

Understanding and Adapting to Funding Changes Under the New Aged Care Act

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Integrity + Quality + Clarity



SA State Conference 2026

22 April 2026, Hilton Adelaide



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Residential Care

Dec-25 Financial Results Analysis

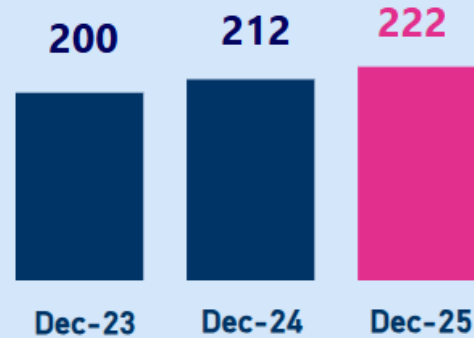


National Dec-25 Results Snapshot

National
Operating
result \$pbd
(\$9.80)

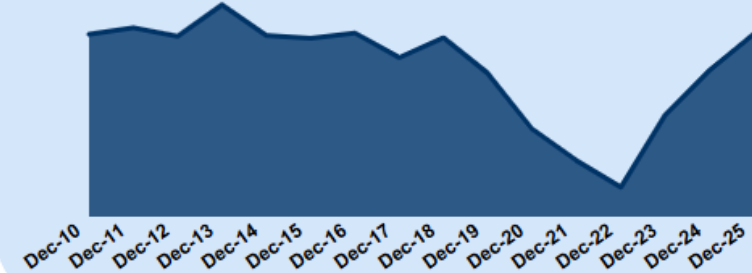
\$1.56
↓ Dec-24

Direct Care Minutes pbd

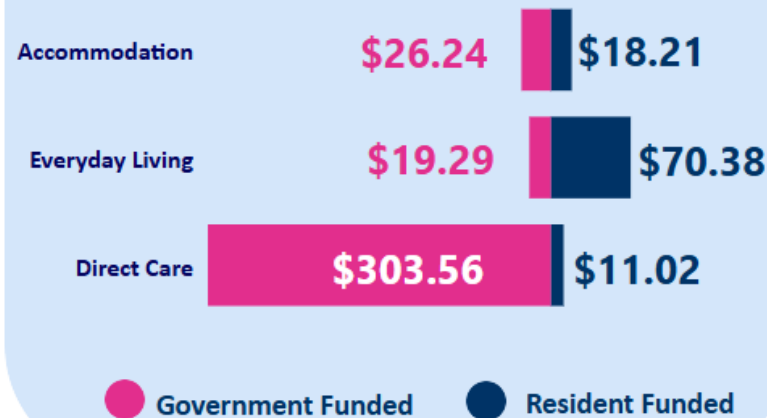


95.0%
Occupancy

↑ 94.0%
Dec-24

