

Financial Sustainability under Reform

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Managing Partner



NSW/ACT State Conference

13–14 August | Hilton Sydney



StewartBrown
Integrity + Quality + Clarity



Residential Care

Mar-26 Financial Results Analysis

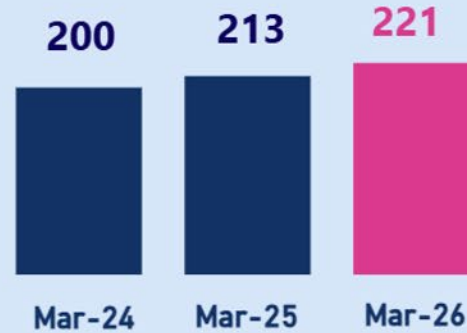


National Mar-26 Results Snapshot

National
Operating
result \$pbd
(\$9.16)

\$0.91
↓ Mar-25

Direct Care Minutes pbd



95.2%
Occupancy

↑ 94.2%
Mar-25



Funding Breakdown \$pbd



of supported residents

46.8%



↑ 46.0%
Mar-25

● Non-Supported ● Supported

National Mar-26 Results Snapshot

↓ **\$4,835 pbpa**

Operating EBITDA

Mar-25 \$8,067 pbpa

↑ **\$57.87 pbd**

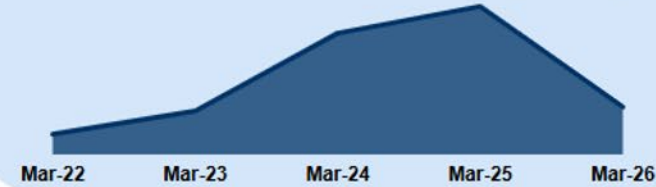
Administration Costs

Mar-25 \$52.48 pbd

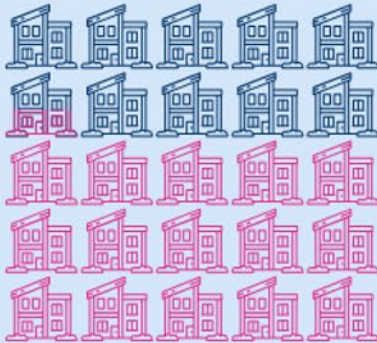
Direct Care Margin

\$5.91 pbd

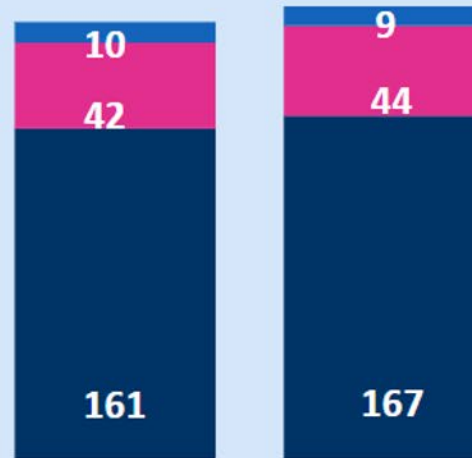
↓
Mar-25
\$18.46 pbd



62%
of homes
recorded an
operating loss



Direct Care Minutes pbd



● Personal Care Staff
● Registered Nurses
● Enrolled and Licensed Nurses

Everyday Living Margin

(\$1.96) pbd

↑
Mar-25
(\$6.60) pbd



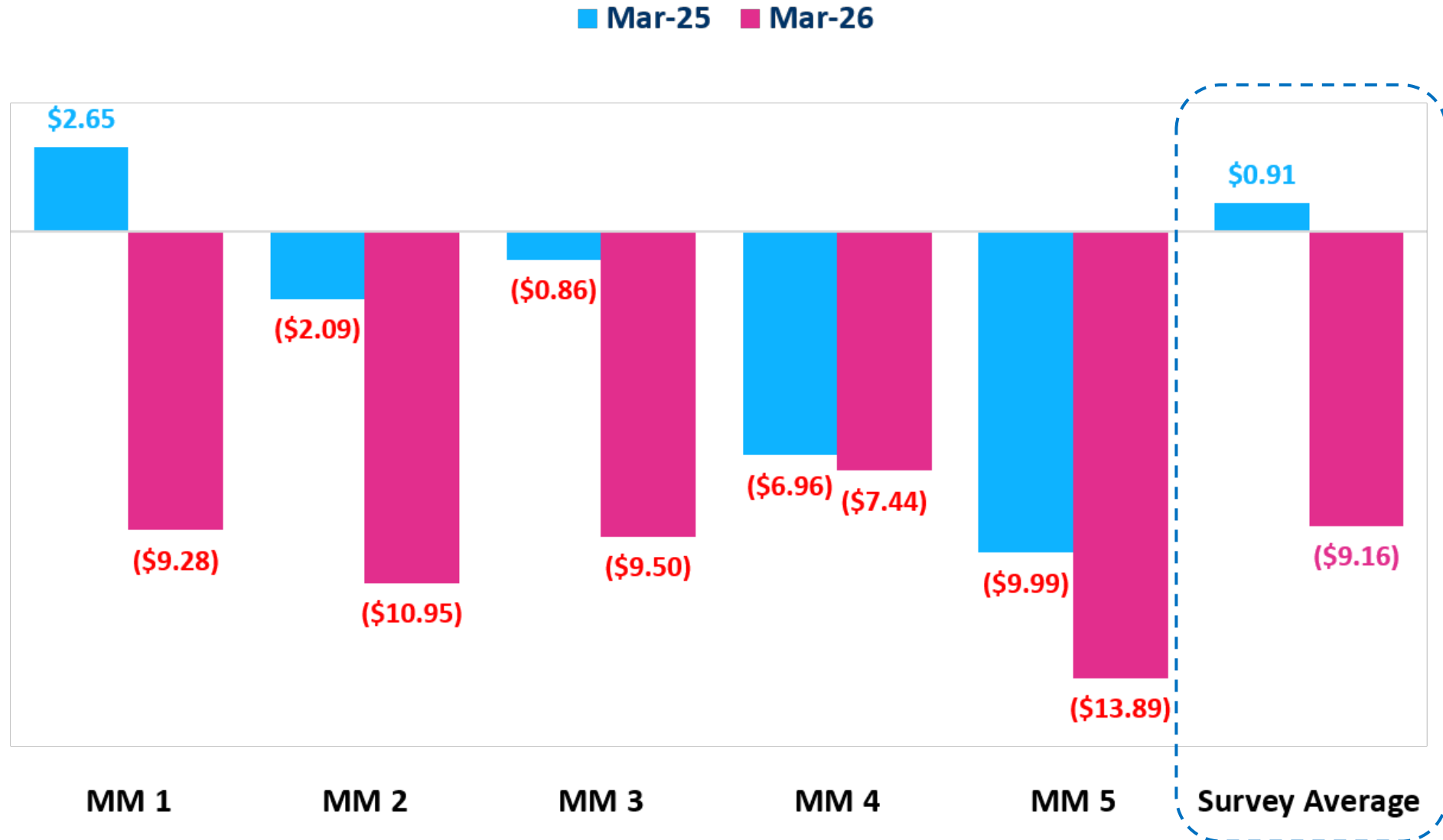
Accommodation Margin

(\$13.11) pbd

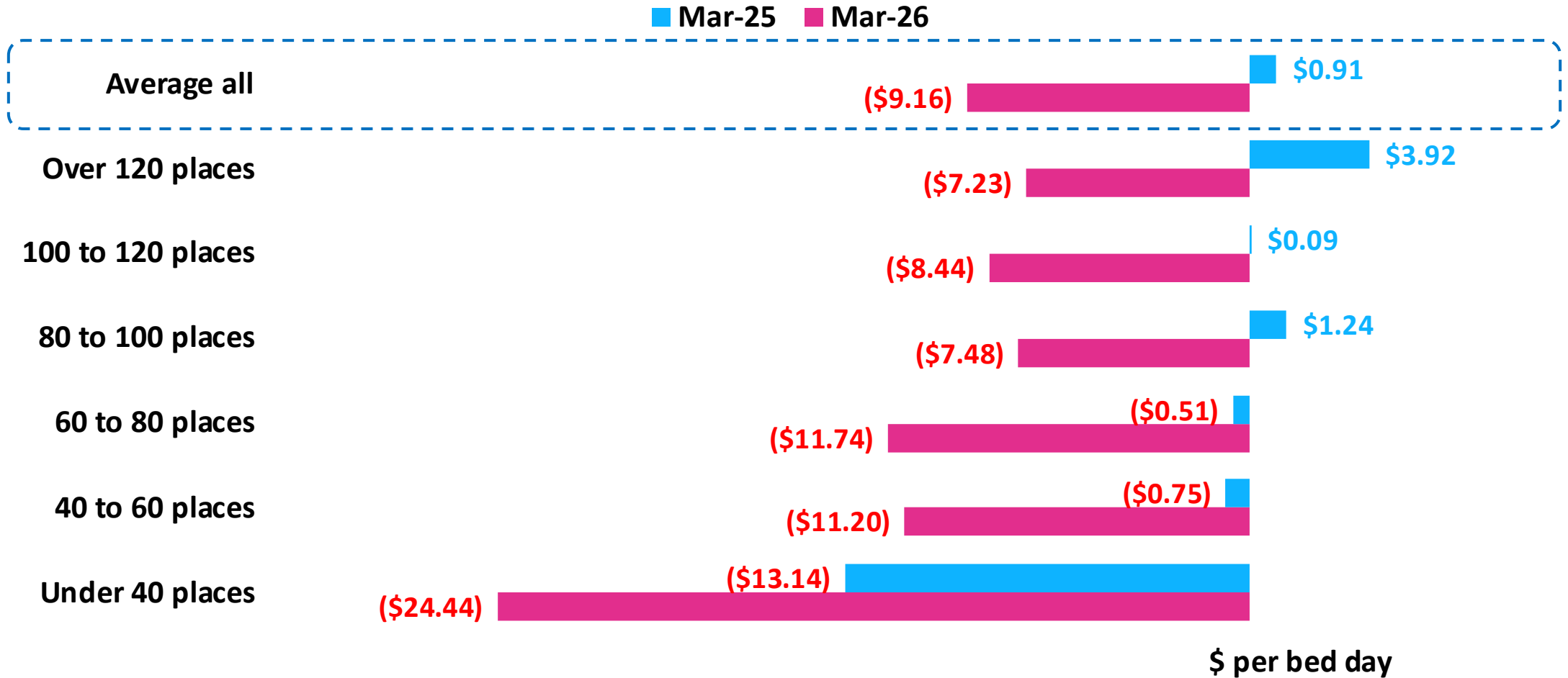
↓
Mar-25
(\$10.95) pbd



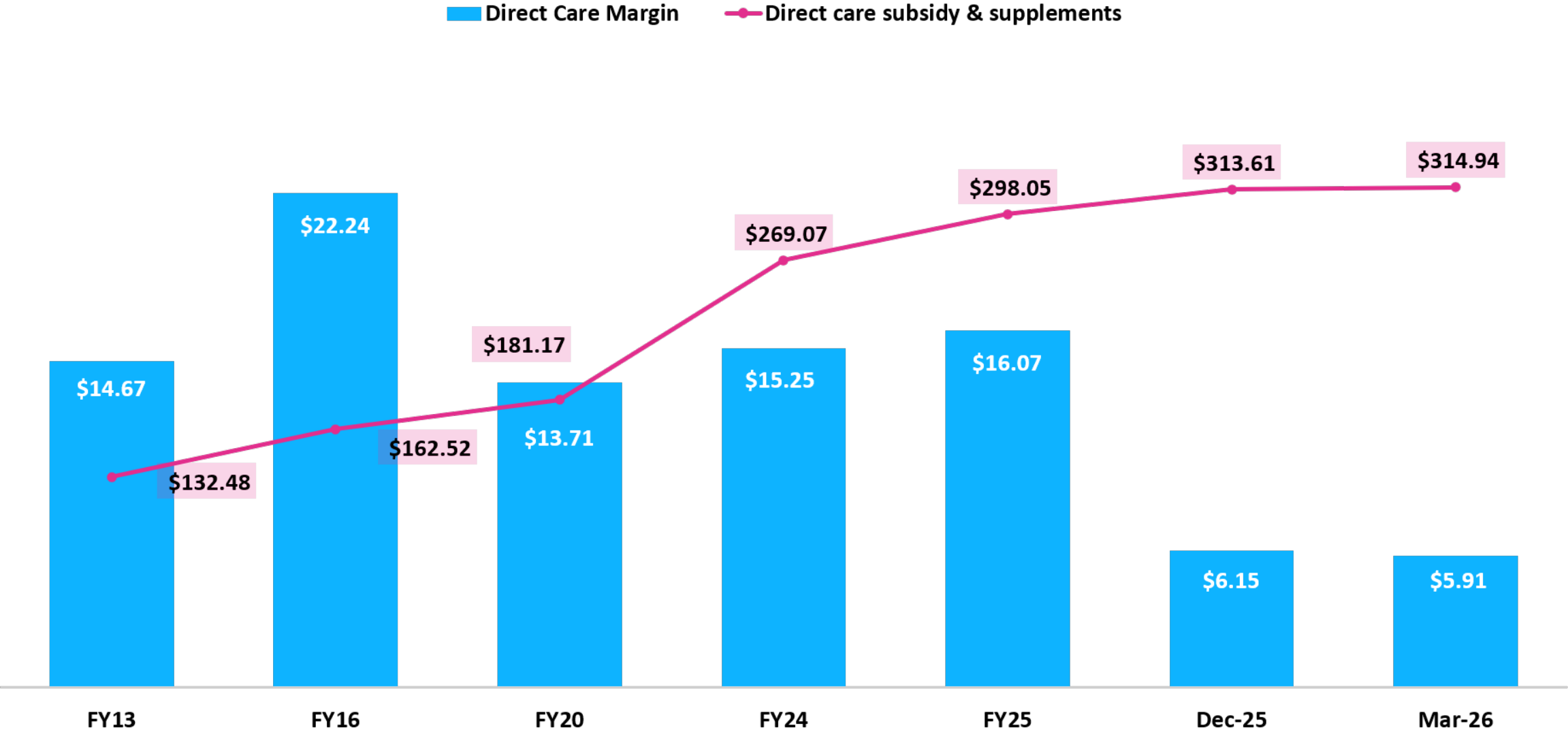
National Operating Result by MM Region (\$ pbd)



National Operating Result (Deficit) by Facility Size (\$ pbd)



Direct Care Margin Trend Analysis



Direct Care Margin Trend Analysis

All Homes	FY13	FY16	FY20	FY24	FY25	Dec-25	Mar-26
Direct Care Margin (\$pbd)	\$14.67	\$22.24	\$13.71	\$15.25	\$16.07	\$6.15	\$5.91
<i>Margin as % of Subsidy</i>	11.1%	13.7%	7.9%	5.8%	5.6%	2.0%	1.9%
Operating Result (\$pbd)	\$5.51	\$11.75	(\$6.90)	(\$1.58)	(\$3.10)	(\$9.80)	(\$9.16)
EBITDA (\$pbpa)	\$6,239	\$8,941	\$3,969	\$7,039	\$6,817	\$4,582	\$4,835

