%	\$0.11	0.2%	\$0.12	0.2%
COVID–19 funding	–	0.0%	\$0.56	0.8%	\$1.17	1.7%
Other revenue	\$2.07	2.8%	\$0.97	1.4%	\$0.73	1.1%
<b>Total</b>	<b>\$73.62</b>	<b>100%</b>	<b>\$68.37</b>	<b>100%</b>	<b>\$68.78</b>	<b>100%</b>

Notes:

- Provision of care/services charged to consumers includes income recognised from consumers' packages and private home care consumers. This amount will include Government subsidies and supplements, consumer contributions in the form of the basic daily fee, income tested care fees, top-ups and private contributions.
- Management fees charged to consumers is the amount of income recognised for ongoing management and coordination of the consumers' packages and care requirements.
- Administration fees charged to consumers is the amount of income recognised for ongoing administration of consumers' packages.
- Income derived from unspent package funds reflects income remaining from a consumer's care package when a consumer left the home care service (prior to the February 2017 changes). No income can be derived from unspent funds since the change. Exit amounts deducted by the provider when ceasing to provide home care to a consumer may be charged after this date.
- Other revenue includes other sources of income generated from running the home care services such as state and territory payments, consumer payments for non-home care services, trust distribution, donations and bequests, interest earned on investments, insurance and gains from the sale of assets.

## Chapter 5

### Home care

#### Expenditure

Total sector expenditure in 2020–21 was \$3.72 billion, up from \$2.99 billion in 2019–20.

Table 5.7 shows the average expenditure per consumer per day in 2020–21 was \$64.49 (\$23,539 per annum), down from \$65.21 in 2019–20. Care related expenses

represent 69 per cent of total expenses per consumer per day, while administration costs (which includes care management costs) represent 31 per cent of total costs. Care costs in 2020–21 were \$44.78, up from \$44.68 in 2019–20, while administration costs were \$19.71, down from \$20.52 in 2019–20.

**Table 5.7: Home care expenditure per consumer per day, 2017–18 to 2020–21**

Expenses	2017–18	2018–19	2019–20	2020–21
<b>Care costs</b>				
Wages and salaries – care staff	\$29.99	\$28.83	\$25.49	\$24.13
Subcontracted or brokered customer services	\$10.32	\$11.47	\$11.50	\$13.60
Care related expenses	\$6.94	\$8.01	\$7.69	\$7.05
<b>Total care costs</b>	<b>\$47.25</b>	<b>\$48.32</b>	<b>\$44.68</b>	<b>\$44.78</b>
<b>Administration costs</b>				
Wages and salaries – administration staff	\$9.26	\$9.58	\$9.52	\$9.37
Administration costs and management fees	\$10.26	\$10.28	\$7.96	\$7.08
Depreciation and interest costs	\$0.74	\$0.69	\$0.58	\$0.62
COVID–19 expenses	–	–	\$0.39	\$0.65
Motor Vehicle expenses	–	–	\$0.62	\$0.57
Other expenses	\$1.94	\$2.03	\$1.45	\$1.42
<b>Total administration costs</b>	<b>\$22.20</b>	<b>\$22.57</b>	<b>\$20.52</b>	<b>\$19.71</b>
<b>Total costs</b>	<b>\$69.45</b>	<b>\$70.89</b>	<b>\$65.21</b>	<b>\$64.49</b>

Table 5.8 provides a breakdown of expenditure according to ownership type, location and scale for 2020–21. In terms of ownership, not-for-profit providers continue to incur lower expenses per consumer than for-profit providers (\$64.49 per day compared with \$65.34). This is the fourth year in a row this has occurred. The total expenditure per consumer per day is similar to 2019–20 for not-for-profits, while it has reduced by \$3.25 for for-profit providers. As

has been the case in recent years, regional providers reported less average expense per consumer per day (\$57.74) than their metropolitan counterparts (\$66.23). In terms of scale, single service providers once again recorded the highest expenses per consumer per day with \$68.39 compared with larger scale providers (\$62.02 for two to six services and \$63.39 for providers with seven or more services).

**Table 5.8: Home care expenditure per consumer per day, by ownership type, location and scale, 2020–21**

	Care related salaries	Admin and non-care related salaries	Other admin costs and management fees	Other care related expenses	Other expenses and non-direct costs	Total
<b>Ownership</b>						
Not-for-profit	\$24.57	\$9.08	\$8.00	\$19.45	\$3.39	\$64.49
For-profit	\$24.49	\$10.45	\$5.24	\$22.01	\$3.15	\$65.34
Government	\$17.78	\$7.54	\$5.82	\$27.03	\$2.43	\$60.60
<b>Location</b>						
Metropolitan	\$24.26	\$8.94	\$7.26	\$22.69	\$3.07	\$66.23
Regional	\$22.97	\$9.76	\$5.09	\$16.49	\$3.43	\$57.74
Metropolitan and regional	\$24.82	\$10.27	\$8.41	\$18.54	\$3.65	\$65.69
<b>Scale</b>						
Single service	\$28.52	\$10.54	\$6.56	\$19.15	\$3.62	\$68.39
Two to six services	\$19.67	\$7.72	\$5.43	\$26.81	\$2.40	\$62.02
Seven or more services	\$23.61	\$9.43	\$8.08	\$18.85	\$3.43	\$63.39
<b>Total sector</b>	<b>\$24.13</b>	<b>\$9.37</b>	<b>\$7.08</b>	<b>\$20.65</b>	<b>\$3.26</b>	<b>\$64.49</b>

## Chapter 5

### Home care

#### Profit

In 2020–21, home care providers generated \$248 million in total profit, up from \$145 million in 2019–20.

In terms of profit per consumer (Table 5.9), the average EBITDA increased to \$1,792 from \$1,369

in 2019–20 while the average NPBT increased to \$1,566 from \$1,156.

Approximately 74 per cent of home care providers achieved a profit in 2020–21, compared with 72 per cent in 2019–20.

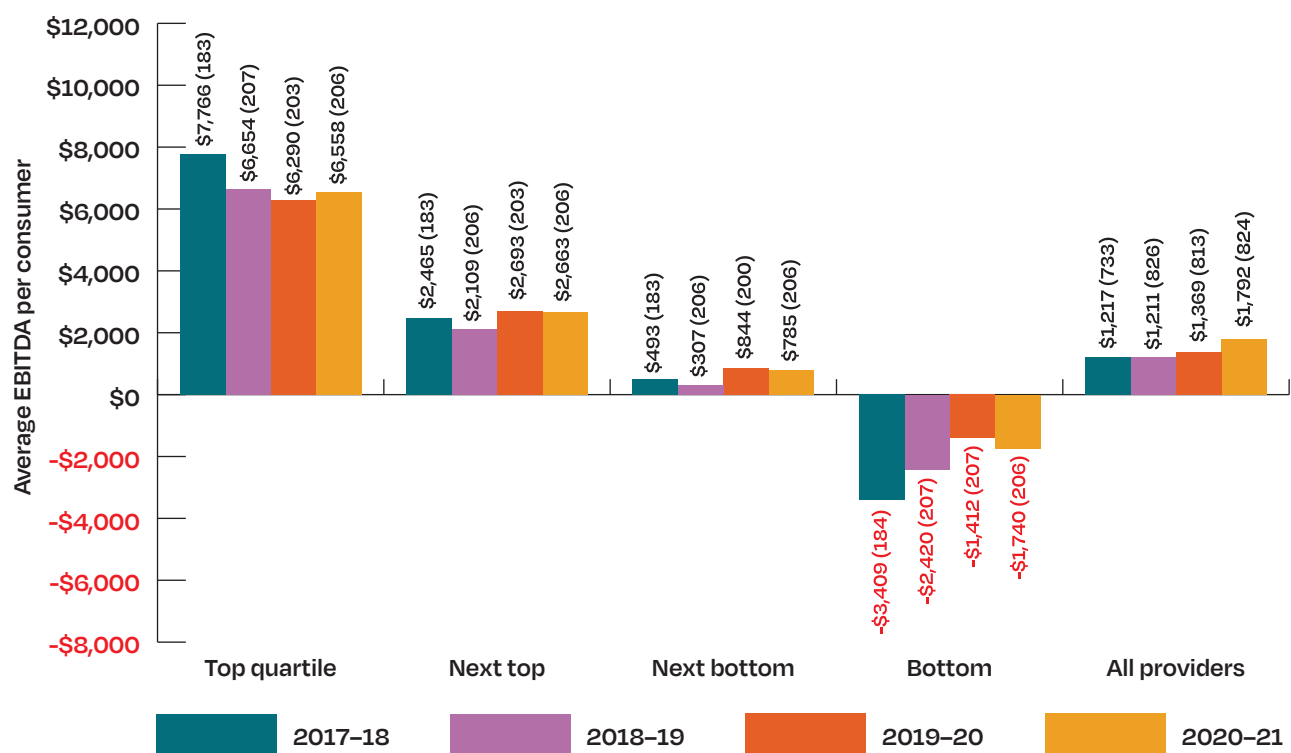
**Table 5.9: Summary of financial performance of home care providers, per consumer per year, 2015–16 to 2020–21**

	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Average EBITDA per consumer	\$3,055	\$2,989	\$1,217	\$1,211	\$1,369	\$1,792
Average NPBT per consumer	\$2,854	\$2,832	\$947	\$959	\$1,156	\$1,566

Chart 5.4 shows average EBITDA per consumer by quartile. As has been the case previously, EBITDA varies considerably across the sector with the top quartile of providers performing substantially better than the rest of the home care sector. In 2020–21, the average EBITDA for all providers increased to \$1,792, up from

\$1,369 in 2019–20. The average EBITDA for providers in the top quartile increased to \$6,558 per consumer, up from \$6,290 the prior year, while the providers in the bottom quartile decreased to negative \$1,740, down from negative \$1,412.

**Chart 5.4: Home care average EBITDA per consumer, by quartile (number of providers in parentheses), 2017–18 to 2020–21**





## Chapter 5

### Home care

Chart 5.5 shows the quartile analysis of the average EBITDA per consumer for home care providers by ownership type in 2020–21. In 2020–21, for-profit providers recorded average EBITDA per consumer of \$1,779 compared with \$1,884 reported by

not-for-profit providers. For-profit providers in the top quartile recorded an average of \$7,850 per consumer, compared with not-for-profit providers who recorded an average of \$5,856.

**Chart 5.5: Home care average EBITDA per consumer per year, by quartile and ownership type, 2020–21 (number of providers in parentheses)**

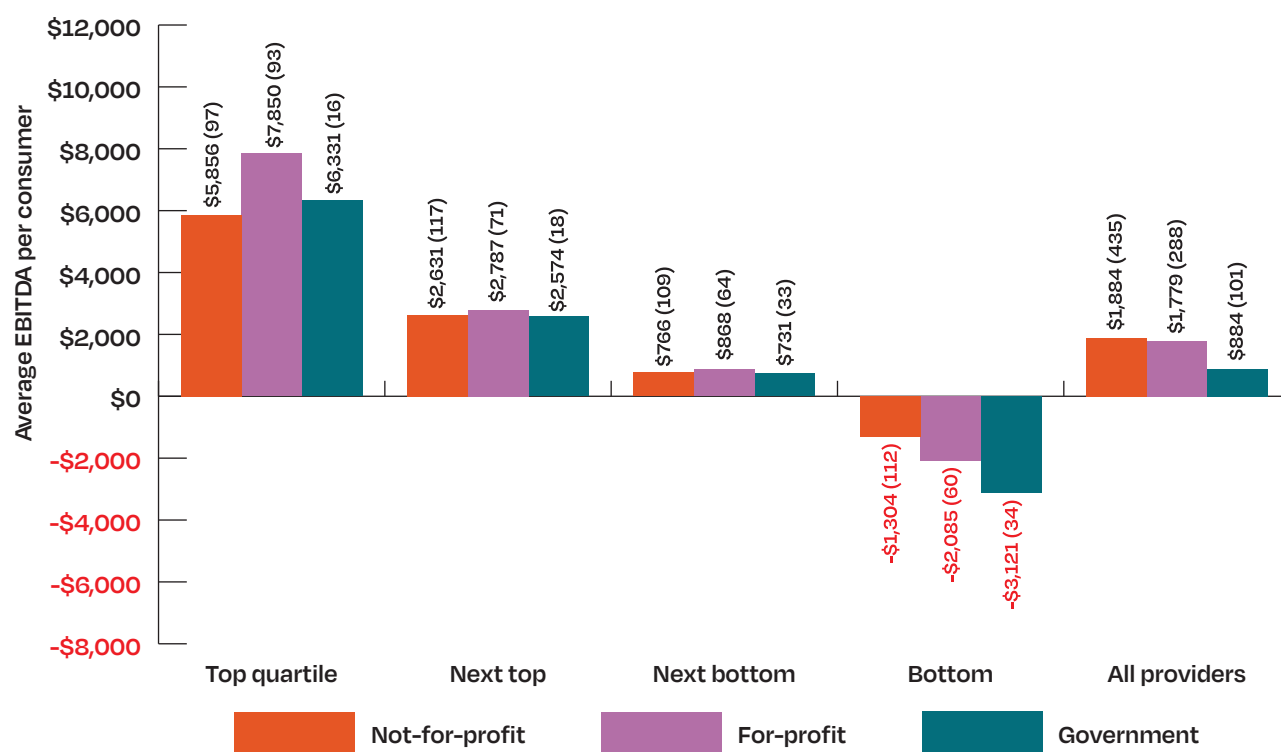
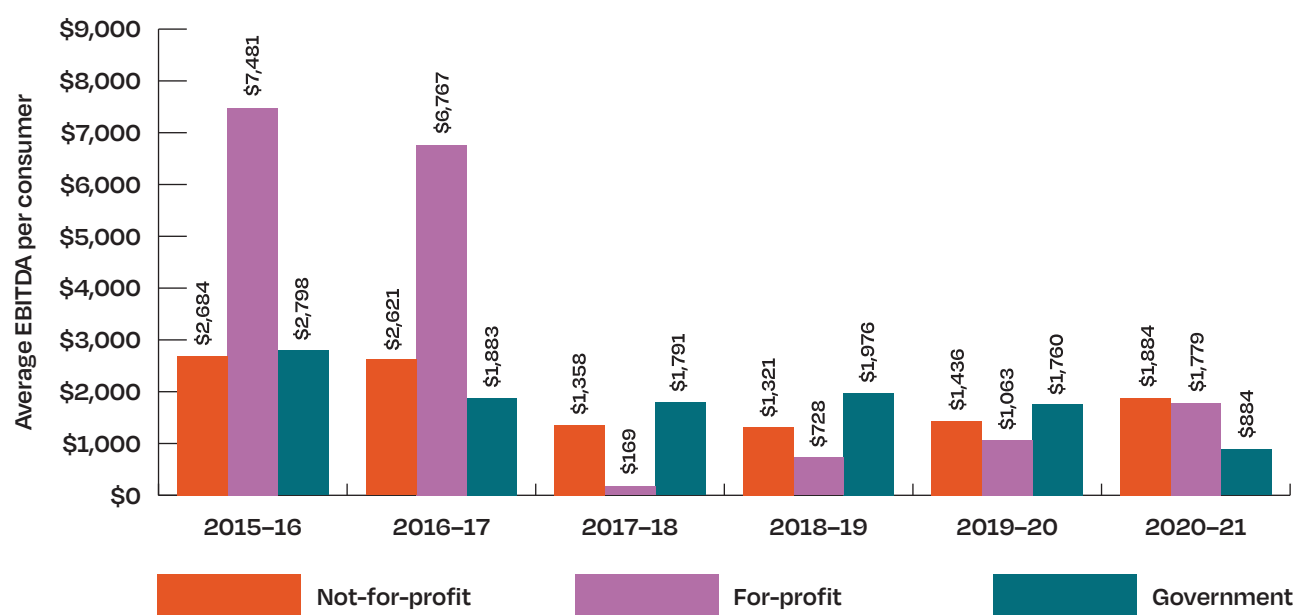


Chart 5.6 shows the overall average EBITDA per consumer by ownership over the last 5 years. In 2020–21, the difference between for-profit and not-for-profit providers reduced to an average of \$105 per consumer, down from a difference of \$373 the prior year.

**Chart 5.6: Home care average EBITDA per consumer per year, by ownership type, 2015–16 to 2020–21**

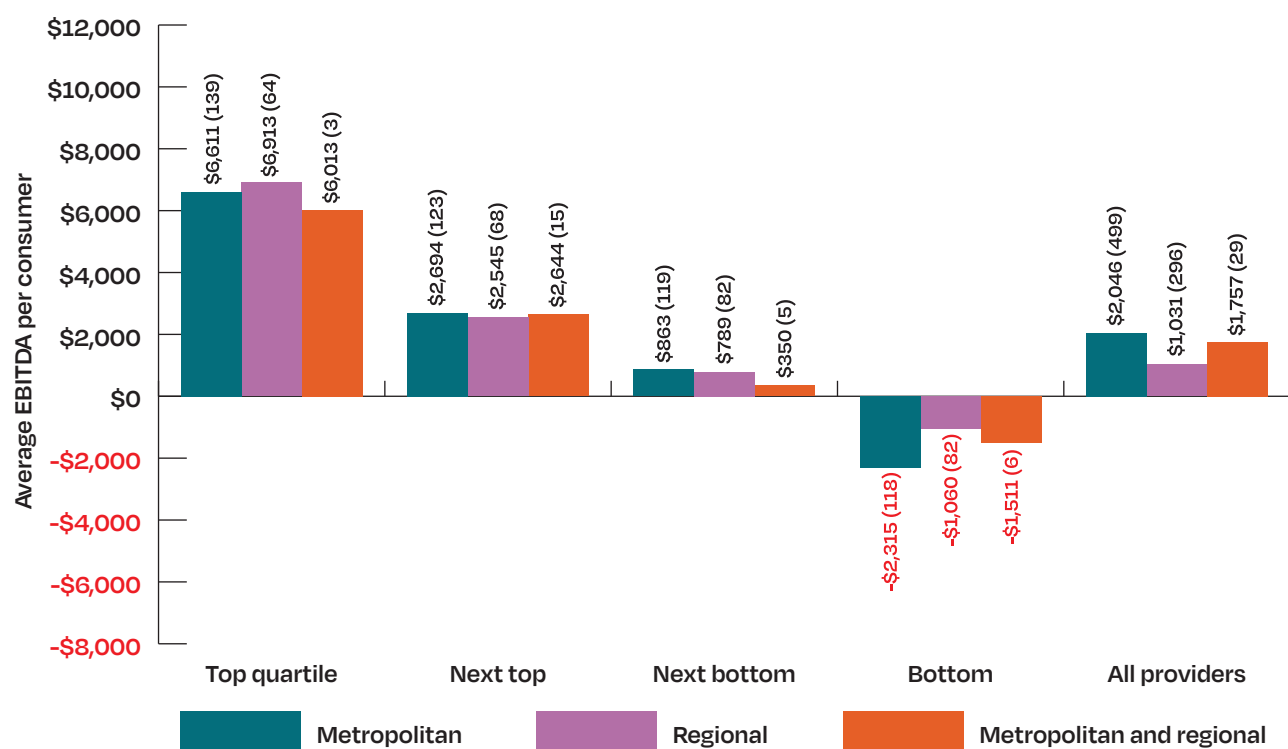


## Chapter 5

### Home care

In terms of quartile analysis, regional providers outperformed metropolitan providers in both the top and bottom quartiles, while metropolitan providers had an overall higher average EBITDA per consumer compared to regional providers.

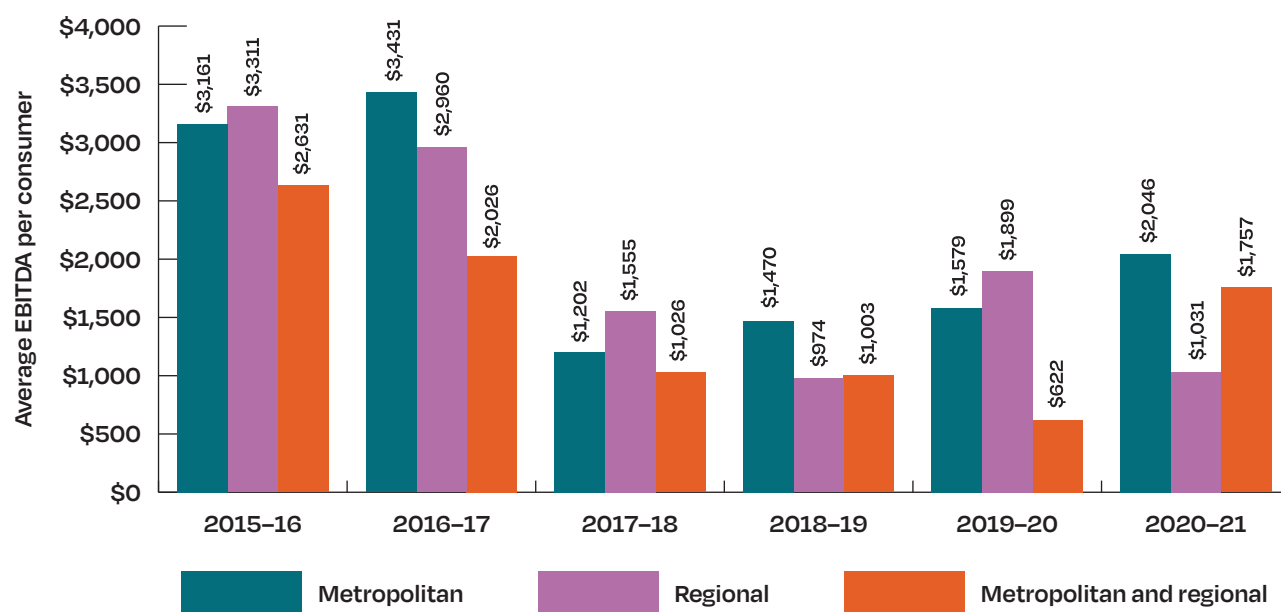
**Chart 5.7: Home care average EBITDA per consumer per year, by quartile and provider location, 2020–21 (number of providers in parentheses)**



When performance is considered by location, providers in regional areas reported an average EBITDA of \$1,031 per consumer, which is similar to 2018–19 after an increase to \$1,899 in 2019–20.

Metropolitan providers reported an increase, with an average EBITDA of \$2,046 in 2020–21, up from \$1,579 the prior year.

**Chart 5.8: Home care average EBITDA per consumer, by provider location, 2015–16 to 2020–21**



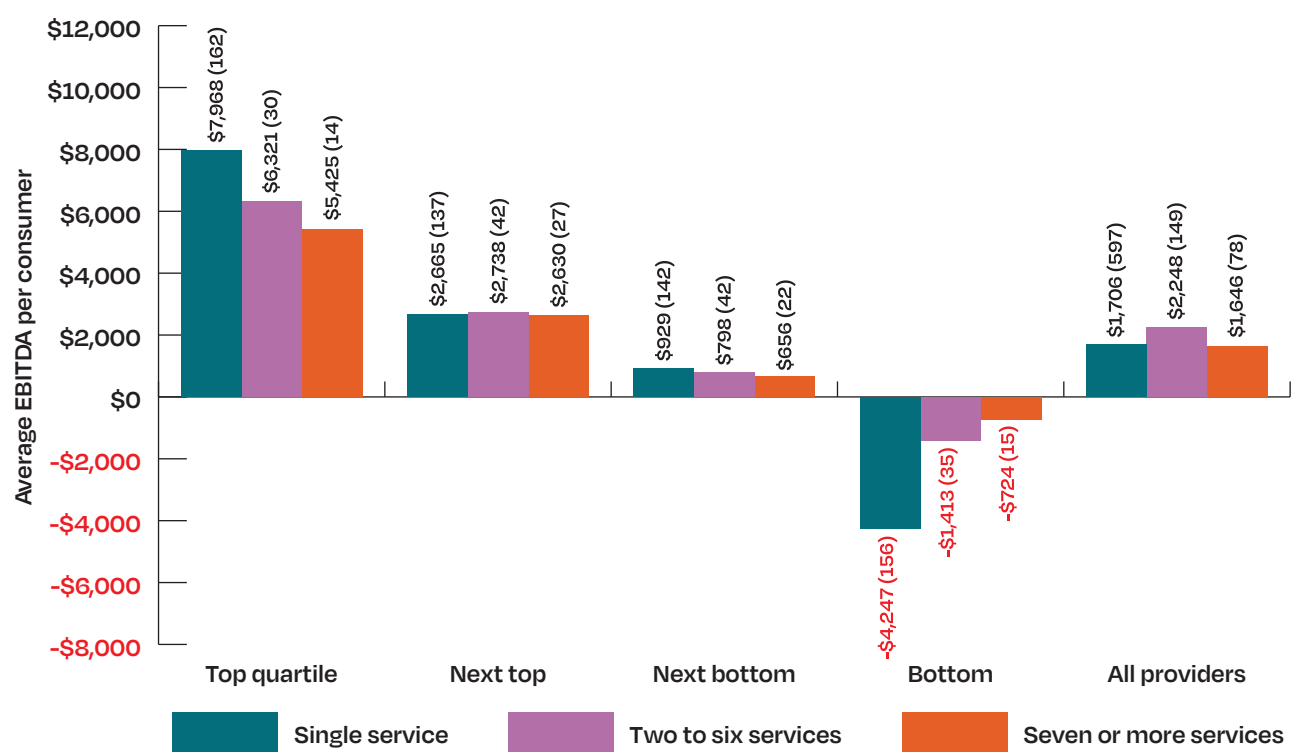
## Chapter 5

### Home care

Providers who operate seven or more services reported an average EBITDA of \$1,646 per consumer compared with \$1,706 for single service providers and \$2,248 for providers with two to six services.

Single service providers were by far the best performers in the top quartile and the worst performers in the bottom quartile.

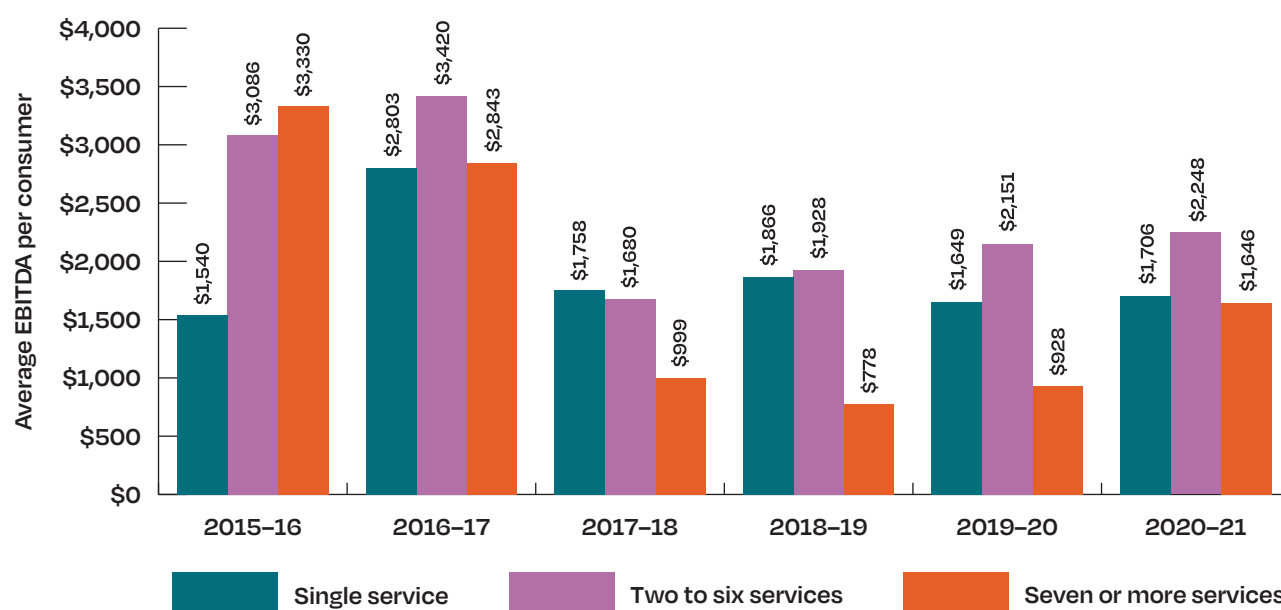
**Chart 5.9: Home care average EBITDA per consumer per annum, by quartile and provider scale (number of providers in parentheses), 2020–21**



For the fourth year in a row, providers who operate seven or more services were the worst performers when compared with providers operating two to six

services and single service providers. All scales of providers increased their average EBITDA per consumer per annum compared to the prior year.

**Chart 5.10: Home care average EBITDA per consumer per annum, by provider scale, 2015–16 to 2020–21**



## Unspent funds

At 30 June 2021, home care providers reported holding unspent funds of \$1.7 billion. This is up from \$1.2 billion at 30 June 2020, \$751 million at 30 June 2019 and \$539 million at 30 June 2018.

Unspent funds accumulate for a variety of reasons, including:

- consumers wish to save a proportion of their budget for future events
- the services that the consumer wants are not available
- the consumer is reluctant to allow people into their home

- misconceptions that the money not spent under the package belongs to the consumer or
- the consumer does not require all the funds allocated to them.

The budget measure Improved Payment Arrangements for HCPP was implemented in stages. From 1 September 2021, changes to the treatment of unspent funds means that unspent funds no longer accrue with providers but instead accrue in a care recipient's Home Care Account managed by Services Australia. While many providers still hold unspent funds on behalf of care recipients from before 1 September 2021, these funds will be used to meet care recipient needs and reduce over time or will be returned to the Australian Government on exit.









## CHAPTER 6

# Residential care

### 6.1 Overview of the sector

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### 6.2 Residential care funding sources

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### 6.3 Operational performance in 2020–21

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## Chapter 6

# Residential care

### Residential care consumers



**243,117**

### Residential care providers



**830**

### Australian Government contribution to residential care



**14.1 billion**

### THIS CHAPTER DISCUSSES:

- the operation of residential care
- the ownership, locational and scale characteristics of residential care providers
- the funding arrangements in residential care and
- the financial performance of residential care providers in 2020–21.

## 6.1

### Overview of the sector

#### Supply of residential care

Table 6.1 shows the number of providers, facilities (an aged care home or service), places and residents since 30 June 2017. The number of providers continued to decrease each year, while the number of operational places continued to increase. Table 6.1 also shows the achieved provision ratio in residential care, as well as provisionally allocated places and respite residents.

At 30 June 2021, there were 830 residential care providers operating 219,105 residential care places. This compares with 845 providers operating 217,145 places at 30 June 2020.

**Table 6.1: Number of residential care providers, facilities, places and residents, 30 June 2017 to 30 June 2021**

	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21
Providers	902	886	873	845	830
Facilities	2,672	2,695	2,717	2,722	2,704
Allocated places	247,907	246,536	258,934	256,986	255,452
Operational places	200,689	207,142	213,397	217,145	219,105
Provisionally allocated places	39,294	31,603	36,905	31,234	26,280
Provisionally allocated places as proportion of allocated places	15.9%	12.8%	14.3%	12.2%	10.3%
Occupancy	91.8%	90.3%	89.4%	88.3%	86.8%
Total residents	184,077	186,597	188,773	189,954	191,029
• Permanent residents	178,713	180,923	182,705	183,989	183,894
• Respite residents	5,364	5,674	6,068	5,965	7,135

Notes:

- The number of allocated residential care places was less at 30 June 2018 than it was at 30 June 2017, and again less at 30 June 2020 than it was at 30 June 2019. The overall reduction in allocated places over these periods was due to no new places being allocated during 2017–18 or during 2019–20 (due to there being no ACAR) and provisionally allocated places were either surrendered by providers or revoked by the department during that period.

Table 6.2 shows a breakdown of residential care providers as at 30 June 2021, presented by ownership type, location and scale.

**Table 6.2: Number of providers, facilities, places and residents in residential care, by ownership, location and scale, 30 June 2021**

		Ownership type			Location			Scale			
	Total sector 2020–21	Not-for-profit	For-profit	Government	Metropolitan	Regional	Metropolitan and regional	Single facilities	Two to six facilities	Seven to 19 facilities	20 or more facilities
<b>Providers</b>	830	463	275	92	419	321	90	521	231	53	25
<b>Facilities</b>	2,704	1,539	933	232	1,695	1,009	N/A	521	657	595	931
<b>Operational places</b>	219,105	120,057	90,692	8,356	154,308	64,797	N/A	42,276	47,750	48,088	80,991
<b>Occupancy</b>	87%	89%	84%	87%	86%	88%	N/A	87%	86%	88%	87%
<b>Total residents</b>	191,029	106,605	77,212	7,212	134,049	56,980	N/A	36,720	41,227	42,103	70,979
• <b>Permanent residents</b>	183,894	103,191	73,730	6,973	129,148	54,746	N/A	35,125	39,651	40,785	68,333
• <b>Respite residents</b>	7,135	3,414	3,482	239	4,901	2,234	N/A	1,595	1,576	1,318	2,646

## Residential care providers

Chart 6.1 shows the decreasing provider numbers since 2011-12.

At 30 June 2021, there were 830 residential care providers, compared with 845 at 30 June 2020.

**Chart 6.1: Number of residential care providers, 2011-12 to 2020-21**

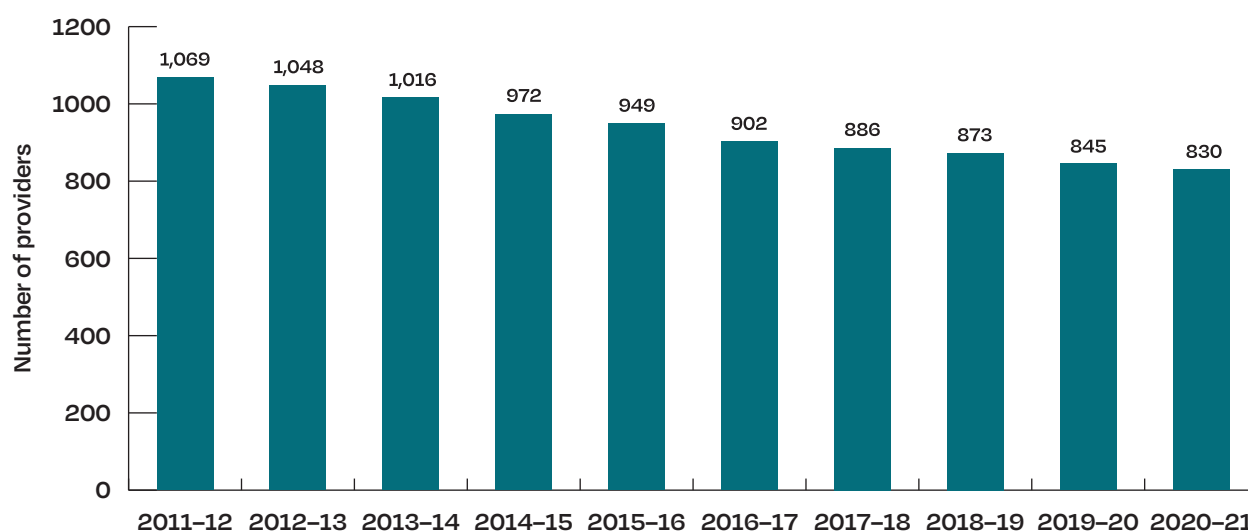
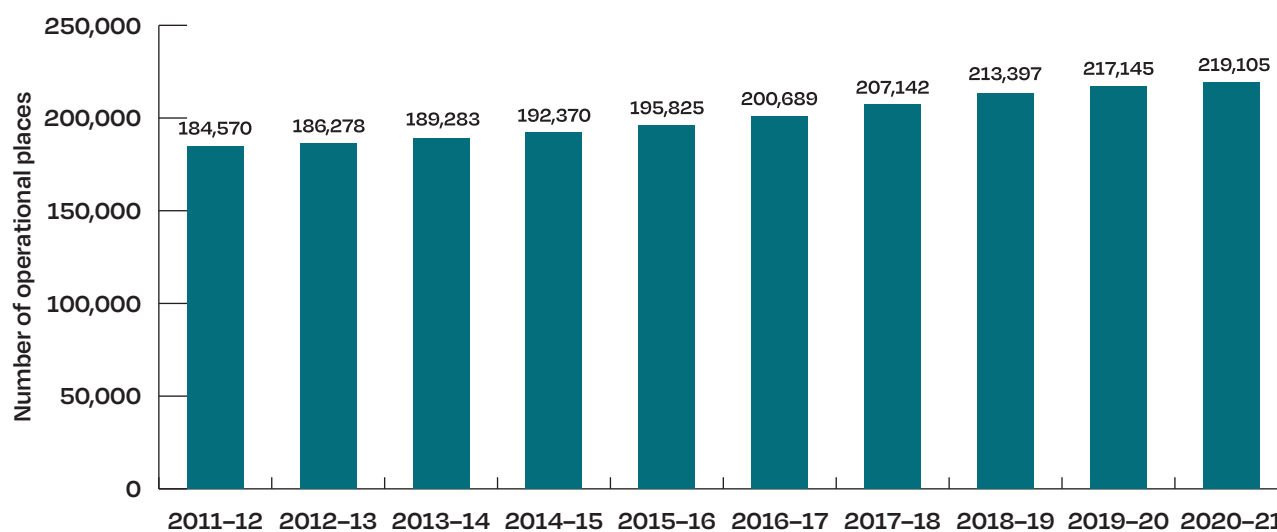


Chart 6.2 shows the increasing operational places since 2011-12.

At 30 June 2021, there were 219,105 operational residential care places, compared with 217,145 at 30 June 2020.

**Chart 6.2: Number of operational residential care places, 2011-12 to 2020-21**



## Chapter 6

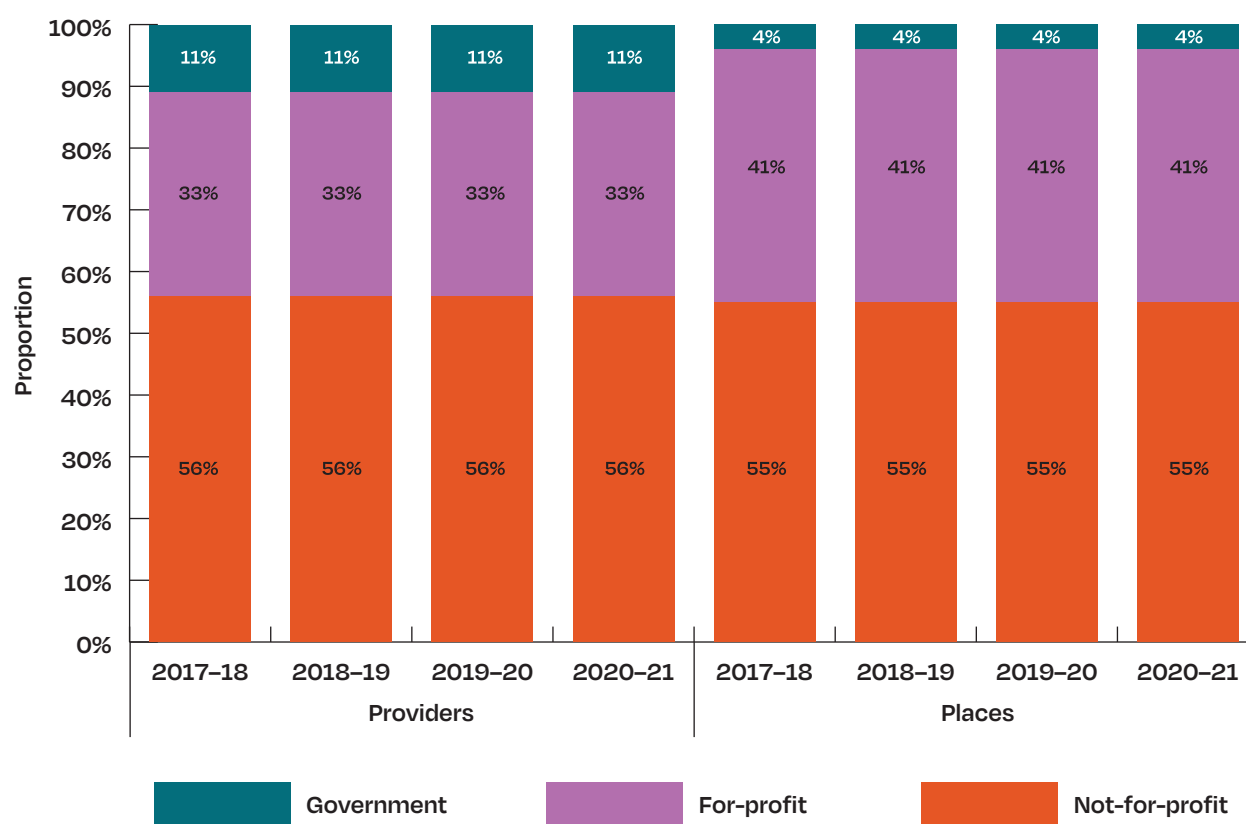
### Residential care

#### Ownership type

As shown in Chart 6.3, the largest provider group remained the not-for-profit group (religious, charitable and community-based organisations). They represented 56 per cent of providers and operated 55 per cent of all residential aged care

places. For-profit providers accounted for 33 per cent of providers and 41 per cent of places. The remaining providers and places are state and territory and local government-owned providers.

