

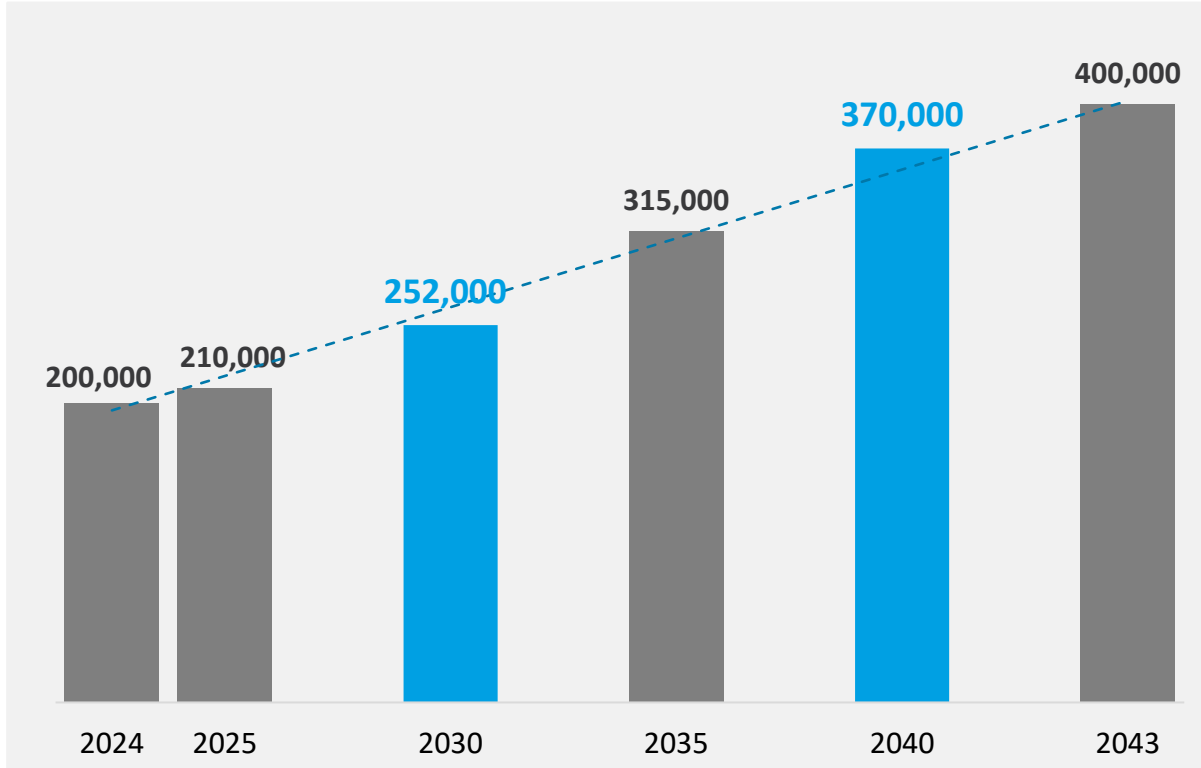
# Financial Sustainability for Aged Care Providers