Direct Care Margin

The residential direct care margin is a measure of financial performance specific to the delivery of hands-on resident care. It is calculated as direct care subsidy revenue (AN-ACC/ACFI) minus direct care costs on a per-resident, per-day basis.

The direct care margin trend graph highlights the decline in the margin since FY13 and the impact on the operating and EBITDA results accordingly.

IHACPA have provided the following clarity with respect to their position in relation to the direct care margin:-

“IHACPA’s cost-based approach to pricing does not incorporate provider margins and complies with the Minister’s Letter of Expectations 2022, which instructed IHACPA to provide pricing advice based entirely on the costs of care.”

Essentially, it is the responsibility of the Minister on the advice of the Department to determine an appropriate margin.

To ensure the financial sustainability, ensure high-quality care delivery and to improve the investment climate to encourage the required new builds, StewartBrown recommend that a margin of a minimum of 8% of the AN-ACC subsidy be strongly considered.

Homes with Direct Care Margin Deficit – March 2026

For the Mar 26 Survey (2026Q3), **468 out of 1,149 (40.7%)** homes recorded a **direct care margin deficit**.



Occupancy

94.3%

vs 95.8%



Direct Care Revenue

\$312.33 pbd

vs \$318.35 pbd



Total Direct Care Minutes

224.70 pbd

vs 218.22 pbd



RN Minutes

44.69 pbd

vs 43.40 pbd



Agency Usage
(In direct care minutes)

4.4%

vs 3.2%



Other Direct Care Staff Cost

+\$8.56 pbd

Variance

Key Finding

**468 of 1,149
(40.7%)**

homes recorded a direct care margin deficit in the March quarter.

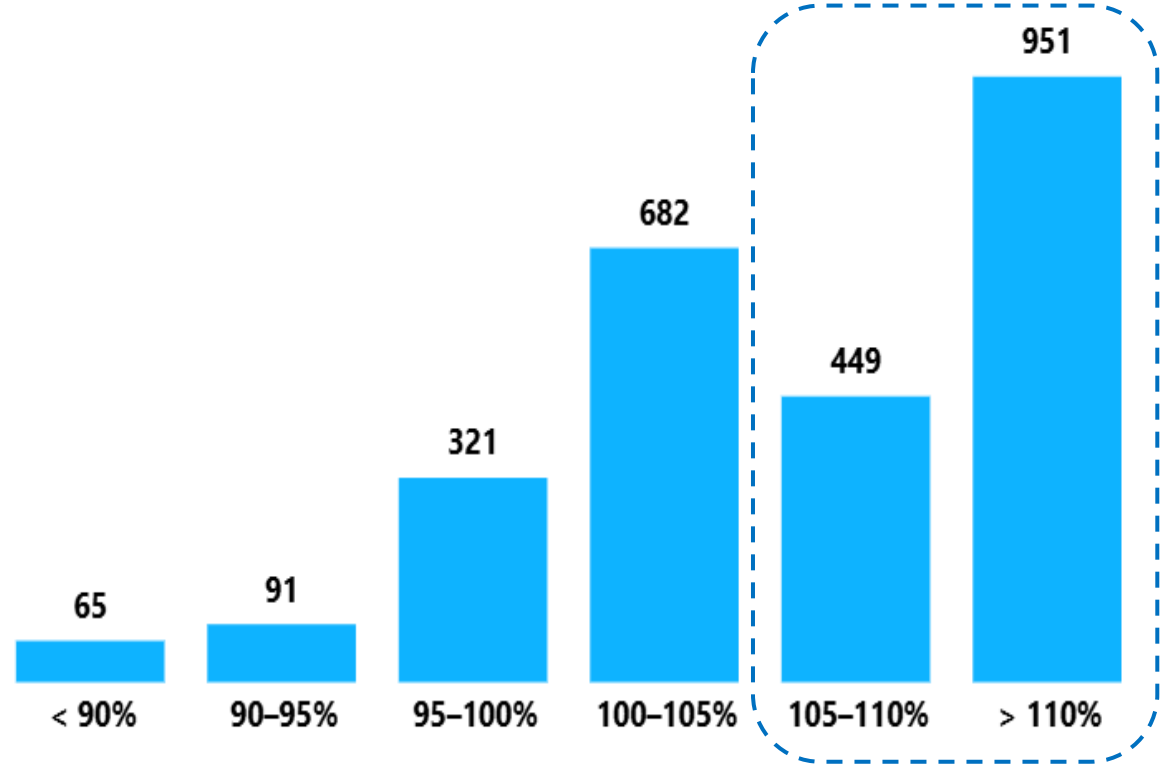
Why this matters

Direct care margins can be addressed **by implementing strategies** to address **cost pressures**.