**Chart 6.3: Residential care provider and operational places by ownership type, 2017–18 to 2020–21**

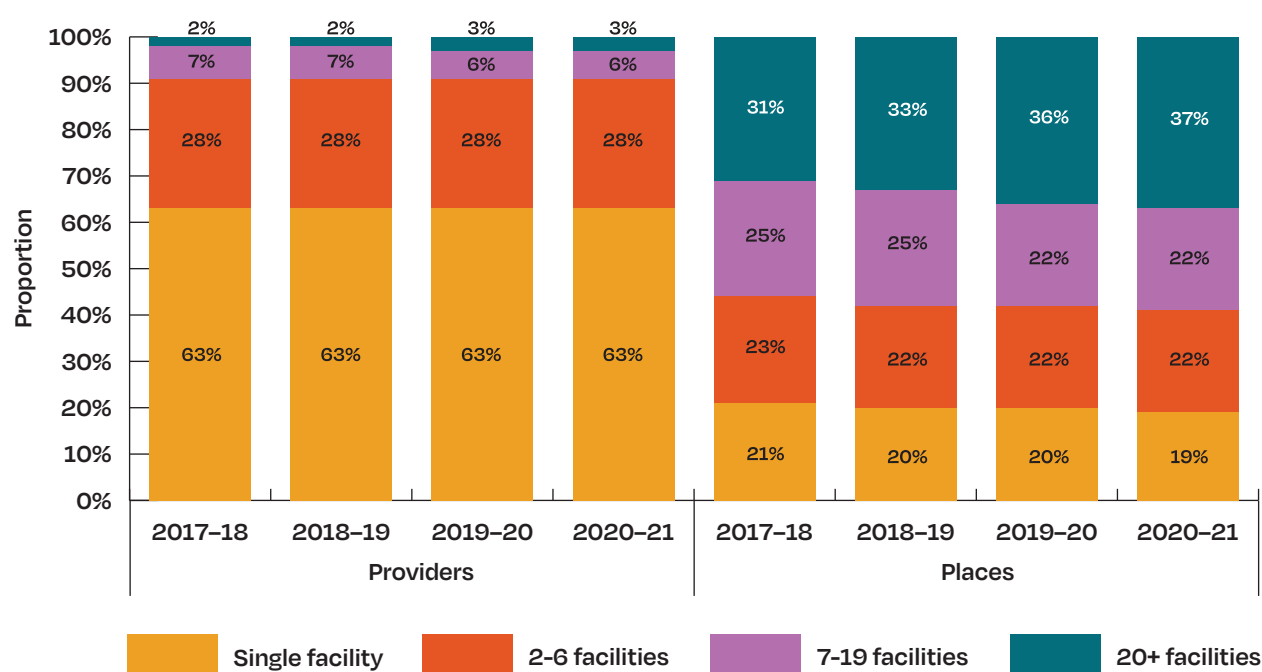


## Provider scale

Chart 6.4 shows the majority of residential care providers (63 per cent) operate only one residential care facility. These single aged care facility providers accounted for 19 per cent of all operational residential care places in 2020–21. Conversely, 3 per cent

of providers operate more than 20 facilities, but they account for 37 per cent of operational places. This proportion is gradually increasing (31 per cent in 2017–18).

**Chart 6.4: Residential care provider and operational places by provider scale, 2017–18 to 2020–21**



As shown in Table 6.3, for-profit and not-for-profit providers have, on average, over three facilities per provider. However within those facilities, for-profit

providers, on average, operate around 97 residential care places per facility, compared with not-for-profit providers who operate around 78 places per facility.

**Table 6.3: Number of residential care facilities per provider, by ownership type, 30 June 2021**

Organisation type	Number of providers	Number of facilities	Average facilities per provider	Total operational places	Average places per provider	Average places per facility
Not-for-profit	463	1,539	3.3	120,057	259.3	78.0
For-profit	275	933	3.4	90,692	329.8	97.2
Government	92	232	2.5	8,356	90.8	36.0

## Chapter 6

### Residential care

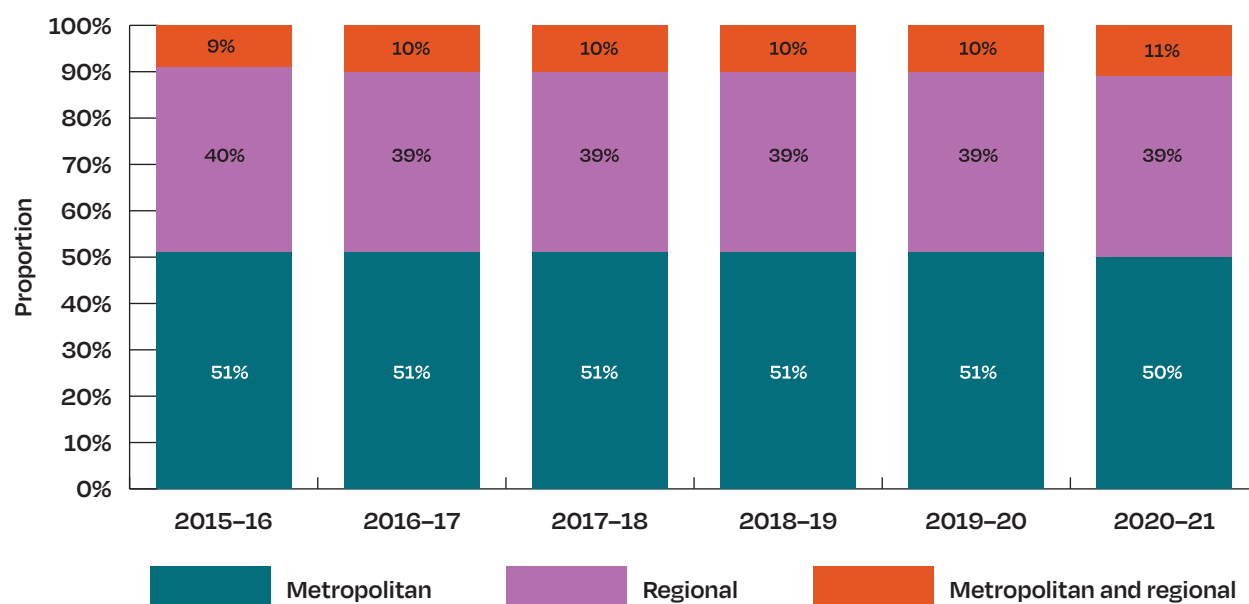
#### Provider location

Chart 6.5 shows that 50 per cent of providers operate only in metropolitan areas and 39 per cent operate only in regional areas. This has been mostly consistent for the last 6 years.

Note: The Aged Care Financing Authority (ACFA) previously categorised residential care providers as

those operating only in metropolitan areas, those operating only in regional areas, and those who have facilities in both metropolitan and regional areas. A provider is categorised as being regional if more than 70 per cent of their residents are in facilities in regional areas.

**Chart 6.5: Residential care providers, by location, 2015–16 to 2020–21**



## Residential care facility size and room configuration

The average size of residential care facilities has been increasing over the last 10 years. In 2010–11, 45 per cent of facilities had over 60 places. This has increased to

63 per cent in 2020–21. By contrast, the proportion of facilities with 60 places or less has been consistently decreasing.

**Table 6.4: Size of residential care facilities, 2011 to 2021**

Number of places	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21
	Proportion of facilities (%)										
1–20 places	6.2	6.2	6	5.5	5.4	5.4	5.3	5	4.7	4.6	4.5
21–40 places	20.4	19.5	19.4	18.6	18	17.2	16.5	16.1	15.6	15	14.6
41–60 places	28.2	27	26.3	25	24.4	23.5	22.5	21.2	19.9	19.3	18.4
61+ places	45.1	47.3	48.4	50.9	52.2	54	55.7	57.7	59.7	61.2	62.5



## Chapter 6

# Residential care

### Provisionally allocated places

At 30 June 2021, there were 26,280 provisional residential care places, down from 31,234 in 2020. This represents around 10 per cent of all allocated places, and compares with 12 per cent at 30 June 2020 and 14 per cent at 30 June 2019.

Table 6.5 shows that Western Australia had the highest proportion of provisionally allocated places with 20 per cent, a decrease from 23 per cent in 2020. The ACT continues to have a high portion and was 19 per cent at 30 June 2021. South Australia and Tasmania have once again the lowest proportion of provisionally allocated places with 4 per cent or less.

**Table 6.5: Provisionally allocated residential care places, by state and territory, at 30 June 2021**

State/Territory	Provisionally allocated places	All allocated places	Proportion
New South Wales	7,696	84,396	9.1%
Victoria	5,261	65,906	8.0%
Queensland	6,656	51,064	13.0%
Western Australia	5,000	24,740	20.2%
South Australia	780	19,373	4.0%
Tasmania	139	5,518	2.5%
Australian Capital Territory	698	3,590	19.4%
Northern Territory	50	655	7.6%
Australia	26,280	255,242	10.3%

Table 6.6 shows the distribution of the age of provisionally allocated places by location. The majority of the provisionally allocated places are in metropolitan areas, representing 74 per cent.

**Table 6.6: Provisionally allocated residential care places by location and year of distribution, at 30 June 2021**

	< 1 year old	1–2 years old	2–4 years old	4–6 years old	6–8 years old	8–10 years old	10+ years	Total
Metropolitan	27	–	7,498	8,801	2,649	67	390	19,432
Inner regional	–	–	4,045	2,056	212	–	–	6,313
Outer regional	<10	–	338	157	–	–	–	498
Remote	–	–	17	20	–	–	–	37
<b>Total</b>	<b>30</b>	<b>–</b>	<b>11,898</b>	<b>11,034</b>	<b>2,861</b>	<b>67</b>	<b>390</b>	<b>26,280</b>

Note:

- Table excludes flexible aged care places in the: Multi-Purpose Service (MPS) Programme, Aged Care Innovative Pool Programme and the National Aboriginal and Torres Strait Islander Flexible Aged Care Programme.
- Year distribution refers to the time from original date of allocation to 30 June 2021.
- Australian Statistical Geography Standard (ASGS) 2011 Remoteness Areas.

## Chapter 6

### Residential care

Table 6.7 shows the distribution of the age of provisionally allocated places by state and territory. New South Wales has the highest portion (29 per cent), followed by Queensland (25 per cent), Victoria (20 per cent) and Western Australia (19 per cent), with the balance split across the other states and territories.

**Table 6.7: Provisionally allocated residential care places by state and territory and year of distribution, at 30 June 2021**

	< 1 year old	1–2 years old	2–4 years old	4–6 years old	6–8 years old	8–10 years old	10+ years	Grand Total
New South Wales	<10	–	3,108	3,138	1,254	23	170	7,696
Victoria	–	–	1,197	3,482	493	–	89	5,261
Queensland	–	–	3,902	2,397	347	–	10	6,656
Western Australia	27	–	2,899	1,336	617	–	121	5,000
South Australia	–	–	464	316	–	–	–	780
Tasmania	–	–	98	41	–	–	–	139
Australian Capital Territory	–	–	180	324	150	44	–	698
Northern Territory	–	–	50	–	–	–	–	50
Total	30	–	11,898	11,034	2,861	67	390	26,280

#### Extra services

Providers with extra service status are able to charge an extra service fee for residents occupying an extra service place for the duration of their stay. Extra service status involves the provision of a higher than average standard of services, including accommodation, range and quality of food, and non-care services such as recreational and personal interest activities.

Providers that have been granted extra service status applied to the Aged Care Pricing Commissioner for

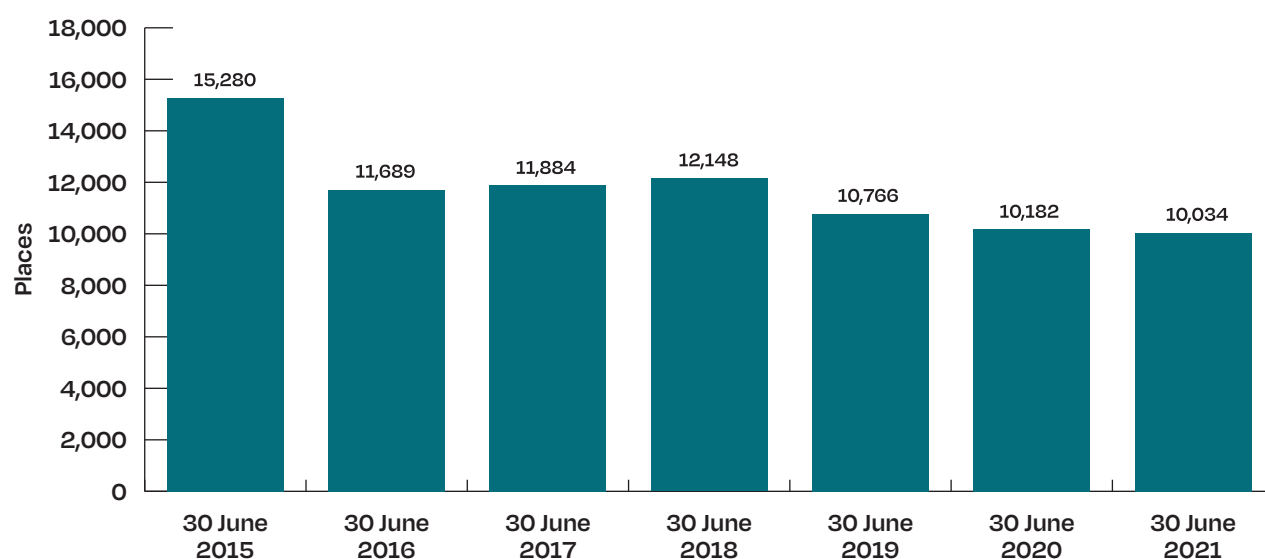
approval of their proposed extra service fees, including proposed increases to current extra service fees.

For extra service status places that are occupied by a resident who was in care prior to 1 July 2014 and who is covered under the pre-reform fee arrangements, the care subsidy is reduced by 25 per cent of the approved extra service fee for that place. This is known as the Extra Service Subsidy Reduction. The provider can charge a continuing care recipient an amount equal to the extra service fee plus the extra service reduction

for receiving extra service. Extra service subsidy reduction does not apply to residents entering care on or after 1 July 2014

Chart 6.6 shows the number of extra service residential care places was 10,034 at 30 June 2021, down from 10,182 in 2020 and down from 15,280 in 2015.

**Chart 6.6: Number of operational extra service residential care places, 30 June 2015 to 30 June 2021**



### Additional services

Additional services are care and other services that residential care providers can make available to residents above those that they are legislatively required to provide under the Schedule of Specified Care and Services for residential care services. Additional services vary greatly but may include items such as the provision of pay TV, hairdressing, additional beverage offerings (e.g. wine and beer) and access to a gym. Additional services may be offered individually or as part of a bundle of services. These services incur an additional fee for residents.

An additional service fee can only be charged for services that have been agreed to by the resident, that are over and above those paid for by the Australian Government under the Schedule of Specified Care and Services, and from which aged care residents receive a direct and tangible benefit.

There is limited data available on additional services.

# Chapter 6

## Residential care

### 6.2

## Residential care funding sources

### Operational funding

Operational funding supports day-to-day services such as nursing and personal care, living expenses and accommodation expenses.

Figure 6.1 shows the different funding types from the Australian Government and residents for operational funding. A combination of Australian Government and resident contributions provides the operational funding for residential care.

The Australian Government determines its contributions on behalf of permanent residents in residential care by setting:











- a basic care subsidy for personal and nursing care
- the rates of supplements paid to support aspects of residential care that incur higher costs to deliver and
- the maximum rate of accommodation supplement.

With regard to respite care, the Australian Government sets the basic respite care subsidy at two levels (low or high) depending on the level of respite care the consumer is approved for by the Aged Care Assessment Team (ACAT). The Australian Government also sets the maximum levels for contributions made by residents for the following:

- the maximum rate of the basic daily fee for living expenses (permanent and respite) and
- the maximum means tested care fee that may be charged by providers (permanent only).

A more detailed explanation on each of the funding types is available in the 2021 ACFA Annual Report on the Funding and Financing of the Aged Care Sector (section 6.2).

**Figure 6.1: Residential care services**

 <b>Australian Government</b>	 <b>Residents</b>
 Basic care subsidies (ACFI)	 Care fees
 Respite care subsidies and supplements	 Accommodation payment/contributions by non or partially supported residents
 Accommodation supplements for supported residents	 Extra and additional service fees
 Other supplements	 Basic daily fee for living expense

## Payments for residential respite care

The Australian Government pays the provider a residential respite subsidy and a respite supplement for each eligible respite resident.

Table 6.8 shows the residential care respite rates applicable as at 20 March 2022.

The subsidy and supplement are paid at either a low or high rate depending on the level of respite care the consumer is approved for by the ACAT.

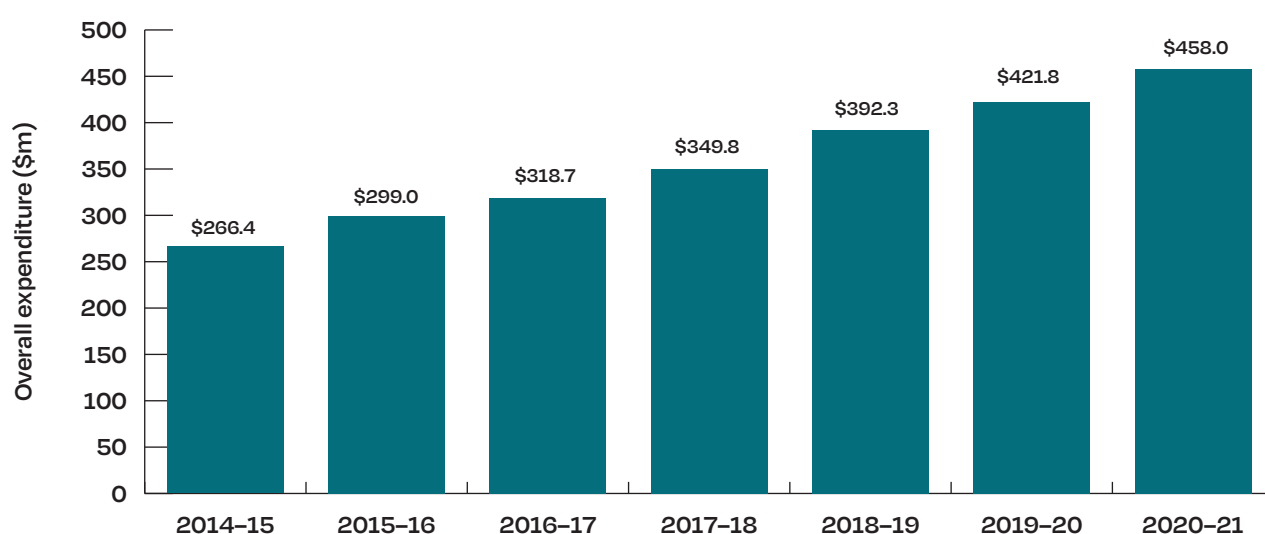
Additionally, facilities that use 70 per cent or more of their respite allocation over a 12 month period receive a higher daily respite supplement rate per eligible high care recipient. Respite subsidies are indexed on 1 July each year. Respite supplements are indexed on 20 March and 20 September each year in line with pension indexation.

**Table 6.8: Residential respite care subsidies and supplement rates, at 20 March 2022**

	Daily subsidy	Daily supplement	Total paid per day
Low level respite care	\$48.68	\$41.62	\$90.30
High level respite care	\$136.50	\$58.33	\$194.83
High level respite care when a facility uses 70% or more of respite allocation	\$136.50	\$99.25	\$235.75

Chart 6.7 shows total Australian Government payments for residential respite care since 2014–15. Payments increased to \$458.0 million in 2020–21, up from \$421.8 million in 2019–20.

**Chart 6.7: Total residential respite care expenditure, 2014–15 to 2020–21 (\$m)**



## Chapter 6

### Residential care

#### 6.3

### Operational performance in 2020–21

#### Revenue

Revenue for residential care providers is broadly described in four categories: care related, living expenses, accommodation and other. Table 6.9 provides a breakdown of the revenue reported by residential care providers in 2020–21 compared with the previous two years.

In 2020–21, care related revenue (\$13.9 billion) formed the majority (65 per cent) of total revenue earned by residential care providers. This has been the case in previous years and is an increase of \$989 million on the previous year. The Australian Government is the primary funder of care related revenue.

Living related revenue received from residents, which includes the basic daily fee, extra services fees and additional service fees, accounted for 18 per cent (\$3.9 billion) of total revenue, again similar to previous years.

COVID–19 funding increased from \$301 million to \$754 million in 2020–21. COVID–19 funding includes the total amount of funding received for residential aged care operations through aged care specific COVID–19 measures such as the one-off Residential Care Subsidy Increase (up to \$975 and \$1,435 per resident in metro and regional areas respectively) or the Workforce Retention Bonus and non-aged care measures, such as JobKeeper.

**Table 6.9: Revenue sources for residential care providers, by care, accommodation, living and 'other', 2018–19 to 2020–21**

Revenue sources	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)
<b>Care Related</b>					
Basic care subsidy (ACFI)	\$11,286.2	\$11,386.3	\$100.1	\$11,777.9	\$391.6
Respite subsidy and supplements	\$383.0	\$415.6	\$32.6	\$455.8	\$40.2
COVID–19 funding	\$0.0	\$301.1	\$301.1	\$753.6	\$452.5
Other supplements	\$106.5	\$127.0	\$20.5	\$156.6	\$29.6
Resident means tested fee	\$586.0	\$648.0	\$62.0	\$657.0	\$9.0
Resident other care fees	\$79.2	\$52.3	-\$26.9	\$118.4	\$66.1
<b>Total care revenue</b>	<b>\$12,440.8</b>	<b>\$12,930.3</b>	<b>\$489.5</b>	<b>\$13,919.2</b>	<b>\$988.9</b>

Revenue sources	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)
<b>Living Related</b>					
Resident basic daily fee	\$3,425.8	\$3,574.0	\$148.2	\$3,598.9	\$24.9
Extra service fee	\$118.4	\$123.4	\$5.0	\$123.4	\$0.0
Additional services fees	\$122.2	\$158.1	\$35.9	\$161.8	\$3.7
<b>Total living related revenue</b>	<b>\$3,666.4</b>	<b>\$3,855.5</b>	<b>\$189.1</b>	<b>\$3,884.0</b>	<b>\$28.5</b>
<b>Accommodation related</b>					
Accommodation supplement	\$1,158.6	\$1,287.8	\$129.2	\$1,337.4	\$49.6
Accommodation payments from residents	\$828.7	\$847.9	\$19.2	\$828.4	-\$19.5
Capital Grants	\$70.0	\$71.4	\$1.4	\$75.7	\$4.3
<b>Total Accommodation related revenue</b>	<b>\$2,057.3</b>	<b>\$2,207.0</b>	<b>\$149.7</b>	<b>\$2,241.5</b>	<b>\$34.5</b>
<b>Other income</b>					
Interest	\$334.6	\$304.4	-\$30.2	\$223.3	-\$81.1
Donations and fundraising	\$24.2	\$37.9	\$13.7	\$31.4	-\$6.5
Gain on sale of assets	\$54.8	\$45.9	-\$8.9	\$18.8	-\$27.1
Revaluation of assets	\$108.3	\$42.2	-\$66.1	\$85.1	\$42.9
Imputed Interest on RADs – AASB 16 Leases	\$0.0	\$551.4	\$551.4	\$509.2	-\$42.2
Other	\$615.1	\$562.0	-\$53.1	\$565.8	\$3.8
<b>Total other revenue</b>	<b>\$1,137.1</b>	<b>\$1,543.7</b>	<b>\$406.6</b>	<b>\$1,433.7</b>	<b>-\$110.0</b>
<b>Total residential provider revenue</b>	<b>\$19,301.6</b>	<b>\$20,536.5</b>	<b>\$1,234.9</b>	<b>\$21,478.5</b>	<b>\$942.0</b>

Notes:

- COVID–19 funding includes the total amount of funding received for residential care operations through aged care specific COVID–19 measures provided by Government, including the Workforce Retention Bonus, as well as non-aged care measures, such as Job Keeper.
- 'Resident other care fees' are fees and charges received from a resident in respect of occasional care services like consultation, medication, treatment or procedures provided in addition to services required to be delivered under Schedule 1 of the *Aged Care Act 1997*.
- The decreases in Resident Other Care fees is largely due to allocation into other income categories such as COVID–19 funding and 'donations and fundraising'.



## Chapter 6

### Residential care

Chart 6.8 shows the proportion of all revenue sources for residential care providers in 2020–21. Revenue from Australian Government care subsidies and supplements accounted for 61 per cent, while revenue from other income accounted for approximately 7 per cent of total provider revenue.

Australian Government accommodation supplements and capital grants revenue accounted for 7 per cent of total provider revenue.

**Chart 6.8: Proportion of total residential care provider revenue, 2020–21 (\$m)**

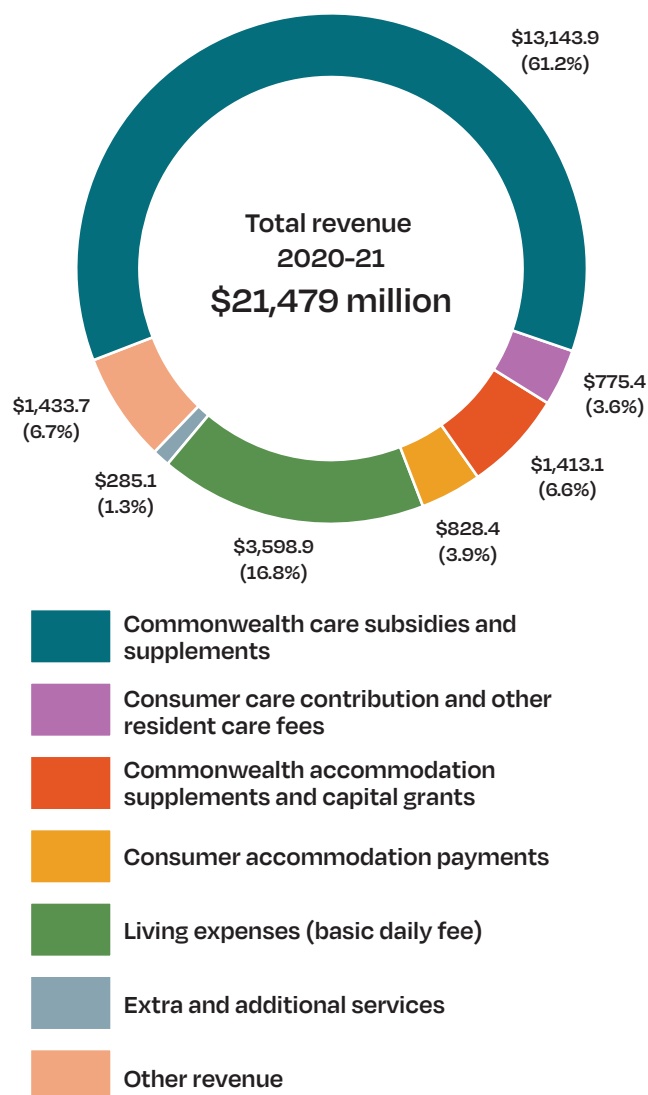


Table 6.10 shows provider revenue sources for 2020–21 compared with the previous two years.

In 2020–21, total revenue was \$21.5 billion, up from \$20.5 billion in 2019–20 and \$19.3 billion in 2018–19. The \$942 million increase in 2020–21 can mostly

be attributed to \$392 million in additional basic care subsidy<sup>15</sup> and \$453 million of COVID–19 funding.

Other funding sources decreased from \$1.5 billion in 2019–20 to \$1.4 billion in 2020–21.

**Table 6.10: Revenue sources for residential care providers, Australian Government, resident and 'other', 2018–19 to 2020–21**

Revenue sources	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)
<b>Australian Government</b>					
Basic care subsidy (ACFI)	\$11,286.2	\$11,386.3	\$100.1	\$11,777.9	\$391.6
Respite subsidy and supplements	\$383.0	\$415.6	\$32.6	\$455.8	\$40.2
COVID–19 funding	–	\$301.1	–	\$753.6	\$452.5
Other supplements	\$106.5	\$127.0	\$20.5	\$156.6	\$29.6
Accommodation supplement	\$1,158.6	\$1,287.8	\$129.2	\$1,337.4	\$49.6
Capital grants	\$70.0	\$71.4	\$1.4	\$75.7	\$4.3
<b>Australian Government funding sources</b>	<b>\$13,004.3</b>	<b>\$13,589.2</b>	<b>\$584.9</b>	<b>\$14,556.9</b>	<b>\$967.7</b>
<b>Resident</b>					
Resident basic daily fee	\$3,425.8	\$3,574.0	\$148.2	\$3,598.9	\$24.9
Resident means tested fee	\$586.0	\$648.0	\$62.0	\$657.0	\$9.0
Resident other care fees	\$79.2	\$52.3	-\$26.9	\$118.4	\$66.1
Accommodation payments from residents	\$828.7	\$847.9	\$19.2	\$828.4	-\$19.5
Extra service fee	\$118.4	\$123.4	\$5.0	\$123.4	\$0.0
Additional services fees	\$122.2	\$158.1	\$35.9	\$161.8	\$3.7
<b>Resident funding sources</b>	<b>\$5,160.3</b>	<b>\$5,403.6</b>	<b>\$243.3</b>	<b>\$5,487.8</b>	<b>\$84.2</b>

<sup>15</sup> The increase of \$392 million in additional basic care subsidy (ACFI) does not include a new Basic Daily Fee (BDF) of an additional \$10 per day, per resident which was available to eligible residential providers from 1 July 2021.

## Chapter 6

### Residential care

Revenue sources	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)
<b>Other income</b>					
Interest	\$334.6	\$304.4	-\$30.2	\$223.3	-\$81.1
Donations and fundraising	\$24.2	\$37.9	\$13.7	\$31.4	-\$6.5
Gain on sale of assets	\$54.8	\$45.9	-\$8.9	\$18.8	-\$27.1
Revaluation of assets	\$108.3	\$42.2	-\$66.1	\$85.1	\$42.9
Imputed Interest on RADs – AASB 16 Leases	\$0.0	\$551.4	\$551.4	\$509.2	-\$42.2
Other	\$615.1	\$562.0	-\$53.1	\$565.8	\$3.8
<b>Other funding sources</b>	<b>\$1,137.1</b>	<b>\$1,543.7</b>	<b>\$406.6</b>	<b>\$1,433.7</b>	<b>-\$110.0</b>
<b>Total revenue</b>	<b>\$19,301.6</b>	<b>\$20,536.5</b>	<b>\$1,234.9</b>	<b>\$21,478.5</b>	<b>\$942.0</b>

Notes:

- i. Extra service subsidy (ESS) reduction does not apply to new residents entering care from 1 July 2014, however it still applies to residents in ESS places who were in care prior to 1 July 2014.

Chart 6.9 shows the proportion of revenue that residential care providers received from the Australian Government in 2020–21. Basic subsidies (ACFI) comprised by far the greatest share at 81 per cent. Accommodation supplements were the second largest portion (9 per cent).

**Chart 6.9: Proportions of provider revenue from the Australian Government, 2020–21 (\$m)**

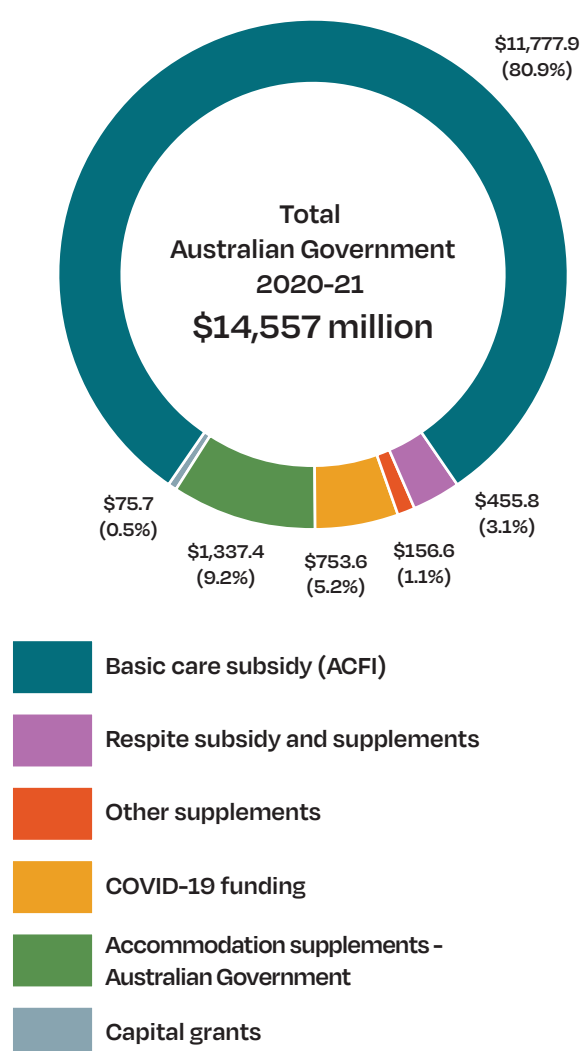
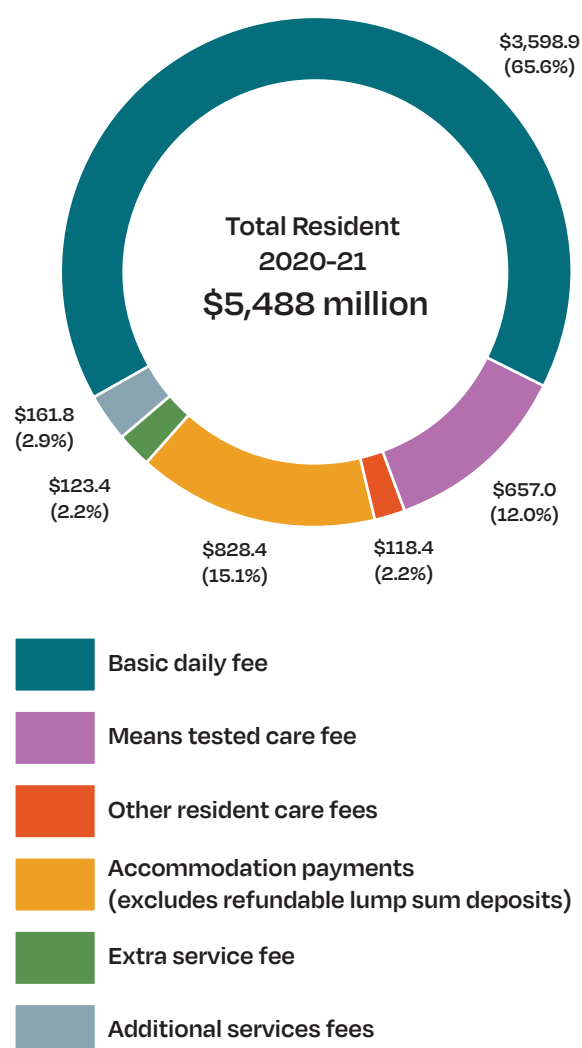


Chart 6.10 shows the proportion of total revenue that residential care providers received from residents. Consistent with previous years, the basic daily fee formed the greatest share (66 per cent). Accommodation payments (Daily Accommodation Payments) formed a further 15 per cent of the revenue received and means tested care fees represented 12 per cent. The remaining 7 per cent consisted of extra service fees, additional service fees and other residential care fees.

**Chart 6.10: Proportions of residential care provider revenue from residents, 2020–21 (\$m)**



## Chapter 6

### Residential care

Table 6.11 shows total revenue per resident per day in 2020–21 compared with the previous two years. Total revenue per resident per day was \$311.44, an increase of 5 per cent from 2019–20 (\$296.64) and an increase of 10 per cent from 2018–19 (\$283.54).

**Table 6.11: Residential care provider revenue sources per resident per day, 2018–19 to 2020–21**

	2018–19	2019–20	Change	2020–21	Change
<b>Australian Government</b>					
Basic care subsidy (ACFI)	\$165.79	\$164.47	-\$1.32	\$170.78	\$6.31
Respite subsidy and supplements	\$5.63	\$6.00	\$0.37	\$6.61	\$0.61
COVID–19 funding	\$0.00	\$4.35	\$4.35	\$10.93	\$6.58
Other supplements	\$1.56	\$1.83	\$0.27	\$2.27	\$0.44
Accommodation supplement	\$17.02	\$18.60	\$1.58	\$19.39	\$0.79
Capital grants	\$1.03	\$1.03	\$0.00	\$1.10	\$0.07
<b>Australian Government funding sources</b>	<b>\$191.03</b>	<b>\$196.29</b>	<b>\$5.26</b>	<b>\$211.07</b>	<b>\$14.78</b>
<b>Resident</b>					
Resident basic daily fee	\$50.32	\$51.62	\$1.30	\$52.18	\$0.56
Resident means tested fee	\$8.61	\$9.36	\$0.75	\$9.53	\$0.17
Resident other care fees	\$1.16	\$0.76	-\$0.40	\$1.72	\$0.96
Accommodation payments from residents	\$12.17	\$12.25	\$0.08	\$12.01	-\$0.24
Extra service fee	\$1.74	\$1.78	\$0.04	\$1.79	\$0.01
Additional services fees	\$1.80	\$2.28	\$0.48	\$2.35	\$0.07
<b>Resident funding sources</b>	<b>\$75.80</b>	<b>\$78.05</b>	<b>\$2.25</b>	<b>\$79.57</b>	<b>\$1.52</b>

	2018–19	2019–20	Change	2020–21	Change
Other					
Imputed Interest on RADs – AASB 16 Leases	\$0.00	\$7.96	\$7.96	\$7.38	-\$0.58
Other income	\$16.70	\$14.33	-\$2.37	\$13.40	-\$0.93
Other	\$16.70	\$22.30	\$5.60	\$20.79	-\$1.51
<b>Total revenue</b>	<b>\$ 283.54</b>	<b>\$ 296.64</b>	<b>\$ 13.10</b>	<b>\$ 311.44</b>	<b>\$ 14.80</b>

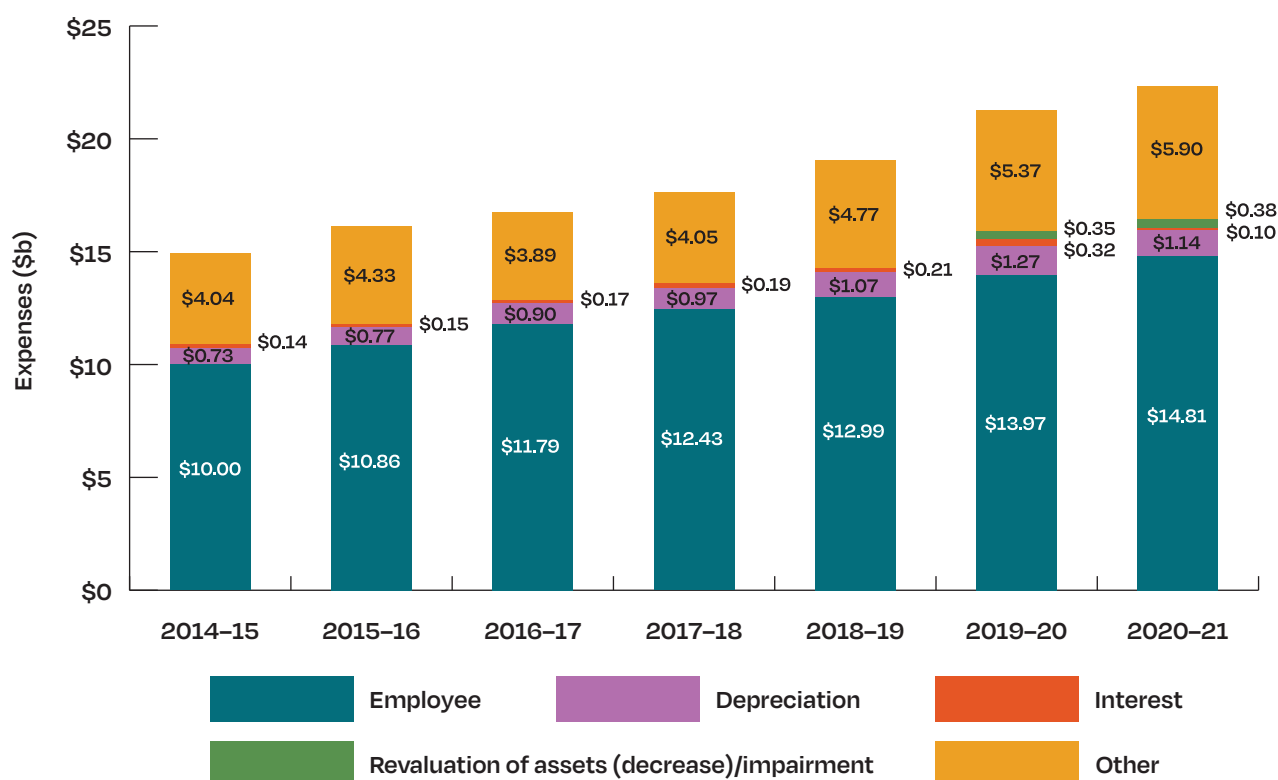
Notes:

- i. Extra service subsidy reduction does not apply to new residents entering care from 1 July 2014, however it still applies to residents in ESS places who were in care prior to 1 July 2014.