South Australia State Conference  
*May 2025*

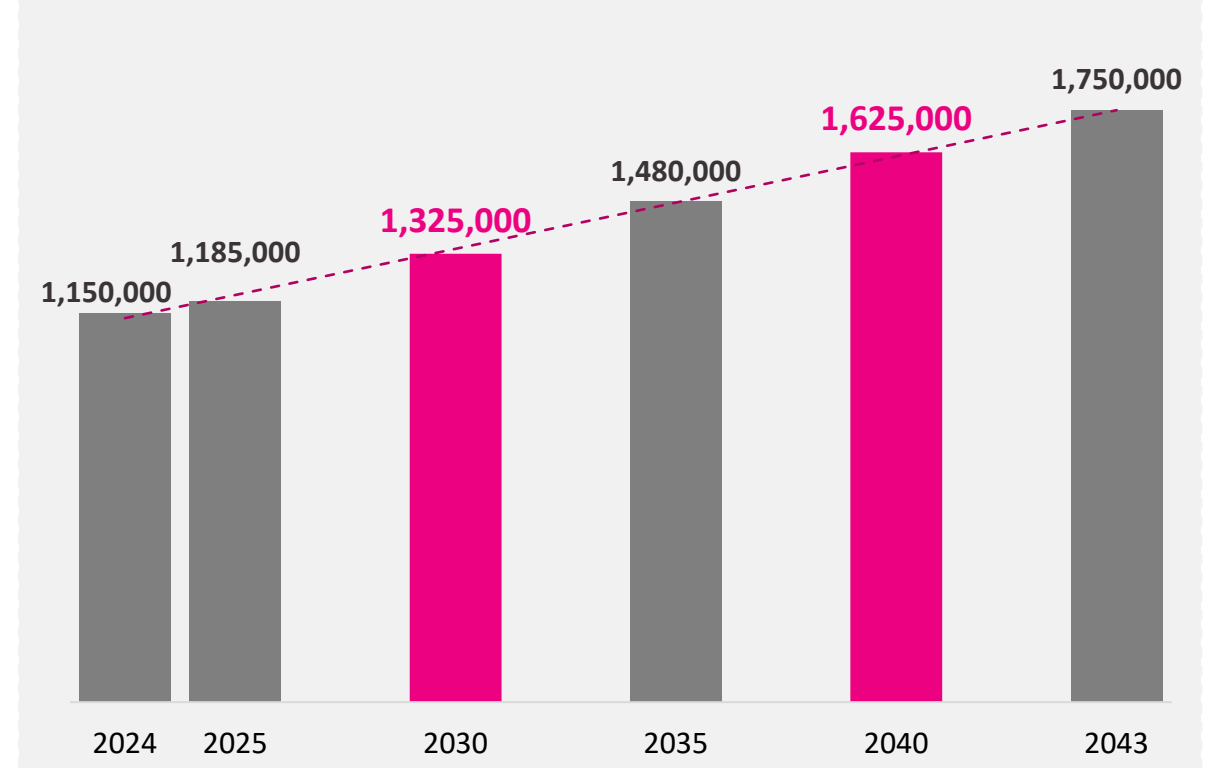


# Projected Demand for Aged Care

Projected demand for residential care places (incl respite)



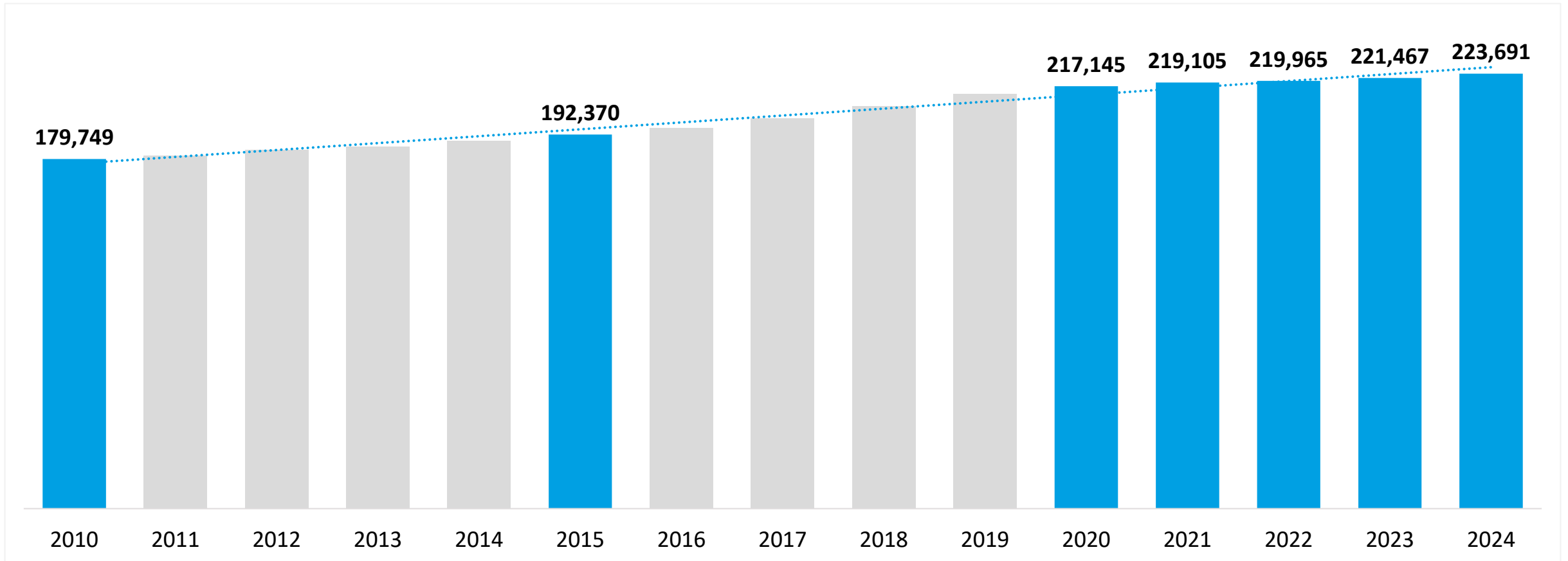
Projected demand for in-home care packages