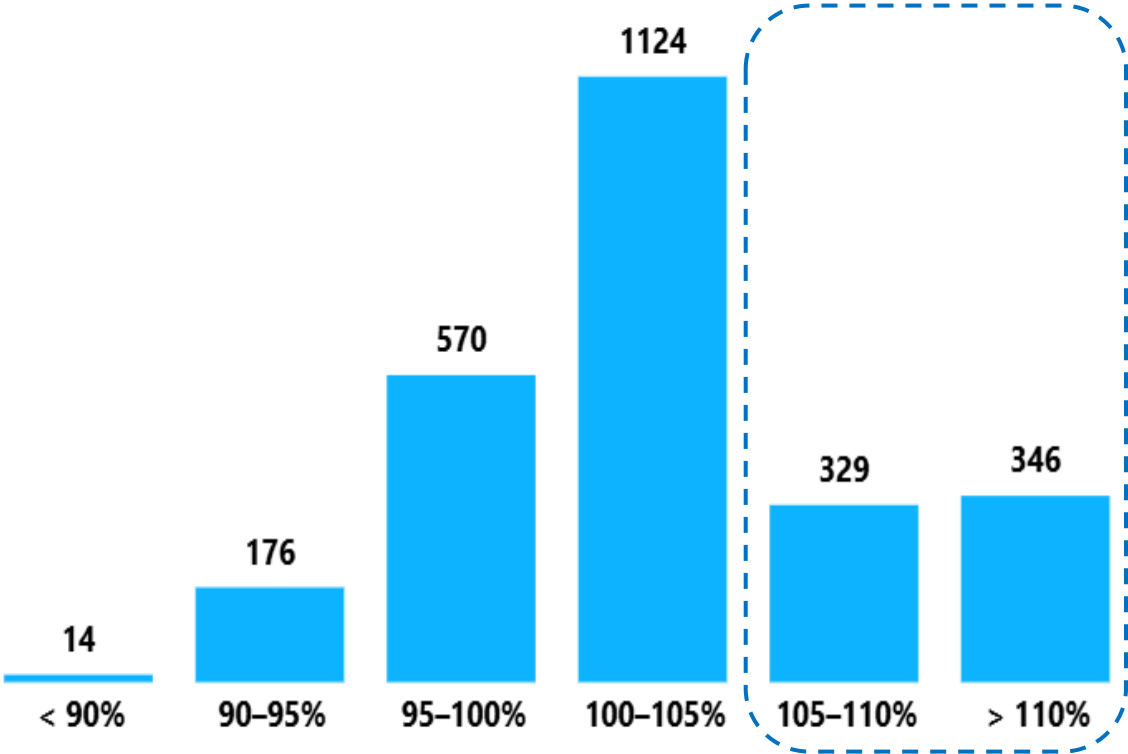


Care Minute Compliance Mar-26

Registered Nurse Compliance Distribution



Total Direct Care Compliance Distribution



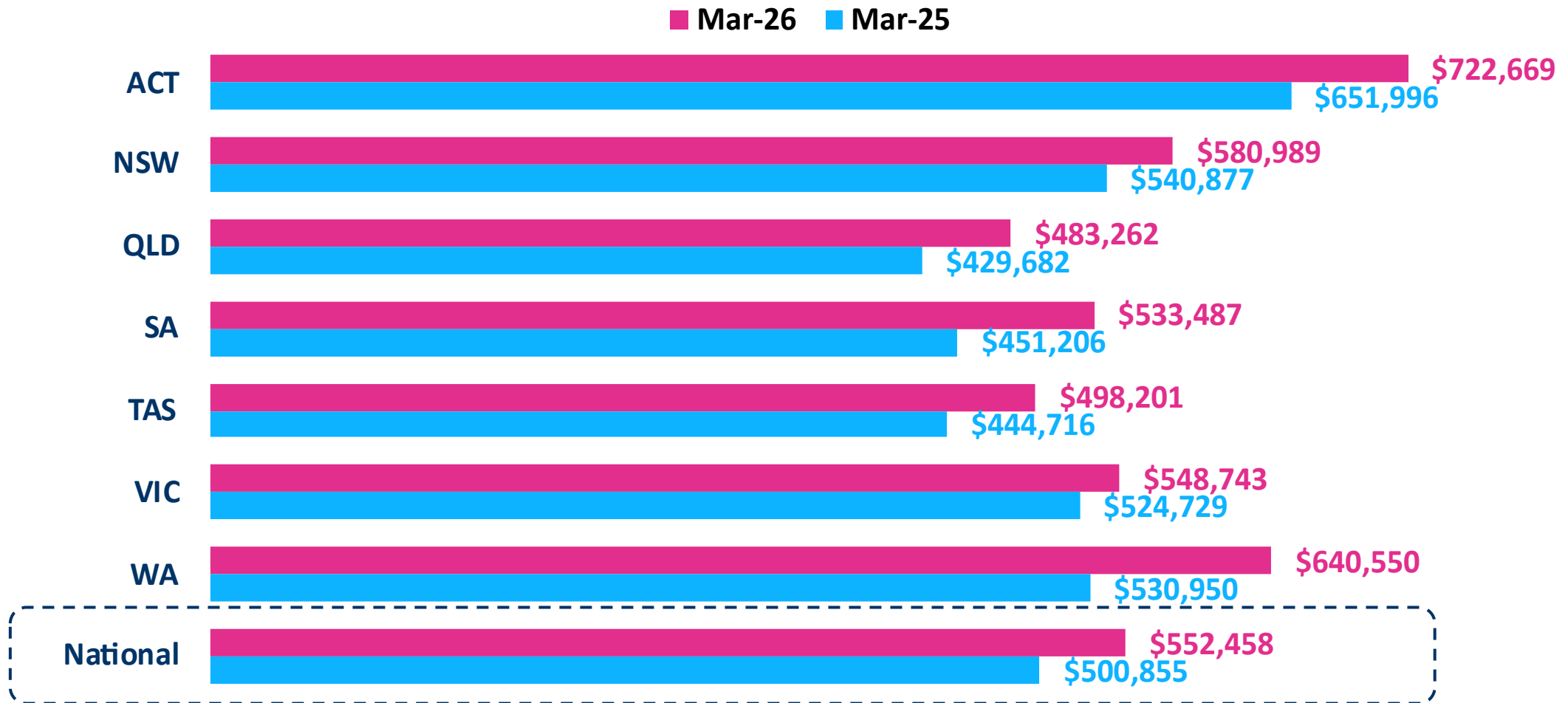
National Everyday Living Analysis (Mar-26)

	All Homes	Homes with additional/extra services	Homes without additional/extra services	Difference
Basic daily fee - resident	64.86	64.81	64.94	(0.14)
Hotelling supplement - government	20.21	20.22	20.20	0.02
Fees for additional/extra services	5.69	9.83	0.10	9.73
Everyday living revenue	\$ 90.77	94.85	85.24	\$ 9.61
Hotel services expenditure	63.94	62.85	65.42	(2.58)
Utilities	9.33	8.94	9.85	(0.92)
Administration allocation	19.46	19.50	19.39	0.11
Everyday living expenditure	\$ 92.73	\$ 91.29	\$ 94.67	\$ (3.38)
Everyday living margin	\$ (1.96)	\$ 3.56	\$ (9.43)	\$ 13.00

National Everyday Living Analysis (Mar-26)