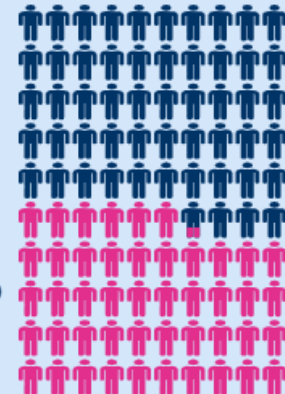


Funding Breakdown \$pbd



of supported residents

46.3%



45.9%
↑ Dec-24

● Non-Supported ● Supported

National Dec-25 Results Snapshot

↓ **\$4,582 pbpa**

Operating EBITDA

Dec-24 \$8,310 pbpa

↑ **\$58.24 pbd**

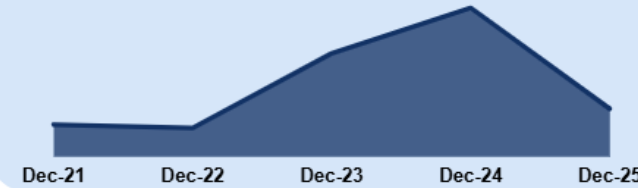
Administration Costs

Dec-24 \$52.91 pbd

Direct Care Margin

\$6.15 pbd

↓
Dec-24
\$19.08 pbd

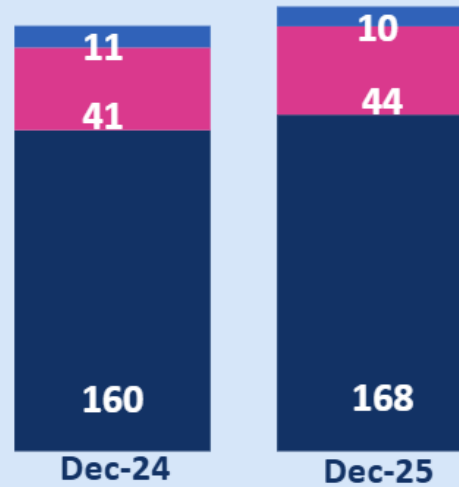


61%

of homes
recorded an
operating loss



Direct Care Minutes pbd



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

Everyday Living Margin

(\$2.66) pbd

↑
Dec-24
(\$6.33) pbd