Source: Financial Report on the Australian Aged Care Sector 2022-23

# Approved Places in Residential Aged Care

Number of approved residential places trend from 2010 to 2024



# Key Themes for Future Financial Performance

**Investability**

**Demand and  
workforce**

**Balance Sheet  
health**

**Liquidity and  
Cash Flow**

**Financial  
Performance**

**Efficiency and  
cost control**

**Size and scale**

**Strategic Plan**

**Staff  
Productivity**

**Partnering  
and Growth**

**Pricing**

**Leadership**

# Financial Performance Measures

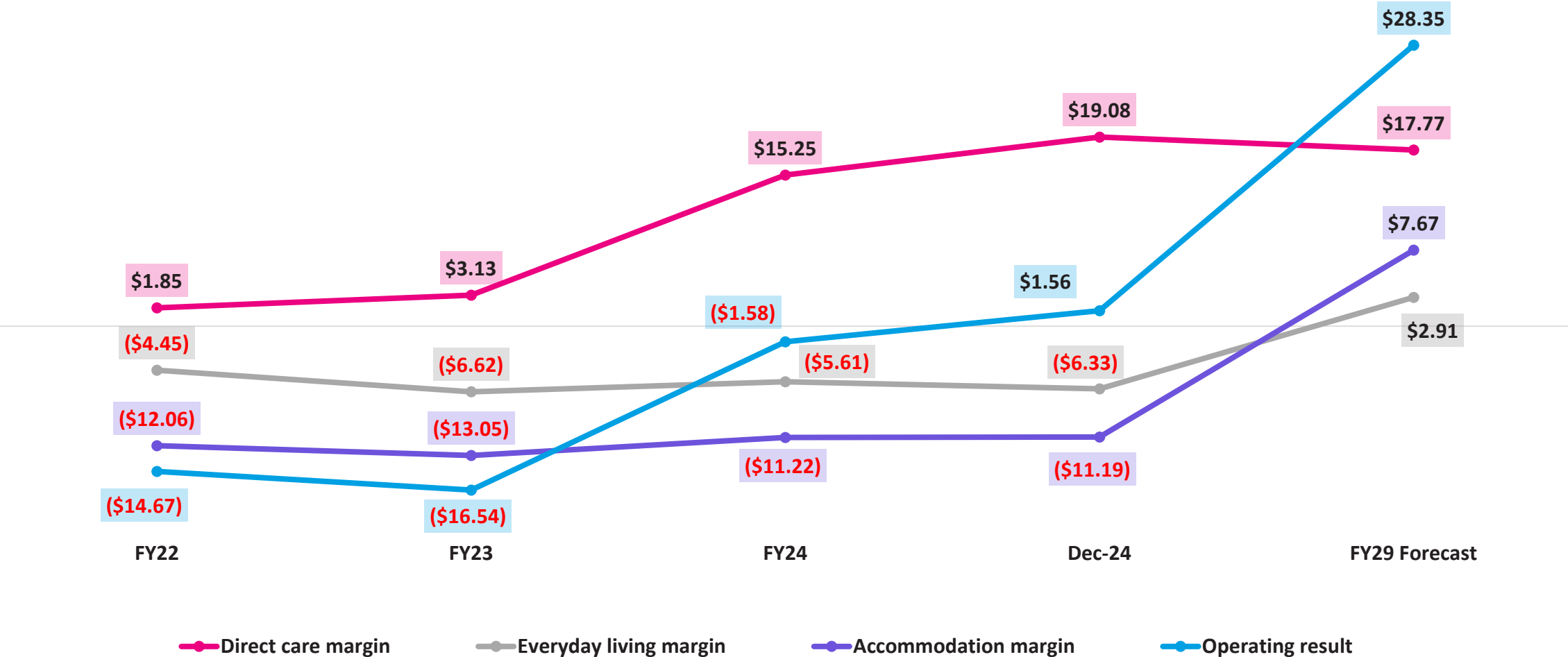
**Viability:** the ability of an organisation to maintain its operations and generate surpluses over the long term