## Expenses

Chart 6.11 shows total expenses for the 7 years to 2020–21. Total expenditure in 2020–21 for residential care providers was \$22.3 billion, up 4.7 per cent from \$21.3 billion in 2019–20 and up 17.4 per cent from \$19.0 billion in 2018–19.

**Chart 6.11: Total expenses, residential care providers, 2014–15 to 2020–21**



## Chapter 6

### Residential care

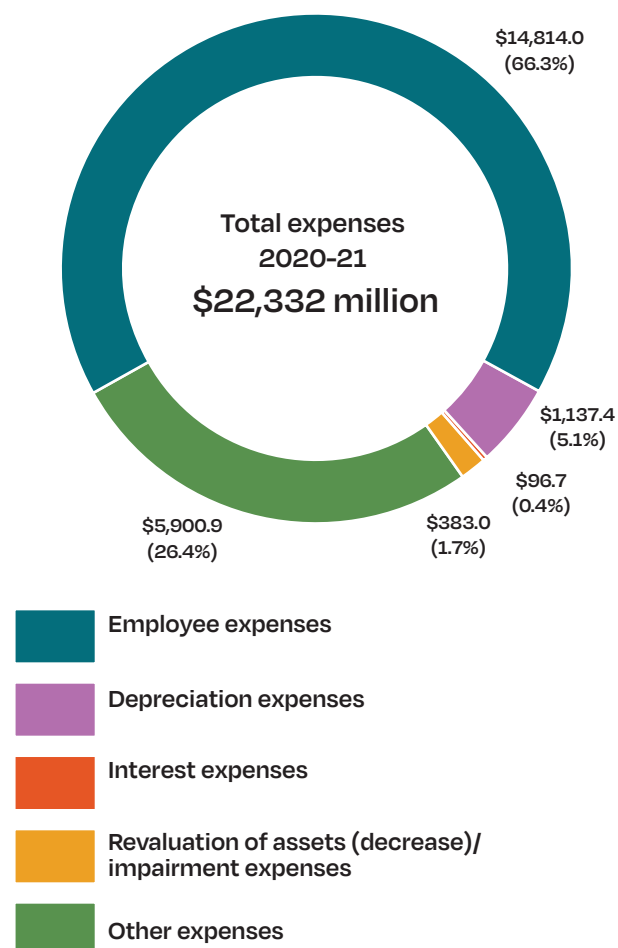
Table 6.12 shows the expenses for residential care providers in 2020–21 compared with the previous two years. In 2020–21, employee expenses were \$14.81 billion, up from \$13.97 billion in 2019–20 and \$12.99 billion in 2018–19.

**Table 6.12: Summary of expenses, residential care providers, 2018–19 to 2020–21**

Expenses	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)
Employee	\$12,994.2	\$13,965.1	\$970.9	\$14,814.0	\$848.9
Depreciation	\$1,067.0	\$1,267.3	\$200.3	\$1,137.4	-\$129.9
Interest	\$205.7	\$323.6	\$117.9	\$96.7	-\$226.9
Revaluation of assets (decrease)/impairment	–	351.64	\$351.6	\$383.0	\$31.4
Other expenses	\$4,770.4	\$5,365.3	\$594.9	\$5,900.9	\$535.6
Total expenses	\$19,037.3	\$21,272.9	\$2,235.6	\$22,332.1	\$1,059.2

Chart 6.12 presents the expenses for 2020–21 as a proportion of total expenses. Employee costs represent 66 per cent of the total expenses incurred by providers, a similar proportion to 2019–20. Other expenses represents 26 per cent of total costs. Other expenses include building repairs and maintenance expenses, rent, utilities and costs associated with employment support activities, cleaning and administration.

**Chart 6.12: Proportion of residential care provider total expenses, 2020–21 (m)**





## Chapter 6

### Residential care

Table 6.13 shows the major expense types for providers, per resident per day, for the 6 years to 2020–21. Total expenses per resident per day increased 5 per cent from 2019–20, similar to increases

shown from 2015–16 to 2018–19 which were generally between 3–6 per cent. There was a significant increase in 2019–20 (9.9 per cent).

**Table 6.13: Summary of residential care provider expenses, per resident per day, 2015–16 to 2020–21**

Expenses	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Employee	\$166.84	\$179.01	\$187.21	\$190.88	\$201.72	\$214.80
Depreciation	\$11.87	\$13.59	\$14.60	\$15.67	\$18.31	\$16.49
Interest	\$2.30	\$2.60	\$2.81	\$3.02	\$4.67	\$1.40
Revaluation of assets (decrease)/Impairment	N/A	N/A	N/A	N/A	\$5.08	\$5.55
Other	\$66.57	\$59.09	\$61.00	\$70.08	\$77.50	\$85.56
<b>Total expenses</b>	<b>\$247.58</b>	<b>\$254.29</b>	<b>\$265.61</b>	<b>\$279.65</b>	<b>\$307.27</b>	<b>\$323.81</b>

Table 6.14 shows provider expenditure in 2020–21, compared with the previous two years, using the categories collected through the Aged Care Financial Reports (ACFRs).

Care expenditure relates to the direct costs incurred in providing care for residents within residential care facilities. Care related employee expenses make 49 per cent of total expenditure, making it the largest single expense for providers. The proportion is consistent with recent years. Employee expenses include payments made to doctors, nurses, therapists, nutritionists, case managers, health assistants and support staff.

Other care 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.

Accommodation expenditure, which represents 11 per cent of total expenses, relates to the costs incurred in providing accommodation to residents. This includes accommodation, employee expenses, repairs and maintenance, and rent.

Hotel expenditure (which represents 17 per cent of total expenses) relates to the costs incurred in the provision of everyday living expenses to residents, including employees, contracted services and other.

Contracted services are payments made to external providers or internal divisions for the provision of catering, cleaning or laundry. Other expenses consist of expenses such as meals, refreshments, other food consumables, bedding materials, toiletry and sanitary goods, cleaning items and laundry items.

AASB 16 Leases, a new accounting standard, now requires leases to recognise most rental contracts on their balance sheets as right of use assets and corresponding lease liabilities.

For leased assets recognised in the balance sheet, rent expense is replaced by depreciation and interest expense that is calculated on the value of the leased asset.

Short term leases and low value leases are exempt and can still be shown as rent expense (similar to prior years).

■ **Table 6.14: Breakdown of residential care provider expenses, 2018–19 to 2020–21**

	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)	% of total expenses
<b>Care</b>						
Employee expenses	\$9,449.6	\$10,162.4	\$712.8	\$10,892.5	\$730.1	48.8%
Contracted services <sup>i</sup>	\$278.0	\$296.3	\$18.3	N/A	N/A	N/A
Other	\$594.0	\$644.8	\$50.8	\$774.6	\$129.8	3.5%
<b>Total care expenses</b>	<b>\$10,321.6</b>	<b>\$11,103.5</b>	<b>\$781.9</b>	<b>\$11,667.1</b>	<b>\$563.6</b>	<b>52.2%</b>
<b>Accommodation</b>						
Employee expenses	\$315.1	\$320.5	\$5.4	\$291.5	-\$29.0	1.3%
Repairs and maintenance	\$450.8	\$472.6	\$21.8	\$515.1	\$42.5	2.3%
Depreciation <sup>ii</sup>	\$1,067.0	\$1,267.3	\$200.3	\$1,137.4	-\$129.9	5.1%
Amortisation	\$52.6	\$58.4	\$5.8	\$34.2	-\$24.2	0.2%
Rent <sup>ii</sup>	\$423.5	\$247.0	-\$176.5	\$411.6	\$164.6	1.8%
Other <sup>iii</sup>	\$530.8	\$541.3	\$10.5	\$134.3	-\$407.0	0.6%
<b>Total accommodation expenses</b>	<b>\$2,839.8</b>	<b>\$2,907.2</b>	<b>\$67.4</b>	<b>\$2,524.1</b>	<b>-\$383.1</b>	<b>11.3%</b>
<b>Hotel</b>						
Employee expenses	\$1,691.7	\$1,784.7	\$93.0	\$1,899.8	\$115.1	8.5%
Contracted services	\$533.4	\$561.8	\$28.4	\$651.0	\$89.2	2.9%
Utilities <sup>iii</sup>	N/A	N/A	N/A	\$459.3	N/A	2.1%
Other	\$764.9	\$791.9	\$27.0	\$833.0	\$41.1	3.7%
<b>Total hotel expenses</b>	<b>\$2,990.0</b>	<b>\$3,138.4</b>	<b>\$148.4</b>	<b>\$3,843.1</b>	<b>\$704.7</b>	<b>17.2%</b>

## Chapter 6

### Residential care

	2018–19 (\$m)	2019–20 (\$m)	Change (\$m)	2020–21 (\$m)	Change (\$m)	% of total expenses
<b>Administration</b>						
Employee expenses	\$967.3	\$1,091.5	\$124.2	\$711.4	-\$380.1	3.2%
Management fees <sup>iv</sup>	\$570.4	\$606.0	\$35.6	\$1,325.5	\$719.5	5.9%
Other	\$713.2	\$751.3	\$38.1	\$600.4	-\$150.9	2.7%
<b>Total administration expenses</b>	<b>\$2,251.0</b>	<b>\$2,448.7</b>	<b>\$197.7</b>	<b>\$2,637.2</b>	<b>\$188.5</b>	<b>11.8%</b>
<b>Financing</b>						
Interest	\$205.7	\$323.6	\$117.9	\$96.7	-\$226.9	0.4%
<b>Total financing expenses</b>	<b>\$205.7</b>	<b>\$323.6</b>	<b>\$117.9</b>	<b>\$96.7</b>	<b>-\$226.9</b>	<b>0.4%</b>
<b>COVID-19</b>						
Labour costs	–	\$ 120.4	\$ 120.4	\$ 367.8	\$ 247.4	1.6%
Resident support	–	\$ 20.2	\$ 20.2	\$ 34.9	\$ 14.7	0.2%
Preventative measures	–	\$ 53.2	\$ 53.2	\$ 164.8	\$ 111.6	0.7%
Other expenses	–	\$ 13.4	\$ 13.4	\$ 13.3	-\$ 0.1	0.1%
<b>Total COVID-19 expenses</b>	<b>–</b>	<b>\$ 207.2</b>	<b>\$ 207.2</b>	<b>\$ 580.8</b>	<b>\$ 373.6</b>	<b>2.6%</b>
<b>Other</b>						
Revaluation of assets (decrease)/Impairment	\$48.3	\$351.6	\$303.3	\$383.0	\$31.4	1.7%
Loss on sale of assets	\$18.8	\$17.5	-\$1.3	\$25.5	\$8.0	0.1%
Imputed Interest Expenses on RADs – AASB 16 Leases	–	\$561.0	\$561.0	\$483.8	-\$77.2	2.2%
Other	\$362.2	\$214.2	-\$148.0	\$90.7	-\$123.5	0.4%
<b>Total other expenses</b>	<b>\$429.2</b>	<b>\$1,144.3</b>	<b>\$715.1</b>	<b>\$983.0</b>	<b>-\$161.3</b>	<b>4.4%</b>
<b>Total expenses</b>	<b>\$19,037.3</b>	<b>\$21,272.9</b>	<b>\$2,235.6</b>	<b>\$22,332.1</b>	<b>\$1,059.2</b>	<b>100.0%</b>

Notes:

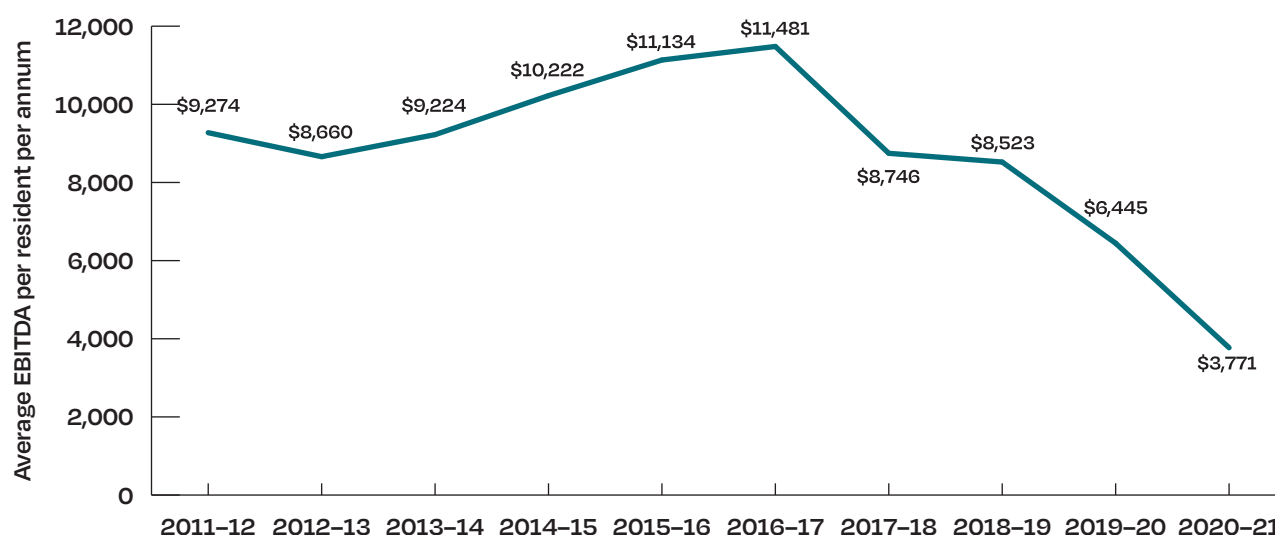
- Contracted Services was not collected separately in 2020–21.
- Depreciation of right-of-use assets was reclassified to rent in 2020–21.
- Utilities expense was separately collected and reclassified from accommodation to hotel expense in 2020–21.
- Management fees included head office corporate recharge in 2020–21.

## Financial results

Chart 6.13 shows the average earnings before interest, tax, depreciation and amortisation (EBITDA) per resident per annum for all residential care providers since 2011–12. EBITDA per resident per annum has declined for a fourth year in a row, decreasing from \$6,455 in 2019–20 to \$3,771 in 2020–21. This is a 67 per cent decrease on the \$11,481 average EBITDA per resident per annum in 2016–17.

Excluding additional COVID–19 funding provided by the Australian Government and COVID–19 related expenses, average EBITDA per resident across the sector would have been \$2,857 (a decrease of 55.7 per cent from 2019–20).

**Chart 6.13: Residential care provider average EBITDA per resident per annum, 2011–12 to 2020–21**



Notes:

- i. Out of the \$2,674 decrease in EBITDA in 2020–21, \$2,019 is attributed to the change of accounting standard AASB16.

## Chapter 6

### Residential care

Table 6.15 provides a summary of the overall financial performance of residential care providers since 2015–16. The overall profit of the sector has been declining since 2015–16 and was negative \$736 million in 2019–20 and negative \$854 million in 2020–21, dropping below zero for the second consecutive year.

■ **Table 6.15: Summary of the financial performance of residential care providers, 2015–16 to 2020–21**

	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Revenue (\$m)	\$17,172	\$17,757	\$18,066	\$19,302	\$20,536	\$21,478
Expenses (\$m)	\$16,109	\$16,751	\$17,631	\$19,037	\$21,273	\$22,332
NPBT (\$m)	\$1,063	\$1,006	\$435	\$264	-\$736	-\$854
NPBT margin	6.2%	5.7%	2.4%	1.4%	-3.6%	-4.0%
EBITDA (\$m) <sup>i</sup>	\$1,985	\$2,072	\$1,591	\$1,590	\$1,222	\$713
Average EBITDA per resident per annum	\$11,134	\$11,481	\$8,746	\$8,523	\$6,445	\$3,771
EBITDA margin	11.6%	11.7%	8.8%	8.2%	6.0%	3.3%

Notes:

i. Out of the \$510 million decrease in EBITDA in 2020–21, \$381.5 million is attributed to the change of accounting standard AASB16.

Table 6.16 is a new addition not previously included in ACFA reports and shows a summary of income and expenses based on functional centres within residential care. The table enables better understanding of sector level financial information and its impact on individual residents by summarising the detailed income statement submitted by providers. A more detailed income statement has been provided in Appendix F to allow providers to benchmark their financial information against the rest of the sector. It also allows for consumers to better understand providers' expenditure by showing how much is spent on categories like care, nursing, food, maintenance, cleaning and administration.

In 2020–21, all providers reported an average loss of \$12.38 per resident per day. When comparing the care income with the total care expenses, there is a positive result of \$25.14 per resident per day.

The accommodation and finance income and expense comparison returned an average loss of \$0.64 per resident per day for all providers. For-profit providers had a loss in the accommodation and finance income category comparison, with an average negative result of \$4.30 per resident per day. Not-for-profit providers returned a \$2.39 positive result per resident per day in the accommodation and finance income and expense category comparison.

**Table 6.16: Summary of income and expense statement per resident per day, by ownership, 2020–21**

	Not-for-profit	For-profit	Government	All providers
<b>Income</b>				
<b>Recurrent income</b>				
Care income	\$187.27	\$198.14	\$257.56	\$194.31
Hotel services income	\$53.79	\$61.13	\$51.32	\$56.63
Accommodation and finance income	\$36.67	\$34.87	\$36.90	\$35.96
COVID-19 income	\$12.74	\$8.35	\$11.20	\$10.93
<b>Total recurrent income</b>	<b>\$290.47</b>	<b>\$302.49</b>	<b>\$356.98</b>	<b>\$297.83</b>
<b>Recurrent expense</b>				
<b>Care expenses:</b>				
• Labour costs	\$150.99	\$144.62	\$237.05	\$151.74
• Resident expenses	\$7.48	\$6.51	\$6.88	\$7.07
• Other care expenses	\$7.94	\$13.89	\$9.14	\$10.36
<b>Total care expenses</b>	<b>\$166.40</b>	<b>\$165.02</b>	<b>\$253.06</b>	<b>\$169.17</b>

## Chapter 6

### Residential care

	Not-for-profit	For-profit	Government	All providers
<b>Hotel services expenses:</b>				
• Catering	\$32.85	\$31.35	\$43.34	\$32.65
• Cleaning	\$9.92	\$8.80	\$19.97	\$9.86
• Laundry	\$4.44	\$4.26	\$6.98	\$4.47
• Other hotel expenses	\$8.09	\$9.76	\$7.87	\$8.75
<b>Total hotel expenses</b>	<b>\$55.30</b>	<b>\$54.17</b>	<b>\$78.15</b>	<b>\$55.72</b>
<b>Accommodation expenses:</b>				
• Routine maintenance	\$10.61	\$7.19	\$11.21	\$9.27
• Depreciation, rent and other accommodation expenses	\$23.67	\$31.98	\$32.62	\$27.33
<b>Total accommodation expenses</b>	<b>\$34.28</b>	<b>\$39.17</b>	<b>\$43.83</b>	<b>\$36.60</b>
Administration expenses	\$37.80	\$37.97	\$47.58	\$38.24
COVID-19 expenses	\$8.51	\$8.16	\$9.91	\$8.42
<b>Total recurrent expense</b>	<b>\$302.28</b>	<b>\$304.48</b>	<b>\$432.54</b>	<b>\$308.16</b>
<b>Recurrent operating profit/(Loss)</b>	<b>-\$11.81</b>	<b>-\$1.99</b>	<b>-\$75.56</b>	<b>-\$10.33</b>
Non-recurrent income	\$9.18	\$19.43	\$17.84	\$13.61
Non-recurrent expense	\$11.39	\$23.04	\$1.22	\$15.66
<b>Non-recurrent profit/(loss)</b>	<b>-\$2.21</b>	<b>-\$3.61</b>	<b>\$16.62</b>	<b>-\$2.05</b>
<b>Residential aged care segment profit/(loss)</b>	<b>-\$14.02</b>	<b>-\$5.61</b>	<b>-\$58.93</b>	<b>-\$12.38</b>

Figure 6.2 is a new figure not previously included in ACFA reports and shows a visual summary of income and expenses categories within residential care.

It reflects results presented in Table 6.16 and provides a financial result for each category of income and expense comparison. Changes in reporting requirements of providers in the 2021 ACFRs has enabled this greater depth of transparency on financial performance of providers.

**Figure 6.2: Summary of financial performance, income and expense category comparison, per resident per day, all providers, 2020–21**

A. Care result		B. Hotel result	
<b>Revenue</b>	\$194.31	<b>Revenue</b>	\$56.63
Care subsidies and supplements (Commonwealth)	\$179.66	Basic daily fee	\$52.18
Resident fees - MTCF	\$9.53	Extra and additional service fees	\$4.45
Other	\$5.12		
<b>Expenses</b>	\$169.17	<b>Expenses</b>	\$55.72
Labor cost		Catering expense	\$32.65
Registered nurses	\$31.34	Cleaning expense	\$9.86
Enrolled and licensed nurses	\$13.74	Laundry expense	\$4.47
Personal care staff	\$83.91	Utilities	\$6.66
Other care staff	\$22.76	Other	\$2.08
Resident supplies and Supplements	\$7.07		
Other direct care	\$10.35		
<b>Result:</b>	<b>\$25.14</b>	<b>Result:</b>	<b>\$0.91</b>

**A + B = C**

**C. Care and hotel result: \$26.05**

D. Accommodation result (incl. finance income)		E. COVID-19 result		F. Administration expenses	
<b>Revenue</b>	\$35.96	<b>Revenue</b>	\$10.93	<b>Revenue</b>	\$0.00
Accommodation subsidies and supplements (Commonwealth)	\$19.39	COVID-19 income grants and subsidies	\$10.93		
Daily accommodation payments	\$10.62				
Accommodation charges	\$1.39				
Finance income	\$3.24				
Other	\$1.32				
<b>Expenses</b>	\$36.60	<b>Expenses</b>	\$8.42	<b>Expenses</b>	\$38.24
Depreciation, rent and other	\$27.33	COVID-19 expense	\$8.42	Corporate charges	\$19.22
Routine maintenance	\$9.27			Labour costs	\$9.74
				Other administration	\$9.28
<b>Result:</b>	<b>(\$0.64)</b>	<b>Result:</b>	<b>\$2.51</b>	<b>Result:</b>	<b>(\$38.24)</b>

**C + D + E + F = G**

**G. Operating profit / (loss): (\$10.32)**

H. Non-recurrent income & expenses	
<b>Revenue</b>	\$13.60
Adoption of AASB 16 Leases	\$7.38
Other	\$6.22
<b>Expenses</b>	\$15.66
Adoption of AASB 16 Leases	\$7.01
Impairment losses	\$5.25
Other	\$3.40
<b>Result</b>	<b>(\$2.06)</b>

**G + H = I**

**I. Net profit / (loss): (\$12.33)**



## Chapter 6

### Residential care

Table 6.17 shows the financial performance of providers in 2020–21 by ownership type, location and scale. In general terms, based on EBITDA per resident, for-profit providers outperformed not-for-profit providers, and metropolitan providers significantly outperformed regional and rural providers. Providers with 7 to 19 facilities outperformed all other service provider scales.

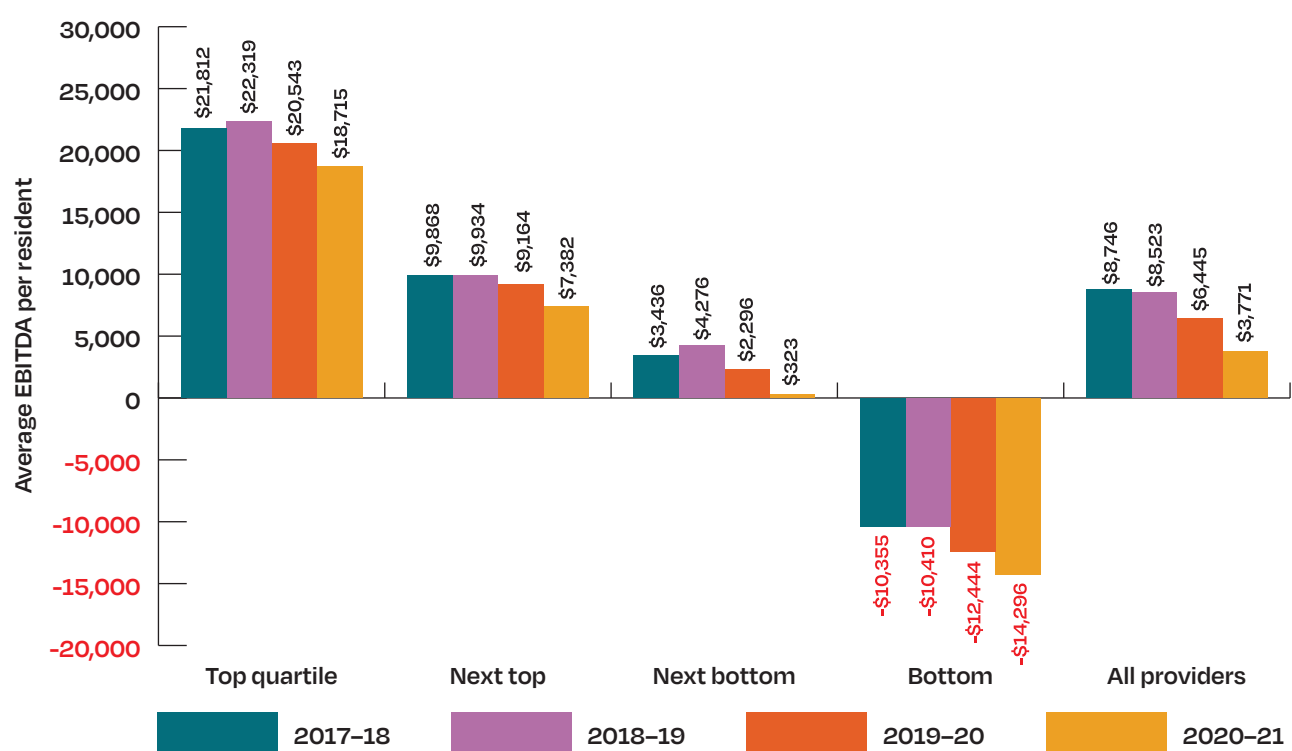
In 2020–21, 46 per cent of providers reported a positive net profit, representing 42 per cent of total operational beds in the residential care sector.

**Table 6.17: Summary of financial performance of residential care providers, by ownership, location and scale, 2020–21**

	Total sector 2020–21	Ownership type			Location			Scale			
		Not-for-profit	For-profit	Government	Metro	Regional	Metro/Regional	Single	2 to 6 facilities	7 to 19 facilities	20 or more facilities
Revenue (\$m)	\$21,478	\$11,613	\$8,874	\$992	\$13,845	\$3,068	\$4,565	\$4,084	\$4,620	\$4,866	\$7,909
Expenses (\$m)	\$22,332	\$12,156	\$9,028	\$1,148	\$14,152	\$3,307	\$4,874	\$4,145	\$4,854	\$5,041	\$8,292
Profit (\$m)	-\$854	-\$543	-\$155	-\$156	-\$306	-\$238	-\$309	-\$61	-\$234	-\$175	-\$383
EBITDA (\$m)	\$713	\$409	\$390	-\$86	\$627	-\$9	\$94	\$187	\$61	\$230	\$235
EBITDA p.r.p.a	\$3,771	\$3,848	\$5,162	-\$11,844	\$5,217	-\$335	\$2,252	\$5,155	\$1,485	\$5,506	\$3,351
EBITDA margin	3.3%	3.5%	4.4%	-8.7%	4.5%	-0.3%	2.1%	4.6%	1.3%	4.7%	3.0%
NPBT margin	-4.0%	-4.7%	-1.7%	-15.7%	-2.2%	-7.8%	-6.8%	-1.5%	-5.1%	-3.6%	-4.8%

Chart 6.14 presents the EBITDA per resident for 2017–18 to 2020–21 by provider performance quartiles. The average EBITDA per resident declined in all quartiles. The decline since 2017–18 has been far greater for providers in the bottom two quartiles (90 per cent and 38 per cent respectively) than the top two quartiles (17 per cent and 25 per cent decrease respectively).

**Chart 6.14: Residential care provider comparative EBITDA per resident per annum, by quartile, 2017–18 to 2020–21**



## Chapter 6

### Residential care

Chart 6.15 shows the performance ratios for the last 3 years by ownership type. In 2020–21, the EBITDA margin for not-for-profit providers was 3.5 per cent, down from 5.4 per cent in 2019–20 and 8.2 per cent in 2018–19. For-profit providers also had a declining EBITDA margin of 4.4 per cent, down from 8.5 per cent in 2019–20, although the net profit (before tax) margin improved to negative 1.7 per cent in 2020–21, up from negative 2.6 per cent the prior year.

**Chart 6.15: Residential care provider operating performance ratios, by ownership type, 2018–19 to 2020–21**

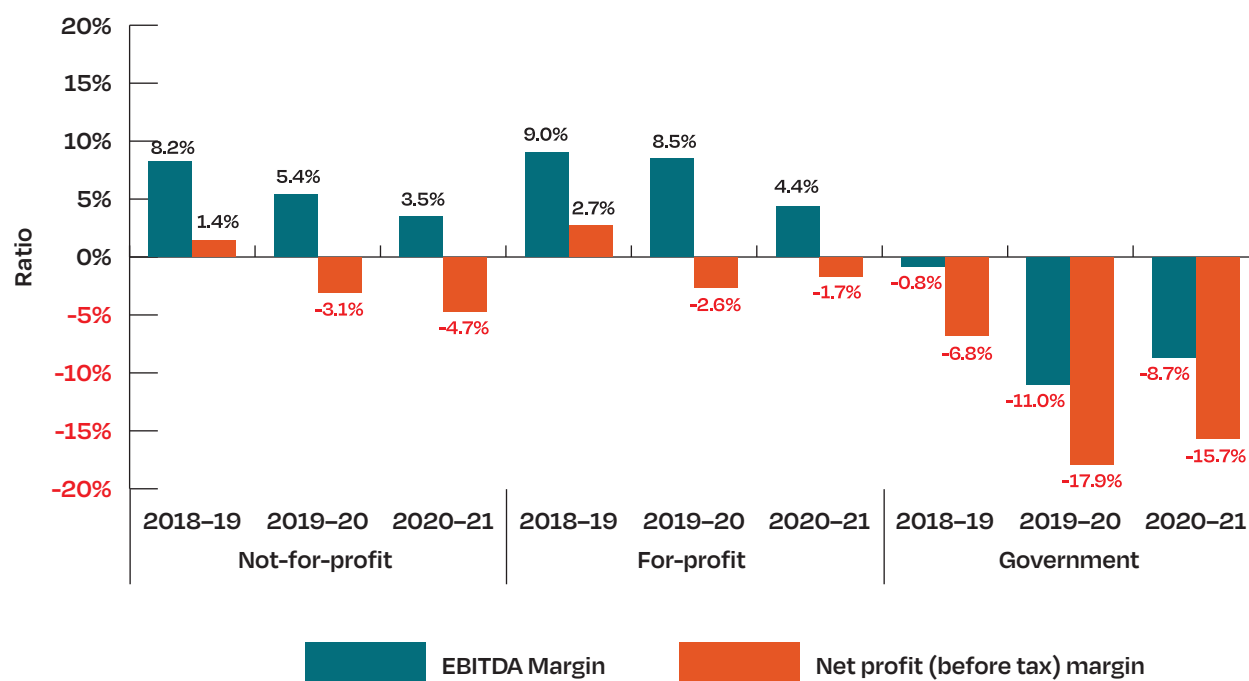


Chart 6.16 shows the average EBITDA per resident per annum for the last 4 years, by ownership type. The EBITDA per resident decreased for not-for-profit and for-profit providers. In 2020–21, for-profit providers reported an EBITDA per resident of \$5,162, down from \$9,632 in 2019–20 (46 per cent decrease). Not-for-profit providers decreased from \$5,593 to \$3,848 (31 per cent decrease) in 2020–21.

**Chart 6.16: EBITDA per resident, by ownership type, 2017–18 to 2020–21**



## Chapter 6

### Residential care

Chart 6.17 shows the average EBITDA per resident per annum for residential care providers by quartile and ownership type. The average EBITDA per resident per annum in the top quartile was \$18,715, while the average in the bottom was negative \$14,296. For-profit providers outperformed not-for-profit providers in the top quartile, while it was the opposite outcome in the bottom quartile.

**Chart 6.17: Residential care provider average EBITDA per resident per annum, by quartile (number of providers in parentheses), by ownership type, 2020–21**

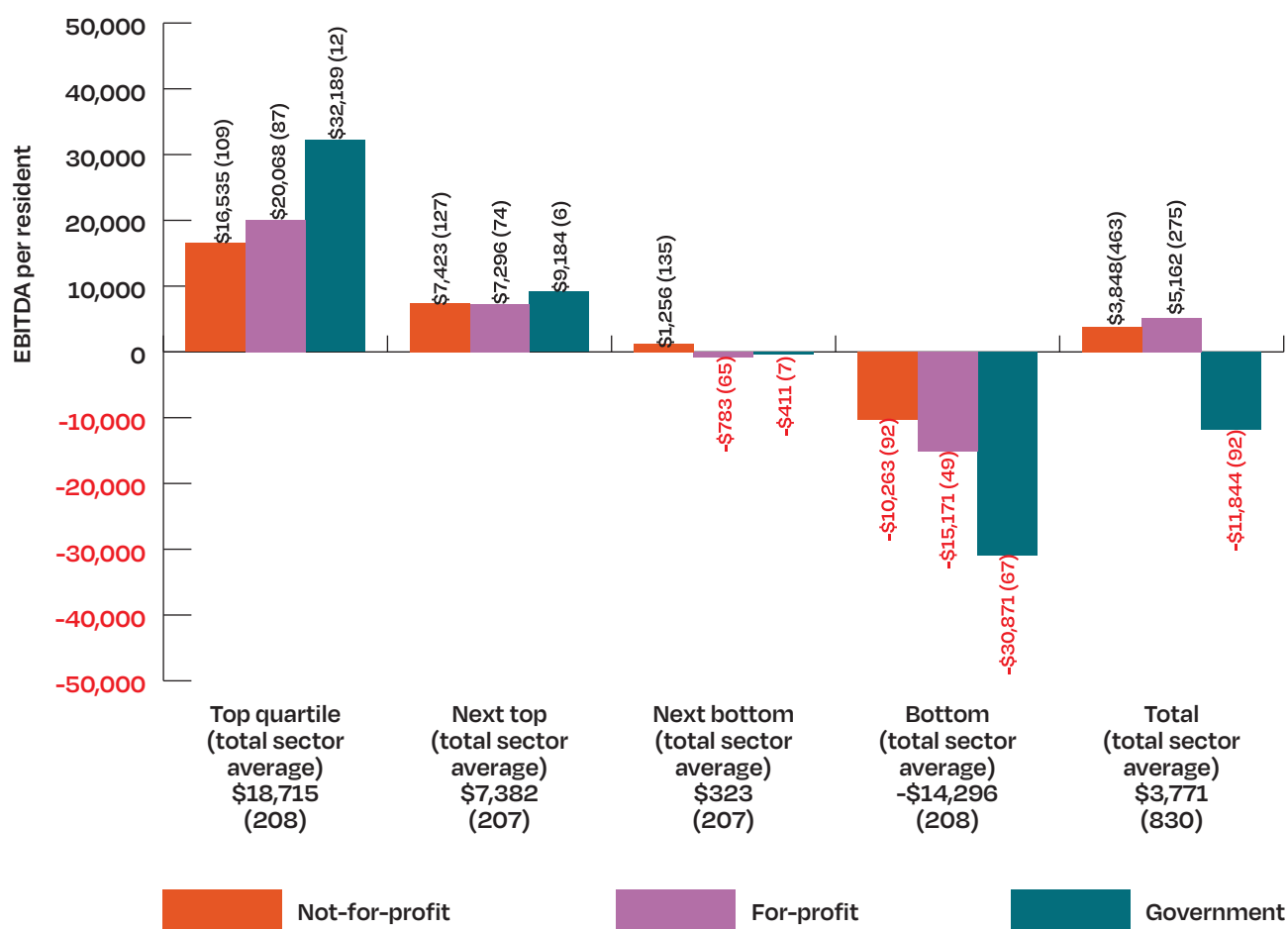
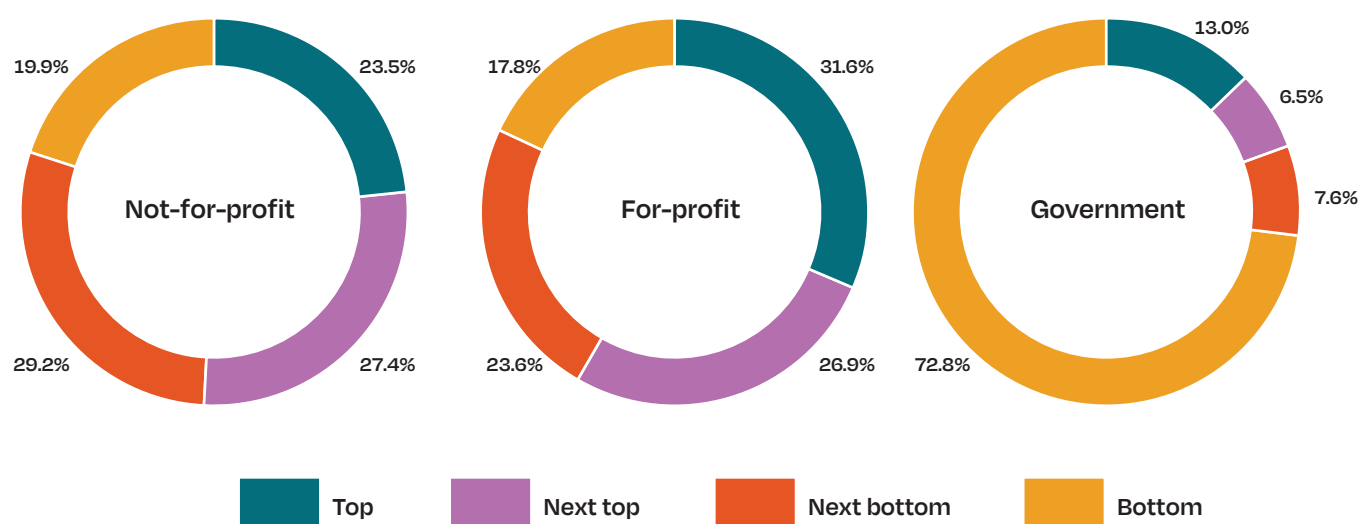


Chart 6.18 shows the distribution by quartile for average EBITDA per resident per annum for residential care providers by ownership type. A significantly higher proportion (32 per cent) of for-profit providers were present in the top quartile of EBITDA per resident compared with not-for-profit providers (24 per cent).

**Chart 6.18: Residential care provider distribution between quartile of average EBITDA per resident per annum, by provider ownership type, 2020–21**



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### Residential care

Chart 6.19 shows residential care provider EBITDA per resident by provider location for the last 5 years. Metropolitan providers once again significantly outperformed regional providers with an EBITDA per resident of \$5,217 in 2020–21, compared with negative \$335 for regional providers. Since 2016–17, the EBITDA per resident has declined by 58 per cent for metropolitan providers and 104 per cent for regional providers.

**Chart 6.19: Residential care provider EBITDA per resident, by provider location (number of providers in parenthesis), 2016–17 to 2020–21**



Chart 6.20 shows residential care provider average EBITDA per resident per annum by quartile and location. Regional providers in the top quartile reported a higher EBITDA (\$23,123) than metropolitan providers who were in the top quartile (\$17,531). Regional providers in the bottom quartile reported an average EBITDA of negative \$21,448 and metropolitan providers reported an average EBITDA of negative \$12,468 per resident per annum.

**Chart 6.20: Residential care provider average EBITDA per resident per annum, by quartile (number of providers in parentheses), by location, 2020–21**





## Chapter 6

### Residential care

Chart 6.21 shows quartile distribution of residential care provider average EBITDA per resident per annum by location. A higher proportion of regional providers (33 per cent) were represented in the bottom quartile compared with 20 per cent of metropolitan providers.