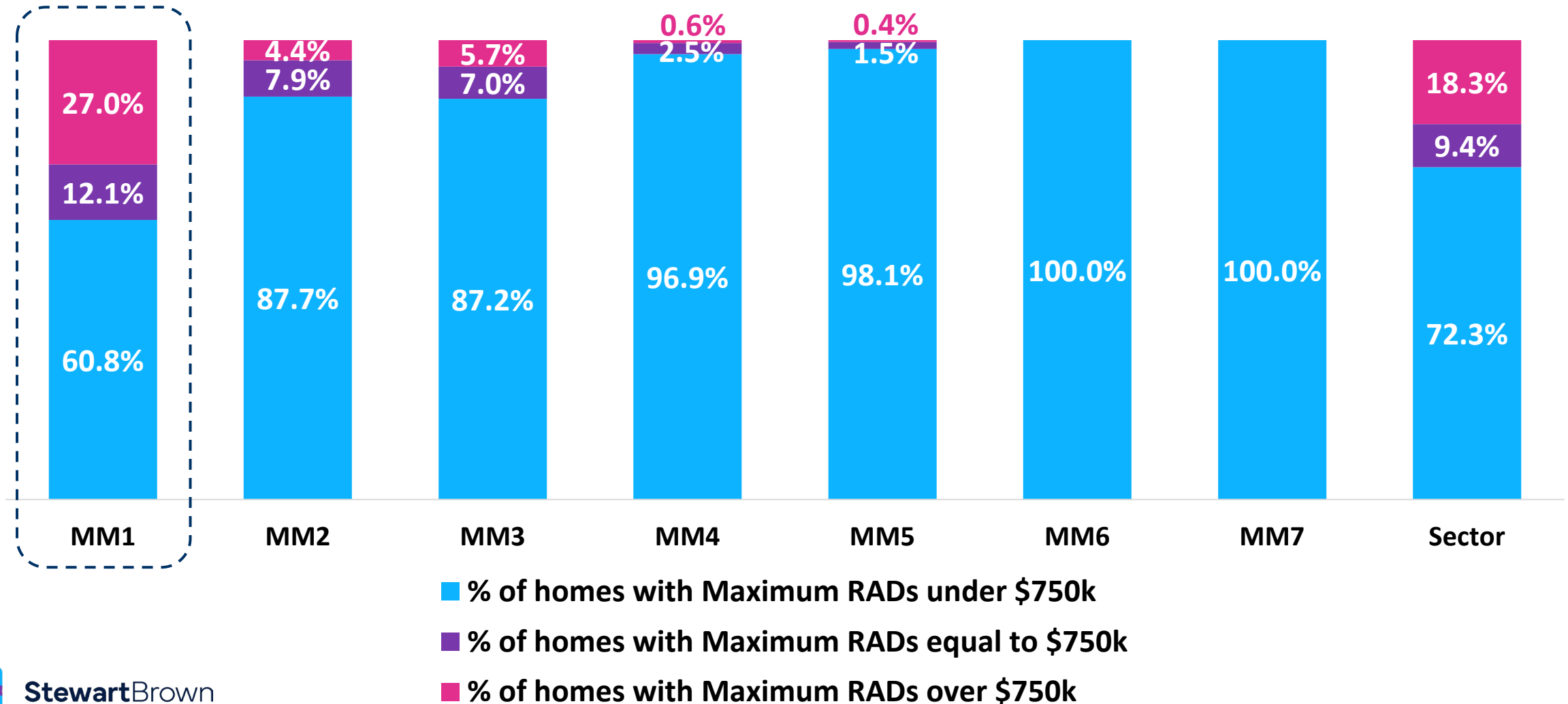
	MM1	MM2	MM3	MM4	MM5
Basic daily fee - resident	64.82	64.81	65.13	65.04	64.78
Hotelling supplement - government	20.26	20.18	19.97	20.27	20.12
Fees for additional/extra services	7.07	3.09	3.70	2.42	1.82
Everyday living revenue	\$ 92.15	\$ 88.08	\$ 88.80	\$ 87.73	\$ 86.71
Hotel services expenditure	62.14	66.09	66.63	68.74	70.03
Utilities	8.67	11.69	10.01	10.66	9.91
Administration allocation	19.34	18.85	19.88	19.56	20.50
Everyday living expenditure	\$ 90.15	\$ 96.63	\$ 96.52	\$ 98.96	\$ 100.43
Everyday living margin	\$ 2.00	\$ (8.55)	\$ (7.72)	\$ (11.23)	\$ (13.72)

Average RAD Received by State or Territory

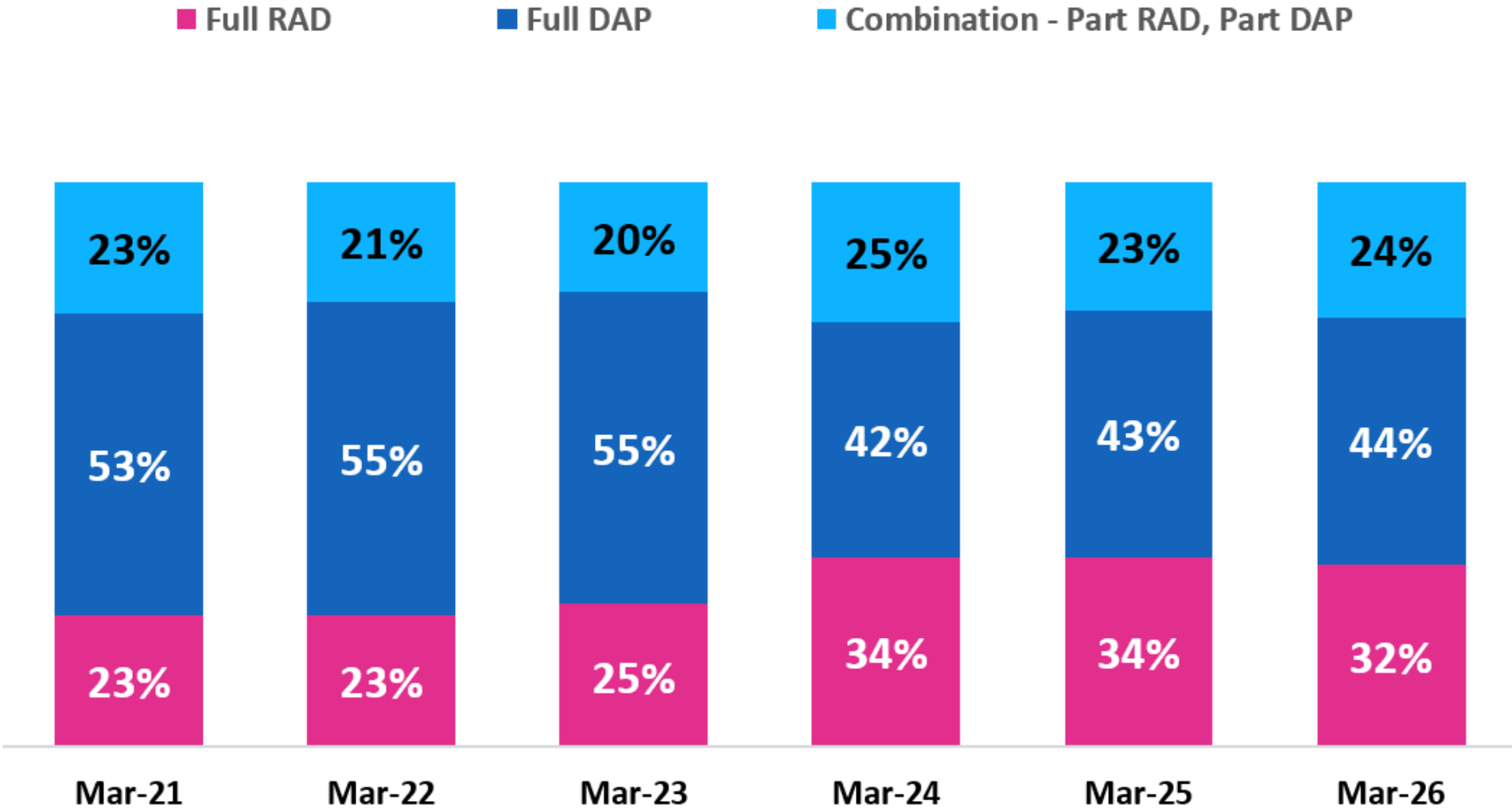


Average Accommodation Pricing Analysis (Mar-26)