**Sustainability:** operating the business in a manner without negatively impacting the environment, community or society as a whole

**Investability:** the quality of an organisation or asset to be financially attractive and continuing to be suitable for investment

“For the sector to continue to grow and meet the future demand and desired levels of service, it not only needs to remain **viable and sustainable**, but it needs to achieve a return that is considered “**investable**” (*Aged Care Minister Anika Wells*).

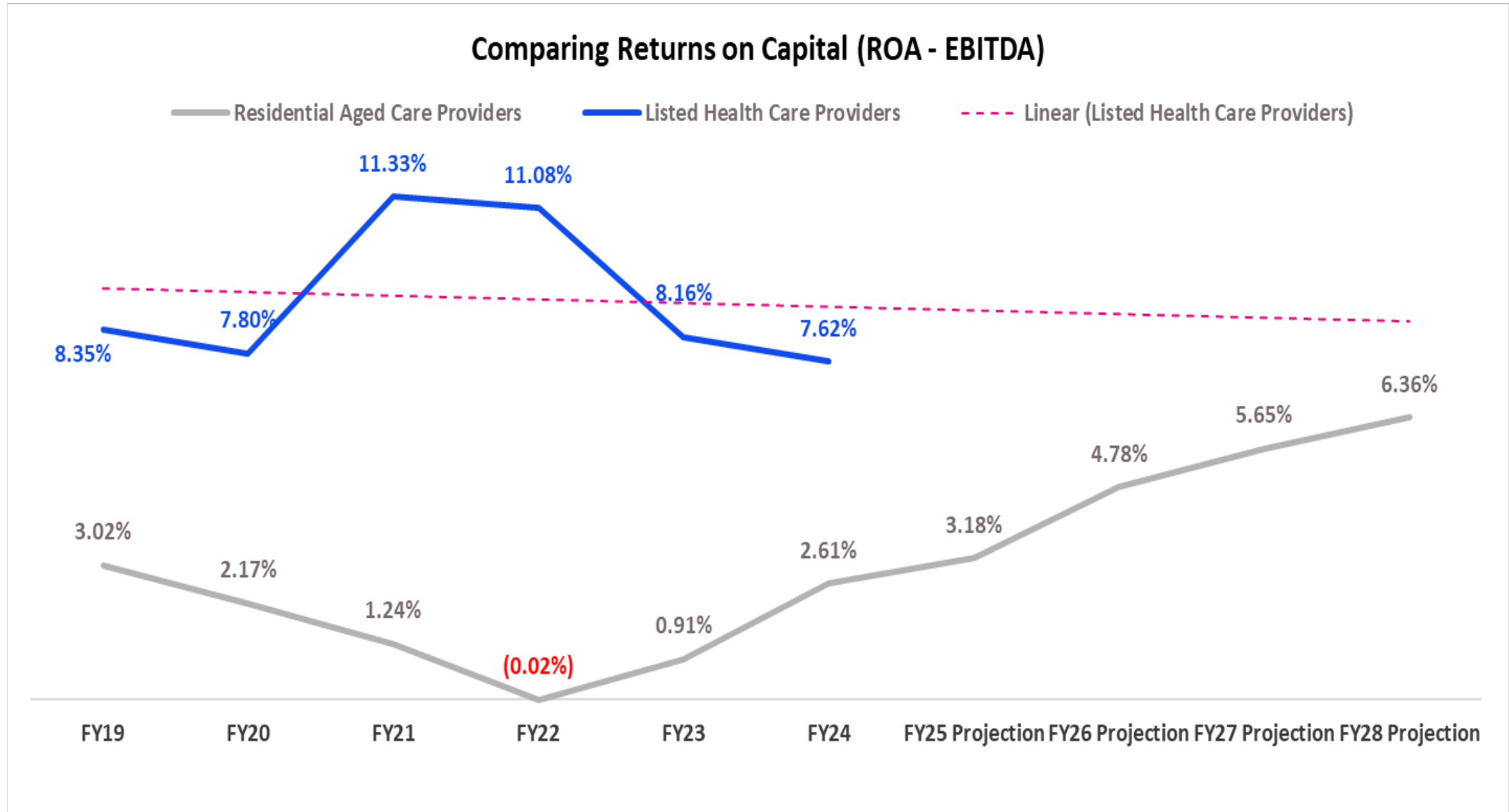
# Residential Results - Dec-24 YTD



# Residential Care - Funding Reforms incremental benefit

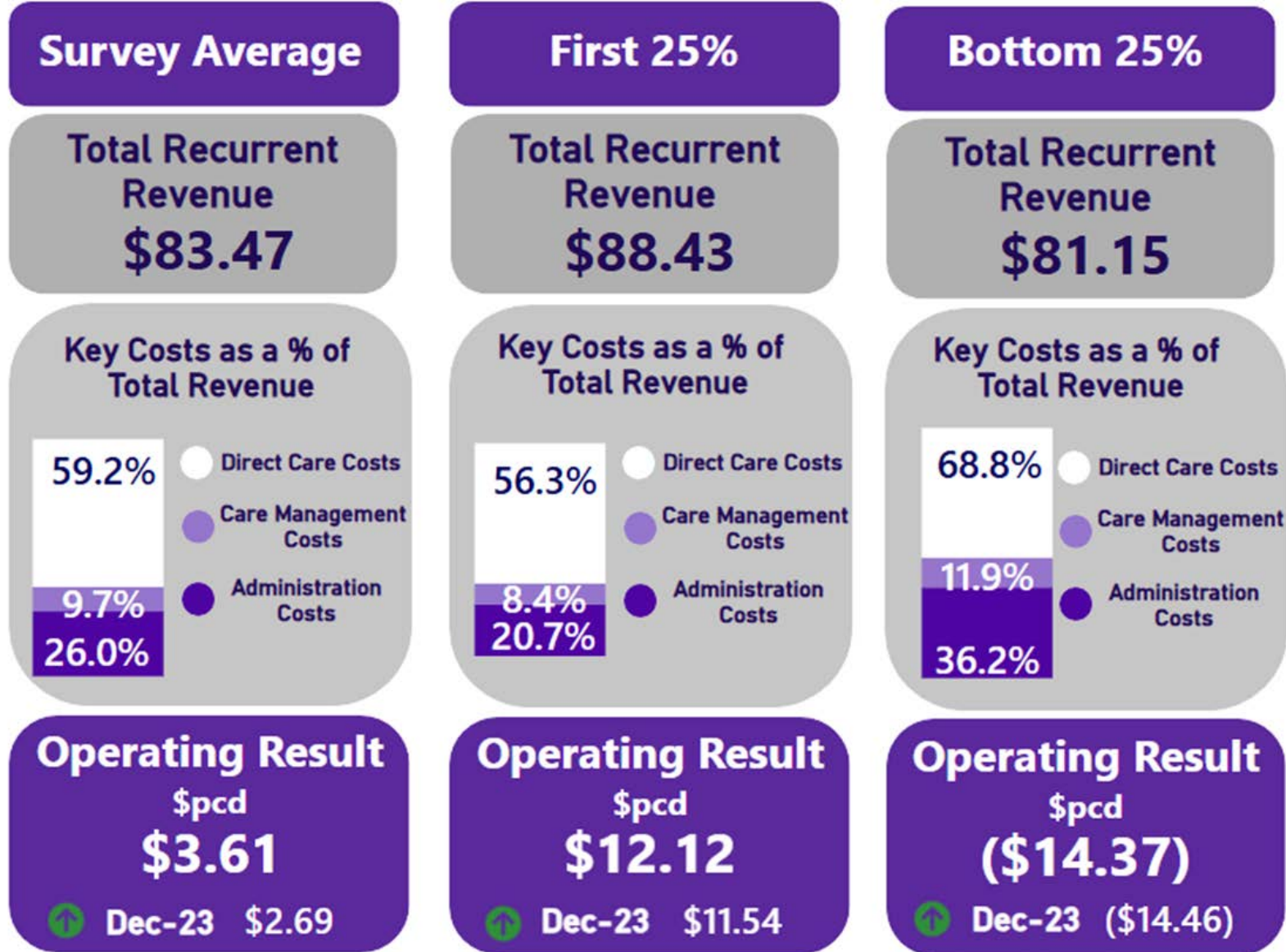


# Residential Care - Return on Capital Comparison





# National Home Care Package Results: Dec-24 YTD



# Viable Profit Margins - SAH Financial Impacts

(Dollars per package per day unless otherwise stated)	Current Position <i>Dec-24 Survey Average (Actual)</i>	Scenario 1 <i>Dec-24 Adjusted for Reforms</i>	Scenario 2 <i>Adjusted for Reforms + Increased Return</i>	Scenario 3 <i>Adjusted for Reforms + Increased Return</i>
<b>KPIs</b>				
<i>Operating result return on revenue</i>	4.3%	4.3%	7.5%	9.5%