**Chart 6.21: Residential care provider distribution between quartile of average EBITDA per resident per annum, by location, 2020–21**

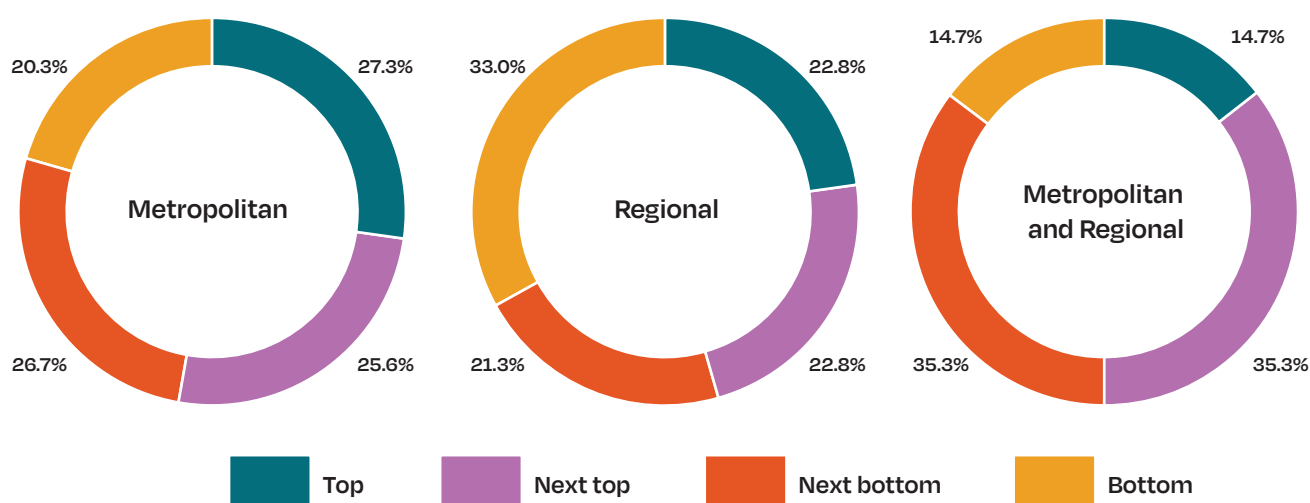
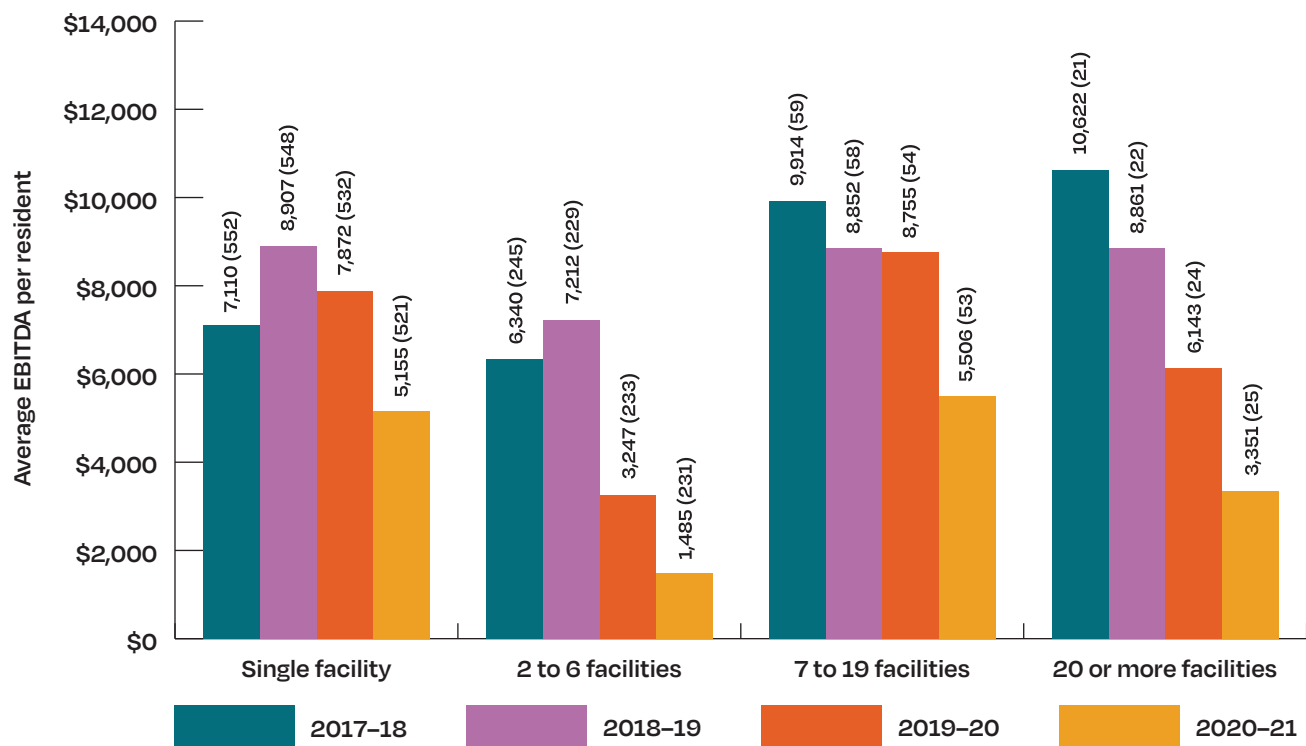


Chart 6.22 shows residential care provider average EBITDA per resident per annum by provider scale for the last 4 years. In 2020–21, providers with between 7 and 19 facilities were the best performing, reporting an average EBITDA of \$5,506. Single facility providers were the next best with EBITDA per resident of \$5,155. Providers with 2 to 6 facilities reported the lowest EBITDA each year.

**Chart 6.22: Residential care provider EBITDA per resident per annum, by provider scale, 2017–18 to 2020–21**



## Chapter 6

### Residential care

Chart 6.23 shows residential care provider average EBITDA per resident per annum by quartile and scale. Single facility providers in the top quartile reported a far higher EBITDA per resident (\$21,801) than the larger scale providers who were also in the top quartile. Providers with 20 or more facilities in the top quartile reported an average EBITDA per resident of \$12,109.

**Chart 6.23: Residential care provider average EBITDA per resident per annum, by quartile (number of providers in parentheses), by provider scale, 2020–21**

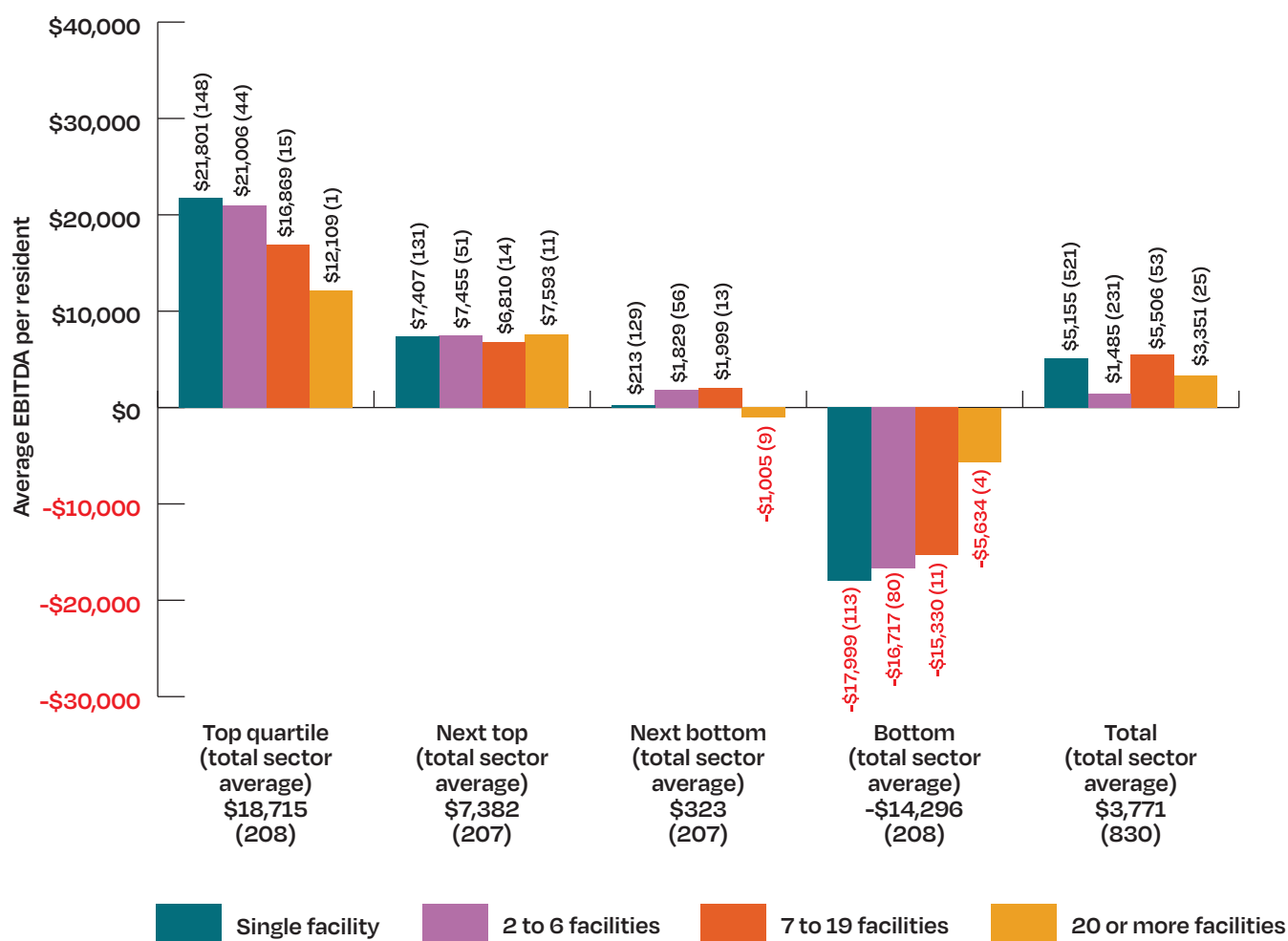
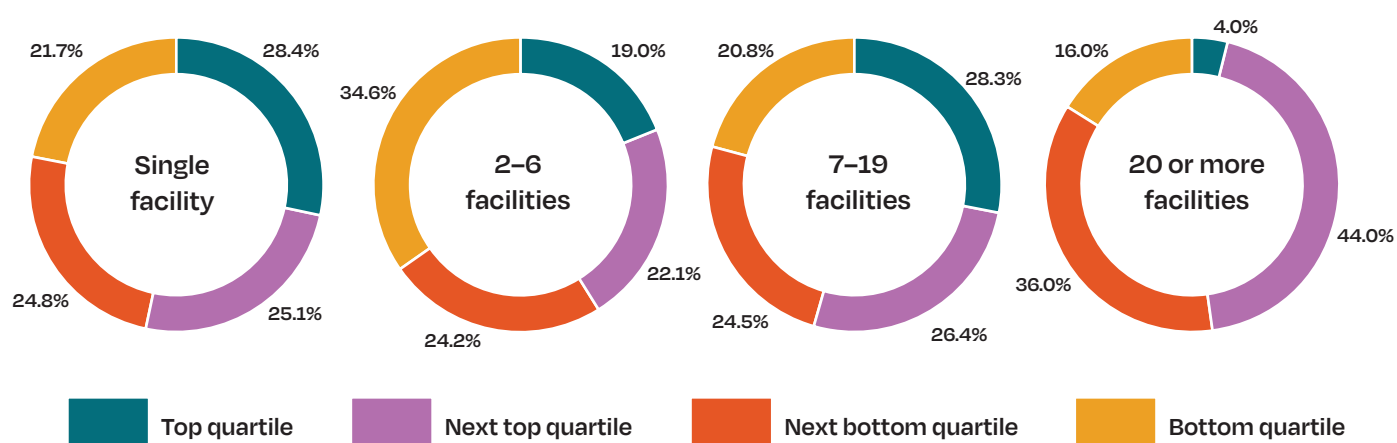


Chart 6.24 shows quartile distribution of residential care provider average EBITDA per resident per annum by scale. In 2020–21, 59 per cent of providers with between 2 and 6 facilities were in the bottom two quartiles. Single facility providers had the highest portion in the top quartile (28 per cent), while 48 per cent of providers with 20 or more facilities were in the top two quartiles.

**Chart 6.24: Residential care provider distribution between quartile of average EBITDA per resident per annum, by provider scale, 2020–21**









## CHAPTER 7

# Residential care: Capital investment

### 7.1 Capital financing

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### 7.2 Accommodation deposits

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### 7.3 Financing status – balance sheet

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Residential care sector total assets

 **57.3 billion**

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 **4.7 billion**

of build works completed or in progress at  
30 June 2021

### THIS CHAPTER DISCUSSES:

- the sources of capital financing for the residential care sector, including the role of refundable accommodation deposits (RADs)
- key balance sheet metrics for residential care providers for 2020–21 and
- building and investment trends in the residential care sector.

## 7.1

### Capital financing

---

Capital for residential care providers is comprised of:

- equity, including retained earnings
- loans from financial or other institutions
- interest free loans from residents in the form of lump sum RADs (bonds pre 1 July 2014)
- capital investment support from the Australian Government by way of capital grants for eligible projects and
- capital endowments.

Lump sum RADs paid by residents, which act as interest free loans to providers, were a significant source of funding for capital investment in residential care.

The investment of accommodation deposits held by providers was a source of interest income that was included in the other income reported by providers in their operating statement.

As an alternative to RADs, residents can choose to pay a Daily Accommodation Payment (DAP) or a combination of a RAD and DAP. Partially supported residents contribute towards accommodation as a Refundable Accommodation Contribution (RAC) or Daily Accommodation Contribution (DAC). In this report, references to RADs also include RACs and references to DAPs include DACs.



## Chapter 7

# Residential care: Capital investment

## 7.2

### Accommodation deposits

At 30 June 2021, RADs (including accommodation bonds) held by residential care providers totalled \$33.56 billion, and comprised 59 per cent of total assets (\$57.3 billion) and 71 per cent of liabilities (\$47.0 billion).

Table 7.1 shows the average value of RADs held by providers for the last 7 years. The average value of

RADs continued to increase each year. At 30 June 2021, there were 97,527 RADs held across providers with an average value of \$344,000.

The average value of RADs is calculated using both residential care providers and multi-purpose facilities.

**Table 7.1: Average value of RADs held by providers, 2014–15 to 2020–21**

2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
\$ 248,000	\$ 267,000	\$ 283,000	\$ 303,000	\$ 318,000	\$ 334,000	\$ 344,000

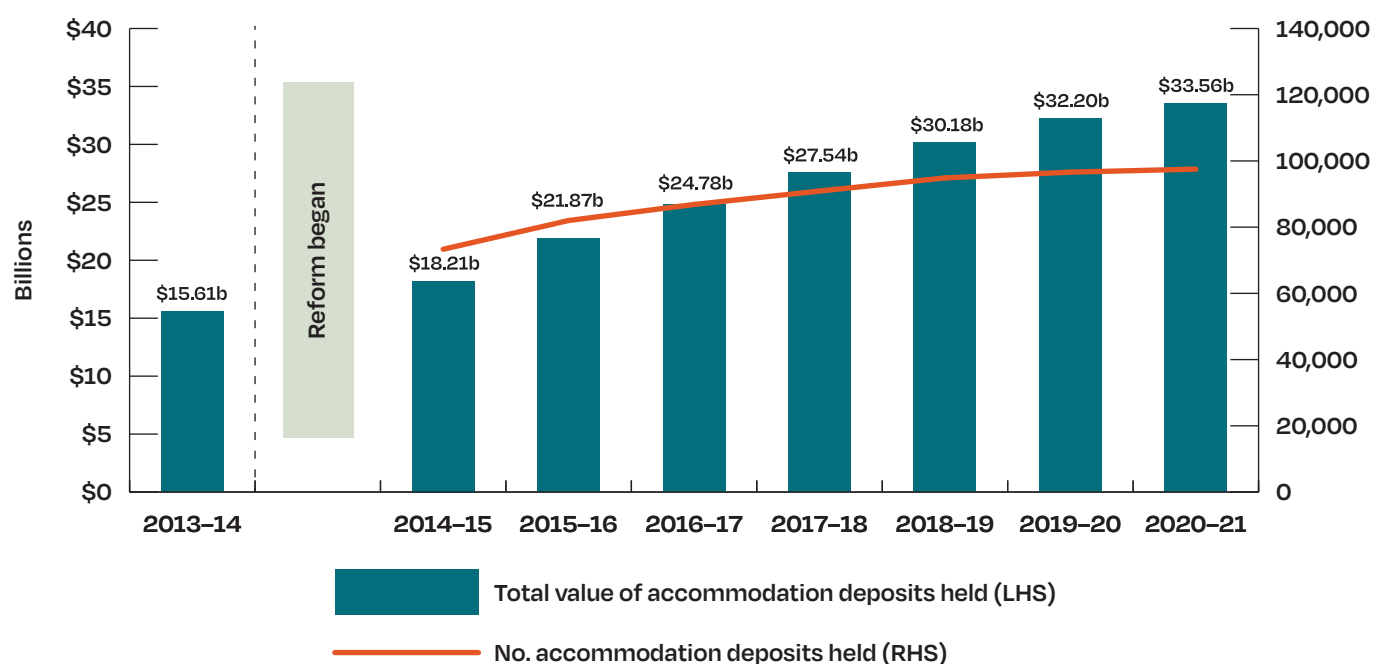
Notes:

- The average value of RADs includes residents who have paid RAD only; residents who have paid a part RAD and a part DAP to make up the total agreed room price; and partially supported residents who only pay a reduced room price (usually paid via daily accommodation contributions).

Chart 7.1 shows the total pool of accommodation deposits held by providers (residential care providers and multi-purpose facilities) since 2013–14, as well as the number of deposits held. The total pool of accommodation deposits held by providers continued

to grow, from \$18.21 billion in 2014–15 to \$33.56 billion in 2020–21. While the pool of accommodation deposits continued to grow, the number of accommodation deposits held plateaued.

**Chart 7.1: Total value and total number of RADs held, 2013–14 to 2020–21**



## Chapter 7

### Residential care: Capital investment

Chart 7.2 shows resident method of accommodation payments for the last 6 years. While the pool of accommodation deposits continued to grow, there was a gradual trend away from RADs in favour of DAPs.

The proportion of residents choosing RAD/RACs steadily dropped from 41 per cent in 2015–16 to 31 per cent in 2020–21.

The proportion of residents choosing DAP/DACs gradually increased from 35 per cent in 2015–16 to 46 per cent in 2020–21.

**Chart 7.2: Resident method of accommodation payment, 2015–16 to 2020–21**

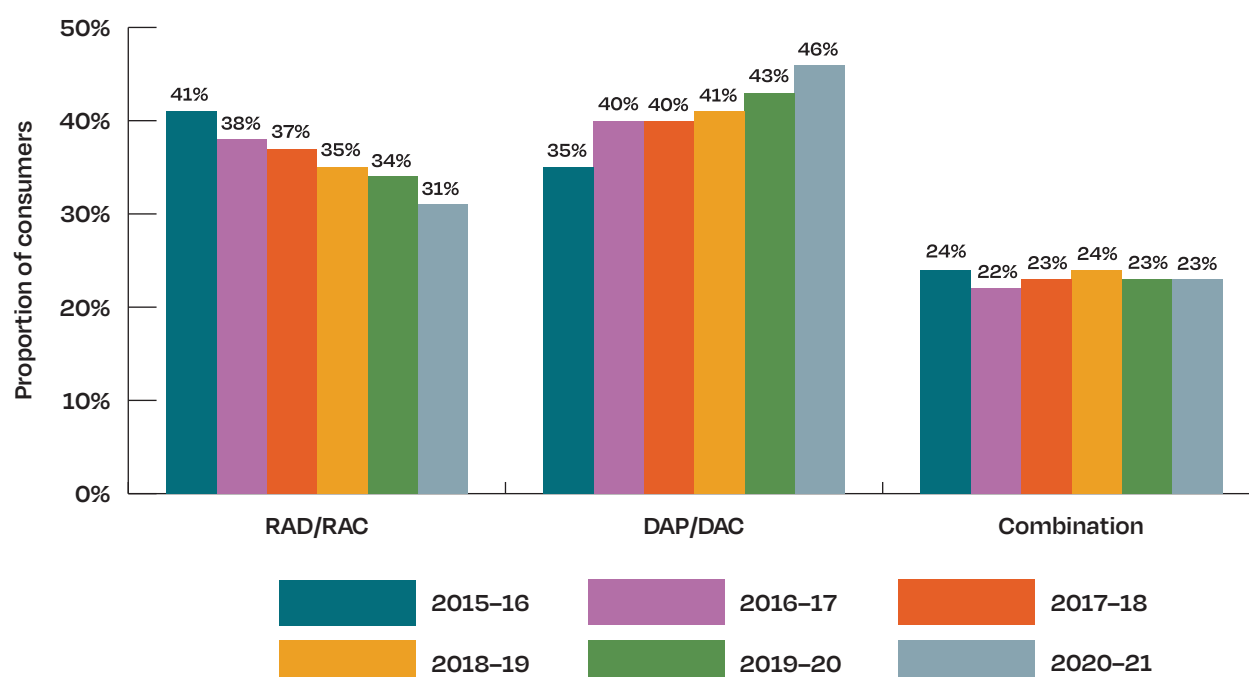
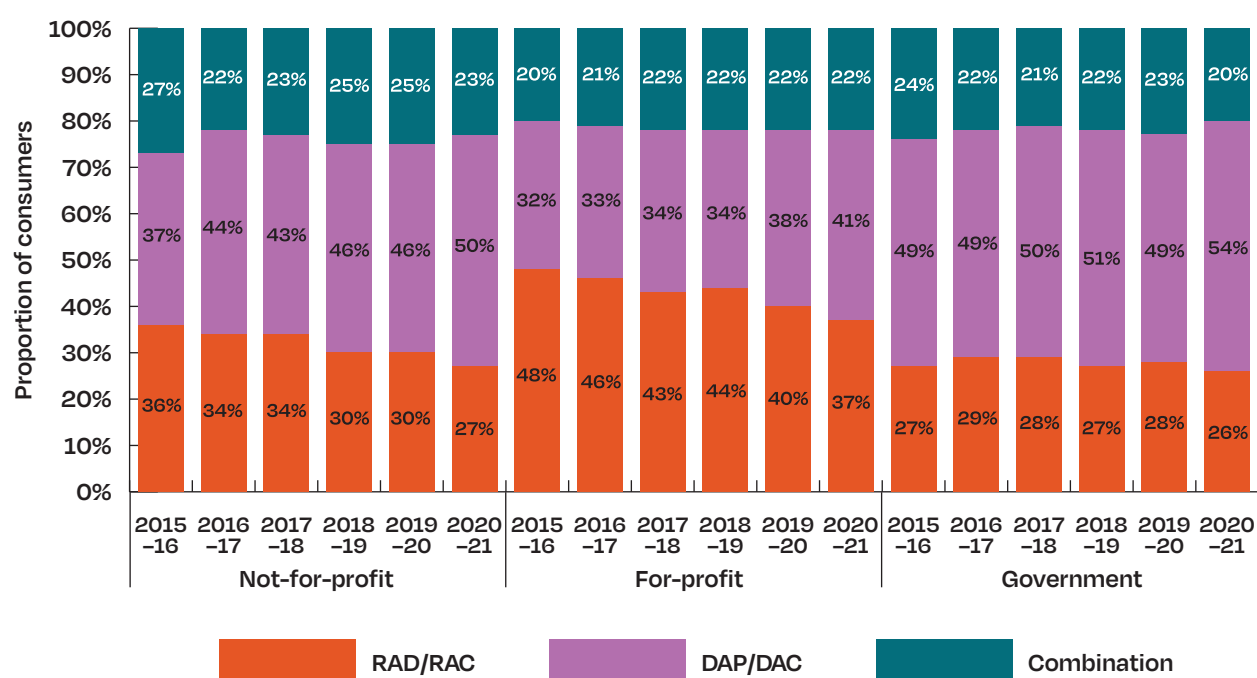


Chart 7.3 shows resident choice of payment method by ownership type for the last 6 years. The decrease in the proportion of RAD/RACs has been most noticeable in the not-for-profit providers, where the proportion has dropped steadily from 36 per cent in 2015–16 to 27 per cent in 2020–21.

The proportion of residents within for-profit providers choosing RAD/RACs has consistently been higher than the not-for-profits but also steadily decreased, dropping from 48 per cent in 2015–16 to 37 per cent in 2020–21.

■ Chart 7.3: Resident choice of payment method, by ownership, 2015–16 to 2020–21



## Chapter 7

### Residential care: Capital investment

Chart 7.4 shows the resident choice of payment by location for the last 6 years. The proportion of RAD/RACs continued to drop in metropolitan areas, falling from 45 per cent in 2015–16 to 33 per cent in 2020–21.

In regional areas, the proportion of RAD/RACs stayed the same as 2019–20, however, it has decreased from 35 per cent in 2015–16 to 29 per cent in 2020–21.

In remote areas, the proportion of RAD/RACs dropped from 29 per cent in 2015–16 to 22 per cent in 2020–21.

**Chart 7.4: Resident choice of payment method, by location, 2015–16 to 2020–21**

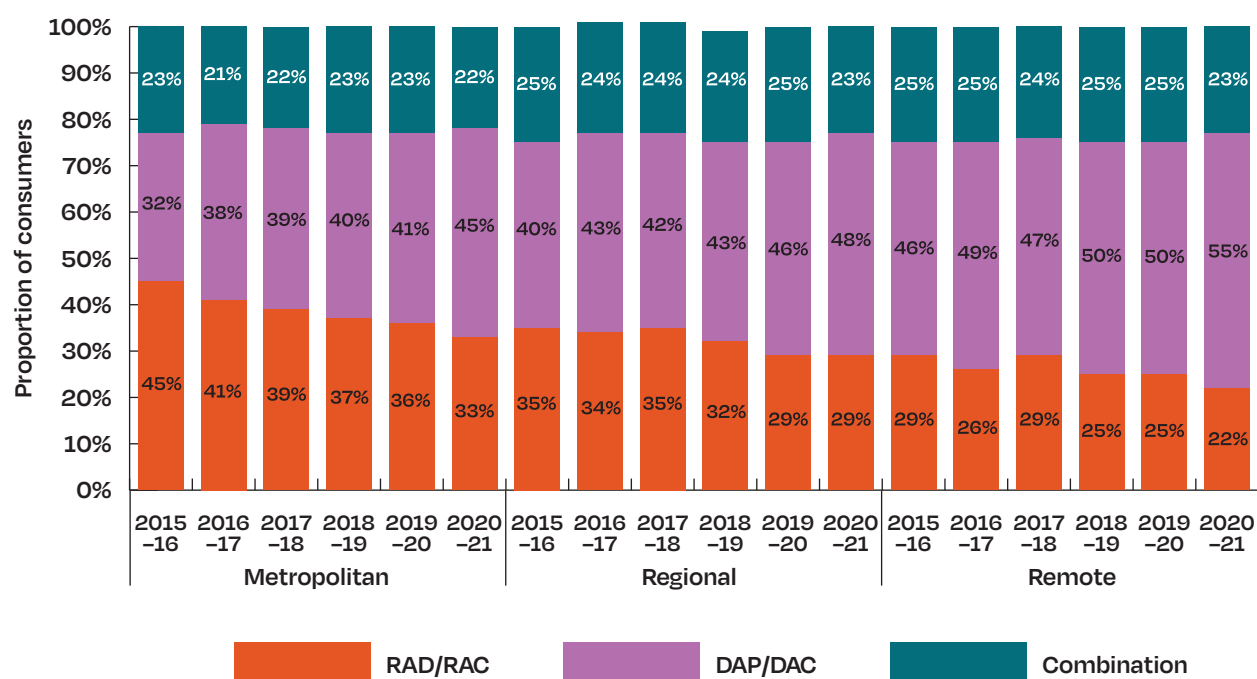


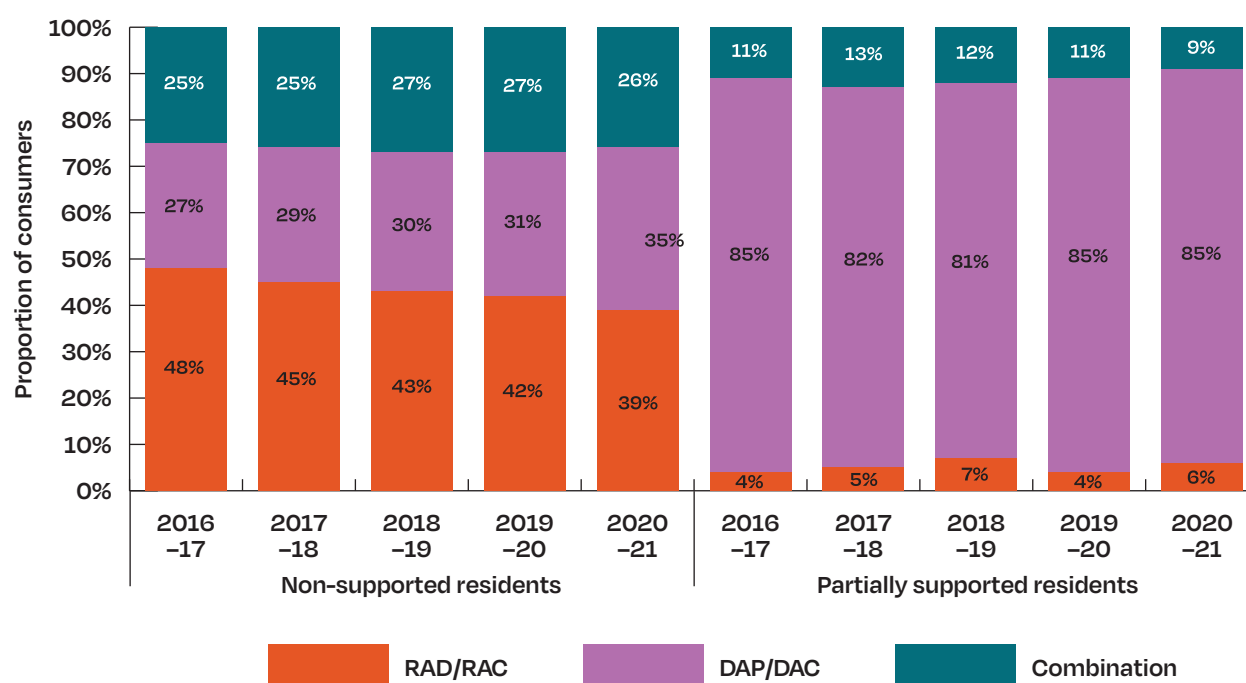
Chart 7.5 shows resident's choice of payment method by partially supported and non-supported residents for the last 5 years.

There continued to be a very significant difference in consumer payment preference between non-supported residents and partially supported residents.

In 2020–21, 39 per cent of non-supported residents chose to pay their accommodation payment by a RAD/RAC, whereas only 6 per cent of partially supported residents chose this option.

The proportion of non-supported residents paying a RAD/RAC decreased steadily over the 4 years, from 48 per cent in 2016–17 to 39 per cent in 2020–21.

**Chart 7.5: Resident choice of payment method, by partially supported and non-supported residents, 2016–17 to 2020–21**



## Chapter 7

# Residential care: Capital investment

### Accommodation deposit prices

Chart 7.6 shows average agreed and published accommodation prices by ownership type for the last 6 years. This data includes RADs, DAPs and combination payments and covers the price of a residential care room, not the method of payment.

Agreed prices for the for-profit and the not-for-profit providers are consistently lower than the published prices. In 2020–21 the overall average agreed price for the sector was around \$60,000 less than the average published price. For-profit providers have consistently higher published and agreed prices than not-for-profit providers.

**Chart 7.6: Average agreed and published accommodation prices (lump sum equivalent), by ownership, 2015–16 to 2020–21**

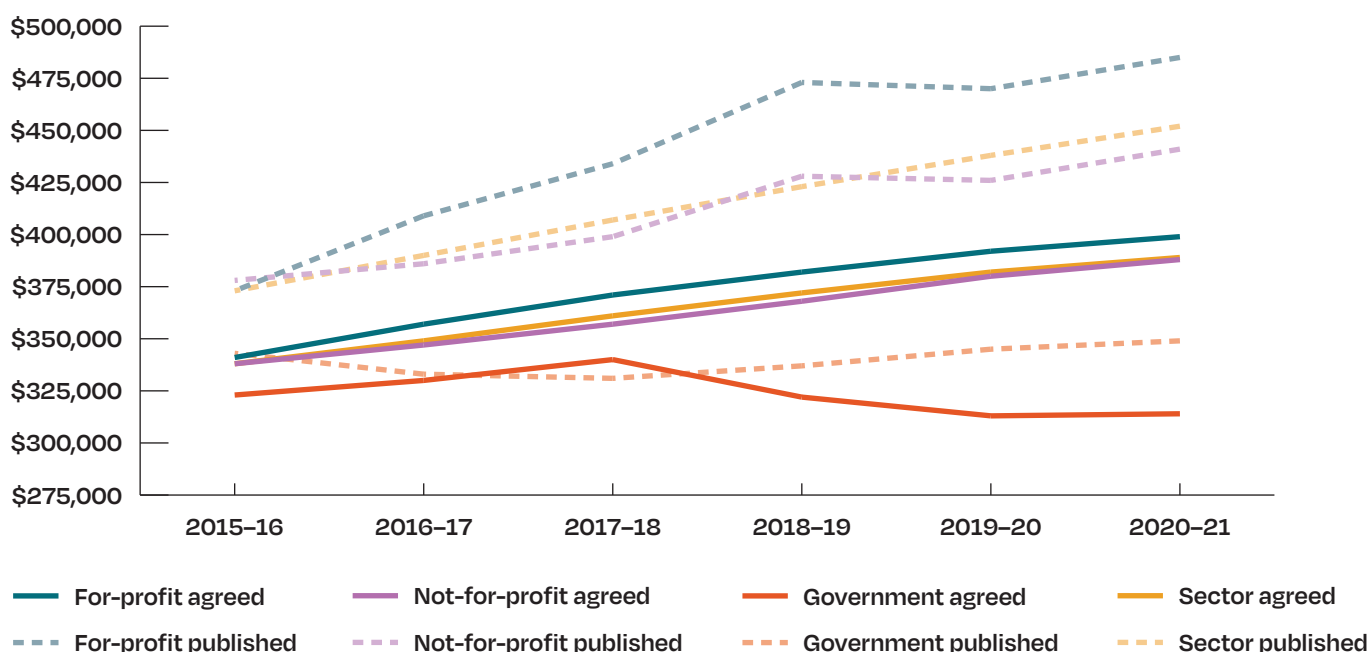
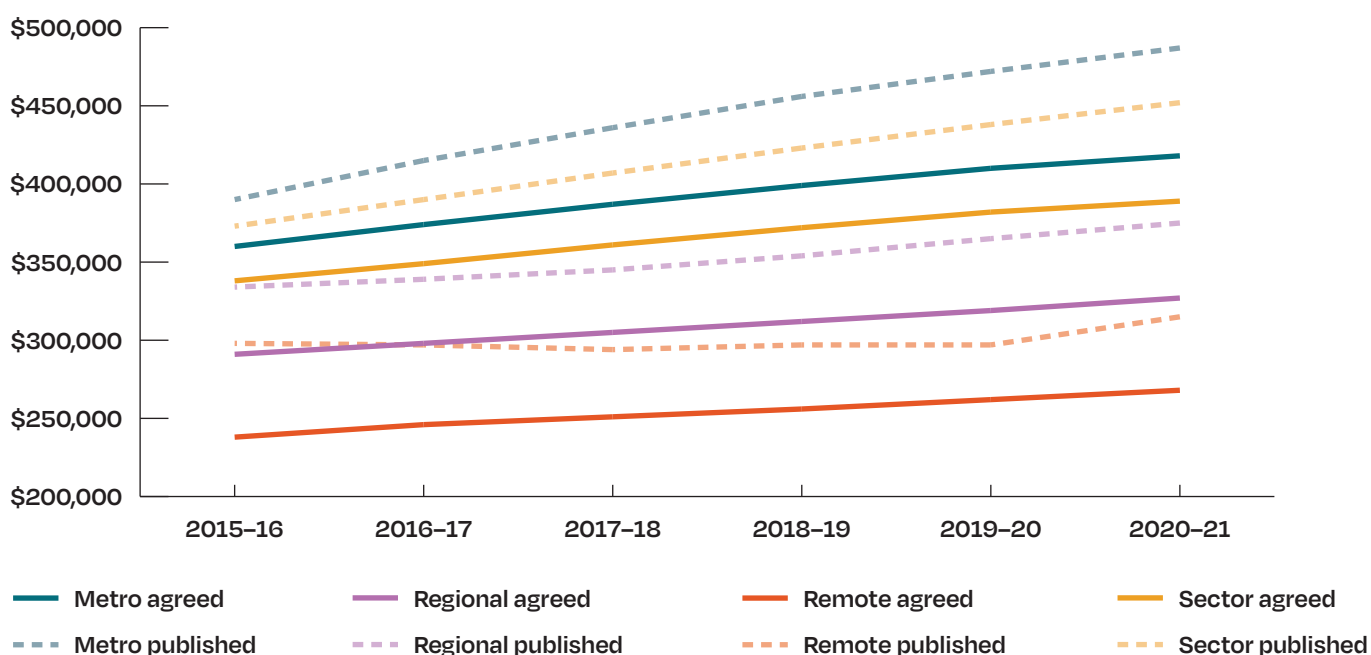


Chart 7.7 shows average agreed and published accommodation prices by location for the last 6 years. As has been the case in previous years, the average published and agreed price in metropolitan areas was significantly higher than in regional and remote areas.

**Chart 7.7: Average agreed and published accommodation prices (lump sum equivalent), by location, 2015-16 to 2020-21**





# Chapter 7

## Residential care: Capital investment

### 7.3

### Financing status – balance sheet

Table 7.2 shows a high-level balance sheet summary for residential care providers for the last 5 years. At 30 June 2021, the sector as a whole had total assets of \$57.3 billion. Financial assets were \$8.3 billion, down from \$8.9 billion in 2019–20.

RADs increased to \$34.2 billion.

In 2020–21, the \$34.2 billion of RADs includes RAD receivables of \$947 million. Excluding the RAD receivables would result in a net balance sheet RAD liability of \$33.3 billion, which is the comparable

number to the reported \$32.2 billion in 2019–20. The 2020–21 RAD liability does not include \$53 million of RADs held by Multi-Purpose Services.

This net balance of RADs varies from the amount reported in Chart 7.1 (\$33.56 billion), as \$33.3 billion is the amount reported in providers' balance sheets and includes accounting adjustments and accruals.

Net worth/equity was \$10.4 billion, down from \$11.6 billion in 2019–20 which is primarily because of current year losses of \$854 million.