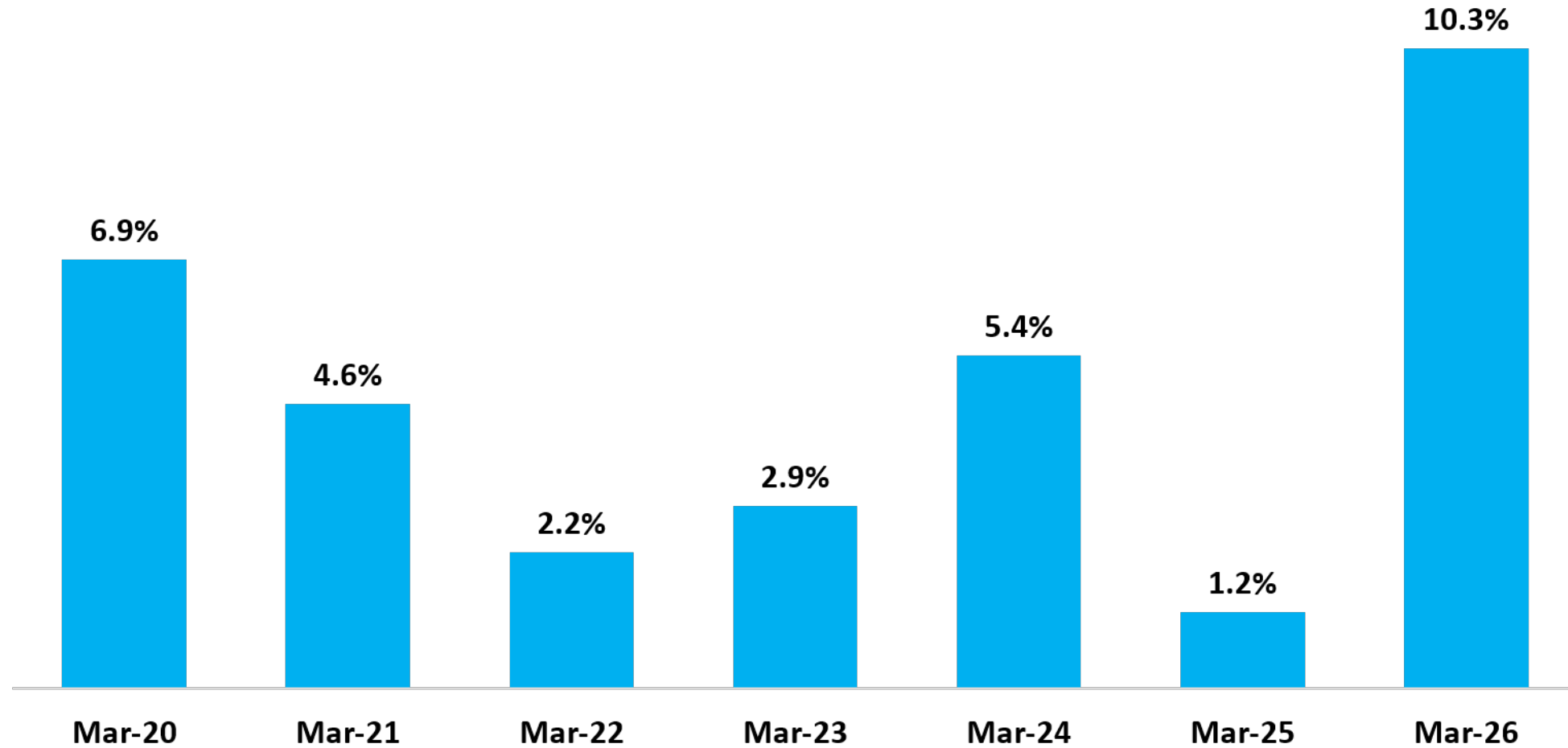
% of homes with a Maximum RAD price under/over \$750k by MM classification



Accommodation Payment Preferences



Annual movement in average full RAD (Survey Homes)



Residential Accommodation Pricing – Daily Payment Model

INPUTS

Global

DAP Conversion Rate (MPIR)	8.43%	Input
Supported ratio threshold	40.0%	Input
RAD retention % per annum	1.98%	Input
Investment return % per annum on RAD funds	4.75%	Input
% of RAD funds available for investment	25.0%	Input
Internal Rate of Return on Fair Value (after depreciation) (R)	4.50%	Input
Days in year (S)	365	Input
Maximum Accommodation supplement	\$70.94	Input

Facility Specific

Fair value per bed (T)	\$ 300,000	Input
Accommodation expenditure (\$ per day)		
Recurrent	36.80	Input
Depreciation	19.42	Input
Accommodation expenditure (A)	\$ 56.22	Sum
Occupancy	95.0%	Input
Supported ratio	46.7%	Input
Additional Supported Supplement qualification	Nil	Input
Non-Supported accommodation payment mix		
DAP only %	40.0%	Input
RAD only %	37.0%	Input
Combination RAD/DAP %	23.0%	Input
Average RAD proportion of Combination %	50.0%	Input
MM location classification	MM1	Input
Postcode of facility	2151	Input
Average house price by postcode (information purposes only)		Provided
Average unit price by postcode (Information purposes only)		Provided
DAP required to meet total accommodation revenue	\$ 166.12	Calculated
RAD conversion from DAP (based on conversion rate) (\$)	\$ 719,253	Calculated

CALCULATOR

	\$ pbd	
Accommodation revenue (excluding DAPs)		
Accommodation supplement (B)	31.47	Calculated
RAD investment revenue (C)	6.05	Calculated
RAD Retention (D)	10.09	Calculated
Accommodation revenue excluding DAPs (E = B + C + D)	\$ 47.61	Sum
Recurrent Accommodation margin (excluding DAPs) (F = E - A)	-\$ 8.61	Sum
Total Accommodation margin required (U = (R x T) / S)	\$ 36.99	Formula
Total Accommodation revenue required (V = U + A)	\$ 93.21	Sum
DAP revenue required to meet total accommodation revenue (W = V - E)	\$ 45.60	Sum
DAP required to meet total accommodation revenue	\$ 166.12	Calculated
RAD conversion from DAP (based on conversion rate) (\$)	\$ 719,253	Calculated

In brief the key elements of the model are as follows:-

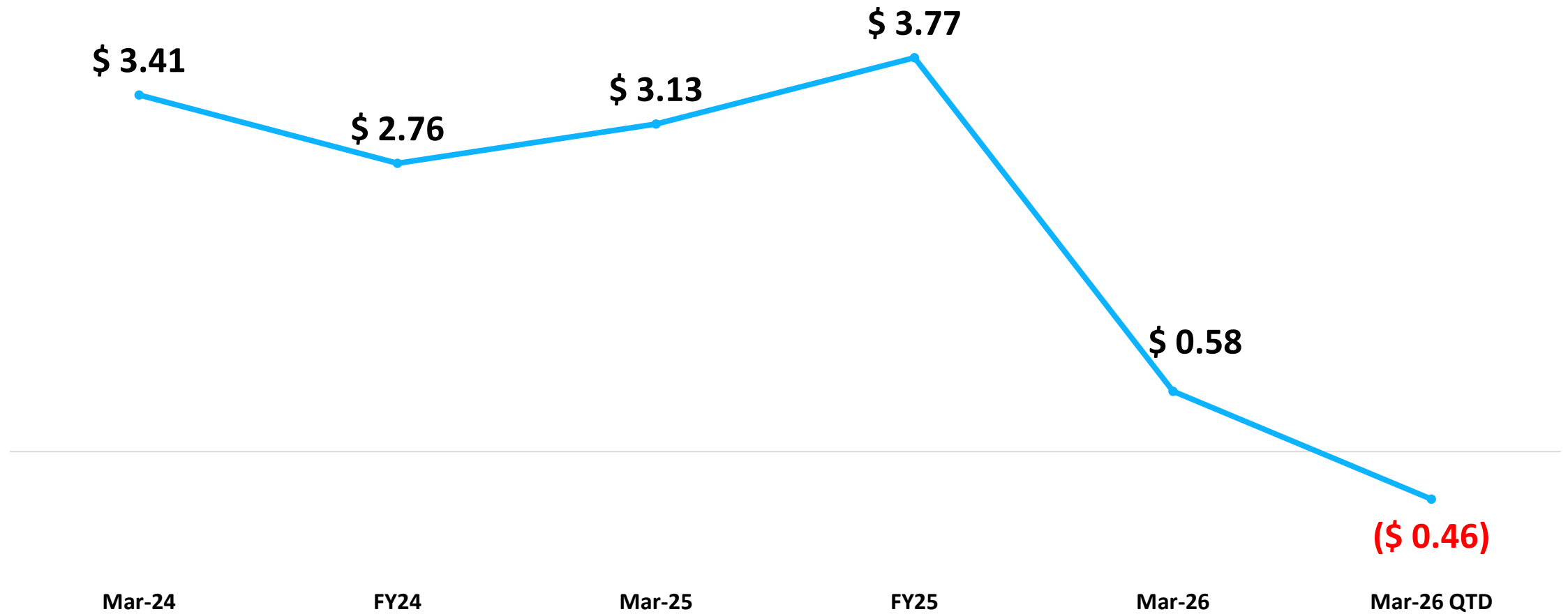
- Each home is separately calculated using the Model (ie not at a consolidated provider level)
- Move to a Daily Payment model (consistent with what we have advocated over the last few years) whereby the Daily Payment (retaining the term DAP for now) is the primary basis of determining the accommodation price (rather than the using the RAD as is the case now)
- Modify the MPIR with a “Conversion Rate” to more accurately determine what average daily amount is required (on a home by home basis)
- Encourage a more realistic depreciation rate based on effective life - our view is to depreciate over 25 years (4%) or over 33.3 years (3%)
- Encourage a focus on new builds and significant refurbished builds
- For non-supported residents, the providers need to increase the DAP (and RAD conversion) to provide the necessary increased margin to what is currently being achieved (essential that existing homes become profitable)

Home Care Packages

Mar-26 Financial Results Analysis



Operating result trend (dollars per client day)



National Mar-26 (YTD) SAH Results Snapshot - YoY

Support at Home
Operating Result
\$pcd

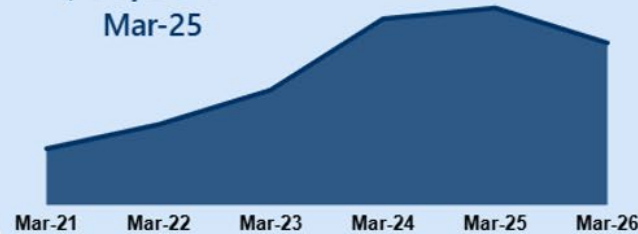
\$0.58

↓ Mar-25 \$3.13

\$13,481

Unspent
Funds per
package

↓
\$14,674
Mar-25



Package
Utilisation

76.8%



↓
86.7%
Mar-25

Key Margin Metrics

	Direct Service Provision	Care Management	Net Admin Costs
	↑	↓	↓
Mar-26	\$11.98	\$4.69	(\$15.92)
Mar-25	\$6.76	\$7.62	(\$10.60)