<i>Direct &amp; brokered service revenue increase %</i>		29.7%	34.7%	38.1%
Gross margin on direct and brokered services (dollars)	\$ 7.56	\$ 24.45	\$ 27.33	\$ 29.24
<i>Gross margin on direct and brokered services (%)</i>	13.3%	33.1%	35.6%	37.2%
Gross margin on care management (dollars)	\$ 7.54	\$ 1.50	\$ 1.50	\$ 1.50
<i>Gross margin on care management (%)</i>	48.2%	15.6%	15.6%	15.6%
<i>Direct and brokered services as % of revenue</i>	68.2%	88.5%	88.9%	89.1%
<i>Care management as % of revenue</i>	18.8%	11.5%	11.1%	10.9%
<i>Package management as % of revenue</i>	13.0%	0.0%	0.0%	0.0%
<i>Revenue utilisation</i>	86.8%	86.8%	89.8%	91.7%
Available package revenue (per client per day)	\$ 96.18	\$ 96.18	\$ 96.18	\$ 96.18
Available package revenue (per annum)	\$ 35,106	\$ 35,106	\$ 35,106	\$ 35,106

# Prudential and Liquidity Considerations

	All \$'000	Small \$'000	Small/ Medium \$'000	Medium \$'000	Medium/ Large \$'000	Large \$'000
Assets	494,948	75,055	189,369	489,782	715,815	2,216,982
Liabilities	394,212	50,542	146,380	371,296	499,515	1,877,219
Net assets	100,736	24,513	42,989	118,486	216,300	339,763
Liquid assets	77,342	22,360	45,025	77,099	144,813	267,710