**Table 7.2: Balance sheet of residential care providers, 2016–17 to 2020–21**

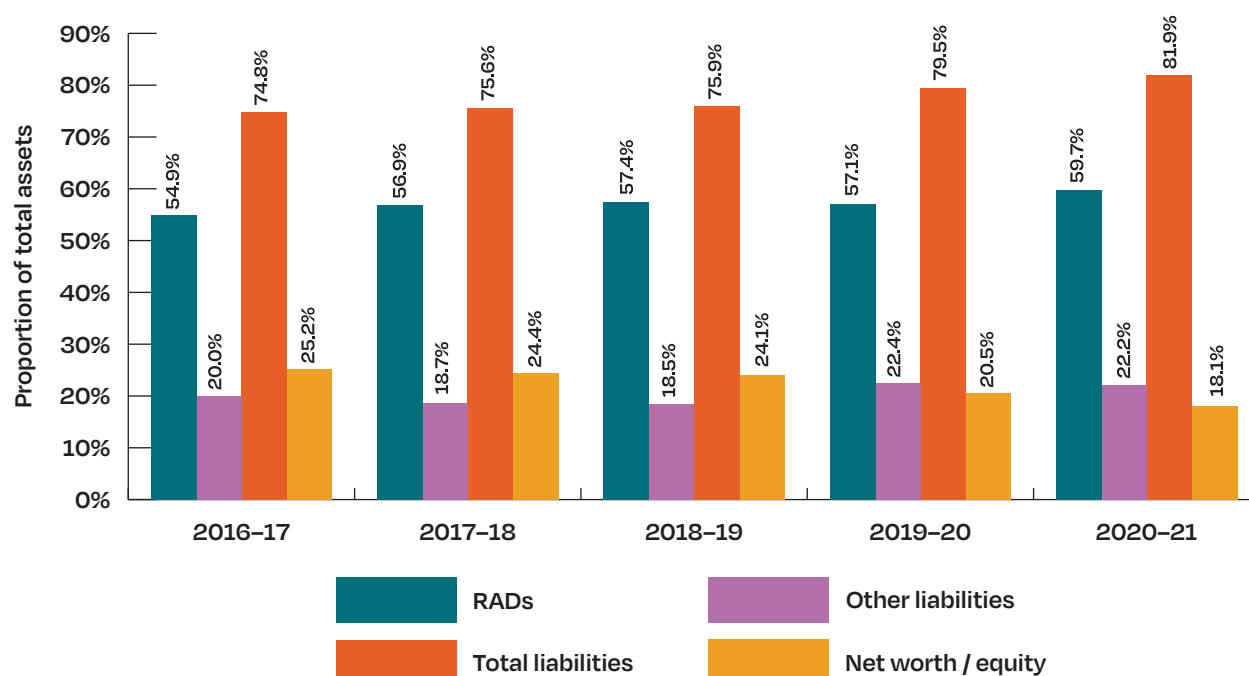
Assets/liabilities	2016–17 (\$m)	2017–18 (\$m)	2018–19 (\$m)	2019–20 (\$m)	2020–21 (\$m)
Financial assets	\$8,199	\$9,047	\$9,248	\$8,931	\$8,274
Fixed assets	\$22,963	\$24,061	\$27,997	\$27,675	\$28,241
Right of use assets	–	–	–	\$2,933	\$2,694
Other assets	\$13,855	\$15,292	\$15,323	\$16,862	\$18,114
<b>Total assets</b>	<b>\$45,017</b>	<b>\$48,400</b>	<b>\$52,568</b>	<b>\$56,401</b>	<b>\$57,323</b>
RADs	\$24,710	\$27,523	\$30,183	\$32,205	\$34,231
Lease liabilities	–	–	–	\$2,976	\$2,790
Other liabilities	\$8,981	\$9,050	\$9,703	\$9,663	\$9,941
<b>Total liabilities</b>	<b>\$33,691</b>	<b>\$36,573</b>	<b>\$39,886</b>	<b>\$44,844</b>	<b>\$46,962</b>
<b>Net worth/equity</b>	<b>\$11,326</b>	<b>\$11,827</b>	<b>\$12,682</b>	<b>\$11,557</b>	<b>\$10,361</b>

Notes:

- AASB 16 Leases, a new accounting standard now requires providers to recognise most rental contracts on their balance sheets as right of use assets and corresponding lease liabilities.
- Short-term leases and low value leases are exempt and can still be shown as rent expense (similar to previous years).

Chart 7.8 shows residential care provider liability types as a portion of total assets for the last 5 years. In 2020–21, total liabilities increased to 81.9 per cent, up from 79.5 per cent the previous year. Net worth/equity was 18.1 per cent, a decrease from 20.5 per cent the previous year. A noticeable decrease in net worth/equity occurred two years in a row after being around 24 to 25 per cent in previous years.

**Chart 7.8: Residential care provider liability types as a proportion of total assets, 2016–17 to 2020–21**



# Chapter 7

## Residential care: Capital investment

### Balance sheet analysis by ownership type

Table 7.3 shows liabilities and net worth/equity as a proportion of total assets by ownership type. At 30 June 2021, for the not-for-profit providers, RADs funded 59.85 per cent of their total assets of \$28.9 billion. This compares with the for-profit providers whose RADs funded 61.3 per cent of their total assets of \$26.6 billion.

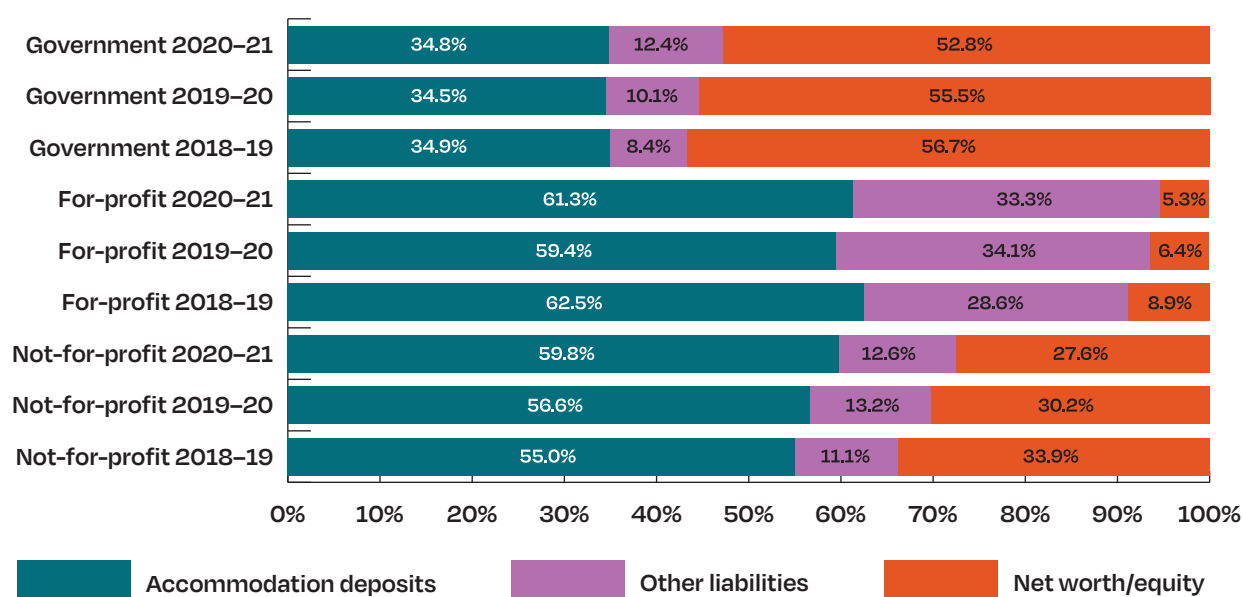
For-profit providers had a significantly higher proportion of liabilities, with their total liabilities being 95 per cent of total assets, compared with not-for-profit providers with 72 per cent.

**Table 7.3: Balance sheet, by ownership type, at 30 June 2021**

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	Total sector (\$m)
<b>Total assets funded by:</b>	<b>\$28,879</b>	<b>\$26,591</b>	<b>\$1,853</b>	<b>\$57,323</b>
RADs	\$17,284	\$16,302	\$645	\$34,231
Other liabilities	\$3,634	\$8,866	\$230	\$12,731
<b>Total liabilities</b>	<b>\$20,918</b>	<b>\$25,169</b>	<b>\$875</b>	<b>\$46,962</b>
<b>Net worth/equity</b>	<b>\$7,961</b>	<b>\$1,422</b>	<b>\$978</b>	<b>\$10,361</b>
<b>As a % of total assets</b>				
RADs	59.85%	61.31%	34.83%	59.72%
Other liabilities	12.58%	33.34%	12.41%	22.21%
<b>Total liabilities</b>	<b>72.43%</b>	<b>94.65%</b>	<b>47.23%</b>	<b>81.92%</b>
<b>Net worth/equity</b>	<b>27.57%</b>	<b>5.35%</b>	<b>52.77%</b>	<b>18.08%</b>

Chart 7.9 shows the liabilities and net worth/equity as a proportion of total assets by ownership type for the last 3 years. The proportion of net worth/equity of not-for-profit providers was significantly higher (between 27 and 34 per cent), compared with for-profit providers (between 5 and 9 per cent).

**Chart 7.9: Liabilities and net worth as a proportion of total assets, by provider ownership type, 2018–19 to 2020–21**



## Chapter 7

### Residential care: Capital investment

Table 7.4 presents the consolidated balance sheet at segment and organisation level for 2020–21. Fixed assets – predominantly residential aged care facilities – were the single largest asset category held by providers (\$28.2 billion or 49 per cent of total assets). Fixed assets represented 62 per cent of total assets for the not-for-profit providers, whereas for the for-profit providers it represented 35 per cent. This was consistent with recent years.

For the sector, cash (\$5.3 billion) and financial assets (\$1.9 billion) represent 13 per cent (15 per cent in 2019–20) of total assets and 54 per cent of current assets. Again, there are differences between ownership types with the not-for-profit providers holding 73 per cent of current assets in cash and financial

assets, while for-profit providers hold only 29 per cent. For-profit providers are more active in placing their funds in other categories of assets, including related party entities.

Intangible assets make up 9 per cent, or \$5.3 billion of total sector assets. Of this, bed licences make \$3.2 billion. From 1 July 2024, residential care places will be assigned directly to consumers rather than to providers. The changes to remove the allocation of places to providers will affect the intangible assets of those providers who currently recognise the value of their bed licences.

Table 7.4 does not include Accommodation Deposit balances held by Multi-Purpose Services.

**Table 7.4: Disaggregated balance sheet by provider ownership type, at 30 June 2021**

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
<b>Assets</b>				
<b>Current assets</b>				
Cash	\$3,614	\$1,428	\$229	\$5,272
Financial assets	\$1,631	\$198	\$103	\$1,932
Trade receivables	\$223	\$200	\$14	\$436
RADs and RACs receivable	\$340	\$481	\$127	\$947
Related party loans	\$630	\$3,059	\$0	\$3,688
Other current assets	\$797	\$263	\$49	\$1,109
<b>Total current assets</b>	<b>\$7,234</b>	<b>\$5,629</b>	<b>\$522</b>	<b>\$13,385</b>
<b>Non-current assets</b>				
Financial assets	\$705	\$332	\$33	\$1,070
Related party loans	\$171	\$4,270	\$0	\$4,442
Work in progress	\$896	\$296	\$48	\$1,241
Intangibles – bed licences	\$841	\$2,350	\$0	\$3,192

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
Intangibles – other	\$408	\$1,733	\$7	\$2,148
Fixed assets	\$17,811	\$9,206	\$1,225	\$28,241
Right of use assets	\$490	\$2,201	\$4	\$2,694
Other non-current assets	\$322	\$574	\$15	\$911
<b>Total non-current assets</b>	<b>\$21,645</b>	<b>\$20,962</b>	<b>\$1,331</b>	<b>\$43,939</b>
<b>Total assets</b>	<b>\$28,879</b>	<b>\$26,591</b>	<b>\$1,853</b>	<b>\$57,323</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
RADs (including bonds)	\$9,012	\$10,072	\$321	\$19,404
Bank borrowings	\$262	\$1,102	\$27	\$1,391
Related party loans	\$25	\$1,152	\$0	\$1,177
Employee provisions	\$1,014	\$709	\$95	\$1,818
Lease liabilities	\$51	\$132	\$3	\$187
Other current liabilities	\$794	\$1,037	\$44	\$1,875
<b>Total current liabilities</b>	<b>\$11,157</b>	<b>\$14,205</b>	<b>\$490</b>	<b>\$25,852</b>
<b>Non-current liabilities</b>				
RADs (including bonds)	\$8,272	\$6,230	\$325	\$14,827
Bank borrowings	\$663	\$752	\$5	\$1,420
Related party loans	\$75	\$1,176	\$0	\$1,251
Employee provisions	\$176	\$113	\$34	\$322
Lease liabilities	\$441	\$2,160	\$3	\$2,603
Other non-current liabilities	\$134	\$534	\$19	\$687
<b>Total non-current liabilities</b>	<b>\$9,761</b>	<b>\$10,964</b>	<b>\$385</b>	<b>\$21,110</b>
<b>Total liabilities</b>	<b>\$20,918</b>	<b>\$25,169</b>	<b>\$875</b>	<b>\$46,962</b>
<b>Net assets</b>	<b>\$7,961</b>	<b>\$1,422</b>	<b>\$978</b>	<b>\$10,361</b>

## Chapter 7

# Residential care: Capital investment

### Balance sheet performance ratios

Balance sheet ratios provide a guide as to the financial health of providers through an analysis of their profitability, liquidity and efficiency as well as their net worth. Definitions for the balance sheet ratios are included within the Glossary.

Chart 7.10 shows the current ratio by ownership type for the last 5 years. The current ratio for all providers increased in 2020–21, up to 0.52 from 0.37 in 2019–20.

The current ratio for not-for-profit providers increased to 0.65 from 0.43 in 2019–20, whereas the current ratio for for-profit providers increased to 0.40 from 0.28.

The increase in current ratio in 2020–21 is due to RADs which are expected to be paid after 12 months being re-classified from current liabilities to non-current liabilities. This results in a more accurate portrayal of liquidity.

■ Chart 7.10: Current ratio, by provider ownership, 2016–17 to 2020–21

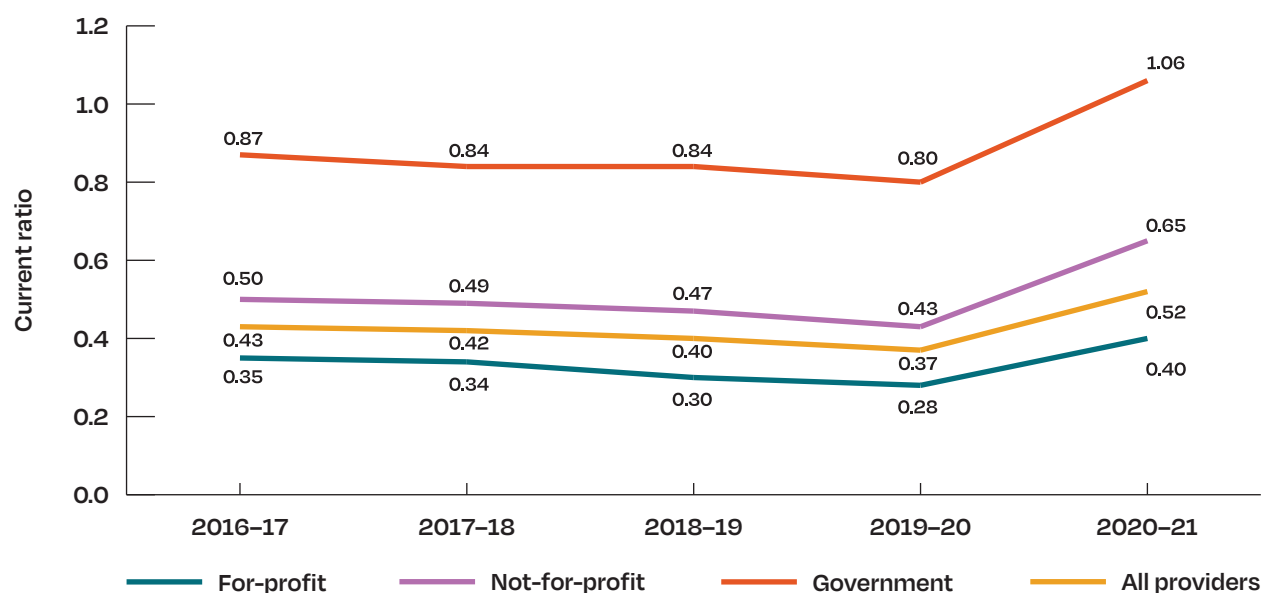


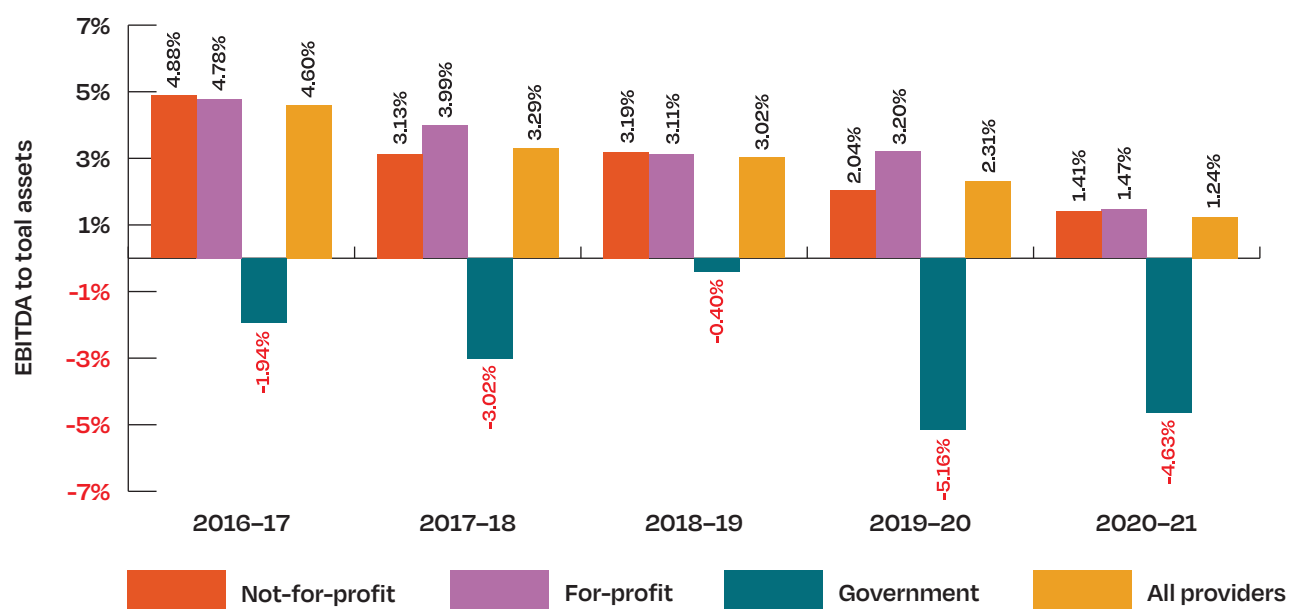
Chart 7.11 shows earnings before interest, tax, depreciation and amortisation (EBITDA) to total assets by provider ownership type for the last 5 years. The EBITDA to total assets trended downwards in recent years, falling for the whole sector from 4.6 per cent in 2016–17 to 1.2 per cent in 2020–21.

In terms of ownership, for-profit providers dropped to 1.5 per cent in 2020–21, down from 3.2 per cent

in 2019–20, and down from 4.8 per cent in 2016–17. The decline was even greater for the not-for-profit providers, down to 1.4 per cent in 2020–21, from 2 per cent in 2019–20 and 4.9 per cent in 2016–17.

Of the 1.07 percentage points decrease in EBITDA to total assets in 2020–21, 0.67 percentage points can be attributed to the changes in accounting standards (AASB 16 – Leases).

**Chart 7.11: EBITDA to total assets, by provider ownership, 2016–17 to 2020–21**





## Chapter 7

### Residential care: Capital investment

Chart 7.12 shows equity to total assets by provider ownership type for the last 6 years.

The results for all provider types gradually decreased over a number of years. There continued to be a significant difference between provider types when looking at the results for the equity to total assets

ratio. Not-for-profit providers were generally around 21 to 25 percentage points higher than for-profits, with both types reporting a decline in 2020–21 compared with 2019–20. Not-for-profits dropped to 27.6 per cent from 30.2 per cent and the for-profits reported a drop to 5.4 per cent from 6.4 per cent.

**Chart 7.12: Equity to total assets, by provider ownership, 2015–16 to 2020–21**

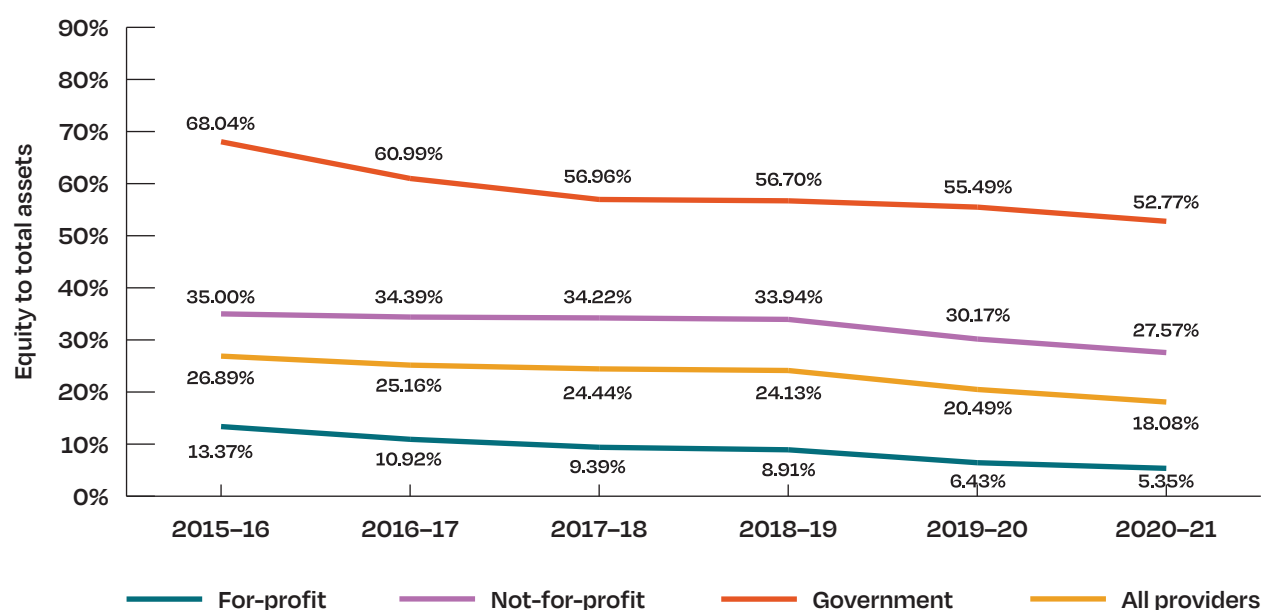
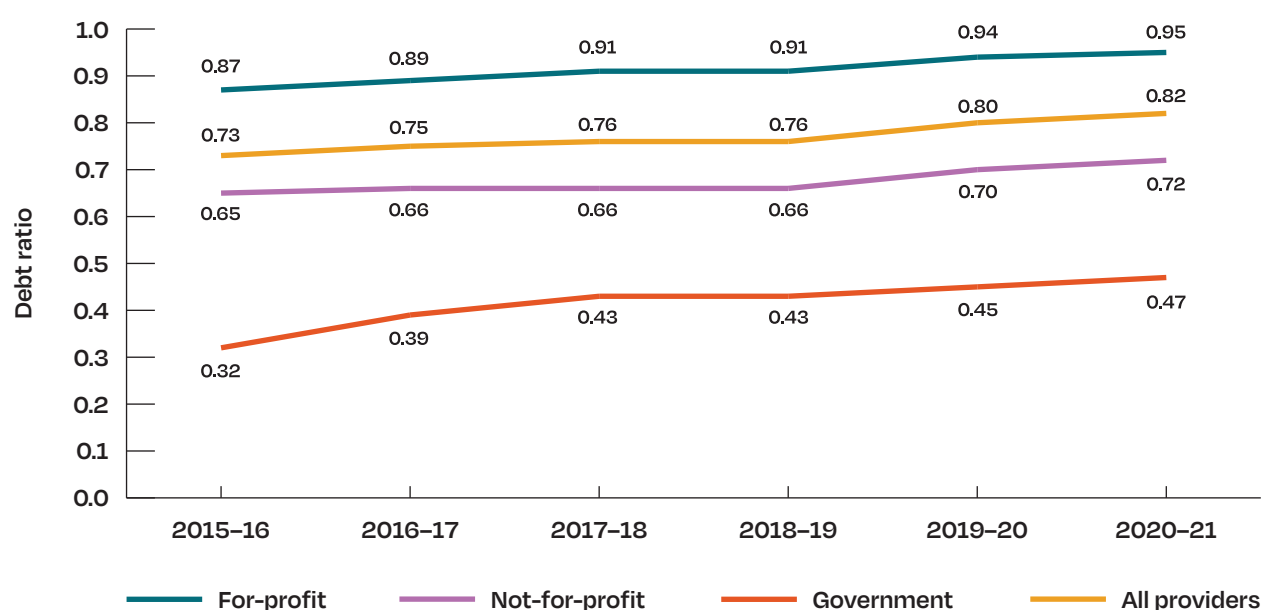


Chart 7.13 shows the average debt ratio by provider ownership type for the last 6 years. The average debt ratio across the sector gradually increased over the last 5 years from 0.73 in 2015–16 to 0.82 in 2020–21. Both for-profit and not-for-profit providers have reported a similar increase over the last 5 years. In 2020–21, for-profits reported an increase from

0.94 the previous year to 0.95 and not-for-profits reported an increase from 0.70 the previous year to 0.72. The average debt ratio shows the proportion of organisational assets that were financed through debt. A ratio of more than 1.0 indicates that an organisation has a higher debt level than the value of its assets.

**Chart 7.13: Average debt ratio, by provider ownership, 2015–16 to 2020–21**



## Chapter 7

### Residential care: Capital investment

Chart 7.14 shows net assets by provider ownership type for the last 6 years. Net assets continued to decline to \$10.4 billion, down from \$11.6 billion in 2019–20 and a peak of \$12.7 billion in 2018–19. In 2020–21, for-profit

providers reported a decrease to \$1.42 billion, down from \$1.61 billion (12 per cent). Not-for-profit providers decreased to \$7.9 billion in 2020–21, down from \$8.9 billion (10 per cent decline).

■ Chart 7.14: Net assets, by provider ownership, 2015–16 to 2020–21

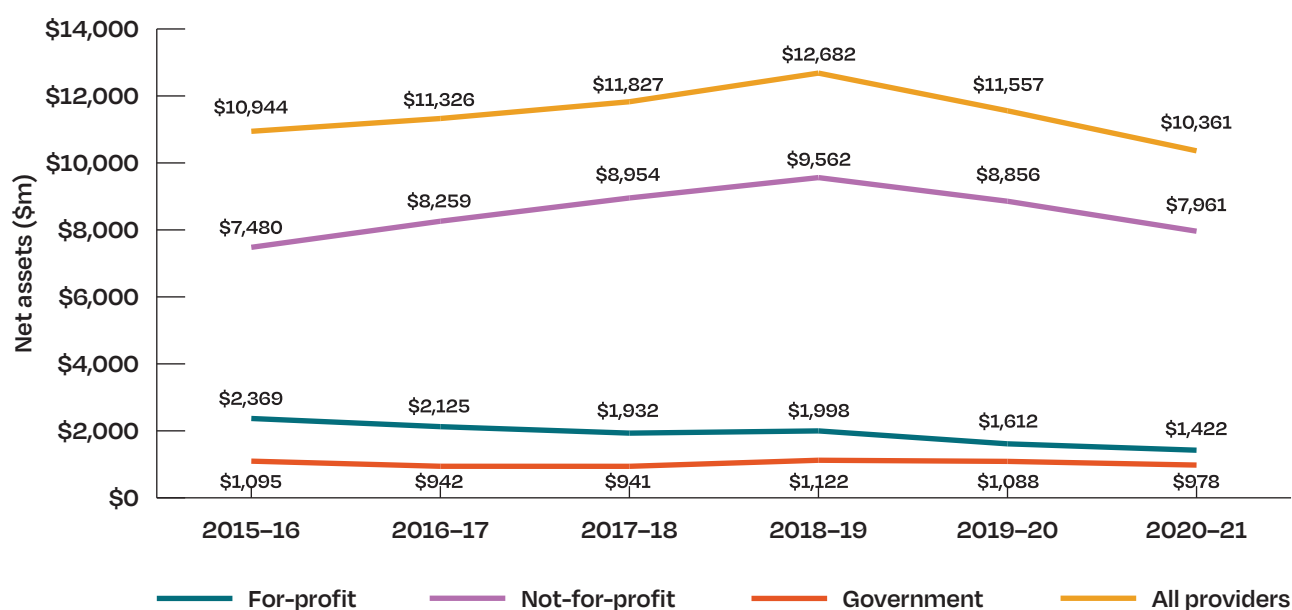
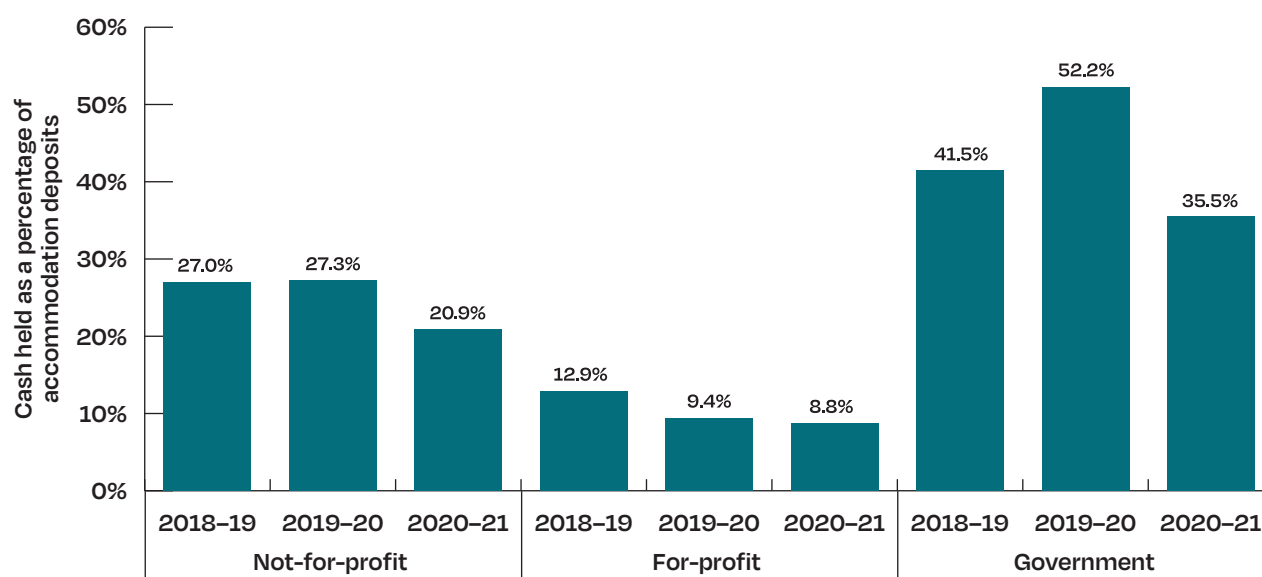


Chart 7.15 shows cash held as a percentage of accommodation deposit balances by provider ownership type for the last 3 years.

Cash held as a percentage of accommodation deposit balances provides an indication of an organisation's capacity to repay the accommodation deposit balances from liquid resources. The levels of cash and

cash equivalents held by the for-profit providers has been around half that of the not-for-profit providers. Both not-for-profit and for-profit providers decreased in 2020–21. Not-for-profit providers decreased to 20.9 per cent, down from 27.3 per cent in 2019–20, while for-profit providers were down to 8.8 per cent from 9.4 per cent the previous year.

**Chart 7.15: Cash held as percentage of accommodation deposit balances, by provider ownership, 2018–19 to 2020–21**



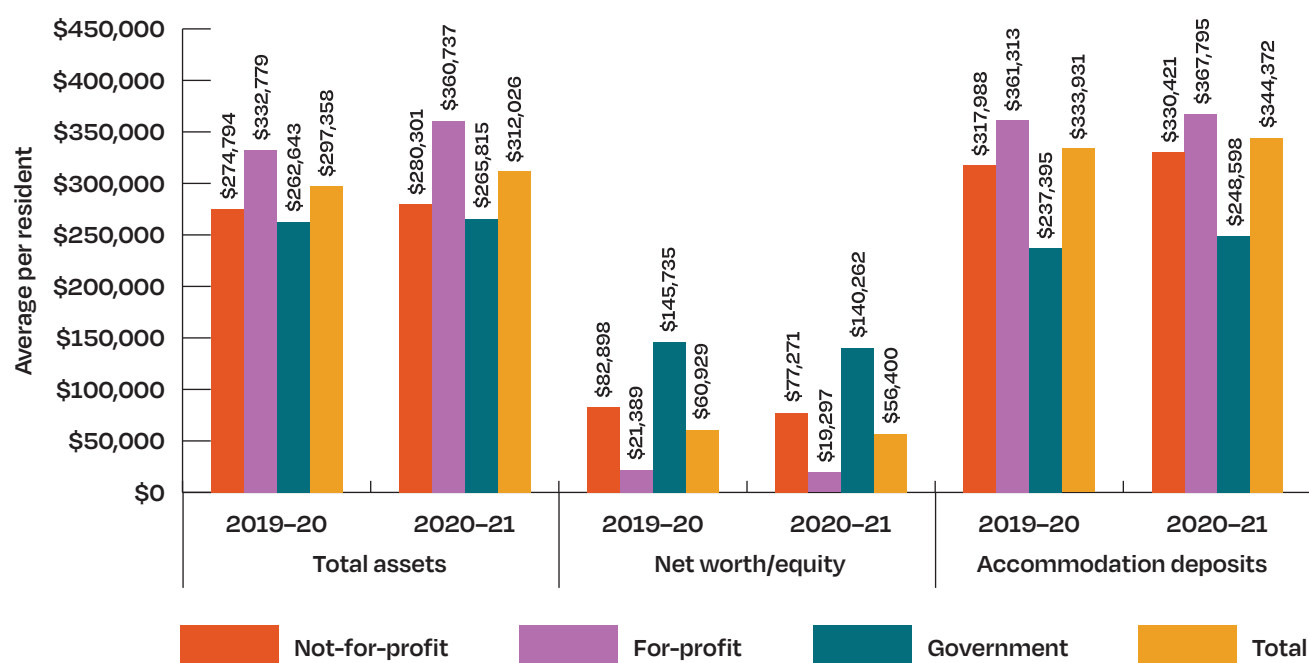
## Chapter 7

### Residential care: Capital investment

Chart 7.16 shows total assets, net worth/equity and average accommodation deposit value per resident, by ownership type in 2020–21, compared with 2019–20. For the whole sector, average accommodation deposits held increased to \$344,372 per resident from \$333,931 in 2019–20, an increase of 3 per cent. This metric measures the average value of all bonds (pre 1 July 2014) and accommodation deposits (post

1 July 2014) that providers hold. The average value of bonds/RADs increased steadily in recent years. In terms of net worth/equity, all providers recorded a decrease, down to \$56,400 in 2020–21 from \$60,929 in 2019–20. The value of total assets per resident for both for-profit and not-for-profit providers increased in 2020–21 compared with 2019–20.

**Chart 7.16: Total assets, net worth/equity and average accommodation deposit value per resident, by ownership type, 2019–20 and 2020–21**



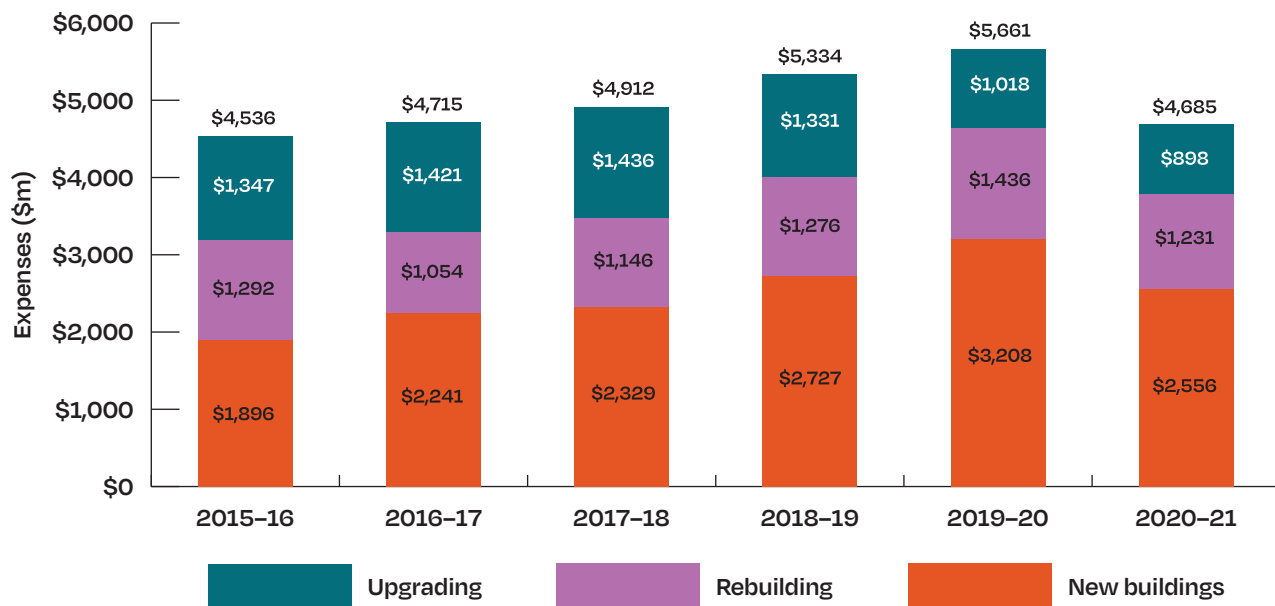
## Recent trends in building and investment in residential care

Chart 7.17 shows residential care build activity (completed or in-progress) for the last 6 years. In 2020–21, the total completed or in-progress work was \$4.7 billion, down from \$5.7 billion in 2019–20 (17 per cent decrease). This broke the trend of the

previous year-on-year increases in completed or in-progress building works.

New buildings expenditure dropped by 20 per cent in 2020–21, while expenditure in rebuilding activity also dropped, down 14 per cent.

**Chart 7.17: Residential care building activity (completed or in-progress), 2015–16 to 2020–21**



## Chapter 7

### Residential care: Capital investment

Chart 7.18 shows the proportion of facilities planning to upgrade or rebuild with a comparison of the last 6 years. In 2020–21, the proportion of facilities planning to upgrade was 3 per cent, down from 4 per cent in 2019–20. The proportion of facilities planning to re-build was stable at 1 per cent, consistent with 2019–20 and 2018–19.

■ Chart 7.18: Proportion of facilities planning to either upgrade or rebuild, 2015–16 to 2020–21

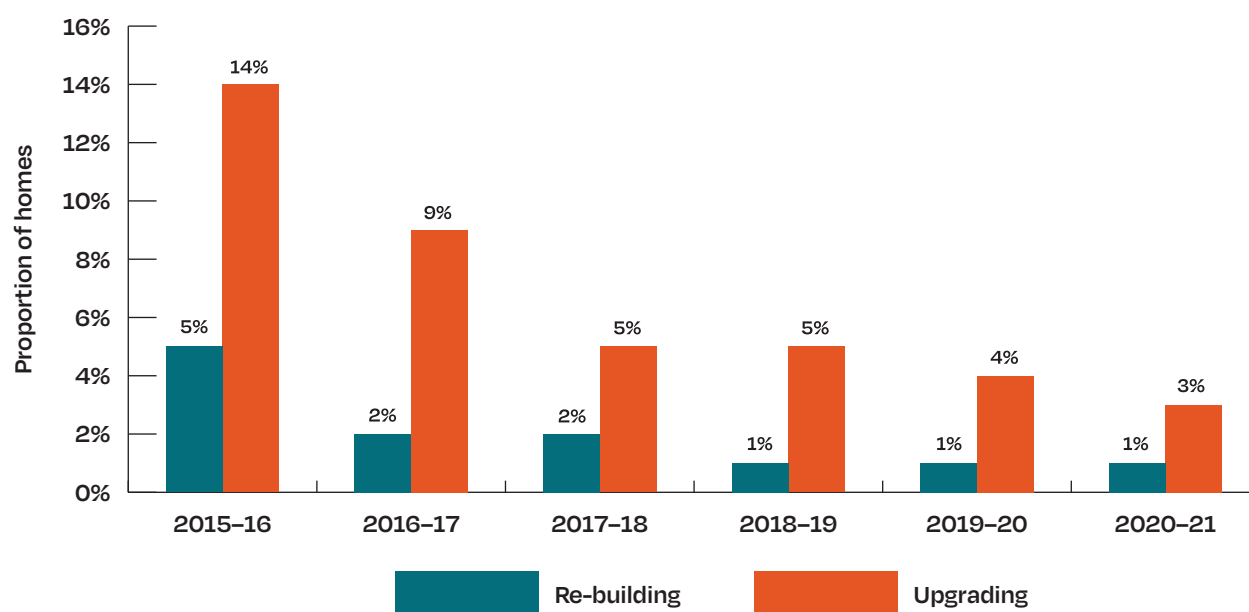
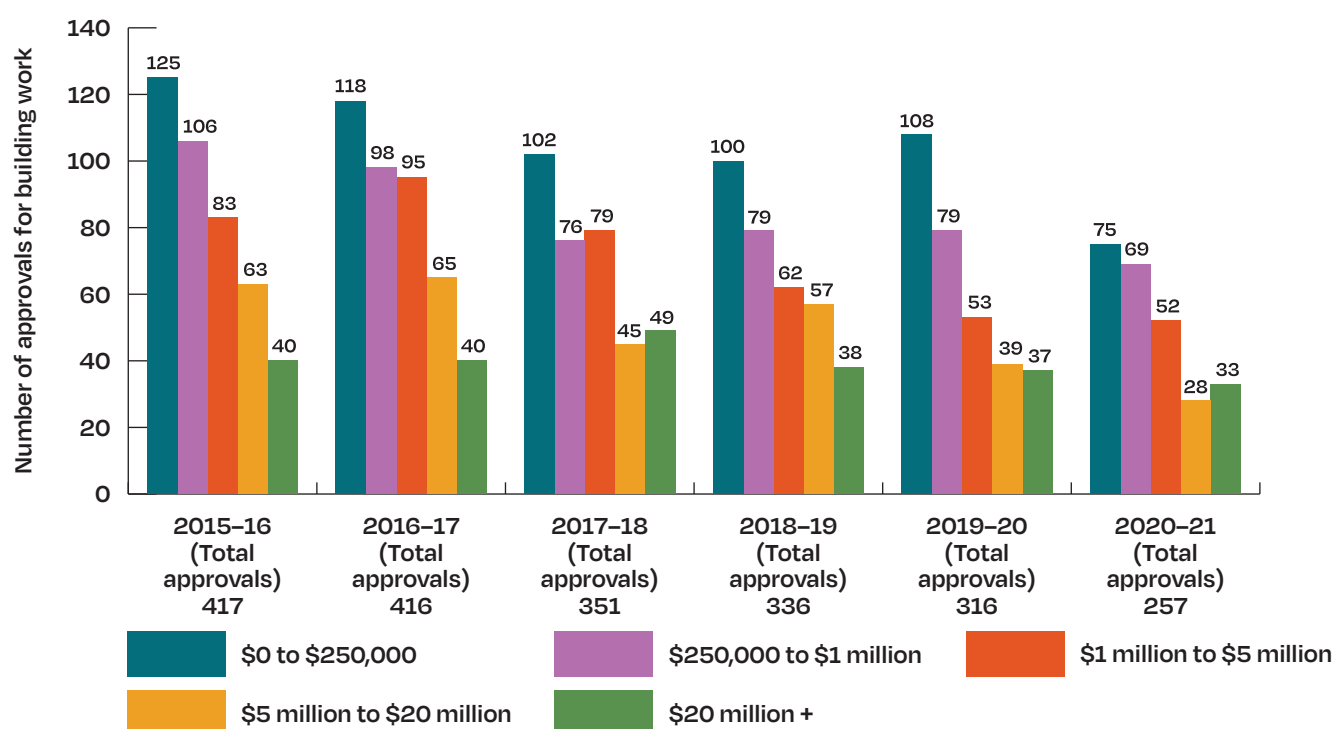


Chart 7.19 shows the number of building approvals by value of building works for 6 years to 2020–21.