Accommodation Margin

(\$13.30) pbd

↓
Dec-24
(\$11.19) pbd



First Quartile Dec-25 Results Snapshot

First Quartile

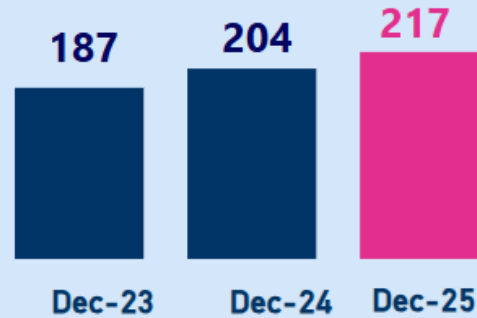
Operating
result \$pbd

\$31.58

\$46.43

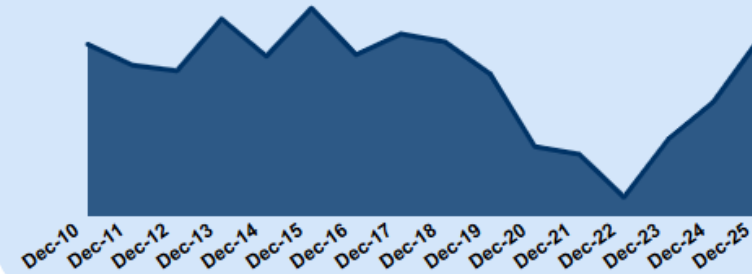
↓ Dec-24

Direct Care Minutes pbd

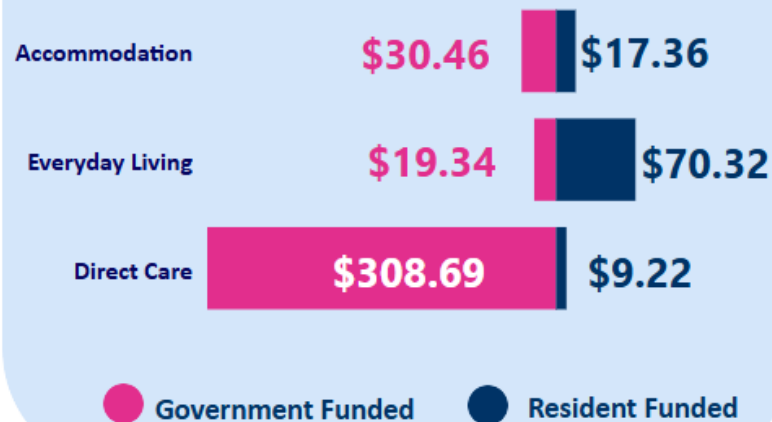


96.2%
Occupancy

↑ 95.1%
Dec-24

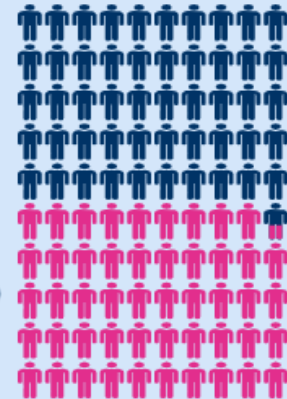


Funding Breakdown \$pbd



of supported residents

49.4%



49.9%

↓ Dec-24

● Non-Supported ● Supported

First Quartile Dec-25 Results Snapshot

↓ **\$17,603 pbpa**

Operating EBITDA

Dec-24 \$22,413 pbpa

↑ **\$48.37 pbd**