Internal Staff
Hours per client
per week



Total
Recurrent
Revenue

\$81.56

↓ \$83.08
Mar-25

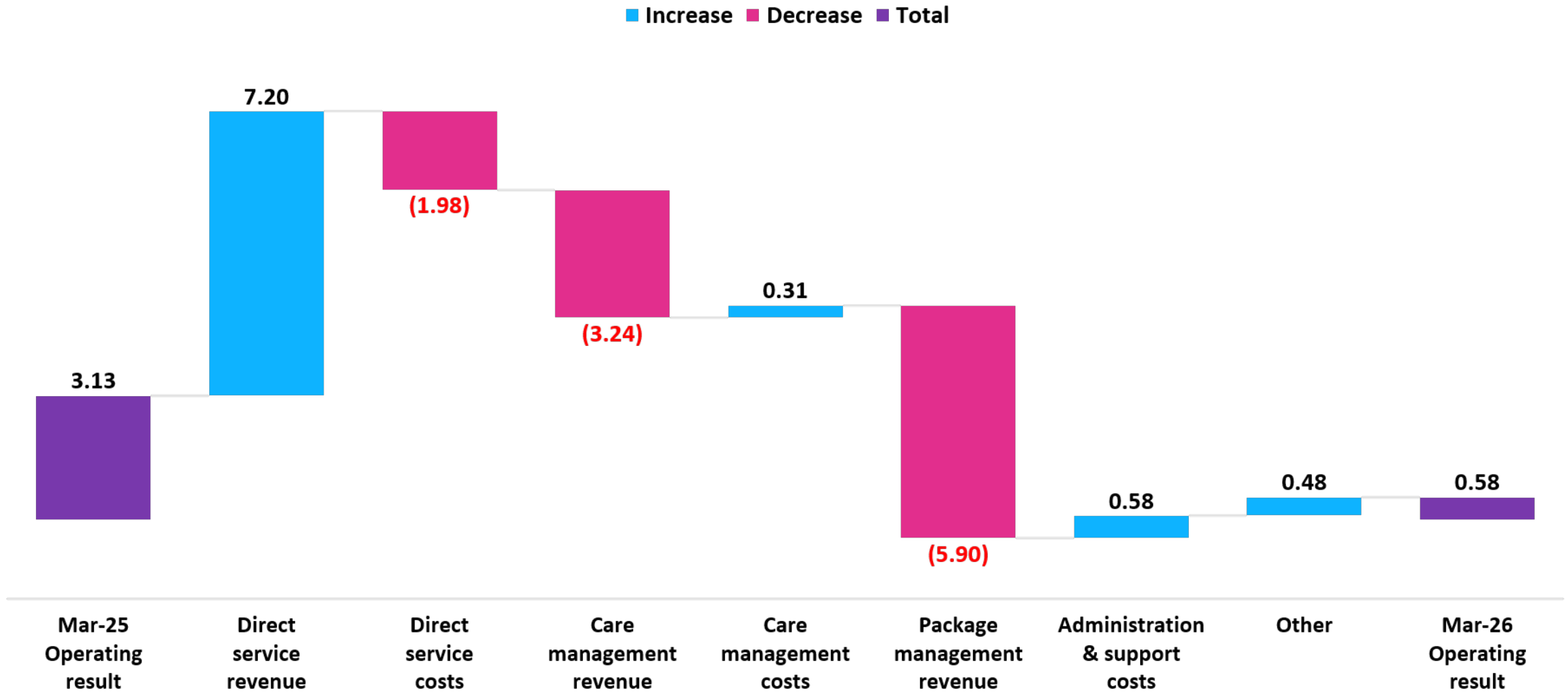


National Mar-26 (YTD) HCP/SaH Results Summary - Combo

Survey Average	First 25%	Bottom 25%
Total Recurrent Revenue \$81.56	Total Recurrent Revenue \$83.13	Total Recurrent Revenue \$78.73
Package Utilisation % 76.8%	Package Utilisation % 75.8%	Package Utilisation % 77.8%
Key Margin Metrics	Key Margin Metrics	Key Margin Metrics
\$11.98 Direct Service Margin	\$13.31 Direct Care Margin	\$7.99 Direct Care Margin
\$4.69 Care Management Margin	\$7.05 Care Management Margin	\$3.76 Care Management Margin
(\$15.92) Administration Margin	(\$10.80) Administration Margin	(\$21.07) Administration Margin
Operating Margin % 0.7%	Operating Margin % 12.0%	Operating Margin % (12.3%)
Operating Result \$pcd \$0.58 ↓ Dec-25 \$1.44	Operating Result \$pcd \$9.97 ↓ Dec-25 \$13.64	Operating Result \$pcd (\$9.66) ↑ Dec-25 (\$12.98)



Pathway to Mar-26 Operating Results



Analysis of results by size of provider

Operating Performance by Provider Size	Under 100 Packages	100 to 249 Packages	250 to 499 Packages	500 to 999 Packages	1,000 to 2,499 Packages	Over 2,500 Packages
Package utilisation %	90.7%	91.7%	83.9%	85.4%	74.4%	88.7%
Financial Results (\$ per client day)						
Operating Revenue	\$81.13	\$88.72	\$84.45	\$87.21	\$83.22	\$86.65
Margin on direct service provision	\$7.40	\$5.78	\$9.60	\$10.86	\$11.89	\$8.94
Margin on care management	\$3.62	\$2.72	\$7.00	\$5.64	\$4.85	\$6.07
Net administration costs	(\$18.84)	(\$13.96)	(\$15.61)	(\$16.27)	(\$15.43)	(\$12.57)
Depreciation	\$1.00	\$0.64	\$0.51	\$0.31	\$0.59	\$0.73
Operating Result	(\$7.24)	(\$3.51)	\$0.48	\$0.12	\$1.58	\$2.14
Operating EBITDA	(\$2,278)	(\$1,049)	\$360	\$156	\$792	\$1,049
Key Performance Indicators						
Direct service margin %	12.1%	8.8%	15.6%	16.9%	18.8%	13.9%
Care management margin %	30.6%	24.8%	42.8%	52.1%	40.9%	44.6%
Administration and support costs as % of total revenue	31.1%	26.6%	27.7%	28.4%	27.2%	23.8%
Profit margin %	(8.9%)	(4.0%)	0.6%	0.1%	1.9%	2.5%
SaH Closing Package level mix						
Level 1 & 2 mix %	47.8%	49.6%	16.7%	20.0%	38.1%	39.6%
Level 3 & 4 mix %	44.4%	49.4%	33.3%	42.3%	44.1%	39.7%
Level 5 & 6 mix %	2.2%	0.0%	22.2%	30.9%	3.8%	6.5%
Level 7 & 8 mix %	5.6%	1.0%	27.8%	6.9%	14.0%	14.2%

Price movements from HCP to SAH

Service Type	National Median Price June 2025 (\$ per hour)	National Median Price April 2026 (\$ per hour)	% Increase	National Median Price 1 February 2026 (\$ per hour)
Cleaning and household tasks	79	110	39%	110
In-home respite	80	111	39%	112
Light gardening	81	111	37%	113
Nursing	132	180	36%	180
Personal care	80	111	39%	112
Average			38%	

On average prices have moved in line with expectations, particularly considering cost increases on top of maintenance of revenue streams

IHACPA Pricing Advice 2026-27

Service type	Unit	Service	Unit price (weekdays – normal hours)	Labour component	Non-labour component	Administration component ²	95% confidence interval
Nursing care	Per hour	Registered nurse	\$184.55	\$117.87	\$30.71	\$35.96	\$153.56 - \$215.54
		Enrolled nurse	\$172.34	\$96.28	\$40.85	\$35.21	\$127.35 - \$217.34
		Nursing assistant	\$103.11	\$64.78	\$10.46	\$27.88	\$89.59 - \$116.64