The total number of builds dropped in 2020–21 for the fifth year in a row, down to 257 from 316 in 2019–20, and a peak of 417 in 2015–16.

**Chart 7.19: Number of building approvals, by value of building work, 2015–16 to 2020–21**









## CHAPTER 8

# Future demand for aged care

### 8.1 Future demand for aged care services

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### 8.2 Current demand for aged care

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### 8.3 Projecting future demand

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### THIS CHAPTER DISCUSSES:

- the factors that affect demand for aged care
- demand for the different types of subsidised aged care
- changing population of older Australians requiring aged care and
- changing preferences of consumers seeking aged care.

## 8.1

### Future demand for aged care services

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The demand for aged care services will expand with the ageing of the population. This chapter discusses the factors that affect demand for the relevant aged care types and how this is likely to look in the future.

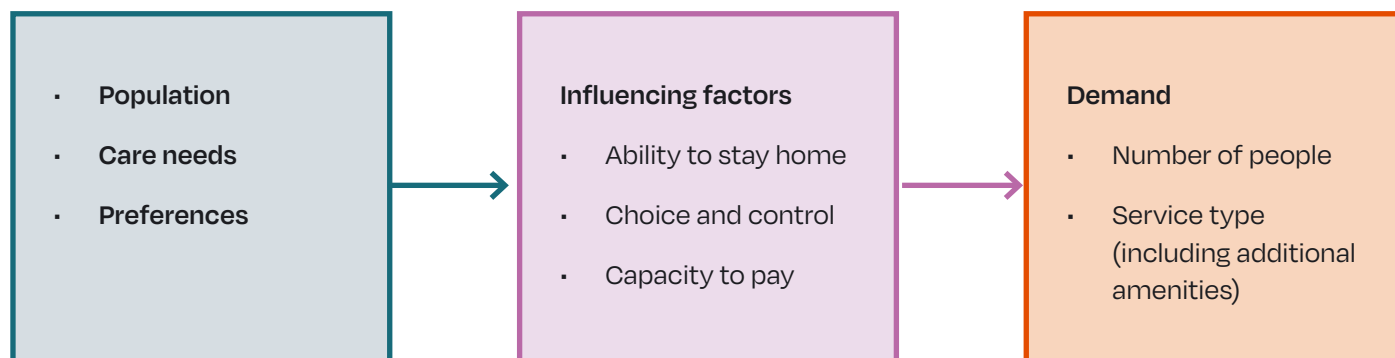
The analysis in this chapter focuses on projections based on current use of aged care and population growth, and should not be treated as forecasts of what is likely to happen in terms of future demand for types of aged care.

#### Determinants of demand

Demand for aged care services is complex and dependent on a range of demographic, service need and economic factors. The Productivity Commission noted in its 2011 report, *Caring for Older Australians*, that "The demand for aged care services depends on the number of older people needing care and support. However, care needs are not homogenous and the nature and location of aged care services demanded will depend on the physical and mental health of older people, their capacity and willingness to pay, their preferences, and the availability of informal carers."



Figure 8.1: Factors affecting the extent and type of aged care service demand



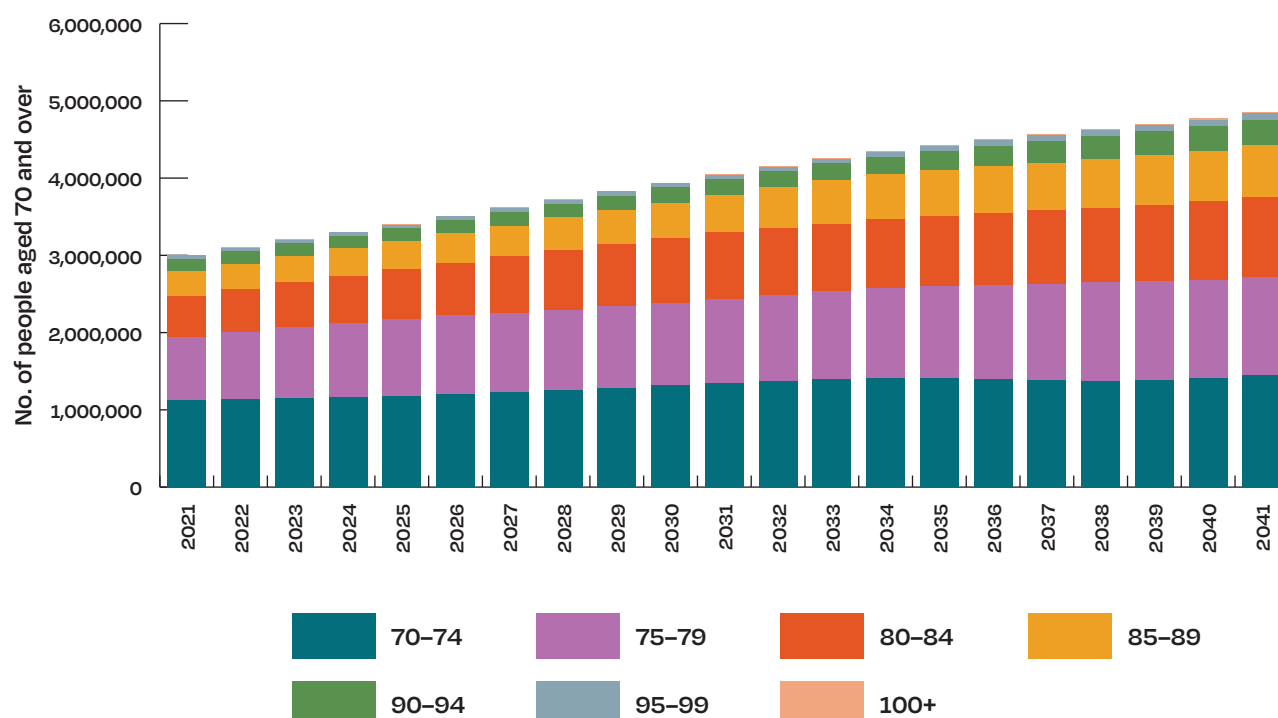
Source: adapted from *Caring for Older Australians* (Productivity Commission, 2011)

### An ageing population – older people demand more aged care

Chart 8.1 shows the number of people aged 70 years and over for the next 20 years. The ageing of the Australian population over the next 20 years will see the size of the 70 years and over cohort increase by around

1 million people each decade. The older age groups will more than double over this period. The 85 years and over cohort will increase from just over 500,000 people in 2021 to just over 1.1 million people by 2041.

Chart 8.1: Number of people aged 70 years and over, by 5 year age cohort, 2021 to 2041



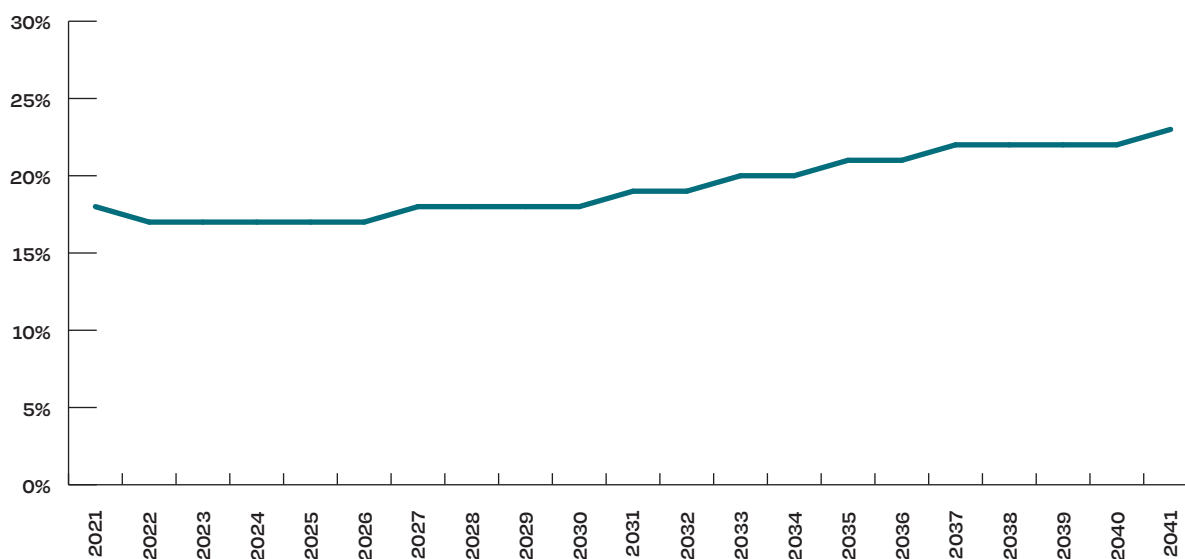
## Chapter 8

### Future demand for aged care

Chart 8.2 shows the proportion of the 70 years and over age group who are aged 85 and over for the next 20 years. The proportion of the 70 and over

population who are aged 85 and over will reduce over the next few years and subsequently increase from 2025 onwards.

■ Chart 8.2: Proportion of the 70 years and over age group who are aged 85 and over, 2021 to 2041



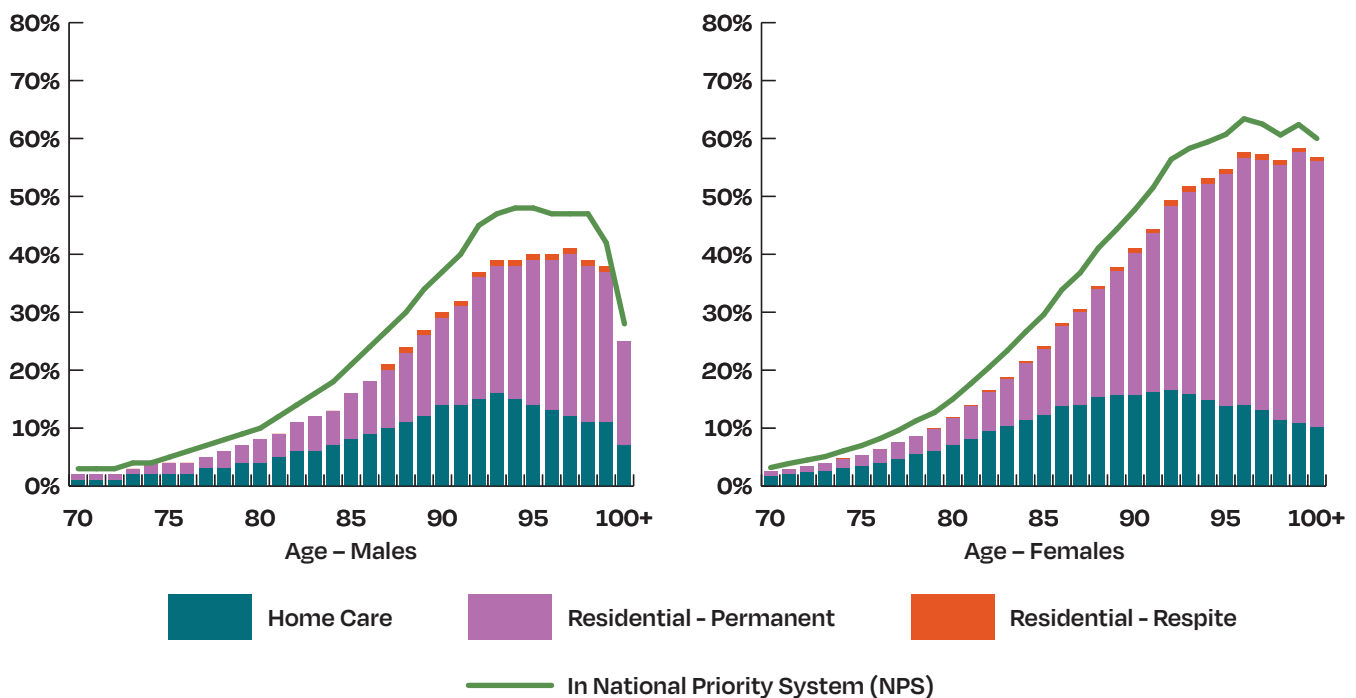
## 8.2

### Current demand for aged care

Chart 8.3 shows the proportion of people of each age using residential care and home care by gender at 30 June 2021. The proportion of each age group who currently use residential and home care package services increases dramatically with age. By age 80, the proportion of people using either permanent residential

care or a home care package is around 7 per cent; this doubles by aged 85; and nearly doubles again by age 90. This projection is based on current usage, which may not reflect the extent to which consumers are having their needs and preferences met by current regulated supply.

**Chart 8.3: Proportion of people of each age using residential care and home care, by gender and age, 30 June 2021**



## Chapter 8

# Future demand for aged care

### 8.3

#### Projecting future demand

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A projection of demand for residential care over the next 20 years based on current age-specific use and the current residential aged care target provision ratio (which is based on the number of people aged 70 years and over) was included in previous Aged Care Financing Authority (ACFA) reports.

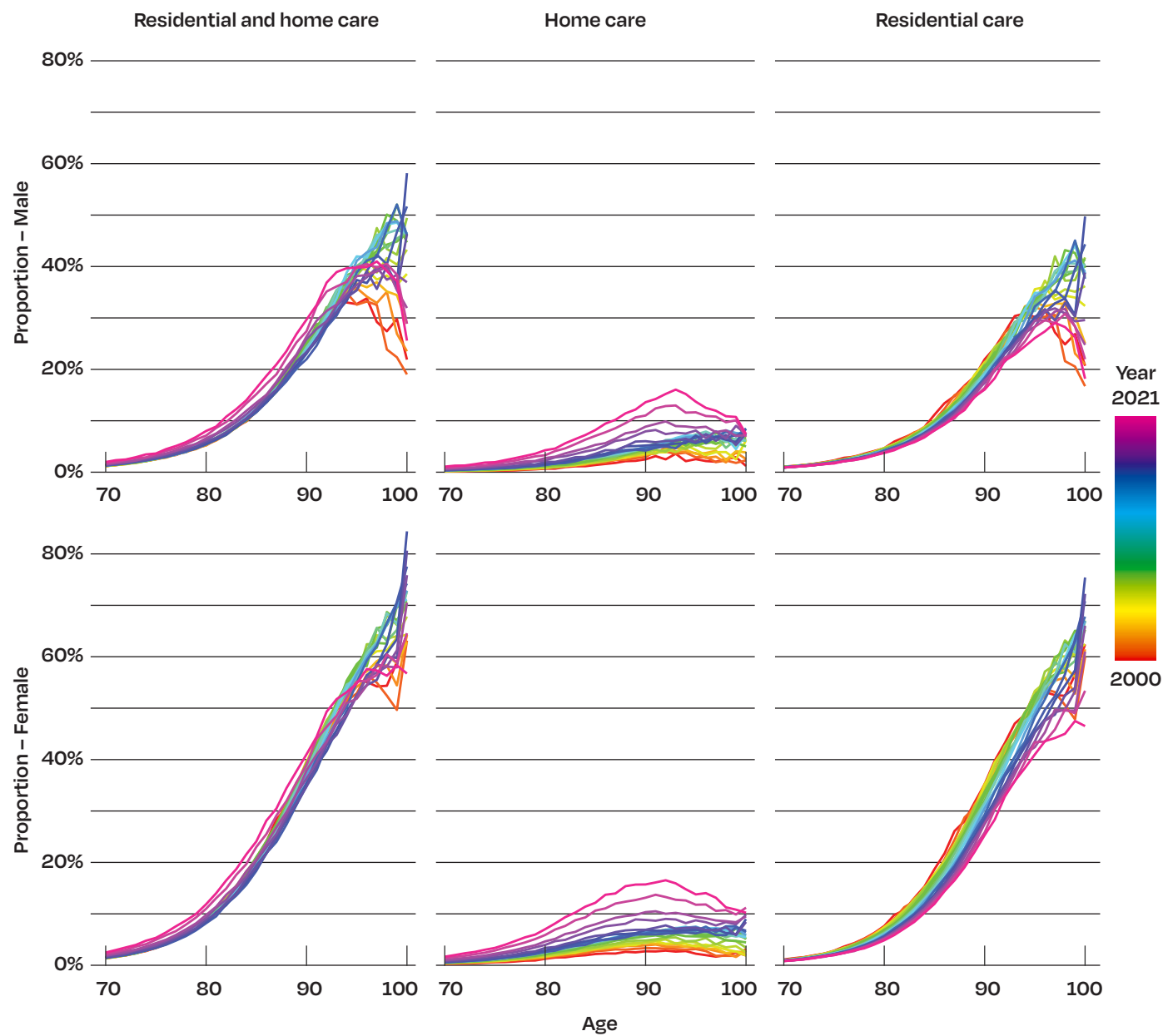
Care is needed in interpreting such projections because they are limited to residential care and do not take into account changes in consumer preferences and changes in modes of delivery of aged care. In particular, no account is taken for substitution of residential care for home care as the number of home care packages continues to expand.

#### Substitution of residential care and home care

One of the factors that has to be taken into account in projecting demand for aged care is the potential substitutability of service types.

Chart 8.4 shows the utilisation of residential care and home care to 2021. The proportion of people in each age group (age-specific use) who are in either residential care or home care has remained relatively stable (Chart 8.4, first column) over a long period of time. However, the amount of home care packages available has increased significantly as a share of these two care types (Chart 8.4, second column). As the amount of home care has expanded, there has been a reduction in the age-specific use of residential care (Chart 8.4, third column). This would indicate that home care is substituting for residential care.

Chart 8.4: Utilisation of residential care and home care, 2000 to 2021



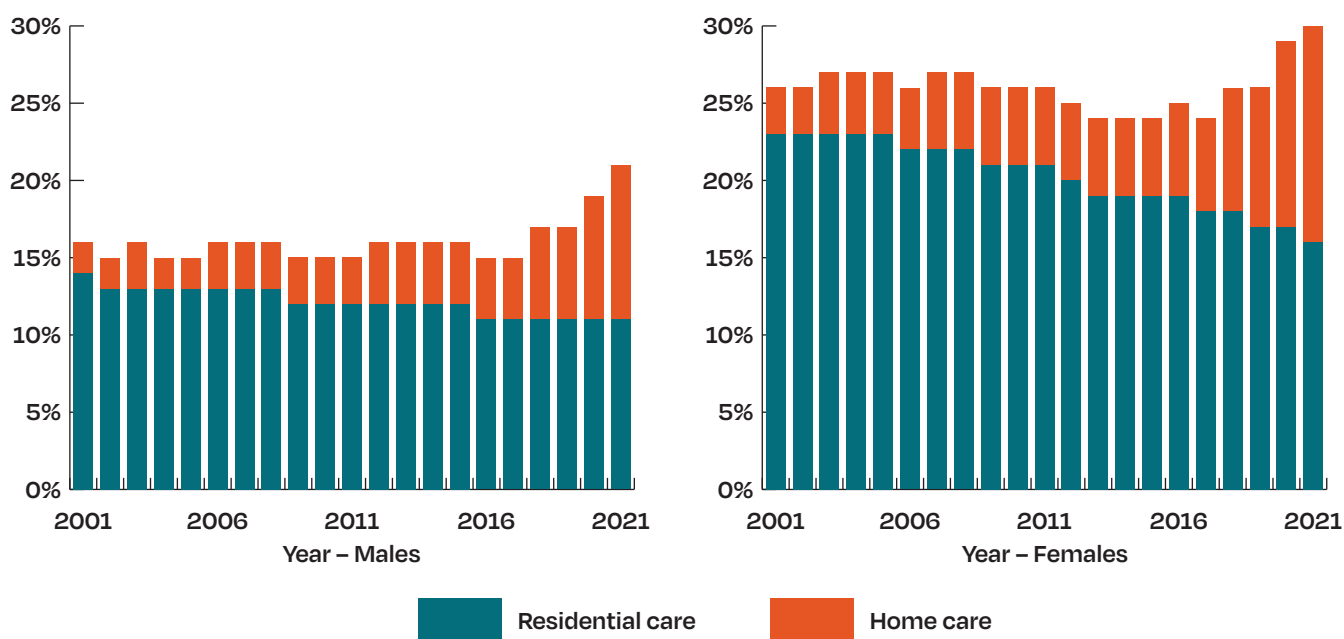


## Chapter 8

### Future demand for aged care

Chart 8.5 shows the utilisation of residential care and home care for the 85–89 year old cohort for 20 years to 2021. The cross-section of data shows an increase in the number of older Australians in home care with a correlating fall in the number in residential care.

**Chart 8.5: Utilisation of residential care and home care for 85–89 year olds, 2001 to 2021**

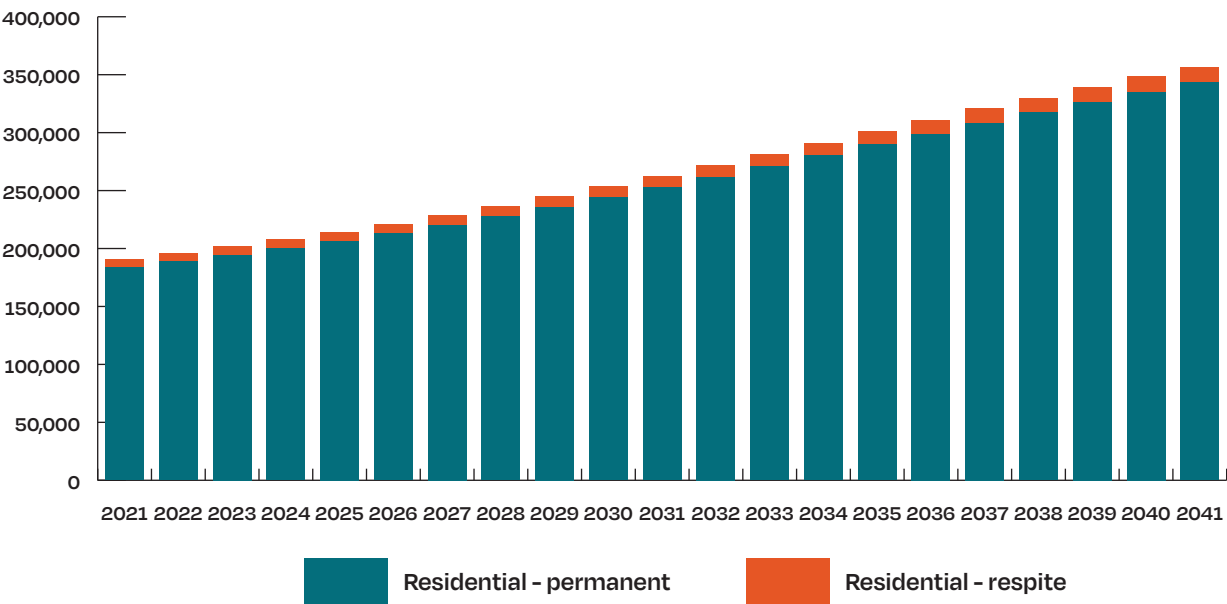


Updated projections

Chart 8.6 shows the number of people projected to be using residential care which is proportional to growth in the population (using Australian Bureau of Statistics single-year-age and sex population projections). Unlike previous ACFA reports, this chart does not include an

estimate of the number of operational residential care places available into the future. From July 2024, places will be allocated directly to consumers, as such the concept of operational places is no longer current.

Chart 8.6: Projected demand for residential care places, 2021 to 2041

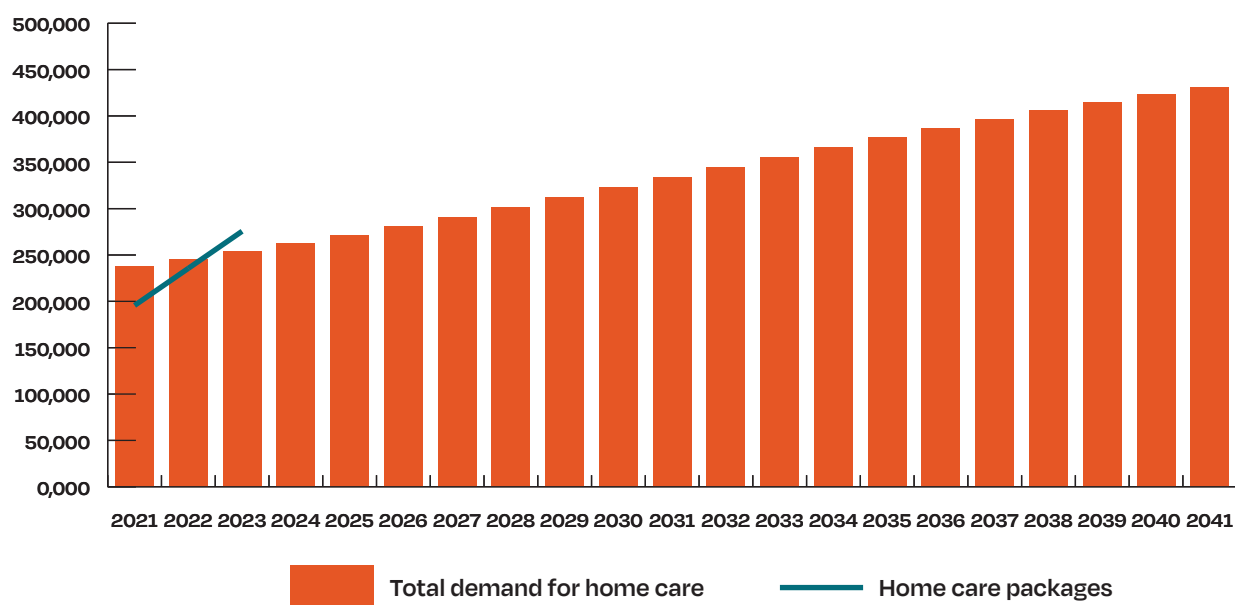


## Chapter 8

### Future demand for aged care

Chart 8.7 shows the projected demand for home care packages to 2041 and the number of packages available (blue line).

**Chart 8.7: Projected demand for and supply of home care packages, 2021 to 2041**

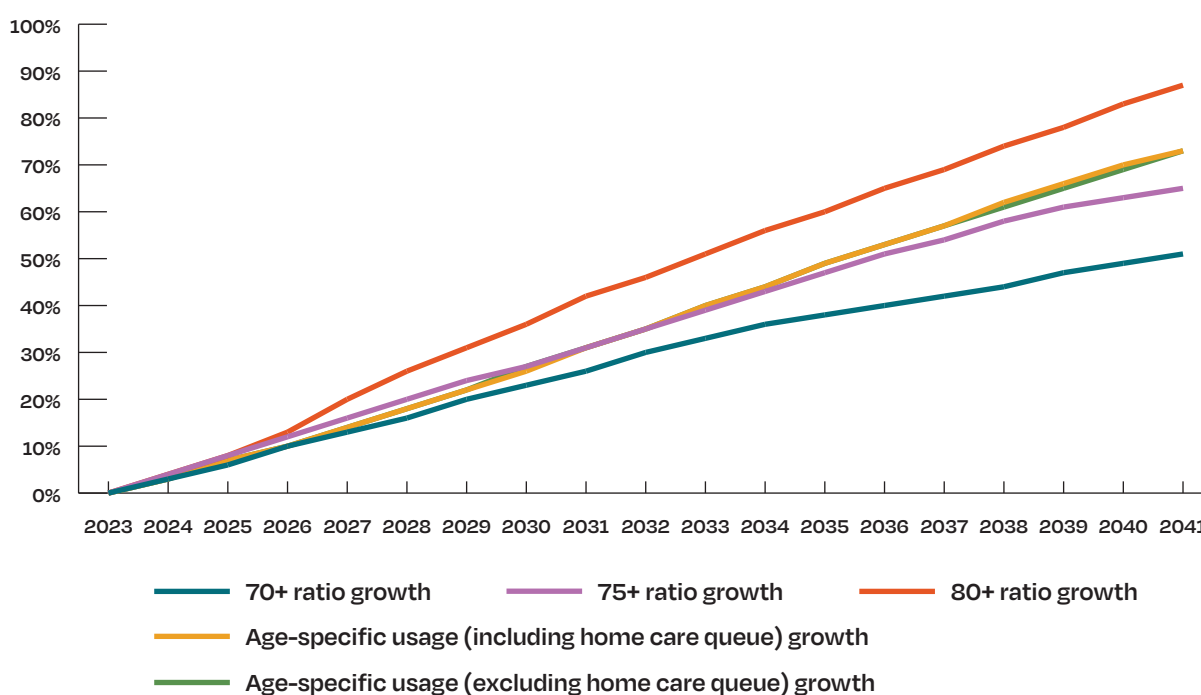


## Planning for the supply of aged care

Chart 8.8 shows the expected cumulative growth in aged care places from 2023 to 2041 under a range of alternative planning ratios. The expected growth in the number of consumers (light green line) more closely follows population growth of the cohort aged 75 years and over, over the medium term to the mid 2030s.

The analysis shows the supply of aged care places under the 70 years and over population and 80 years and over population. The equivalent rates (converted as at 30 June 2023) are 194 per 1,000 people aged 75 years and over and 351 per 1,000 people aged 80 years and over.

**Chart 8.8: Cumulative growth in aged care places, 2023 to 2041**







## CHAPTER 9

# Policies and programs for the future

### 9.1 Key policies and programs

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### 9.2 Key Challenges

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### 9.3 Conclusion

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## Chapter 9

# Policies and programs for the future

This chapter looks at the future of the aged care sector and the current reforms that are being implemented. These changes are in response to the Royal Commission into Aged Care Quality and Safety and the recommendations that were presented. This chapter also discusses how these reforms will address current issues relating to the sector and the future of aged care.

### 9.1

#### Key policies and programs

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##### New Aged Care Act

A new person-centred, rights-based Aged Care Act was at the core of the recommendations of the Royal Commission. The new Act, which is under development, will put older Australians and their needs at the centre of the new aged care framework, and underpins fundamental and generational reform across aged care in Australia. It will support greater choice and control for older Australians over the care and services they receive. Stronger provider and worker regulation provisions in the Act will also protect older Australians from mistreatment, neglect, and harm.

Central to the new Act will be a new risk-proportionate regulatory framework, which will direct the resources of the regulator towards higher risk services and apply a 'right touch' to the regulation of lower risk services. Implementation of the new Act also presents an opportunity to adopt a more contemporary approach to regulation and builds greater regulatory harmonisation across Commonwealth care and support systems.

##### Provider Sustainability

The Aged Care Funding Instrument (ACFI) was replaced by the Australian National Aged Care Classification (AN-ACC) model on 1 October 2022. Through the AN-ACC funding model a substantial funding uplift is being delivered to residential care providers. This builds on the \$10 per resident per day 2021 Basic Daily Fee supplement funding uplift which commenced in July 2021.

AN-ACC was a recommendation of the Royal Commission that seeks to more equitably distribute care funding and improve care standards through supporting the introduction of minimum care minutes per resident, including care minutes with a registered nurse from 1 October 2022 (mandatory from 1 October 2023). The AN-ACC model comprises three funding components, including: a variable component based on an independent assessment of the resident's care needs; a fixed component based on facility characteristics; and a one-off adjustment payment to cover transition costs into a facility.



The ANACC starting price of \$216.80 incorporates:

- the ceased ACFI basic subsidy funding
- the ceased homeless and viability supplement funding
- the \$10 per resident per day funding uplift delivered through the Basic Daily Fee supplement (funding uplift commenced 1 July 2021)
- additional funding to increase average care minutes to 200 minutes, including 40 minutes with a registered nurse from October 2022 (\$5.4 billion over 4-years from 2022–23).

The average funding per bed per day is expected to increase to approximately \$225 under AN-ACC compared to approximately \$192 under the ACFI (including viability and homeless supplements).

An additional \$2.5 billion over 4-years from 2022–23 has been committed to support smaller facilities to have an onsite registered nurse 24/7 from 1 July 2023 and support all providers to increase care minutes to a sector average of 215 minutes from 1 October 2024.

Rural, remote, specialised homeless, and specialised remote First Nations elders' facilities are expected to particularly benefit under the AN-ACC funding model, which recognises their additional care costs.

To ensure a smooth transition to the new funding model, additional grant funding is available to eligible providers for two years from October 2022. These grants will ensure no provider is receiving less funding under AN-ACC than under the previous ACFI model during the transition period.

The Independent Health and Aged Care Pricing Authority's (IHACPA) new aged care pricing and costing advice function will support transparent and evidence-based decisions by Government about aged care funding. This will replace the previous indexation arrangements and will be based on evidence of changes in the costs of delivering care. The transfer of functions previously performed by the Aged Care Pricing Commissioner to IHACPA will streamline administration and further enhance industry confidence.

## **Transparency and Accountability for the Aged Care Sector**

The Government is building accountability and transparency into the aged care system through:

- stronger provider requirements
- enhanced information collection from providers
- greater transparency with more information published, and
- increased governance and oversight.

To do this, the Government has introduced new requirements to improve the governance of approved providers, and new reporting requirements which will ensure providers submit additional and regular and timely financial and operational information. This information will be used by the Department and the Aged Care Quality and Safety Commission to better monitor the performance of the sector and individual providers, and information will be published to help people make more informed choices about their care.

Financial data collected through new Quarterly Financial Reports will be used for a range of purposes including to provide financial oversight, provide information for the Star Ratings process, improve policy development, inform AN-ACC pricing model reviews and pricing studies, inform prudential standards and regulation, and strengthen quality standards regulation.

For example, from February 2023, the department will publish new aggregated sector level Quarterly Financial Snapshots that will include information on care minutes and expenditure on care, as well as expenditure on food. From January 2024, the department will publish information on provider operations on My Aged Care, including comparable and standardised information on residential aged care services' income, expenditure on care, nursing, food maintenance, cleaning, administration and profit/loss.

The department will consult with the sector to understand what information is most useful and how best to present this data.



## Chapter 9

# Policies and programs for the future

### Aged Care Approvals Round and Regional Stewardship

The Aged Care Approvals Round (ACAR) has ceased, with the last round finalised in 2021. To ensure the ongoing supply of places, approved providers who can immediately provide care can currently apply for Australian Government subsidised residential places through a non-competitive process. However, from 1 July 2024, a system that offers older Australians greater flexibility and choice will commence and residential places will be assigned directly to recipients. Funding will be directly paid to the recipient's single approved provider of choice.

This shift will drive innovation within the aged care market through competition and allow providers to adapt to the changing preferences of Australians accessing aged care. It will also empower older Australians as they have greater choice to make decisions that best meet their needs and preferences. These benefits are seen within the home care sector where 66 per cent of home care recipients were able to enter into a home care agreement with their preferred provider. This change will also reduce the administrative burden on providers as applications for places will no longer be required.

This new system will require a strengthened regional stewardship role by Government, as recommended by Recommendation 8 of the Royal Commission. The Government is investing in expanding its presence outside capital cities, and establishing a regional presence in every state and territory. Through these new hubs the department will be able to undertake greater outreach across aged care service providers, public health networks, local hospital districts, government agencies and other care systems to strengthen and facilitate local connections and integration. The Regional Stewards will be proactive, rather than reactive and focus on implementing aged care reforms at the local level.

### In-Home Care Reform

As seen through the falling average occupancy levels in residential care, there is a trend towards older Australians preferring to remain independent in their home for longer. The Royal Commission has recommended reforms to in-home aged care programs to enable older Australians to remain in their own homes for longer.

The Government has announced a reformed in-home aged care program will commence in 2024, one year later than previously announced. This timing is in line with the recommendation of the Royal Commission. The Government will extend existing Commonwealth Home Support Program contracts by 12 months to ensure continuity of care up to the commencement of the new program.

To inform future Government decisions around design of in-home aged care, the Government is investing in additional research and consultation activities, and a costing study to be undertaken by the Independent Health and Aged Care Pricing Authority.

### Digital Transformation

Delivering on reforms will require a strong and modernised aged care sector. The Government has committed \$312.6 million to invest in aged care information, communication and technology (ICT) systems to strengthen the transparency, integrity, and accountability of aged care providers by facilitating the efficient transmission of information and data in near real-time.

This investment will allow aged care providers to report their compliance obligations more easily and quickly through Business to Government connectivity, and to view and manage their own business, service and regulatory compliance information using a modernised ICT platform – the Government Provider Management System – thereby reducing their administrative burden and allowing aged care staff to dedicate more time to meaningful care.

It also means older Australians, their families and carers will have access to more accurate and timely information, will be able to see transparently the cost of services, and will have a simple platform for making payments when receiving care in their home.

An Aged Care Digital Strategy being developed will provide the aged care sector with a clear and purposeful vision of how digital technology and processes will shape the aged care system from now

until 2030 to ensure the needs of older Australians are paramount, and that they are well-supported and provided with consistent, and equitable access to information and services they need, when they need them. A supporting enablement framework will set out practical initiatives and activities required to realise the longer-term vision for digital technology and processes in aged care.

## 9.2

### Key Challenges

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The reforms outlined in this chapter aim to address the following key challenges in the aged care sector:

- Choice and control: the long-term trend of Australians preferring to remain in their own homes for longer presents a key challenge to the sector. These reforms are aimed at empowering recipients of aged care services to choose their provider and manage their services in a way that best suits them.
- Provider sustainability: the residential aged care sector's financial viability remains a key challenge.
- Additional funding through the AN-ACC funding model as well as the creation of the IHACPA will aim to support the uplift of providers' financial viability.
- Quality and safety of aged care services: the introduction of the QFR and expanded ACFR will improve the monitoring capability of the Government to support at-risk providers.
- Workforce: to achieve the broader reforms listed, addressing workforce pressures is a critical element. There remains low retention within the aged care workforce due to competition for workers from other sectors and comparatively low wages.
- Thin markets: the cessation of ACAR will require the Government to take an active market stewardship role in areas where market forces are not able to ensure improved innovation and viability. This will allow additional support to be targeted to providers in these areas and lowers the chance of service disruption to Australians receiving services in thin markets.

## Chapter 9

# Policies and programs for the future

### 9.3

#### Conclusion

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The aged care reforms will deliver a system that puts older Australians and their needs at the centre. Older Australians will be empowered to make informed choices about the care they require, and the system will deliver evidenced based and individual responses. This approach will be enshrined in a new rights-based Aged Care Act.

While this report highlights that viability challenges continued to broadly impact the sector during 2020–21, the reforms will address key issues that have impacted viability. The IHACPA will inform future Australian Government decisions on annual funding increases in residential aged care, and will address structural issues of indexation. With increased funding, the Australian Government expects higher quality of care to be delivered to older Australians, and is further

supporting this through additional funding for systems and technology.

The discontinuation of ACAR and home care reforms will increase competition and deliver an improved market for care in metropolitan areas. However, the ongoing delivery of services in thin markets remains a critical challenge. These reforms require the department to have a strengthened role in stewarding the market. This will ensure a system that is transparent and professional and offers accountability to older Australians.