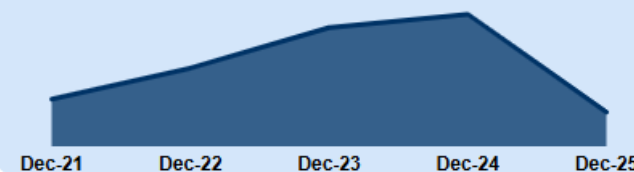
Administration Costs

Dec-24 \$45.18 pbd

Direct Care Margin

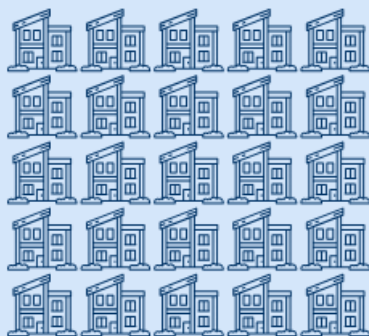
\$26.25 pbd

↓
Dec-24
\$45.08 pbd

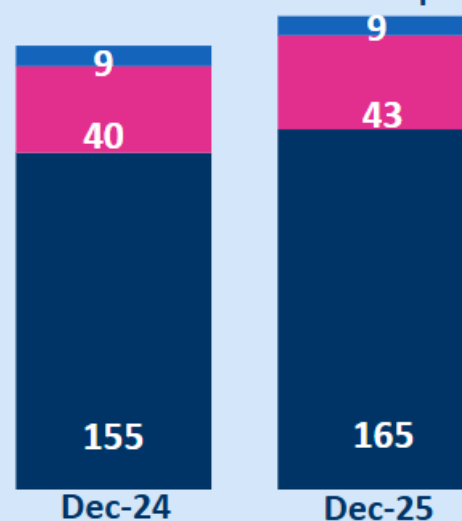


0%

of homes
recorded an
operating loss



Direct Care Minutes pbd

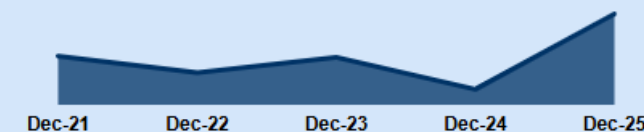


● Personal Care Staff
● Registered Nurses
● Enrolled and Licensed Nurses

Everyday Living Margin

\$6.19 pbd

↑
Dec-24
\$1.06 pbd



Accommodation Margin

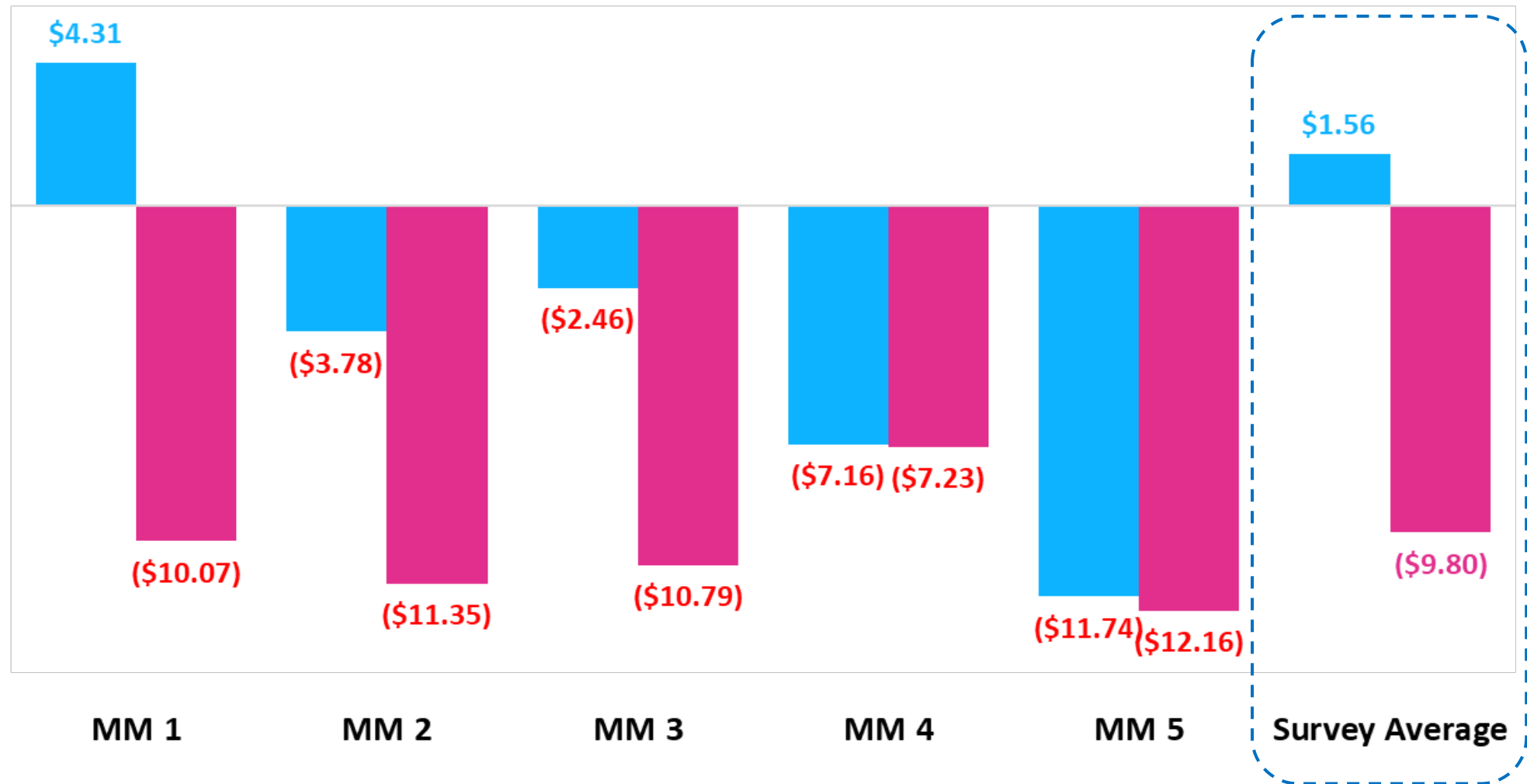
(\$0.86)pbd

↓
Dec-24
\$0.29 pbd



National Operating Result by MM Region (\$ pbd)