Reports released 28 and 29 May 2026

Prices based on indexed costs to deliver service – does not include a margin



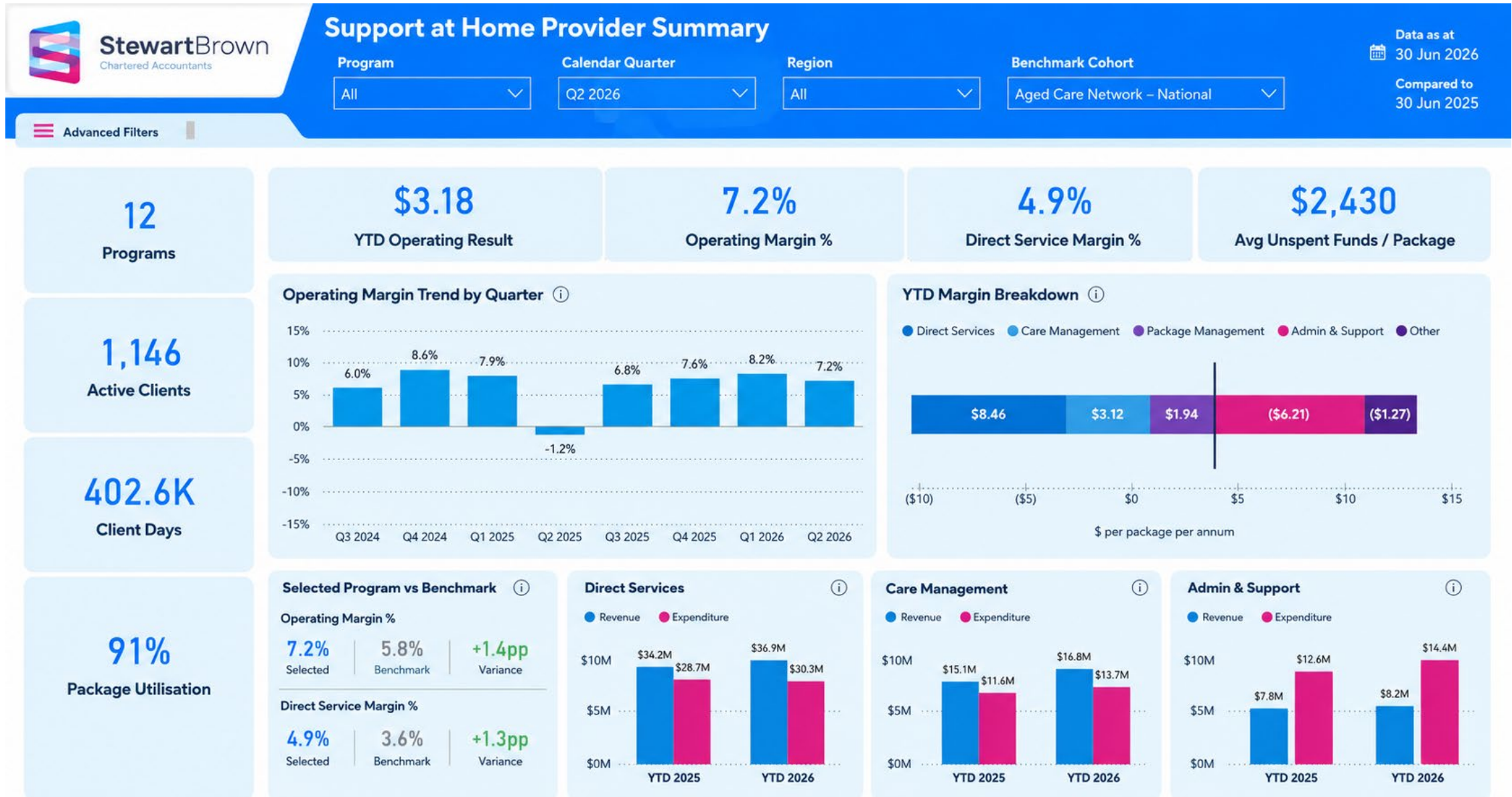
Comparisons with Common Prices 1 April 2026

Service (All prices are expressed in dollars per hour unless otherwise stated)	Pricing Market Scan - 1 April 2026					IHACPA Unit Prices	Median Profit Margin %	Q1 Profit Margin %	Q2 Profit Margin %	Q3 Profit Margin %	Q4 Profit Margin %
	Survey Median \$	Quartile 1 Median \$	Quartile 2 Median \$	Quartile 3 Median \$	Quartile 4 Median \$						
Clinical Support											
Nursing - Registered Nurse	180	160	175	186	214	184.55	(2.5%)	(13.3%)	(5.2%)	0.8%	16.1%
Nursing - Enrolled Nurse	160	138	155	165	199	172.34	(7.2%)	(19.9%)	(10.1%)	(4.3%)	15.2%
Nursing - Nursing Assistant	122	107	119	135	168	103.11	17.9%	3.8%	15.4%	30.9%	62.9%
Allied Health Assistance	160	120	150	170	200	152.85	4.7%	(21.5%)	(1.9%)	11.2%	30.8%
Counselling or Psychotherapy	220	200	220	240	280	197.35	11.5%	1.3%	11.5%	21.6%	41.9%
Dietitian or Nutritionist	220	195	219	235	280	216.53	1.6%	(9.9%)	1.1%	8.5%	29.3%
Exercise Physiologist	219	180	210	220	264	203.10	7.8%	(11.4%)	3.4%	8.3%	30.0%
Music Therapist	212	165	200	220	260	146.49	44.7%	12.6%	36.5%	50.2%	77.5%
Occupational Therapist	225	195	220	235	280	230.31	(2.3%)	(15.3%)	(4.5%)	2.0%	21.6%
Physiotherapist	220	185	218	232	263	209.38	5.1%	(11.6%)	4.1%	10.8%	25.8%
Podiatry	214	170	204	225	256	174.86	22.4%	(2.8%)	16.7%	28.7%	46.5%
Psychologist	240	210	230	255	305	285.20	(15.8%)	(26.4%)	(19.4%)	(10.6%)	6.9%
Social Worker	220	190	219	235	268	204.04	7.8%	(6.9%)	7.3%	15.2%	31.3%
Speech Pathologist	230	198	220	240	270	251.46	(8.5%)	(21.3%)	(12.5%)	(4.6%)	7.4%
Home Support Care Management	140	120	135	150	165	118.40	18.2%	1.4%	14.0%	26.7%	39.4%
Home Support Restorative Care Management	170	149	165	180	200	126.83	34.0%	17.5%	30.1%	41.9%	57.7%

Comparisons with Common Prices 1 April 2026

Service (All prices are expressed in dollars per hour unless otherwise stated)	Pricing Market Scan - 1 April 2026					IHACPA Unit Prices	Median Profit Margin %	Q1 Profit Margin %	Q2 Profit Margin %	Q3 Profit Margin %	Q4 Profit Margin %
	Survey Median \$	Quartile 1	Quartile 2	Quartile 3	Quartile 4						
		Median \$	Median \$	Median \$	Median \$						
Independence											
Assistance with Self-care and Activities of Daily Living	111	95	110	115	125	103.11	7.7%	(7.9%)	6.7%	11.5%	21.2%
Assistance with Self-administration of Medication	111	96	110	115	127	103.11	7.7%	(6.9%)	6.7%	11.5%	23.2%
Continence Management (Non-clinical)	111	95	110	115	124	103.11	7.7%	(7.9%)	6.7%	11.5%	20.6%
Individual Social Support	110	98	110	115	129	101.41	8.5%	(3.4%)	8.5%	13.4%	27.2%
Acupuncturist	195	140	185	210	243	159.59	22.2%	(12.3%)	15.9%	31.6%	52.3%
Chiropractor	196	150	187	210	246	146.12	34.1%	2.7%	28.0%	43.7%	68.4%
Diversional Therapist	195	140	180	200	230	146.49	33.1%	(4.4%)	22.9%	36.5%	57.0%
Remedial Masseuse	181	150	176	199	225	159.59	13.4%	(6.0%)	10.3%	24.7%	41.0%
Art Therapist	200	150	195	210	250	146.49	36.5%	2.4%	33.1%	43.4%	70.7%
Osteopath	195	160	190	205	245	159.91	21.9%	0.1%	18.8%	28.2%	53.2%
Flexible Respite	111	95	110	115	125	110.75	0.2%	(14.2%)	(0.7%)	3.8%	12.9%
Everyday Living											
General House Cleaning	110	93	108	113	121	111.87	(1.7%)	(16.9%)	(3.5%)	1.0%	8.0%
Laundry Services	110	92	109	113	121	111.87	(1.7%)	(18.2%)	(3.0%)	1.0%	8.0%
Shopping Assistance	110	95	109	115	129	111.87	(1.7%)	(15.1%)	(2.6%)	2.8%	15.3%
Gardening	111	91	110	120	139	116.11	(4.4%)	(21.6%)	(5.3%)	3.4%	19.7%
Assistance with Home Maintenance and Repairs	120	100	113	125	150	118.57	1.2%	(15.7%)	(4.7%)	5.4%	26.5%
Meal Preparation (per hour)	110	92	108	115	122	114.84	(4.2%)	(20.3%)	(6.0%)	0.1%	6.2%
Meal Delivery (per meal) where you are supplying the meal	20	15	19	25	96	18.18	10.0%	(17.5%)	4.5%	34.8%	428.1%