# Appendices

**Appendix A: Aged care workforce**

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**Appendix B: Means testing arrangements**

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**Appendix C: Financial ratios by provider ownership type**

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**Appendix D: Residential care subsidies and supplements**

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**Appendix E: Residential care subsidies and supplements rates**

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**Appendix F: Residential care financing structures, and detailed income and expense statements**

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**Appendix G: Home care revenue and expenditure**

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**Appendix H: Home care subsidies and supplements**

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**Appendix I: Residential care and home care financial data**

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**Appendix J: References**

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# Appendix A: Aged care workforce

**Table A.1: Full-time equivalent (FTE) direct care employees in the residential aged care workforce, by occupation: 2003, 2007, 2012, 2016 and 2020 (estimated FTE and per cent)**

Occupation	2003	2007	2012	2016	2020
Nurse practitioner	n/a	n/a	190	293	163
Registered nurse	16,265	13,247	13,939	14,564	20,154
Enrolled nurse	10,945	9,856	10,999	9,126	9,919
Personal care attendant	42,943	50,542	64,669	69,983	93,114 <sup>ii</sup>
Allied health professional	5,776 <sup>i</sup>	5,204 <sup>i</sup>	1,612	1,092	4,081
Allied health assistant			3,414	2,862	1,720
<b>Total number of employees (FTE)</b>	<b>75,929</b>	<b>78,849</b>	<b>94,823</b>	<b>97,920</b>	<b>129,151</b>
<b>As a % of total employees</b>					
Nurse practitioner	n/a	n/a	0.2%	0.3%	0.1%
Registered nurse	21.4%	16.8%	14.7%	14.9%	15.6%
Enrolled nurse	14.4%	12.5%	11.6%	9.3%	7.7%
Personal care attendant	56.5%	64.1%	68.2%	71.5%	72.1%
Allied health professional	7.6% <sup>i</sup>	6.6% <sup>i</sup>	1.7%	1.1%	3.2%
Allied health assistant			3.6%	2.9%	1.3%

- Note:
- i. For the 2003 and 2007 aged care workforce census data collections, Allied Health Professional and Allied Health Assistant were not differentiated as occupations. From 2012, allied health data was reported separately for these categories.
  - ii. Personal care attendant numbers do not reconcile with personal care workforce numbers in the 2020 Aged Care Workforce Census Report due to rounding errors.



**Table A.2: Size of the home support and home care workforce, all PAYG employees and direct care employees: 2007, 2012, 2016 and 2020**

Occupation	2007	2012	2016	2020
All PAYG employees	87,478	149,801	130,263	152,034
Direct care PAYG employees	74,067	93,359	86,463	118,647

Notes:

- i. CHSP was not an established program at the time of the 2016 NACWS.
- ii. The non-direct care workforce was not identified as PAYG or non-PAYG for 2016 and 2020.

**Table A.3: Direct care employees in the home support and home care workforce, by occupation: 2007, 2012, 2016 and 2020 (estimated FTE and per cent)**

Occupation	2007	2012	2016	2020
Nurse practitioner	n/a	55	41	159
Registered nurse	6,079	6,544	4,651	3,539
Enrolled nurse	1,197	2,345	1,143	1,170
Community care worker/PCW	35,832	41,394	34,712	38,588
Allied health professional	2,948 <sup>i</sup>	2,618	2,785	2,600
Allied health assistant		1,581	755	396
<b>Total number of employees (FTE)</b>	<b>46,056</b>	<b>54,537</b>	<b>44,087</b>	<b>46,452</b>
<b>As a % of total employees</b>				
Nurse practitioner	n/a	0.1%	0.1%	0.3%
Registered nurse	13.2%	12.0%	10.5%	7.6%
Enrolled nurse	2.6%	4.3%	2.6%	2.5%
Community care worker/PCW	77.8%	75.9%	78.7%	83.1%
Allied health professional	6.4% <sup>i</sup>	4.8%	6.3%	5.6%
Allied health assistant		2.9%	1.7%	0.9%

Note:

- i. For the 2003 and 2007 aged care workforce census data collections, Allied Health Professional and Allied Health Assistant were not differentiated as occupations. From 2012, allied health data was reported separately for these categories.



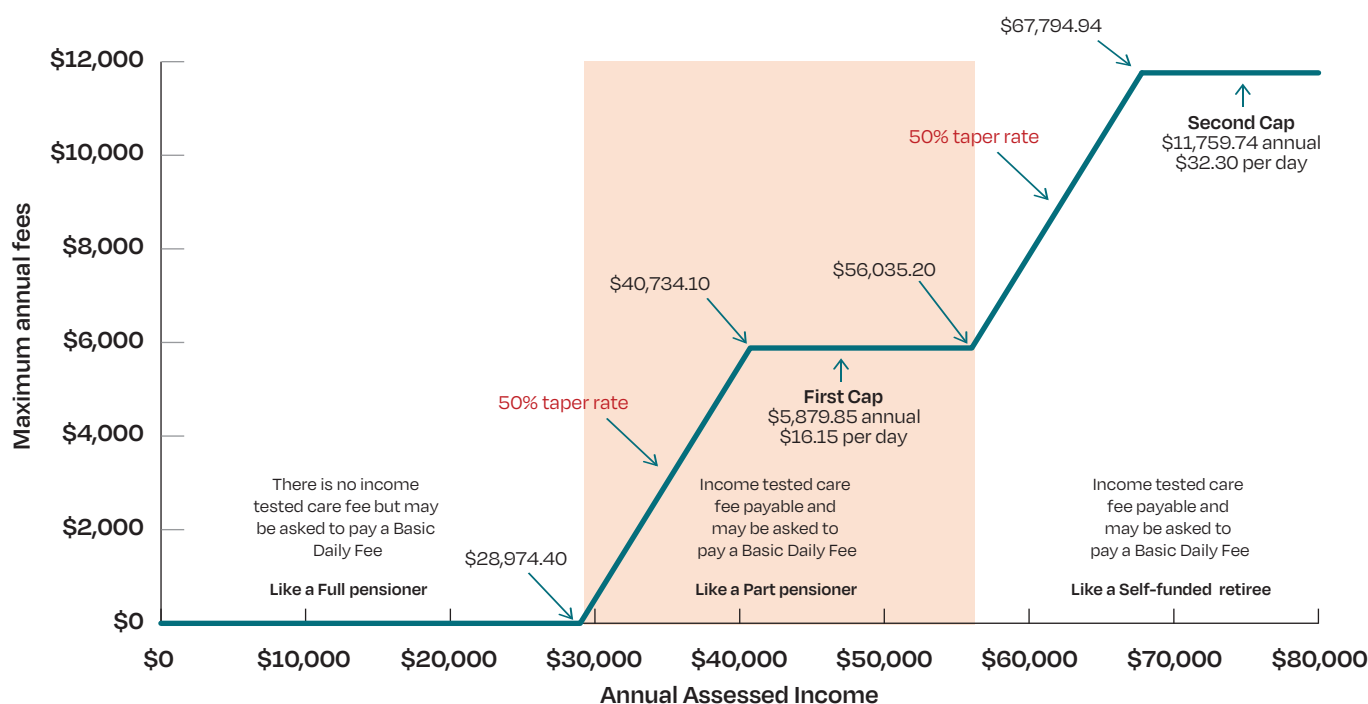
# Appendix B: Means testing arrangements

## Home care

In addition to the basic daily fee, an income tested care fee was introduced in home care from 1 July 2014. Unlike the arrangements for the basic daily fee, the Australian Government payment received by the provider is reduced by the amount of the income tested care fee. Accordingly, to receive an amount equivalent to the full subsidy the provider needs to charge the appropriate income tested care fee.

Annual income tested care fees in home care are currently capped at \$5,879.85 for part-pensioners and \$11,759.74 for non-pensioners (March 2022 rate). A lifetime cap of \$70,558.66 per consumer currently applies for care contributions across home care and residential care (March 2022 rate). Full pensioners are not required to contribute to their care costs and may only be required to pay the basic daily fee. It should be noted that it is the cap amount current at the time the care recipient reaches that cap that applies.

Figure B.1: Income testing for home care at 20 March 2022 (for post 1 July 2014 care recipients)



## Residential care

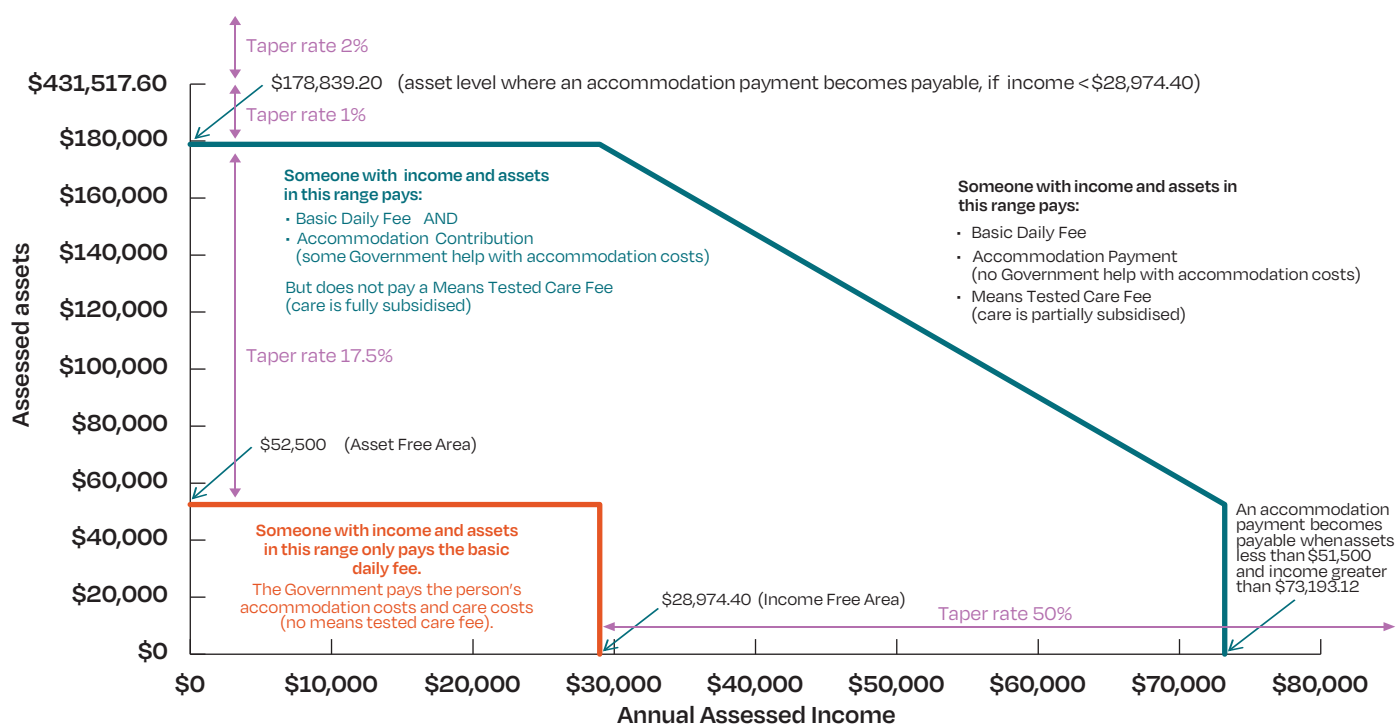
As of 1 July 2014, comprehensive means testing arrangements apply in residential aged care. All residents pay a basic daily fee set at 85 per cent of the single basic age pension. In addition, a combined income and assets assessment is used to determine a resident's means tested care fee and their eligibility for Australian Government assistance with their accommodation costs.

An annual cap of \$29,399.40 applies to the means tested care fee and a lifetime cap of \$70,558.66 applies for care contributions (March 2022 rate). It is the cap amount current at the time the care recipient reaches the cap that applies.

Figure B.2 demonstrates how the means testing arrangements create three tiers of consumer contributions in residential care:

- consumers with low means, who are required to pay only the basic daily fee as a contribution towards their daily living expenses, while their accommodation and care costs are funded by the Australian Government
- consumers with moderate means, who in addition to contributing towards their daily living expenses by paying the basic daily fee, also make a capped contribution towards their accommodation costs and
- consumers with greater means, who in addition to contributing towards their daily living expenses, also pay the basic daily fee for their accommodation costs in full and make a capped contribution towards their care costs.

■ Figure B.2: Means testing for residential care at 20 March 2022 (for post 1 July 2014 care recipients)



# Appendix C: Financial ratios by provider ownership type

Table C.1: Financial ratios of total sector by provider type, 2020–21

	Not-for-profit	For-profit	Government	Total sector
Total RADs (\$m)	\$17,226	\$15,590	\$689	\$33,505
No. of providers	463	275	92	830
EBITDA p.r.p.a	\$3,848	\$5,162	-\$11,844	\$3,771
<b>Capital structure</b>				
Assets p.r.p.a	\$271,807	\$352,358	\$255,653	\$303,383
No. of RADs	52,132	42,389	2,773	97,294
Avg RAD per resident	\$330,421	\$367,795	\$248,598	\$344,372
Net worth p.r.p.a	\$74,894	\$18,956	\$134,899	\$54,838
Working capital p.r.p.a	-\$36,939	-\$113,567	\$4,344	-\$65,983
Non-current liabilities as % of total assets	33.79%	41.24%	20.78%	36.83%
RADs as % of total assets	59.69%	58.59%	37.20%	58.45%
Net worth as % total assets	27.55%	5.38%	52.77%	18.08%
<b>Viability</b>				
Current ratio	0.65	0.40	1.06	0.52
Interest coverage	22.9 times	5.0 times	-59.3 times	7.4 times
NPBT margin	-4.7%	-1.7%	-15.7%	-4.0%
Occupancy	89.0%	84.2%	86.5%	86.9%
% EBITDA to total assets	1.42%	1.47%	-4.63%	1.24%
% EBITDA to net worth	5.14%	27.23%	-8.78%	6.88%
RADs asset cover (T.A.)	1.7 times	1.7 times	2.7 times	1.7 times

**Table C.2: Financial ratios for not-for-profit providers, 2020–21**

	Top	Next top	Next bottom	Bottom	Total
No. of providers	109	127	135	92	463
EBITDA p.r.p.a	\$16,535	\$7,423	\$1,256	-\$10,263	\$3,848
<b>Capital structure</b>					
T. Assets p.r.p.a	\$288,535	\$260,721	\$249,111	\$312,867	\$271,807
No. of RADs	8,124	18,232	15,757	10,019	52,132
Avg RAD per resident	\$315,364	\$323,620	\$323,457	\$365,962	\$330,421
Net Worth p.r.p.a	\$116,075	\$68,419	\$53,500	\$82,855	\$74,894
Working Capital p.r.p.a	\$7,931	-\$24,751	-\$61,235	-\$61,823	-\$36,939
Non.Curr Liab as % of T.Assts.	26.0%	39.6%	33.6%	31.8%	33.8%
RADs as % of T.Assts	48.4%	62.4%	64.5%	59.0%	59.7%
Net Worth as % T.Assts	40.2%	26.2%	21.5%	26.5%	27.6%
<b>Viability</b>					
Current ratio	1.08	0.72	0.45	0.53	0.65
Interest coverage	86.1 times	165.4 times	4.3 times	-60.9 times	22.9 times
NPBT margin	8.3%	-2.5%	-6.3%	-18.8%	-4.7%
Occupancy	91.8%	90.4%	89.1%	84.0%	89.0%
%EBITDA to T. Assets	5.7%	2.8%	0.5%	-3.3%	1.4%
%EBITDA to Net Worth	14.2%	10.8%	2.3%	-12.4%	5.1%
RADs Asset Cover (T.A.)	2.1 times	1.6 times	1.6 times	1.7 times	1.7 times

## Appendices

### Appendix C: Financial ratios by provider ownership type

Table C.3: Financial ratios of government providers, 2020–21

	Top	Next top	Next bottom	Bottom	Total
No. of providers	12	<10	<10	67	92
EBITDA p.r.p.a	\$32,189	\$9,184	-\$411	-\$30,871	-\$11,844
<b>Capital structure</b>					
T. Assets p.r.p.a	\$252,575	\$163,160	\$330,198	\$257,110	\$255,653
No. of RADs	448	208	268	1,849	2,773
Avg RAD per resident	\$219,947	\$220,196	\$302,005	\$250,994	\$248,598
Net Worth p.r.p.a	\$184,498	\$82,506	\$179,852	\$118,104	\$134,899
Working Capital p.r.p.a	\$18,136	\$24,925	\$24,773	-\$5,804	\$4,344
Non.Curr Liab as % of T.Assts.	14.8%	13.6%	21.7%	23.1%	20.8%
RADs as % of T.Assts	25.8%	50.6%	37.0%	40.0%	37.2%
Net Worth as % T.Assts	73.0%	50.6%	54.5%	45.9%	52.8%
<b>Viability</b>					
Current ratio	1.59	1.43	1.32	0.93	1.06
Interest coverage	1634.3 times	N/A	-449.2 times	-98.3 times	-59.3 times
NPBT margin	10.0%	0.7%	-7.1%	-33.7%	-15.7%
Occupancy	90.2%	83.5%	89.6%	85.3%	86.5%
%EBITDA to T. Assets	12.7%	5.6%	-0.1%	-12.0%	-4.6%
%EBITDA to Net Worth	17.4%	11.1%	-0.2%	-26.1%	-8.8%
RADs Asset Cover (T.A.)	3.9 times	2.0 times	2.7 times	2.5 times	2.7 times

**Table C.4: Financial ratios of for-profit providers, 2020–21**

	Top	Next Top	Next Bottom	Bottom	Total
No. of providers	87	74	65	49	275
EBITDA p.r.p.a	\$20,068	\$7,296	-\$783	-\$15,171	\$5,162
<b>Capital structure</b>					
T. Assets p.r.p.a	\$380,293	\$355,359	\$289,503	\$549,142	\$352,358
No. of RADs	8,123	16,775	13,384	4,107	42,389
Avg RAD per resident	\$362,278	\$371,070	\$335,948	\$469,117	\$367,795
Net Worth p.r.p.a	\$49,516	\$25,500	\$2,525	-\$14,394	\$18,956
Working Capital p.r.p.a	-\$107,899	-\$149,313	-\$90,553	-\$56,224	-\$113,567
Non.Curr Liab as % of T.Asts.	33.3%	32.6%	49.4%	62.6%	41.2%
RADs as % of T.Asts	53.5%	60.9%	58.9%	59.2%	58.6%
Net Worth as % T.Asts	13.0%	7.2%	0.9%	-2.6%	5.4%
<b>Viability</b>					
Current ratio	0.47	0.30	0.37	0.74	0.40
Interest coverage	15.5 times	7.4 times	-1.0 times	-9.8 times	5.0 times
NPBT margin	8.3%	1.3%	-6.9%	-19.3%	-1.7%
Occupancy	86.1%	87.0%	82.0%	76.4%	84.2%
%EBITDA to T. Assets	5.3%	2.1%	-0.3%	-2.8%	1.5%
%EBITDA to Net Worth	40.5%	28.6%	-31.0%	105.4%	27.2%
RADs Asset Cover (T.A.)	1.9 times	1.6 times	1.7 times	1.7 times	1.7 times

# Appendix D: Residential care subsidies and supplements

Table D.1: Total expenditure for subsidies and supplements in residential care, 2017–18 to 2020–21

	2017–18	2018–19	2019–20	2020–21
	\$m	\$m	\$m	\$m
<b>Basic Care subsidies</b>				
Permanent	11,163.5	11,947.4	12,012.7	12,392.2
Respite	312.3	348.8	371.3	401.6
<b>Primary care supplements</b>				
Oxygen	18.3	18.3	16.8	16.1
Enteral feeding	5.9	5.2	5.0	4.5
Respite incentive	34.6	40.6	46.8	51.9
<b>Hardship</b>				
Hardship	4.0	3.9	6.5	15.7
<b>Accommodation supplements</b>				
Accommodation supplement	1,029.6	1,134.2	1,225.1	1,277.9
Hardship supplement	2.6	2.5	1.9	1.6
Transitional accommodation supplement	10.7	7.6	5.4	3.8
Concessional	55.6	51.3	40.2	33.8
Accommodation charge top-up	1.4	1.0	0.4	0.3
Pensioner supplement	27.2	20.7	12.8	10.1
<b>Viability supplement</b>				
Viability	55.8	62.0	82.3	99.7
<b>Supplements relating to grandparenting</b>				
Transitional	4.8	3.8	2.6	2.2
Charge exempt	2.0	1.8	1.4	1.2
Basic daily fee	0.4	0.3	0.1	0.1
<b>Other supplements</b>				
Veterans'	1.6	1.7	1.5	1.3
Homeless	8.6	9.8	13.3	18.4
<b>Reductions</b>				
Means testing reduction	-564.0	-627.2	-648.2	-655.2
Other	42.0	-9.1	231.7	396.2
<b>TOTAL</b>	<b>12,204.4</b>	<b>13,014.3</b>	<b>13,429.7</b>	<b>14,073.4</b>

# Appendix E: Residential care subsidies and supplements rates

Table E.1: ACFI rates (\$ per day), 2019–20 to 2021–22

ACFI	2019–20	2020–21	2021–22
<b>Activities of daily living (ADL)</b>			
Low	\$37.68	\$38.28	\$38.70
Medium	\$82.05	\$83.36	\$84.28
High	\$113.67	\$115.49	\$116.76
<b>Behaviour (BEH)</b>			
Low	\$8.61	\$8.75	\$8.85
Medium	\$17.85	\$18.14	\$18.34
High	\$37.21	\$37.81	\$38.23
<b>Complex Health Care (CHC)</b>			
Low	\$16.71	\$16.98	\$17.17
Medium	\$47.61	\$48.37	\$48.90
High	\$68.74	\$69.84	\$70.61
Interim rate for new residents pending ACFI assessment	\$57.81	\$58.73	\$59.38

Daily residential respite subsidy rates	2019–20	2020–21	2021–22
Low	\$47.39	\$48.15	\$48.68
High	\$132.88	\$135.01	\$136.50

Notes:

- i. These rates do not include a temporary additional daily amount of 1.2% applied to these rates from 1 March to 31 August 2020.

Table E.2: Residential care supplements table, 2019–20 to 2021–22

Residential care	2019–20	2020–21	2021–22
Oxygen supplement	\$11.72	\$11.98	\$12.11
Enteral Feeding supplement – Bolus	\$18.57	\$18.98	\$19.19
Enteral Feeding supplement – Non-bolus	\$20.86	\$21.32	\$21.55
Adjusted Subsidy Reduction	\$13.39	\$13.60	\$13.75
Veterans' supplement	\$7.18	\$7.29	\$7.37
Homeless supplement	\$21.30	\$21.64	\$28.34

Notes:

- i. The homeless supplement rate shown here does not include the temporary 30% increase applied from 1 March 2020 to 30 June 2021.



## Appendices

### Appendix E: Residential care subsidies and supplements rates

**Table E.3: Residential care supplements (accommodation and hotel related)**

Residential care	20/03/2021	20/09/2021	20/03/2022
Higher accommodation supplement – newly built or significantly refurbished facilities	\$58.69	\$59.49	\$60.74
Accommodation supplement – facilities that are not newly built or significantly refurbished but do meet set building requirements	\$38.26	\$44.62	\$45.56
Accommodation supplement – facilities that are not newly built or significantly refurbished and don't meet set building requirements	\$32.13	\$32.57	\$33.26
Concessional resident supplement (concessional and assisted residents) – newly built or significantly refurbished facilities	\$58.69	\$59.49	\$60.74
Concessional resident supplement (concessional residents) – facilities that are not newly built or refurbished	\$23.39	\$23.71	\$24.21
Concessional resident supplement (assisted residents) – facilities that are not newly built or significantly refurbished	\$9.61	\$9.74	\$9.94
Transitional Accommodation Supplement			
After 19 March 2008 and before 20 September 2010	\$8.74	\$8.86	\$9.05
After 19 September 2010 and before 20 March 2011	\$5.83	\$5.91	\$6.03
After 19 March 2011 and before 20 September 2011	\$2.91	\$2.95	\$3.02
Transitional supplement	\$23.39	\$23.71	\$24.21
Basic Daily Fee supplement	\$0.62	\$0.63	\$0.64
Respite supplement – high level is equal to or greater than 70% of the specified proportion of respite care for the approved provider	\$95.90	\$97.21	\$99.25
Respite supplement – high level is less than 70% of the specified proportion of respite care for the approved provider	\$56.36	\$57.13	\$58.33
Respite supplement – low level	\$40.21	\$40.76	\$41.62

**Table E.4: Residential aged care viability supplement, 2019–20 to 2021–22**

2017 Scheme Services (Modified Monash Model)	2019–20	2020–21	2021–22
Eligibility score of 100	\$74.98	\$76.18	\$99.76
Eligibility score of 95	\$66.77	\$67.84	\$88.84
Eligibility score of 90	\$60.23	\$61.19	\$80.13
Eligibility score of 85	\$52.06	\$52.89	\$69.26
Eligibility score of 80	\$43.79	\$44.49	\$58.26
Eligibility score of 75	\$34.05	\$34.59	\$45.30
Eligibility score of 70	\$25.52	\$25.93	\$33.96
Eligibility score of 65	\$18.37	\$18.66	\$24.44
Eligibility score of 60	\$15.54	\$15.79	\$20.67
Eligibility score of 55	\$11.34	\$11.52	\$15.08
Eligibility score of 50	\$8.51	\$8.65	\$11.32
Eligibility score of 45	\$0.00	\$0.00	\$0.00
Eligibility score of 40	\$0.00	\$0.00	\$0.00
Less than a score of 40	\$0.00	\$0.00	\$0.00

Notes:

- i. The Modified Monash Model classification scale was implemented on 1 January 2017.
- ii. The rates shown here do not include the temporary 30% increase applied from 1 March 2020 to 30 June 2021.

## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

## Appendix F: Residential care financing structures, and detailed income and expense statements

**Table F.1: Distribution of average lump sum accommodation deposits by ownership and quartile of EBITDA, 2020–21**

	Top	Next top	Next bottom	Bottom	Total
<b>Not-for-profit</b>					
No. of providers	109	127	135	92	463
No. of providers that held RADs	104	126	135	89	454
Proportion of residents that paid RADs in facilities, where RADs were held	45.7%	51.5%	51.2%	52.6%	50.6%
Avg RAD per resident	\$315,364	\$323,620	\$323,457	\$365,962	\$330,421
<b>For-profit</b>					
No. of providers	87	74	65	49	275
No. of providers that held RADs	85	74	65	49	273
Proportion of residents that paid RADs in facilities, where RADs were held	58.2%	59.8%	52.6%	65.7%	57.5%
Avg RAD per resident	\$362,278	\$371,070	\$335,948	\$469,117	\$367,795
<b>Government</b>					
No. of providers	12	<10	<10	67	92
No. of providers that held RADs	11	<10	<10	65	88
Proportion of residents that paid RADs in facilities, where RADs were held	30.2%	38.7%	42.0%	42.9%	39.8%
Avg RAD per resident	\$219,947	\$220,196	\$302,005	\$250,994	\$248,598
<b>Total</b>					
No. of providers	208	207	207	208	830
No. of providers that held RADs	200	205	207	203	815
Proportion of residents that paid RADs in facilities, where RADs were held	50.3%	55.0%	51.7%	53.9%	53.0%
Avg RAD per resident	\$335,630	\$345,612	\$328,946	\$379,175	\$344,372

**Table F.2: Residential segment income and expense statement, 2020–21**

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
<b>Recurrent income</b>				
<b>Care income</b>				
Subsidies and supplements (Australian Government)	\$6,847	\$5,122	\$421	\$12,390
Subsidies and supplements (state/territory government)	\$26	\$1	\$103	\$130
Resident fees: means-tested care fee	\$336	\$304	\$16	\$657
Grants: recurrent	\$13	\$0	\$20	\$33
Other care income	\$35	\$34	\$121	\$190
<b>Total care income</b>	<b>\$7,258</b>	<b>\$5,462</b>	<b>\$681</b>	<b>\$13,401</b>
<b>Hotel services income</b>				
Basic daily fee	\$2,012	\$1,452	\$135	\$3,599
Extra service fees	\$24	\$99	\$0	\$123
Additional service fees	\$36	\$125	\$0	\$162
Other hotel services Income	\$12	\$8	\$1	\$22
<b>Total hotel services income</b>	<b>\$2,085</b>	<b>\$1,685</b>	<b>\$136</b>	<b>\$3,906</b>
<b>Accommodation income</b>				
Subsidies and supplements (Australian Government)	\$789	\$496	\$52	\$1,337
Subsidies and supplements (state / territory)	\$6	\$0	\$9	\$16
Daily accommodation payments	\$439	\$271	\$22	\$732
Accommodation charges	\$42	\$49	\$5	\$96
Interest received - accommodation payments	\$25	\$15	\$1	\$41
Other accommodation Income	\$18	\$11	\$5	\$34
<b>Total accommodation income</b>	<b>\$1,320</b>	<b>\$842</b>	<b>\$95</b>	<b>\$2,257</b>
<b>Finance income</b>				
Interest and investment income	\$102	\$119	\$3	\$223
<b>Total finance income</b>	<b>\$102</b>	<b>\$119</b>	<b>\$3</b>	<b>\$223</b>
<b>COVID-19 income</b>				
COVID-19 income	\$494	\$230	\$30	\$754
<b>Total COVID-19 income</b>	<b>\$494</b>	<b>\$230</b>	<b>\$30</b>	<b>\$754</b>
<b>Total recurrent income</b>	<b>\$11,257</b>	<b>\$8,338</b>	<b>\$944</b>	<b>\$20,540</b>

## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
<b>Recurrent expenses</b>				
<b>Care expenses</b>				
<i>Labour costs</i>				
Registered nurses	\$1,102	\$867	\$192	\$2,161
Enrolled and licensed nurses (registered with the NMBA)	\$506	\$251	\$190	\$947
Personal care staff / other unlicensed nurses	\$3,341	\$2,304	\$142	\$5,787
Care management staff	\$339	\$181	\$33	\$553
Allied health	\$253	\$182	\$16	\$451
Diversional therapy / lifestyle / recreation / activities officer	\$186	\$151	\$11	\$348
Other employee staff	\$123	\$50	\$44	\$217
<i>Total labour costs</i>	<i>\$5,851</i>	<i>\$3,987</i>	<i>\$627</i>	<i>\$10,465</i>
<i>Resident expenses</i>				
Medical supplies	\$125	\$74	\$10	\$209
Incontinence supplies	\$63	\$44	\$4	\$111
Nutritional supplements	\$15	\$13	\$1	\$29
Other resident services and consumables	\$87	\$49	\$3	\$139
<i>Total resident expenses</i>	<i>\$290</i>	<i>\$179</i>	<i>\$18</i>	<i>\$487</i>
<i>Other direct care expenses</i>				
Agency fees	\$98	\$55	\$7	\$159
Workcover premium (care employee labour)	\$138	\$85	\$8	\$231
Payroll Tax (care employee labour)	\$2	\$175	\$1	\$177
Quality, compliance and training external costs	\$26	\$17	\$2	\$46
Chaplaincy / pastoral care	\$19	\$0	\$0	\$19
Other direct care expenses	\$26	\$50	\$6	\$82
<i>Total other direct care expenses</i>	<i>\$308</i>	<i>\$383</i>	<i>\$24</i>	<i>\$715</i>
<b>Total care expenses</b>	<b>\$6,449</b>	<b>\$4,549</b>	<b>\$669</b>	<b>\$11,667</b>
<b>Hotel expenses</b>				
<i>Catering expenses</i>				
Employee labour costs	\$658	\$506	\$50	\$1,215
Consumables	\$340	\$261	\$21	\$621
Contract services - internal	\$78	\$10	\$35	\$123
Contract services - outsourcing	\$198	\$87	\$8	\$293
<i>Total catering expenses</i>	<i>\$1,273</i>	<i>\$864</i>	<i>\$115</i>	<i>\$2,252</i>

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
<i>Cleaning expenses</i>				
Employee labour costs	\$234	\$157	\$35	\$426
Consumables	\$65	\$41	\$5	\$110
Contract services - internal	\$2	\$1	\$11	\$14
Contract services - outsourcing	\$83	\$44	\$2	\$130
<i>Total cleaning expenses</i>	<i>\$384</i>	<i>\$243</i>	<i>\$53</i>	<i>\$680</i>
<i>Laundry expenses</i>				
Employee labour costs	\$94	\$80	\$6	\$180
Consumables	\$20	\$14	\$1	\$35
Contract services - internal	\$10	\$2	\$4	\$16
Contract services - outsourcing	\$48	\$22	\$7	\$76
<i>Total laundry expenses</i>	<i>\$172</i>	<i>\$117</i>	<i>\$18</i>	<i>\$308</i>
<i>Utilities</i>	<i>\$254</i>	<i>\$188</i>	<i>\$17</i>	<i>\$459</i>
<i>Motor vehicle expenses</i>	<i>\$11</i>	<i>\$3</i>	<i>\$1</i>	<i>\$15</i>
<i>Other hotel expenses</i>				
Workcover premium (hotel services employee labour)	\$22	\$19	\$1	\$42
Payroll tax (hotel services employee labour)	\$0	\$36	\$0	\$36
Quality, compliance and training external costs	\$2	\$4	\$0	\$6
Other hotel expenses	\$24	\$20	\$1	\$44
<i>Total other hotel expenses</i>	<i>\$48</i>	<i>\$78</i>	<i>\$3</i>	<i>\$129</i>
<b><i>Total hotel expenses</i></b>	<b><i>\$2,143</i></b>	<b><i>\$1,493</i></b>	<b><i>\$207</i></b>	<b><i>\$3,843</i></b>
<i>Administration expenses</i>				
Corporate recharge	\$773	\$481	\$71	\$1,325
Employee labour costs	\$343	\$302	\$26	\$672
Other administration costs	\$260	\$205	\$25	\$490
Workcover premium (aged care home admin employee labour)	\$17	\$5	\$1	\$23
Payroll tax (aged care home admin employee labour)	\$0	\$13	\$0	\$13
Fringe benefits tax	\$1	\$2	\$0	\$3
Quality, compliance and training external costs	\$17	\$8	\$1	\$26
Insurances	\$53	\$29	\$2	\$84
<b><i>Total administration expenses</i></b>	<b><i>\$1,465</i></b>	<b><i>\$1,047</i></b>	<b><i>\$126</i></b>	<b><i>\$2,637</i></b>
<i>Accommodation expenses</i>				
Employee labour costs	\$17	\$15	\$7	\$39

## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
Depreciation - building	\$507	\$136	\$62	\$705
Depreciation - other assets	\$238	\$186	\$8	\$432
Depreciation - right of use assets AASB 16	\$35	\$203	\$2	\$240
Amortisation	\$10	\$24	\$0	\$34
Refurbishment costs	\$20	\$106	\$1	\$127
Rent for buildings - not captured by AASB 16	\$19	\$7	\$4	\$30
Interest expense - lease liabilities AASB 16	\$10	\$131	\$0	\$142
Interest paid (RAD / bond)	\$34	\$36	\$1	\$71
Workcover premium (accommodation employee labour)	\$0	\$0	\$0	\$1
Payroll tax (accommodation employee labour)	\$0	\$1	\$0	\$1
Other accommodation expenses	\$26	\$36	\$1	\$63
<b>Total accommodation expenses</b>	<b>\$917</b>	<b>\$882</b>	<b>\$86</b>	<b>\$1,885</b>
<b>Routine maintenance expenses</b>				
Employee labour costs	\$115	\$61	\$9	\$186
Repairs and maintenance	\$258	\$117	\$13	\$388
Contract services - Internal	\$2	\$4	\$6	\$12
Contract services - Outsourcing	\$36	\$17	\$2	\$54
<b>Total routine maintenance expenses</b>	<b>\$411</b>	<b>\$198</b>	<b>\$30</b>	<b>\$639</b>
<b>Total accommodation and maintenance expenses</b>	<b>\$1,328</b>	<b>\$1,080</b>	<b>\$116</b>	<b>\$2,524</b>
<b>COVID-19 expenses</b>				
Labour costs	\$201	\$146	\$21	\$368
Resident support	\$23	\$11	\$1	\$35
Preventative measures	\$67	\$43	\$3	\$113
Infection prevention and control (IPC) lead expenses	\$31	\$19	\$1	\$52
Other COVID-19 expenses	\$8	\$6	\$0	\$13
<b>Total COVID-19 expenses</b>	<b>\$330</b>	<b>\$225</b>	<b>\$26</b>	<b>\$581</b>
<b>Total recurrent expense</b>	<b>\$11,715</b>	<b>\$8,393</b>	<b>\$1,144</b>	<b>\$21,252</b>
<b>Recurrent operating profit/(loss)</b>	<b>-\$458</b>	<b>-\$55</b>	<b>-\$200</b>	<b>-\$712</b>

	Not-for-profit (\$m)	For-profit (\$m)	Government (\$m)	All providers (\$m)
<b>Non-recurrent income</b>				
Donations, bequests and fundraising	\$23	\$1	\$7	\$31
Fair value gains on financial assets	\$39	\$6	\$0	\$45
Fair value gain / asset revaluation increase - other assets	\$26	\$12	\$2	\$41
Capital grants (Government and state/territory government)	\$49	\$2	\$25	\$76
Reversal of prior period impairment	\$0	\$12	\$0	\$12
Realised gains on disposal of assets	\$3	\$16	\$0	\$19
Effect of adoption of AASB 16 leases - RADs only	\$147	\$360	\$2	\$509
Other non-recurrent Income	\$69	\$126	\$11	\$206
<b>Total non-recurrent Income</b>	<b>\$356</b>	<b>\$536</b>	<b>\$47</b>	<b>\$938</b>
<b>Non-recurrent expenses</b>				
Interest paid	\$18	\$77	\$1	\$97
Fair value losses on financial assets	\$0	\$3	\$0	\$3
Fair value loss / asset revaluation decreases on other assets	\$12	\$5	\$1	\$18
Impairment loss	\$231	\$131	\$0	\$362
Realised losses on disposal of assets	\$14	\$11	\$0	\$26
Effect of adoption of AASB16 leases - RADs only	\$145	\$339	\$0	\$484
Other non-recurrent expenses	\$21	\$69	\$1	\$91
<b>Total non-recurrent expenses</b>	<b>\$441</b>	<b>\$635</b>	<b>\$3</b>	<b>\$1,080</b>
<b>Non-recurrent profit/(loss)</b>	<b>-\$86</b>	<b>-\$100</b>	<b>\$44</b>	<b>-\$141</b>
<b>Net profit/(loss)</b>	<b>-\$543</b>	<b>-\$155</b>	<b>-\$156</b>	<b>-\$854</b>



## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

Table F.3: Residential Segment Income and Expense Statement, per resident per day, 2020–21

	Not-for-profit	For-profit	Government	All providers
<b>Recurrent income</b>				
<i>Care income</i>				
Subsidies and supplements (Australian Government)	\$176.68	\$185.80	\$159.24	\$179.66
Subsidies and supplements (state/territory government)	\$0.67	\$0.05	\$38.85	\$1.89
Resident fees: means-tested care fee	\$8.68	\$11.04	\$6.21	\$9.53
Grants: recurrent	\$0.33	\$0.00	\$7.67	\$0.48
Other care income	\$0.90	\$1.25	\$45.59	\$2.76
<b>Total care income</b>	<b>\$187.27</b>	<b>\$198.14</b>	<b>\$257.56</b>	<b>\$194.31</b>
<i>Hotel services income</i>				
Basic daily fee	\$51.91	\$52.69	\$50.87	\$52.18
Extra service fees	\$0.63	\$3.58	\$0.06	\$1.79
Additional service fees	\$0.93	\$4.55	\$0.10	\$2.35
Other hotel services income	\$0.32	\$0.30	\$0.28	\$0.31
<b>Total hotel services income</b>	<b>\$53.79</b>	<b>\$61.13</b>	<b>\$51.32</b>	<b>\$56.63</b>
<i>Accommodation income</i>				
Subsidies and supplements (Australian Government)	\$20.37	\$18.00	\$19.64	\$19.39
Subsidies and supplements (state/territory government)	\$0.16	\$0.00	\$3.57	\$0.23
Daily accommodation payments	\$11.33	\$9.82	\$8.43	\$10.62
Accommodation charges	\$1.09	\$1.77	\$1.90	\$1.39
Interest received - accommodation payments	\$0.64	\$0.55	\$0.37	\$0.59
Other accommodation income	\$0.46	\$0.41	\$2.02	\$0.50
<b>Total accommodation income</b>	<b>\$34.05</b>	<b>\$30.55</b>	<b>\$35.93</b>	<b>\$32.72</b>
<i>Finance income</i>				
Interest and investment income	\$2.62	\$4.32	\$0.97	\$3.24
<b>Total finance income</b>	<b>\$2.62</b>	<b>\$4.32</b>	<b>\$0.97</b>	<b>\$3.24</b>
<i>COVID-19 income</i>				
COVID-19 income	\$12.74	\$8.35	\$11.20	\$10.93
<b>Total COVID-19 income</b>	<b>\$12.74</b>	<b>\$8.35</b>	<b>\$11.20</b>	<b>\$10.93</b>
<b>Total recurrent income</b>	<b>\$290.47</b>	<b>\$302.49</b>	<b>\$356.98</b>	<b>\$297.83</b>