■ Dec-24 ■ Dec-25



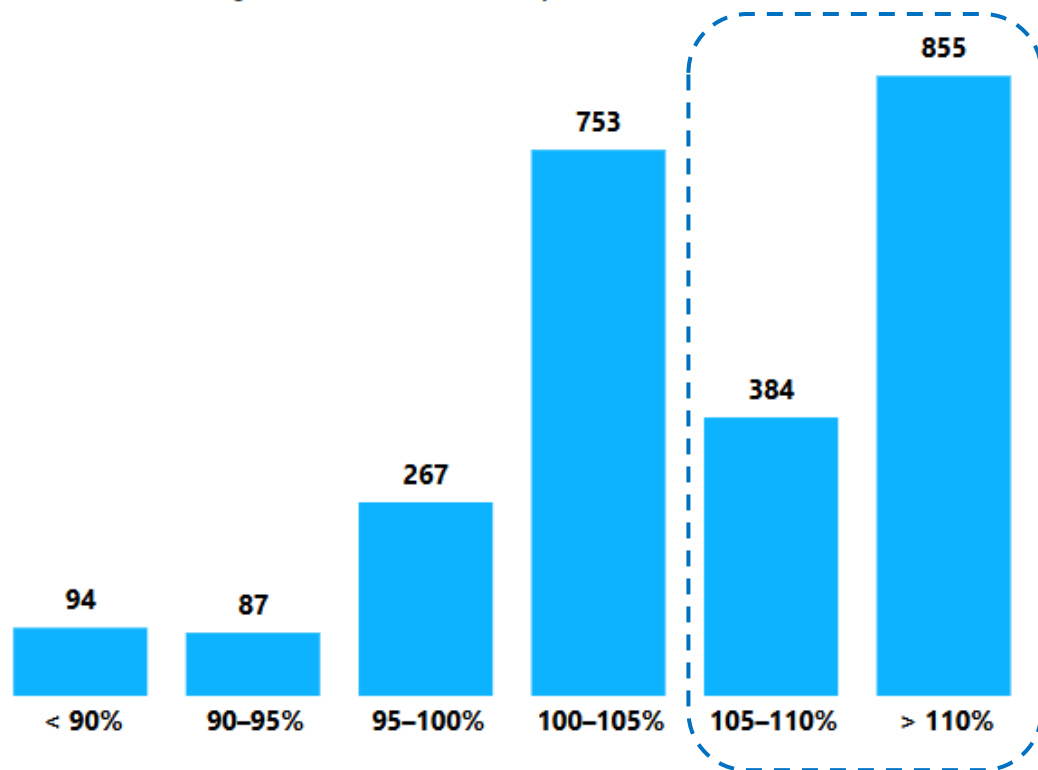
Homes with Direct Care Margin Deficit

For the Dec-25 Survey, **470 out of 1,168 (40.2%)** homes included in the Survey recorded a **direct care margin deficit**. Compared to the homes that recorded a direct care margin surplus, these 470 homes, on average, recorded:

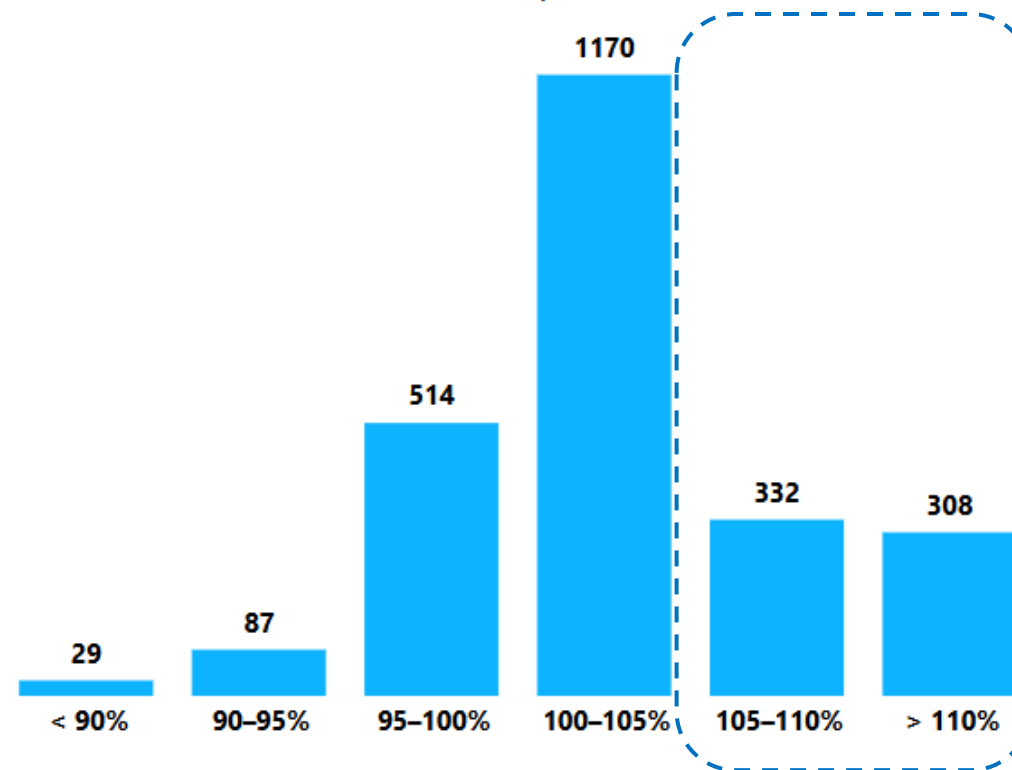
- **Lower occupancy** (94.2% compared to 95.6%)
- **Lower direct care revenue** (\$310.90 pbd compared to \$316.97 pbd)
- **Higher total direct care minutes** (226.76 pbd compared to 218.42 pbd)
- **Higher RN minutes** (44.99 pbd compared to 43.46 pbd)
- **Higher agency** usage in direct care minutes (4.8% compared to 3.6%)
- **Higher other direct care staff costs** (\$10.93 pbd variance)