Property assets	309,528	43,874	112,388	332,111	535,221	1,311,542
Refundable loans	299,091	41,832	124,796	271,072	416,088	1,383,946
Liquid assets % refundable loans	26%	53%	36%	28%	35%	19%
Refundable loans % assets	60%	56%	66%	55%	58%	62%

	All \$'000	Small \$'000	Small/ Medium \$'000	Medium \$'000	Medium/ Large \$'000	Large \$'000
Current LMS %	24%	24%	20%	24%	22%	25%
Current LMS amount	18,331	5,270	9,139	18,470	32,349	66,004
Available liquid assets	59,011	17,090	35,886	58,629	112,464	201,706
ACQSC Proposed liquidity % (35/10/10)	58%	27%	41%	50%	45%	77%
ACQSC Proposed mandated liquid assets	44,498	6,086	18,338	38,557	65,148	205,783
Available liquid assets	32,844	16,274	26,687	38,542	79,665	61,927
Difference proposed mandated and current LMS amount	26,167	816	9,199	20,087	32,799	139,779
StewartBrown proposed % (25/5/2)	29%	14%	20%	24%	22%	39%
Proposed mandated liquid assets	22,411	3,042	9,009	18,786	32,334	105,365
Available liquid assets	54,931	19,318	36,016	58,313	112,479	162,345
Capital pipeline (all segments) (5 years) *	260,861	37,750	37,211	249,212	179,262	691,360
Capital pipeline (residential segment) (5 years) *	65,590	11,637	8,200	88,783	70,594	190,708