	Not-for-profit	For-profit	Government	All providers
<b>Recurrent expenses</b>				
<b>Care expenses</b>				
<i>Labour costs</i>				
Registered nurses	\$28.44	\$31.46	\$72.42	\$31.34
Enrolled and licensed nurses (registered with the NMBA)	\$13.07	\$9.10	\$71.80	\$13.74
Personal care staff / other unlicensed nurses	\$86.22	\$83.59	\$53.56	\$83.91
Care management staff	\$8.75	\$6.56	\$12.62	\$8.02
Allied health	\$6.53	\$6.61	\$5.92	\$6.54
Diversional therapy / lifestyle / recreation / activities officer	\$4.80	\$5.48	\$4.16	\$5.05
Other employee staff	\$3.18	\$1.81	\$16.58	\$3.15
<i>Total labour costs</i>	<i>\$150.99</i>	<i>\$144.62</i>	<i>\$237.05</i>	<i>\$151.74</i>
<i>Resident expenses</i>				
Medical supplies	\$3.22	\$2.68	\$3.72	\$3.03
Incontinence supplies	\$1.62	\$1.59	\$1.49	\$1.60
Nutritional supplements	\$0.38	\$0.47	\$0.50	\$0.42
Other resident services and consumables	\$2.26	\$1.77	\$1.17	\$2.02
<i>Total resident expenses</i>	<i>\$7.48</i>	<i>\$6.51</i>	<i>\$6.88</i>	<i>\$7.07</i>
<i>Other direct care expenses</i>				
Agency fees	\$2.52	\$1.99	\$2.54	\$2.31
Workcover premium (care employee labour)	\$3.55	\$3.09	\$3.06	\$3.35
Payroll Tax (care employee labour)	\$0.04	\$6.35	\$0.29	\$2.57
Quality, compliance and training external costs	\$0.68	\$0.63	\$0.76	\$0.67
Chaplaincy / pastoral care	\$0.48	\$0.01	\$0.06	\$0.27
Other direct care expenses	\$0.66	\$1.82	\$2.43	\$1.19
<i>Total other direct care expenses</i>	<i>\$7.94</i>	<i>\$13.89</i>	<i>\$9.14</i>	<i>\$10.36</i>
<b>Total care expenses</b>	<b>\$166.40</b>	<b>\$165.02</b>	<b>\$253.06</b>	<b>\$169.17</b>
<b>Hotel expenses</b>				
<i>Catering expenses</i>				
Employee labour costs	\$16.99	\$18.37	\$19.06	\$17.62
Consumables	\$8.76	\$9.47	\$7.86	\$9.01
Contract services - internal	\$2.00	\$0.36	\$13.30	\$1.78
Contract services - outsourcing	\$5.10	\$3.15	\$3.12	\$4.24
<i>Total catering expenses</i>	<i>\$32.85</i>	<i>\$31.35</i>	<i>\$43.34</i>	<i>\$32.65</i>
<i>Cleaning expenses</i>				

## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

	Not-for-profit	For-profit	Government	All providers
Employee labour costs	\$6.05	\$5.70	\$13.18	\$6.18
Consumables	\$1.66	\$1.48	\$1.93	\$1.60
Contract services - internal	\$0.06	\$0.02	\$4.00	\$0.20
Contract services - outsourcing	\$2.14	\$1.61	\$0.86	\$1.88
<i>Total cleaning expenses</i>	<i>\$9.92</i>	<i>\$8.80</i>	<i>\$19.97</i>	<i>\$9.86</i>
<i>Laundry expenses</i>				
Employee labour costs	\$2.43	\$2.89	\$2.38	\$2.61
Consumables	\$0.51	\$0.51	\$0.55	\$0.51
Contract services - internal	\$0.27	\$0.07	\$1.54	\$0.24
Contract services - outsourcing	\$1.24	\$0.78	\$2.51	\$1.10
<i>Total laundry expenses</i>	<i>\$4.44</i>	<i>\$4.26</i>	<i>\$6.98</i>	<i>\$4.47</i>
<i>Utilities</i>	<i>\$6.55</i>	<i>\$6.83</i>	<i>\$6.55</i>	<i>\$6.66</i>
<i>Motor vehicle expenses</i>	<i>\$0.29</i>	<i>\$0.12</i>	<i>\$0.35</i>	<i>\$0.22</i>
<i>Other hotel expenses</i>				
Workcover premium (hotel services employee labour)	\$0.57	\$0.68	\$0.38	\$0.61
Payroll tax (hotel services employee labour)	\$0.01	\$1.30	\$0.06	\$0.53
Quality, compliance and training external costs	\$0.06	\$0.13	\$0.05	\$0.09
Other hotel expenses	\$0.61	\$0.71	\$0.49	\$0.64
<i>Total other hotel expenses</i>	<i>\$1.25</i>	<i>\$2.82</i>	<i>\$0.97</i>	<i>\$1.87</i>
<b><i>Total hotel expenses</i></b>	<b><i>\$55.30</i></b>	<b><i>\$54.17</i></b>	<b><i>\$78.15</i></b>	<b><i>\$55.72</i></b>
<i>Administration expenses</i>				
Corporate recharge	\$19.95	\$17.46	\$26.81	\$19.22
Employee labour costs	\$8.86	\$10.97	\$9.89	\$9.74
Other administration costs	\$6.71	\$7.45	\$9.53	\$7.11
Workcover premium (aged care home admin employee labour)	\$0.44	\$0.19	\$0.22	\$0.33
Payroll tax (aged care home admin employee labour)	\$0.01	\$0.47	\$0.04	\$0.19
Fringe benefits tax	\$0.02	\$0.09	\$0.05	\$0.05
Quality, compliance and training external costs	\$0.45	\$0.29	\$0.26	\$0.38
Insurances	\$1.36	\$1.06	\$0.78	\$1.22
<b><i>Total administration expenses</i></b>	<b><i>\$37.80</i></b>	<b><i>\$37.97</i></b>	<b><i>\$47.58</i></b>	<b><i>\$38.24</i></b>

	Not-for-profit	For-profit	Government	All providers
<b>Accommodation expenses</b>				
Employee labour costs	\$0.45	\$0.53	\$2.52	\$0.56
Depreciation – building	\$13.09	\$4.93	\$23.34	\$10.22
Depreciation – other assets	\$6.15	\$6.75	\$3.02	\$6.27
Depreciation – right of use assets AASB 16	\$0.90	\$7.38	\$0.59	\$3.48
Amortisation	\$0.25	\$0.88	\$0.04	\$0.50
Refurbishment costs	\$0.51	\$3.86	\$0.46	\$1.85
Rent for buildings – not captured by AASB 16	\$0.48	\$0.25	\$1.67	\$0.44
Interest expense – lease liabilities AASB 16	\$0.27	\$4.75	\$0.10	\$2.05
Interest paid (RAD / bond)	\$0.89	\$1.30	\$0.34	\$1.03
Workcover premium (accommodation employee labour)	\$0.01	\$0.01	\$0.01	\$0.01
Payroll tax (accommodation employee labour)	\$0.00	\$0.03	\$0.00	\$0.01
Other accommodation expenses	\$0.66	\$1.31	\$0.54	\$0.92
<b>Total accommodation expenses</b>	<b>\$23.67</b>	<b>\$31.98</b>	<b>\$32.62</b>	<b>\$27.33</b>
<b>Routine maintenance expenses</b>				
Employee labour costs	\$2.97	\$2.22	\$3.53	\$2.69
Repairs and maintenance	\$6.67	\$4.23	\$4.86	\$5.62
Contract services – Internal	\$0.05	\$0.14	\$2.18	\$0.17
Contract services – Outsourcing	\$0.92	\$0.61	\$0.63	\$0.78
<b>Total routine maintenance expenses</b>	<b>\$10.61</b>	<b>\$7.19</b>	<b>\$11.21</b>	<b>\$9.27</b>
<b>Total accommodation and maintenance expenses</b>	<b>\$34.28</b>	<b>\$39.17</b>	<b>\$43.83</b>	<b>\$36.60</b>
<b>COVID-19 expenses</b>				
Labour costs	\$5.19	\$5.28	\$7.96	\$5.33
Resident support	\$0.59	\$0.40	\$0.40	\$0.51
Preventative measures	\$1.73	\$1.57	\$1.07	\$1.64
Infection prevention and control (IPC) lead expenses	\$0.80	\$0.71	\$0.44	\$0.75
Other COVID-19 expenses	\$0.20	\$0.20	\$0.03	\$0.19
<b>Total COVID-19 expenses</b>	<b>\$8.51</b>	<b>\$8.16</b>	<b>\$9.91</b>	<b>\$8.42</b>
<b>Total recurrent expenses</b>	<b>\$302.28</b>	<b>\$304.48</b>	<b>\$432.54</b>	<b>\$308.16</b>
<b>Recurrent operating profit/(loss)</b>	<b>-\$11.81</b>	<b>-\$1.99</b>	<b>-\$75.56</b>	<b>-\$10.33</b>

## Appendices

### Appendix F: Residential care financing structures, balance sheets, and detailed income and expense statements

	Not-for-profit	For-profit	Government	All providers
<b>Non-recurrent income</b>				
Donations, bequests and fundraising	\$0.60	\$0.05	\$2.56	\$0.46
Fair value gains on financial assets	\$0.99	\$0.22	\$0.00	\$0.65
Fair value gain / asset revaluation increase - other assets	\$0.67	\$0.45	\$0.85	\$0.59
Capital grants (Commonwealth and state)	\$1.25	\$0.08	\$9.44	\$1.10
Reversal of prior period impairment	\$0.00	\$0.43	\$0.00	\$0.17
Realised gains on disposal of assets	\$0.08	\$0.57	\$0.00	\$0.27
Effect of adoption of AASB 16 leases - RADs only	\$3.80	\$13.05	\$0.88	\$7.38
Other non-recurrent Income	\$1.78	\$4.59	\$4.12	\$2.99
<b>Total non-recurrent income</b>	<b>\$9.18</b>	<b>\$19.43</b>	<b>\$17.84</b>	<b>\$13.61</b>
<b>Non-recurrent expenses</b>				
Interest paid	\$0.46	\$2.81	\$0.55	\$1.40
Fair value losses on financial assets	\$0.00	\$0.12	\$0.00	\$0.05
Fair value loss / asset revaluation decreases on other assets	\$0.31	\$0.17	\$0.38	\$0.26
Impairment loss	\$5.95	\$4.76	\$0.00	\$5.25
Realised losses on disposal of assets	\$0.37	\$0.40	\$0.04	\$0.37
Effect of adoption of AASB16 leases - RADs only	\$3.73	\$12.30	\$0.00	\$7.01
Other non-recurrent expenses	\$0.55	\$2.49	\$0.24	\$1.31
<b>Total non-recurrent expenses</b>	<b>\$11.39</b>	<b>\$23.04</b>	<b>\$1.22</b>	<b>\$15.66</b>
<b>Non-recurrent profit/(loss)</b>	<b>-\$2.21</b>	<b>-\$3.61</b>	<b>\$16.62</b>	<b>-\$2.05</b>
<b>Net profit/(loss)</b>	<b>-\$14.02</b>	<b>-\$5.61</b>	<b>-\$58.93</b>	<b>-\$12.38</b>

# Appendix G: Home care revenue and expenditure

**Table G.1: Financial performance results of home care providers per consumer per day, by ownership type, by quartile, 2020–21**

	Top quartile	Next top	Next bottom	Bottom	Total
<b>Not-for-profit</b>					
Number of providers	97	117	109	112	435
Provision of Care / Direct Care Services	\$39.52	\$33.66	\$36.23	\$27.97	\$34.30
Provision of Care / Sub-contracted Services	\$9.08	\$14.20	\$10.15	\$16.20	\$12.60
Client/case management fees charged	\$11.58	\$12.30	\$12.39	\$13.22	\$12.38
Admin and management of packages	\$8.91	\$7.59	\$7.69	\$6.88	\$7.69
Exit amounts deducted	\$0.22	\$0.13	\$0.15	\$0.16	\$0.16
COVID-19 Funding	\$2.26	\$1.92	\$0.78	\$0.61	\$1.41
Other income	\$1.59	\$0.50	\$0.36	\$0.80	\$0.67
Total expenses	\$57.68	\$63.56	\$66.09	\$69.73	\$64.49
Net Profit Before Tax	\$15.45	\$6.74	\$1.67	-\$3.89	\$4.71
<b>For-profit</b>					
Number of providers	93	71	64	60	288
Provision of Care / Direct Care Services	\$74.62	\$17.50	\$29.66	\$30.14	\$34.96
Provision of Care / Sub-contracted Services	\$6.49	\$31.72	\$19.18	\$13.23	\$18.35
Client/case management fees charged	\$9.56	\$10.19	\$8.14	\$8.23	\$9.01
Admin and management of packages	\$7.68	\$2.96	\$5.92	\$4.49	\$4.97
Exit amounts deducted	\$0.07	\$0.01	\$0.09	\$0.04	\$0.05
COVID-19 Funding	\$1.83	\$0.42	\$0.74	\$0.52	\$0.79
Other income	\$2.14	\$0.48	\$1.51	\$0.40	\$0.99
Total expenses	\$82.34	\$55.99	\$63.30	\$64.74	\$65.34
Net Profit Before Tax	\$20.07	\$7.29	\$1.94	-\$7.70	\$3.77

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### Appendix G: Home care revenue and expenditure

	Top quartile	Next top	Next bottom	Bottom	Total
<b>Government</b>					
Number of providers	16	18	33	34	101
Provision of Care / Direct Care Services	\$35.45	\$25.04	\$12.92	\$25.90	\$20.86
Provision of Care / Sub-contracted Services	\$14.37	\$15.84	\$24.03	\$15.39	\$19.11
Client/case management fees charged	\$11.64	\$12.66	\$9.32	\$13.74	\$11.40
Admin and management of packages	\$9.35	\$8.31	\$13.92	\$8.18	\$10.74
Exit amounts deducted	\$0.20	\$0.22	\$0.19	-\$0.25	\$0.11
COVID-19 Funding	\$0.19	\$0.33	\$0.55	\$0.24	\$0.40
Other income	\$1.90	\$0.05	\$0.12	\$0.06	\$0.22
Total expenses	\$56.18	\$55.56	\$59.24	\$72.07	\$60.60
Net Profit Before Tax	\$16.92	\$6.89	\$1.83	-\$8.82	\$2.21
<b>All Providers</b>					
Number of providers	206	206	206	206	824
Provision of Care / Direct Care Services	\$51.51	\$29.57	\$32.61	\$28.75	\$33.65
Provision of Care / Sub-contracted Services	\$8.34	\$18.23	\$13.41	\$14.91	\$14.63
Client/case management fees charged	\$10.88	\$11.84	\$11.19	\$11.17	\$11.36
Admin and management of packages	\$8.50	\$6.58	\$7.90	\$5.96	\$7.11
Exit amounts deducted	\$0.17	\$0.11	\$0.14	\$0.08	\$0.12
COVID-19 Funding	\$2.05	\$1.50	\$0.75	\$0.55	\$1.17
Other income	\$1.79	\$0.47	\$0.58	\$0.59	\$0.73
Total expenses	\$66.15	\$61.43	\$64.84	\$67.79	\$64.49
Net Profit Before Tax	\$17.09	\$6.87	\$1.74	-\$5.78	\$4.29

**Table G.2: Financial package results for home care providers per consumer per day, by ownership type, by quartile, 2020–21**

	Top quartile	Next top	Next bottom	Bottom	Total
<b>Not-for-profit</b>					
Number of providers	97	117	109	112	435
Total revenue per consumer	\$26,695	\$25,658	\$24,732	\$24,034	\$25,260
Total expenses per consumer	\$21,054	\$23,198	\$24,123	\$25,453	\$23,540
NPBT per consumer	\$5,640	\$2,460	\$609	-\$1,419	\$1,720
<b>For-profit</b>					
Number of providers	93	71	64	60	288
Total revenue per consumer	\$37,379	\$23,095	\$23,812	\$20,821	\$25,227
Total expenses per consumer	\$30,054	\$20,435	\$23,103	\$23,632	\$23,849
NPBT per consumer	\$7,325	\$2,660	\$709	-\$2,810	\$1,377
<b>Government</b>					
Number of providers	16	18	33	34	101
Total revenue per consumer	\$26,681	\$22,793	\$22,290	\$23,087	\$22,928
Total expenses per consumer	\$20,507	\$20,279	\$21,621	\$26,305	\$22,120
NPBT per consumer	\$6,174	\$2,514	\$669	-\$3,218	\$808
<b>Total</b>					
Number of providers	206	206	206	206	824
Total revenue per consumer	\$30,381	\$24,931	\$24,302	\$22,633	\$25,105
Total expenses per consumer	\$24,143	\$22,423	\$23,666	\$24,742	\$23,539
NPBT per consumer	\$6,237	\$2,508	\$637	-\$2,109	\$1,566



# Appendix H: Home care subsidies and supplements

**Table H.1: Home care subsidies per day, 2018–19 to 2021–22**

Package level	2018–19	Annual	2019–20 <sup>i</sup>	Annual	2020–21 <sup>i</sup>	Annual	2021–22	Annual
Level 1	\$22.66	\$8,270.90	\$24.07	\$8,809.62	\$24.46	\$8,927.90	\$24.73	\$9,026.45
Level 2	\$41.22	\$15,045.30	\$42.35	\$15,500.10	\$43.03	\$15,705.95	\$43.50	\$15,877.50
Level 3	\$90.62	\$33,076.30	\$92.16	\$33,730.56	\$93.63	\$34,174.95	\$94.66	\$34,550.90
Level 4	\$137.77	\$50,286.05	\$139.70	\$51,130.20	\$141.94	\$51,808.10	\$143.50	\$52,377.50

Notes:

- i. Figures for 2019–20 and 2020–21 do not include the temporary increase of 1.2% of the daily subsidy rate that was paid for the period 1 March to 31 August 2020.

**Table H.2: Home care supplement amounts per day, 2019–20 to 2021–22**

Home care supplements	2019–20	2020–21	2021–22
<b>Dementia and Cognition and Veterans' supplement (11.5% of basic care subsidy)</b>			
Level 1	\$2.77	\$2.81	\$2.84
Level 2	\$4.87	\$4.95	\$5.00
Level 3	\$10.60	\$10.77	\$10.89
Level 4	\$16.07	\$16.32	\$16.50
<b>Other</b>			

Notes:

- i. The rate of both the Dementia and Cognition supplement and the Veterans' supplement in home care were increased from 10% of the basic subsidy to 11.5% from 20 March 2019.
- ii. Figures for 2019–20 and 2020–21 do not include the temporary increase of 1.2% of the daily subsidy rate that was paid for the period 1 March to 31 August 2020.

Home care supplements	2019–20	2020–21	2021–22
EACH-D Top Up supplement	\$2.77	\$2.81	\$2.84
Oxygen Supplement	\$11.72	\$11.98	\$12.11
Enteral Feeding supplement – Bolus	\$18.57	\$18.98	\$19.19
Enteral Feeding supplement – Non-bolus	\$20.86	\$21.32	\$21.55
<b>Home Care Viability supplement – Modified Monash Model classification</b>			
MMM 1,2,3	\$0.00	\$0.00	\$0.00
MMM 4	\$1.06	\$1.08	\$1.09
MMM 5	\$2.35	\$2.39	\$2.42
MMM 6	\$15.59	\$15.84	\$16.01
MMM 7	\$18.71	\$19.01	\$19.22

Notes:

iii. The MMM classification scale was implemented on 1 January 2017.

iv. Figures for 2019–20 and 2020–21 do not include the temporary increase of 30% applied to the rate of viability supplement for the period 1 March 2020 to 30 June 2021.

Home Care Viability supplement – ARIA value viability supplement amount	2019–20	2020–21	2021–22
ARIA Score 0 to 3.51 inclusive	\$0.00	\$0.00	\$0.00
ARIA Score 3.52 to 4.66 inclusive	\$5.53	\$5.62	\$5.68
ARIA Score 4.67 to 5.80 inclusive	\$6.63	\$6.74	\$6.81
ARIA Score 5.81 to 7.44 inclusive	\$9.28	\$9.43	\$9.53
ARIA Score 7.45 to 9.08 inclusive	\$11.14	\$11.32	\$11.44
ARIA Score 9.09 to 10.54 inclusive	\$15.59	\$15.84	\$16.01
ARIA Score 10.55 to 12.00 inclusive	\$18.71	\$19.01	\$19.22

Notes:

v. Figures for 2019–20 and 2020–21 do not include the temporary increase of 30 per cent applied to the rate of Viability supplement for the period 1 March 2020 to 30 June 2021.

## Appendices

### Appendix H: Home care subsidies and supplements

**Table H.3: Summary of Australian Government payments of subsidies and supplements of home care, 2016–17 to 2020–21**

Supplement	2016–17	2017–18	2018–19	2019–20	2020–21
Dementia and cognition supplement	\$24.7m	\$29.3m	\$36.2m	\$49.5m	\$62.0m
Veterans' supplement	\$0.2m	\$0.3m	\$0.4m	\$0.5m	\$0.7m
Oxygen supplement	\$2.4m	\$3.1m	\$3.7m	\$4.5m	\$5.4m
Enteral feeding supplement	\$0.7m	\$0.9m	\$0.9m	\$0.8m	\$0.9m
Viability supplement	\$11.4m	\$16.0m	\$18.1m	\$25.1m	\$33.3m
Hardship supplement	\$0.2m	\$0.3m	\$0.2m	\$0.1m	\$0.2m

#### Supplements in home care

**Dementia and cognition supplement:** provides additional funding in recognition of the extra costs of caring for people with cognitive impairment associated with dementia and other conditions. This supplement is available across all levels of home care packages. The supplement is payable at a rate of 11.5 per cent of the basic subsidy payable for the level of home care package.

**Veterans' supplement:** provides additional funding for veterans with a mental health condition accepted by the Department of Veterans' Affairs (DVA) as related to their service. This supplement is available across all levels of home care packages. The supplement is payable at a rate of 11.5 per cent of the basic subsidy payable for the level of home care package.

A home care recipient cannot receive both supplements at the same time. Only the veterans' supplement is paid if the home care recipient is eligible for both supplements.

**Oxygen supplement:** provides additional funding for consumers who have a specified medical need for the continual administration of oxygen.

**Enteral Feeding supplement:** provides additional funding for care recipients with a specified medical need for enteral feeding.

**Viability supplement:** is paid in recognition of the higher costs of providing services in rural and remote areas.

**Hardship supplement:** is available to home care consumers who are having difficulty paying their aged care fees for reasons beyond their control.

# Appendix I: Residential care and home care financial data

- Residential care and home care providers' financial data is obtained from Aged Care Financial Reports (ACFRs) required to be prepared and submitted by providers of residential aged care under the *Accountability Principles 2014* (Section 35, 35A, 36, 37 and 37A) made under Section 96–1 of the *Aged Care Act 1997*.
- Residential and home care financial data and analysis given in this report includes financial information for only those services that were operational from 1 July 2020 to 30 June 2021 and whose financial information is received by the department.
- Approximately 99.5 per cent of residential aged care providers and 96.4 per cent of home care providers submitted their ACFRs.
- Financial information contained in ACFRs varies from provider to provider. Accounting standards are subject to interpretation and it is possible that interpretations may differ between providers. The department has not verified providers' interpretation and application of the accounting standards.
- The information in the ACFR is not audited. It is however tested for reasonableness to the Approved Provider's audited General Purpose Financial Report which is also submitted annually. Whilst some verification of data is undertaken by the department, a significant portion of data submitted through the ACFR has not been independently verified.
- Analysis of financial data may be affected by incomplete, aggregated data provided in ACFRs. As a result, averages stated in the report may not fully represent the sector.
- Discrepancies occur in the ACFR home care income statement which can impact the overall average results of the sector. For example, there are instances where the details of the expenses are aggregated to other expenses or total expenses. There are also instances where income and expenditure through brokered services are not disclosed in their entirety thus understating revenue and expenditure. These instances result in inconsistency and limitations in deriving various metrics and measurements.
- The ACFR home care income and expenses are aggregated for Australian Government funded package consumers and private consumers. Therefore, the analysis used in this report is not interpretable for any particular group of clients who are receiving/paying any particular funding type.
- Assets and liabilities reported in the residential aged care balance sheet contain, where not already fully verifiable, some proportional allocations based on the historical and sector trends from other sources within provider ACFRs and GPFRs. These allocations have not been verified.

## Appendix J: References

Aged Care Financing Authority – Report on attributes for sustainable aged care, available at:  
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StewartBrown, Aged Care Financial Performance Surveys: Home Care Report – various editions

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2021 Intergenerational Report: Australia over the next 40 years, June 2021, available at:  
<https://treasury.gov.au/sites/default/files/2021-06/p2021-182464.pdf>

# Glossary

Term	Definition
<b>Accommodation supplement</b>	The accommodation supplement is payable on behalf of residents receiving permanent residential aged care who do not have the capacity to contribute to all or part of the cost of their accommodation.
<b>Aged and Community Services Australia (ACSA)</b>	A national peak body for not-for-profit providers of aged and community care in Australia.
<b>Aged Care Act 1997 (the Act)</b>	The primary legislation governing the provision of aged care services. In May 2021 the Government announced that a new act would be written to be operational by July 2023.
<b>Aged Care Approvals Round (ACAR)</b>	A competitive application process that enables prospective and existing approved providers of residential aged care to apply for a range of new Australian Government funded aged care places and financial assistance in the form of a capital grant. In May 2021, the former Government announced that the 2021 ACAR would be the last round held and from 1 July 2024, residential care places will be allocated directly to consumers.
<b>Aged Care Assessment Team (ACAT)</b>	ACATs are teams of medical and allied health professionals who assess the physical, psychological, medical, restorative, cultural and social needs of frail older people and help them and their carers to access appropriate levels of support.
<b>Aged Care Financial Report (ACFR)</b>	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.
<b>Aged Care Financing Authority (ACFA)</b>	ACFA was a statutory committee that provided independent advice to the Australian Government on funding and financing issues. ACFA operated from 2012 following the LLLB reforms until 30 June 2021 when it was discontinued.
<b>Aged Care Funding Instrument (ACFI)</b>	The classification instrument currently used to calculate subsidies to residential aged care facilities. The Government announced in May 2021 that the ACFI will be replaced by the Australian National Aged Care Classification (AN-ACC) from October 2022.
<b>Aged Care Pricing Commissioner (ACPC)</b>	The Aged Care Pricing Commissioner is an independent, statutory office holder appointed in 2012 following the LLLB reforms under the <i>Aged Care Act 1997</i> and reported to the Minister for Aged Care.
<b>Agreed accommodation price</b>	Accommodation prices agreed between providers and prospective residents prior to entry, as reported by providers through the Aged Care Entry Record.
<b>Approved provider</b>	An approved provider of aged care is an organisation that has been approved by the Secretary of the department to provide residential care, home care or flexible care under the <i>Aged Care Act 1997</i> .
<b>Assistance with Care and Housing for the Aged (ACHA)</b>	ACHA is a program which provides a range of supports for eligible clients, who are at risk of becoming homeless or are homeless, to remain in the community through accessing appropriate, sustainable and affordable housing and linking them to community care. From 1 July 2015 the ACHA program was incorporated into the new Commonwealth Home Support Programme.
<b>Bed days</b>	The number of days for which a residential care place was available to be occupied by care recipients.
<b>Bond Asset Cover</b>	Provides an indication of the extent to which the accommodation bond liability is covered by assets. It is calculated as Total Assets/Total Accommodation Bonds.
<b>Care days</b>	The number of days for which care was actually provided to a care recipient in an aged care place.

# Appendices

## Glossary

Term	Definition
<b>Cash as a proportion of accommodation deposits</b>	Cash and cash equivalents in the form of financial assets, as a proportion of refundable accommodation deposit balances provides an indication of an organisation's capacity to repay the accommodation deposit balances with liquid resources.
<b>Commonwealth Home Support Programme (CHSP)</b>	This program provides entry-level support services designed to help frail older people stay in their homes. It was introduced on 1 July 2015, consolidating four former programs: Commonwealth Home and Community Care (HACC); the National Respite for Carers Program (NRCP); Day Therapy Centres (DTC); and Assistance with Care and Housing for the Aged (ACHA).
<b>Community Aged Care Package (CACP)</b>	A package of services provided to a person in their own home. This type of care was replaced on 1 August 2013 when the new home care package levels 1–4 were introduced. A CACP package is generally consistent with the level of care provided in a level 2 home care package.
<b>Consumer Directed Care (CDC)</b>	Consumer Directed Care in home care gives consumers greater choice over their own lives by allowing them to decide what types of care and services they access and how those services are delivered.
<b>Consumer Price Index (CPI)</b>	CPI measures the changes in the price of a fixed basket of goods and services, acquired by household consumers who are resident in the eight state and territory capital cities.
<b>Culturally and Linguistically Diverse (CALD)</b>	Consumers who have particular cultural or linguistic affiliations due to their: <ul style="list-style-type: none"> <li>• place of birth or ethnic origin;</li> <li>• main language other than English spoken at home; or</li> <li>• proficiency in spoken English.</li> </ul>
<b>Current Ratio</b>	Represents the ability to meet short-term debt through current assets. A current ratio of more than one indicates that an organisation's current assets exceed its current liabilities. It is calculated as Current Assets/Current Liabilities.
<b>Daily Accommodation Contribution (DAC)</b>	An amount paid by a partially supported resident as a contribution toward their accommodation costs in a residential aged care facility, calculated on a daily basis and paid periodically.
<b>Daily Accommodation Payment (DAP)</b>	An amount paid by a non-supported resident towards their accommodation costs in a residential aged care facility calculated on a daily basis and paid periodically.
<b>Debt Ratio</b>	The debt ratio is calculated by dividing an organisation's total liabilities by its total assets and provides an indication of the degree of financing of an organisation. Within the aged care sector, total liabilities will consist of an organisation's refundable accommodation deposits as well as other secured and unsecured debt balances. An organisation's total assets will include cash and asset balances to which the refundable accommodation deposits may have been applied. As total liabilities increase as a proportion of total assets, the higher levels of debt could reflect the use of additional borrowings used to fund an organisation's improvements and expansions.
<b>Department of Health and Aged Care</b>	The department that administers the <i>Aged Care Act 1997</i> and regulates the aged care industry on behalf of the Australian Government.
<b>Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	Net profit after tax with interest, tax, depreciation, and amortisation added back to it, and can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
<b>EBITDA margin</b>	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's calculated as EBITDA/total revenue.

Term	Definition
<b>Equity to total assets ratio</b>	Net worth/total equity as a proportion of total assets provides an indication of solvency. For the for-profit providers, it shows the proportion of an organisation's assets which have been contributed by the owners/ shareholders. For the not-for-profit and government providers, equity typically consists of retained earnings and revaluation reserves. The lower the ratio suggests that an organisation has used more debt to fund its asset balances.
<b>Extended Aged Care at Home (EACH)</b>	Services previously provided to a person in their own home, who required a high level of care. This type of care was replaced on 1 August 2013 when the new home care package levels 1–4 were introduced. An EACH package was generally consistent with the level of care provided in a level 4 home care package.
<b>Extended Aged Care at Home Dementia (EACH-D)</b>	Services previously provided to a person in their own home, with dementia, who required a high level of care. This type of care was replaced on 1 August 2013 when the new home care package levels 1–4 were introduced. An EACH-D package was generally consistent with the level of care provided in a level 4 home care package, with the additional Dementia and Cognition supplement also being paid.
<b>Facility</b>	A residential aged care facility, approved under the <i>Aged Care Act 1997</i> to provide government subsidised accommodation and care.
<b>Flexible care</b>	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.
<b>General Purpose Financial Report (GPFR)</b>	An audited financial report that is submitted by providers with their unaudited Aged Care Financial Report (ACFR). While the ACFR provides a greater level of detail the GPFR is the only audited report and is used to verify information provided.
<b>Government provider</b>	In the context of this report, the term references a provider that is owned by a local, state or territory government.
<b>Gross Domestic Product (GDP)</b>	GDP is the market value of all officially recognised final goods and services produced within a country in a year, or over a given period of time.
<b>High care facility</b>	A facility where over 80 per cent of residents were classified as 'high care'. The distinction between high care and low care in permanent residential care was removed from 1 July 2014.
<b>Higher accommodation supplement</b>	A higher maximum accommodation supplement was introduced on 1 July 2014 for aged care facilities that have been built or significantly refurbished since 20 April 2012.
<b>Home and Community Care (HACC)</b>	A previous program that provided basic support and maintenance to people living at home to help avoid premature or inappropriate admission to long-term residential care. The former Commonwealth HACC program was consolidated into the new CHSP from 1 July 2015.
<b>Home care</b>	Home based care provided through a home care package to help older Australians to remain in their own homes. Home care is provided through the Home Care Packages Program.
<b>Home care package</b>	A package of services, delivered through the Home Care Packages 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 Australian Government (with some contributions from the consumer). Home care packages range from level 1 to 4 depending on the care needs of the consumer.
<b>Home Care Packages Program</b>	An Australian Government funded program which has as its objectives to assist people to remain living at home and enable consumers to have choice and flexibility in the way that care and support is provided at home. The Home Care Packages Program commenced on 1 August 2013.
<b>Homeless supplement</b>	A supplement paid to better support residential aged care facilities that specialise in caring for people with a history of, or at risk of, homelessness. This funding is in addition to the funding provided under the viability supplement.



# Appendices

## Glossary

Term	Definition
<b>Improved Payment Arrangements for home care</b>	In Phase 1 (implemented on 1 February 2021), home care providers began receiving the full amount of funding in arrears each month, regardless of the services provided to the care recipient in the claim period. In Phase 2 (from 1 September 2021), home care providers began receiving funding based on the actual services delivered to care recipients in the previous month. This aligns home care with other Australian Government funded programs like the National Disability Insurance Scheme, as well as modern business practices.
<b>Increasing choice in home care</b>	From 27 February 2017, funding for a home care package followed the consumer, replacing the former system where home care places were allocated to individual approved providers to deliver services in a particular location or region.
<b>Interest Coverage</b>	Shows the number of times that EBITDA will cover interest expense. Indicates an organisation's ability to service the interest on its debt. It is calculated as EBITDA/Interest Expense.
<b>Location</b>	Indicates where a provider, service or consumer is located based on whether they are metropolitan or regional areas. Metropolitan is all major cities and regional is any area outside of a major city. A provider is classified as metropolitan if more than 70 per cent of its services are located in metropolitan areas and similarly classified as regional if more than 70 per cent of its services are located in regional areas.
<b>Low care facility</b>	A facility where over 80 per cent of residents were classified as 'low care'. The distinction between high care and low care in permanent residential care was removed from 1 July 2014.
<b>Maximum accommodation price</b>	Maximum accommodation prices are set by residential care providers for a room (or bed in a shared room) and published on My Aged Care. These are maximum prices (providers and residents may agree lower amounts), that apply to residents who are not eligible for Government support for their accommodation costs.
<b>My Aged Care</b>	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.
<b>National Respite for Carers Program (NRCP)</b>	The NRCP aims to support caring relationships between carers and their dependent family members or friends by facilitating access to information, respite care and other support appropriate to their individual needs and circumstances and those of the people for whom they care. The NRCP was integrated into the CHSP from 1 July 2015.
<b>National Priority System</b>	People who have been approved for home care and have indicated they are actively seeking services are placed in the National Priority System, with each person's place in the system based on the time and date of their approval for home care and their priority for service (medium or high).
<b>Net Assets Value</b>	The net assets value provides an indication of the value of an organisation. The net assets value is determined by taking the total assets of an organisation and subtracting total liabilities. A low net assets value or a decrease in the value over time indicates higher levels of financial risk for lenders and consumers.
<b>Net Profit Before Tax (NPBT)</b>	The NPBT is determined by revenue minus expenses for the period except for taxes.
<b>Net Profit (Before Tax) Margin</b>	Shows the average profitability generated on each \$1 of total revenue. It is calculated as Net Profit Before Tax / total revenue.
<b>Non-supported residents</b>	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 (may still receive some assistance with care costs).

Term	Definition
<b>Operational places</b>	Operational place refers to a residential care place that was allocated to a provider and has since become available for a person to receive care.
<b>Partially supported residents</b>	Residents who have been assessed (based on a means test) as eligible for full Government assistance with their care costs, but able to make a part contribution to their accommodation costs. Partially-supported residents pay a basic daily fee and accommodation contribution.
<b>Pay as you go (PAYG)</b>	Pay as you go (PAYG) instalments is a system for making regular payments towards an employee's expected annual income tax liability.
<b>Per consumer per annum (pcpa)</b>	An annual average financial figure relating to home care consumers.
<b>Per consumer per day (pcpd)</b>	A daily average financial figure relating to home care consumers.
<b>Per resident per annum (prpa)</b>	An annual average financial figure relating to residential aged care residents that converts financial data to daily amount per resident.
<b>Per resident per day (prpd)</b>	A daily average financial figure relating to residential aged care residents.
<b>Provisionally allocated places</b>	Residential care places allocated through Aged Care Approval Rounds that are not yet operational.
<b>Refundable Accommodation Contribution (RAC)</b>	An amount paid as a lump sum by a partially supported resident as a contribution toward their accommodation costs in a residential aged care facility.
<b>Refundable Accommodation Deposit (RAD)</b>	An amount paid as a lump sum by a non-supported resident for their accommodation costs in a residential aged care facility.
<b>Regional</b>	Geographic region outside of a major city and classified by the Australian Bureau of Statistics as inner regional, outer regional, remote and very remote.
<b>Regional Assessment Services (RAS)</b>	RAS provides in home, face to face assessments of new and existing clients/carers to assess their eligibility to access CHSP services.
<b>Report on the Operations of the Aged Care Act 1997 (ROACA)</b>	A legal requirement under the Act, the ROACA is tabled in Parliament in November each year and presents an annual snapshot of facts and figures on Australian Government funded aged care services in Australia.
<b>Residential aged care</b>	A program that provides a range of care options and accommodation for older people who choose not to continue living in their own homes.
<b>Restorative care</b>	Care focusing on enhancing the physical and cognitive function of people who have lost, or are at risk of losing, condition and independence. The Short-Term Restorative Care (STRC) Programme, which commenced in February 2017, is a flexible care program to provide restorative care to older people to improve their capacity to stay independent and living in their own homes.
<b>Retained earnings</b>	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.
<b>Retention amounts</b>	An amount that an approved provider was allowed to deduct per month from an accommodation bond for up to five years. The maximum retention amount was set by the Australian Government. Retentions were no longer permitted for residents entering residential aged care after 1 July 2014.

# Appendices

## Glossary

Term	Definition
<b>Return on Assets</b>	Indicates the productivity of assets employed in the organisation. It is calculated as EBITDA/total assets.
<b>Return on Equity/ Return on Net Worth</b>	Indicates the productivity of equity/net worth employed in the organisation. It is calculated as EBITDA/net worth.
<b>Scale (providers)</b>	Refers to the number of facilities operated by a residential care provider or the number of services operated by a home care provider.
<b>Size (providers)</b>	Refers to the number of beds operated by a single residential aged care facility.
<b>Supported residents</b>	Residents who have been assessed (based on a means test) as eligible for full Government assistance with their care and accommodation costs. Supported residents only pay a basic daily fee.
<b>Survey of Aged Care Homes (SACH)</b>	Each year SACH seeks information on accommodation payments and planned and actual building activity during the previous financial year for each operating residential aged care service.
<b>Target provision ratio</b>	The Australian Government target of subsidised operational residential care places and allocated home care packages. These targets are based on the number of persons for every 1,000 people aged 70 years or over. The population-based provision formula ensures that the supply of services increases in line with the ageing of the population.
<b>Transition care</b>	For those requiring time-limited, goal-oriented and therapy-focused packages of services after a hospital stay.
<b>Viability supplement</b>	The viability supplement aims to improve the financial position of smaller, rural and remote aged care services that incur additional costs due to their location and are constrained in their ability to realise economies of scale due to smaller numbers of care recipients. The viability supplement also provides additional funding for residential care providers who specialise in services to First Nations elders, or people who are homeless, or who are at risk of becoming homeless, in recognition of the often higher costs associated with providing specialised care.
<b>Working Capital</b>	Defined as current assets less current liabilities.

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