Care Minute Compliance Dec-25

Registered Nurse Compliance Distribution



Total Direct Care Compliance Distribution

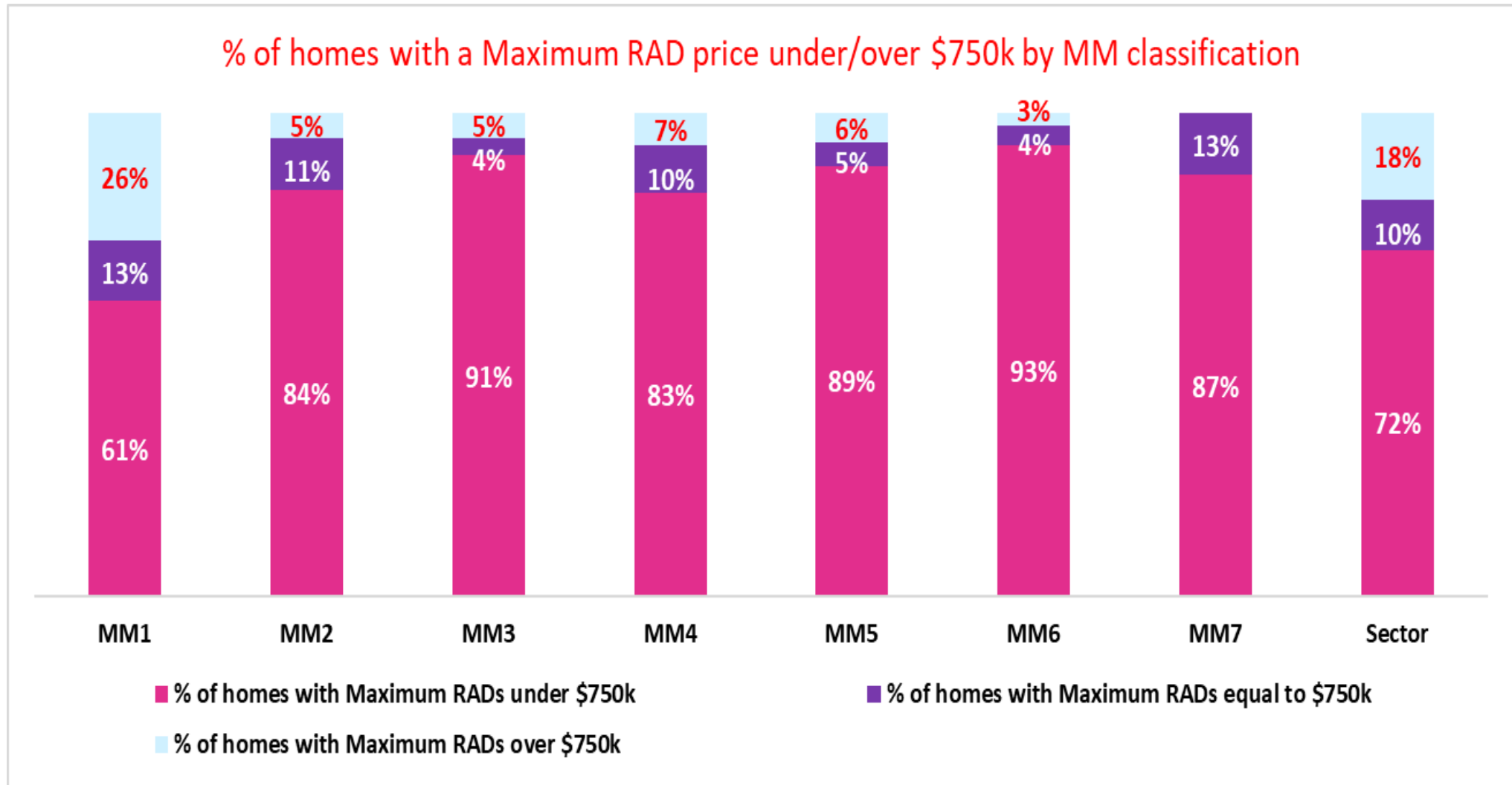


National Everyday Living Analysis

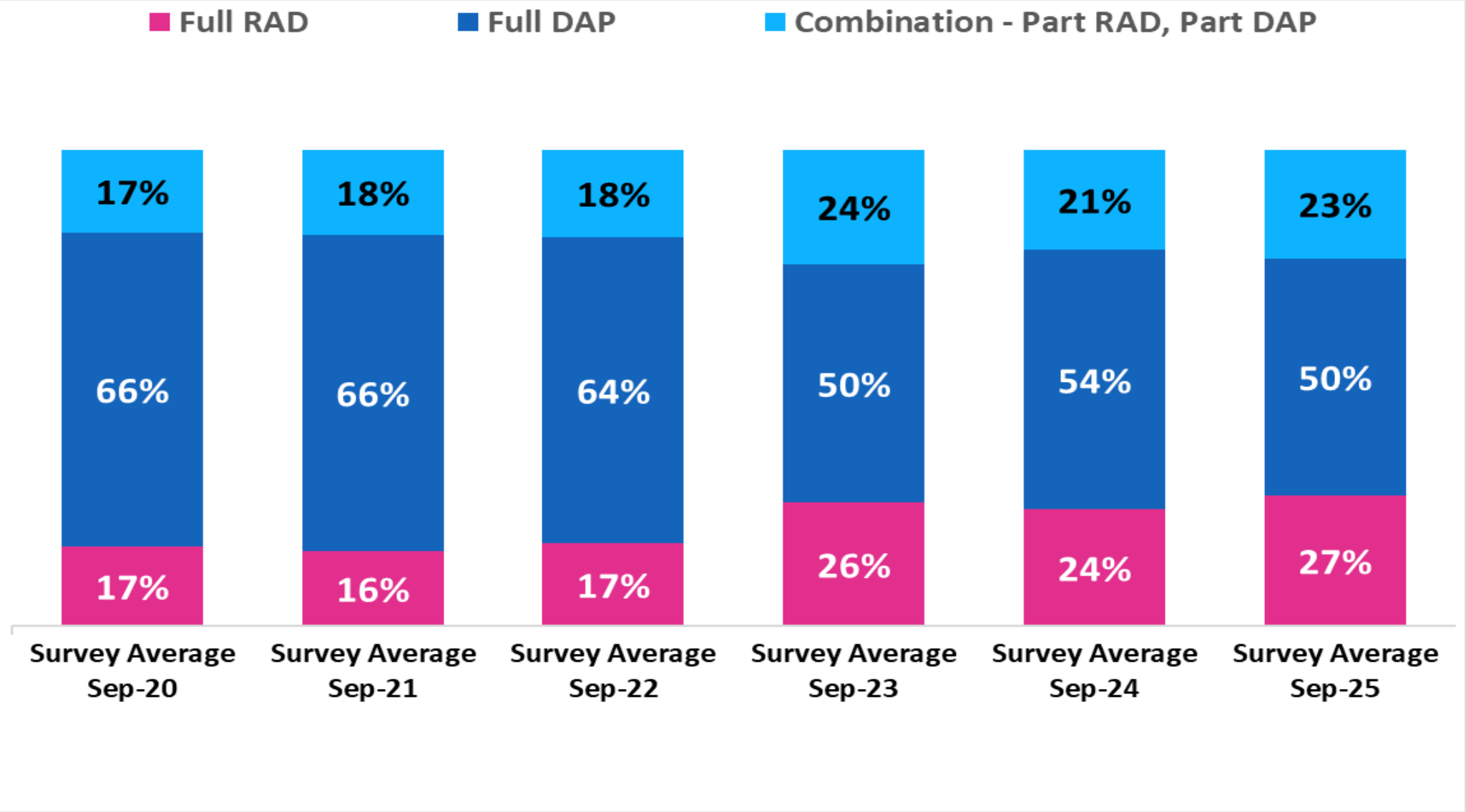
	Homes with additional/extra services	Homes without additional/extra services	Difference
Basic daily fee - resident	64.56	64.76	(0.19)
Hotelling supplement - government	19.31	19.26	0.05
Fees for additional/extra services	10.07	-	10.07
Everyday living revenue	\$93.94	\$84.01	\$9.93
Hotel services expenditure	62.31	64.80	(2.49)
Utilities	9.01	9.83	(0.81)
Administration allocation	19.81	19.27	0.54
Everyday living expenditure	\$91.13	\$93.89	\$(2.76)
Everyday living margin	\$2.81	\$(9.88)	\$12.69