A Dashboard Built Around Your Performance



A Dashboard Built Around Your Performance



StewartBrown
Chartered Accountants

Support at Home Services & Delivery Model

Program

All

Calendar Quarter

Q2 2026

Region

All

Service Category

All

Data as at
30 Jun 2026

Compared to
30 Jun 2025

Advanced Filters

63%

Internal Revenue % ⓘ

37%

Brokered Revenue % ⓘ

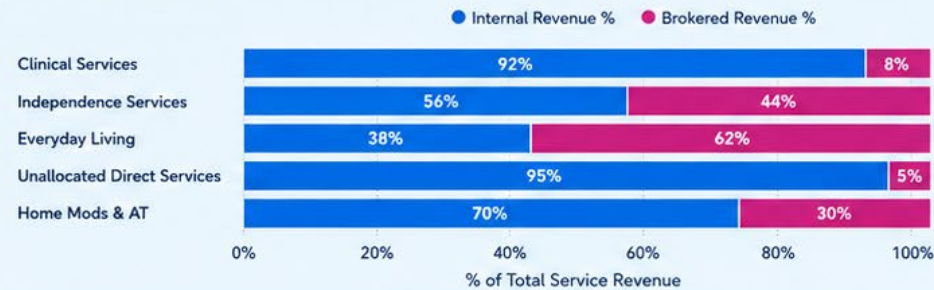
4.9%

Direct Service Margin % ⓘ

11.8%

Agency Cost % of Internal ⓘ

Service Revenue Mix ⓘ



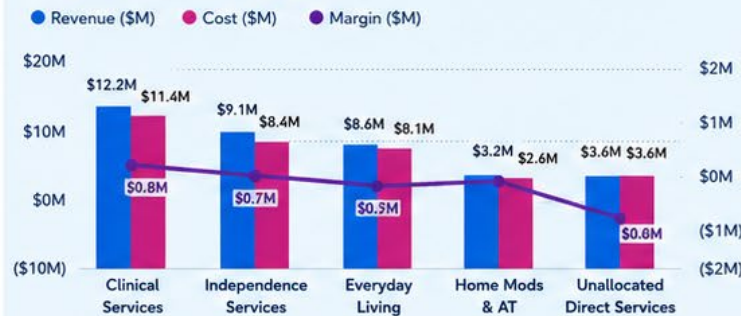
Internal vs Brokered Revenue ⓘ



Internal vs Brokered Cost ⓘ



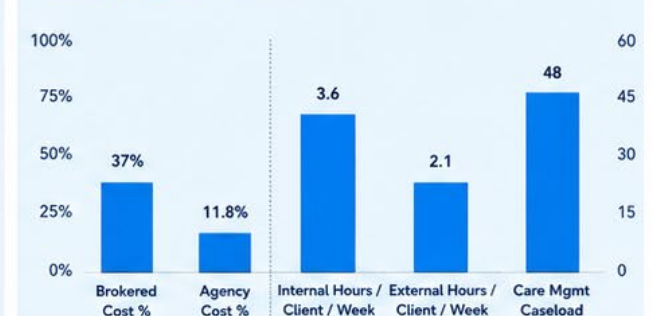
Margin by Service Category ⓘ



Service Performance Matrix ⓘ

Service Category	Revenue (\$M)	Cost (\$M)	Margin (\$M)	Margin %	Internal %	Brokered %
Clinical Services	\$12.2M	\$11.4M	\$0.8M	6.6%	92%	8%
Independence Services	\$9.1M	\$8.4M	\$0.7M	7.6%	56%	44%
Everyday Living	\$8.6M	\$8.1M	\$0.5M	5.8%	38%	62%
Home Mods & AT	\$3.2M	\$2.6M	\$0.6M	18.8%	70%	30%
Unallocated Direct Services	\$3.6M	\$3.6M	\$0.0M	0.1%	95%	5%
Total	\$36.7M	\$34.1M	\$2.6M	7.1%	63%	37%

Delivery Model Drivers ⓘ



Insight

Brokered services support growth but dilute margin in Everyday Living and Independence services.

All monetary values are \$ unless stated otherwise. Variance may not add due to rounding.

Source: StewartBrown Benchmarking – Support at Home



StewartBrown Survey Enhancement Project



Maximising Benchmark Capabilities

1

Easier data submission

- We're working with your Systems Vendors to auto-extract the data
- Meaning your Finance team can say goodbye to the Inputs spreadsheet
- Data submission takes minutes, not days
- Technical solutions already being developed with two systems vendors

2

Easier insights generation

- See where you stand clearly, visually, immediately
- Know where to focus before the problem finds you
- Make the Benchmark work harder for you

Interactive, visual dashboards

3

Easier reporting

- One clean, structured dataset powering all your reporting obligations
 - SB Benchmark submission
 - Monthly Board reports
 - QFR, ACFR & APCS submission
- Reporting that *'writes itself'* from the data you've already submitted

We have engaged Hilvert Advisory to support us with this transformation.

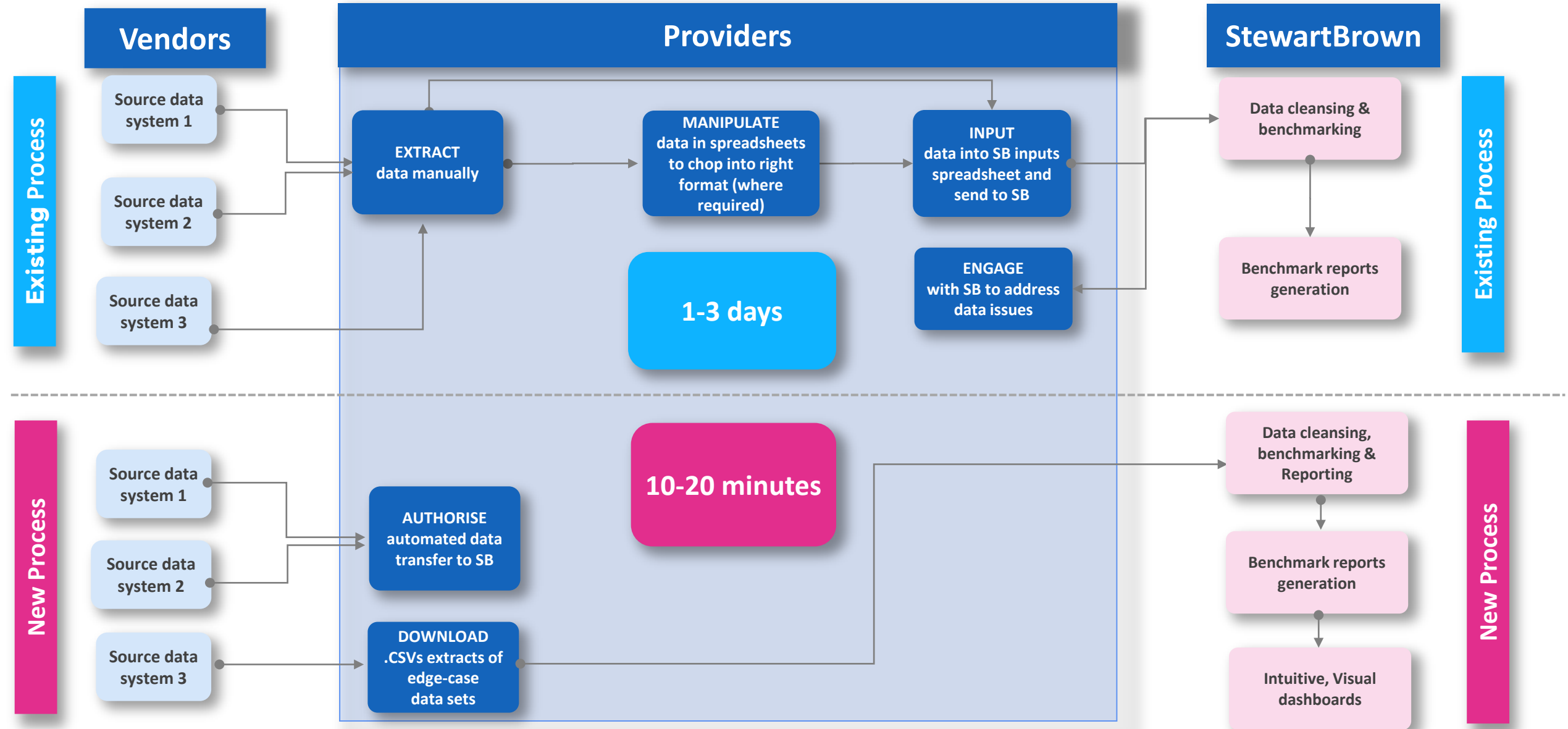
Please contact Dan Hilvert to derive benefit ASAP.

Email: danhilvert@hilvert.com.au

Mobile: 0411-229-638



Easier Data Submission – in Minutes, Not Days



Progress, Milestones and Actions

Benchmark Enhancement Milestones							
		Customers of Vendors engaged	Vendor committed to process	Detailed fields mapping	IT solutions ideated	Optimal IT solution built and tested	ETA for Delivery for Pioneer Providers
Home Care Systems	AlayaCare	✓	✓				TBA
Residential Care Systems Integrations	Inerva	✓	✓	✓	✓		31-Jul-26
	Care Systems	✓	✓	✓	✓		31-Jul-26
	Epicor	✓	✓				tba
	Technology_1	✓					tba
	Microsoft Dynamics	✓					tba
Visual Dashboards Delivery Schedule	Resi Profit Drivers	Your profit levers, benchmarked against like-for-like facilities.					31-May-26
	Support at Home	Where your SaH programs are winning and where the gaps are hiding.					31-May-26
	Expense Waterfalls	Your costs waterfall per service: what's moved and did peers move with you.					31-Jul-26
	Quality trade-offs	Where quality investment shows up for your services - and where it doesn't.					31-Jul-26

More dashboards are coming...

Please tell us what keeps you awake at night.

We'll turn it into a dashboard you can check at 3.00am.

Two taps on the phone, you get the picture, know what to do and then you're back to sleep by 3.05am.

StewartBrown Aged Care Capability



Audit and Assurance



**Financial Modelling and
Forecasting**



Strategic Planning



Tax Related Services



Governance Reviews



CFO Services



Payroll Compliance Reviews



**Mergers, Acquisitions
and Due Diligence Services**



Costing and Pricing Reviews



**Finance Systems and
Processes Reviews**



**Aged Care & Retirement
Performance Surveys**



**Aged Care Software Support
and Project Management**





Stuart Hutcheon



David Sinclair



Siobhain Simpson



Russell McGree



Matthew Davie



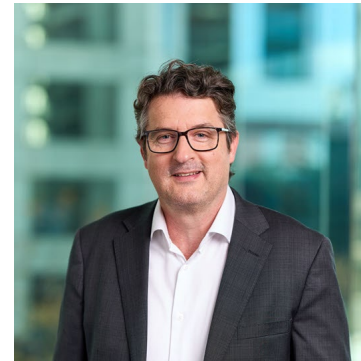
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Integrity + Quality + Clarity