	MM1	MM2	MM3	MM4	MM5
Basic daily fee - resident	64.61	64.58	64.60	64.80	64.35
Hotelling supplement - government	19.27	19.28	19.35	19.37	19.22
Fees for additional/extra services	7.14	3.36	3.81	2.30	1.87
Everyday living revenue	\$91.02	\$87.22	\$87.76	\$86.47	\$85.44
Hotel services expenditure	61.50	65.11	66.65	68.63	69.31
Utilities	8.70	11.83	9.9	10.75	10.10
Administration allocation	19.52	19.21	19.59	19.48	20.76
Everyday living expenditure	\$89.72	\$96.15	\$96.15	\$98.87	\$100.17
Everyday living margin	\$1.30	\$(8.93)	\$(8.39)	\$(12.40)	\$(14.73)

Average Accommodation Pricing Analysis



Accommodation Payment Preferences



Residential Accommodation Pricing – Daily Payment Model

INPUTS

Global

DAP Conversion Rate (MPIR)	8.25%	Input	SB Survey 7.61%
Supported ratio threshold	40.0%	Input	
RAD retention % per annum	1.98%	Input	
Investment return % per annum on RAD funds	4.00%	Input	
% of RAD funds available for investment	25.0%	Input	28.5%
Internal Rate of Return on Fair Value (after depreciation) (R)	4.50%	Input	
Days in year (S)	365	Input	365
Maximum Accommodation supplement	\$70.94	Input	

Facility Specific

Fair value per bed (T)	\$ 300,000	Input	
Accommodation expenditure (\$ per day)			
Recurrent	36.80	Input	33.40
Depreciation	19.42	Input	24.33
Accommodation expenditure (A)	\$ 56.22	Sum	\$ 57.73
Occupancy	95.0%	Input	95.5%
Supported ratio	46.7%	Input	47.1%
Additional Supported Supplement qualification	Nil	Input	
Non-Supported accommodation payment mix			
DAP only %	40.0%	Input	48.2%
RAD only %	37.0%	Input	28.8%
Combination RAD/DAP %	23.0%	Input	23.0%
Average RAD proportion of Combination %	50.0%	Input	46.0%
MM location classification	MM1	Input	MM1
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	\$ 167.81	Calculated	\$ 125.68
RAD conversion from DAP (based on conversion rate) (\$)	\$ 742,450	Calculated	\$ 602,784

CALCULATOR

	\$ pbd	
Accommodation revenue (excluding DAPs)		
Accommodation supplement (B)	31.47	Calculated
RAD investment revenue (C)	5.26	Calculated
RAD Retention (D)	10.41	Calculated
Accommodation revenue excluding DAPs (E = B + C + D)	\$ 47.14	Sum
Recurrent Accommodation margin (excluding DAPs) (F = E - A)	-\$ 9.08	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)	\$ 46.06	Sum
DAP required to meet total accommodation revenue	\$ 167.81	Calculated
RAD conversion from DAP (based on conversion rate) (\$)	\$ 742,450	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)

Residential Care

Impact of Reforms



Residential – Modelling of Funding Reforms

The following graphs show the forecast operating performance (\$ pbd) and EBITDA performance (\$ pbpa) by revenue segment (direct care, everyday living and accommodation) using the following scenarios:

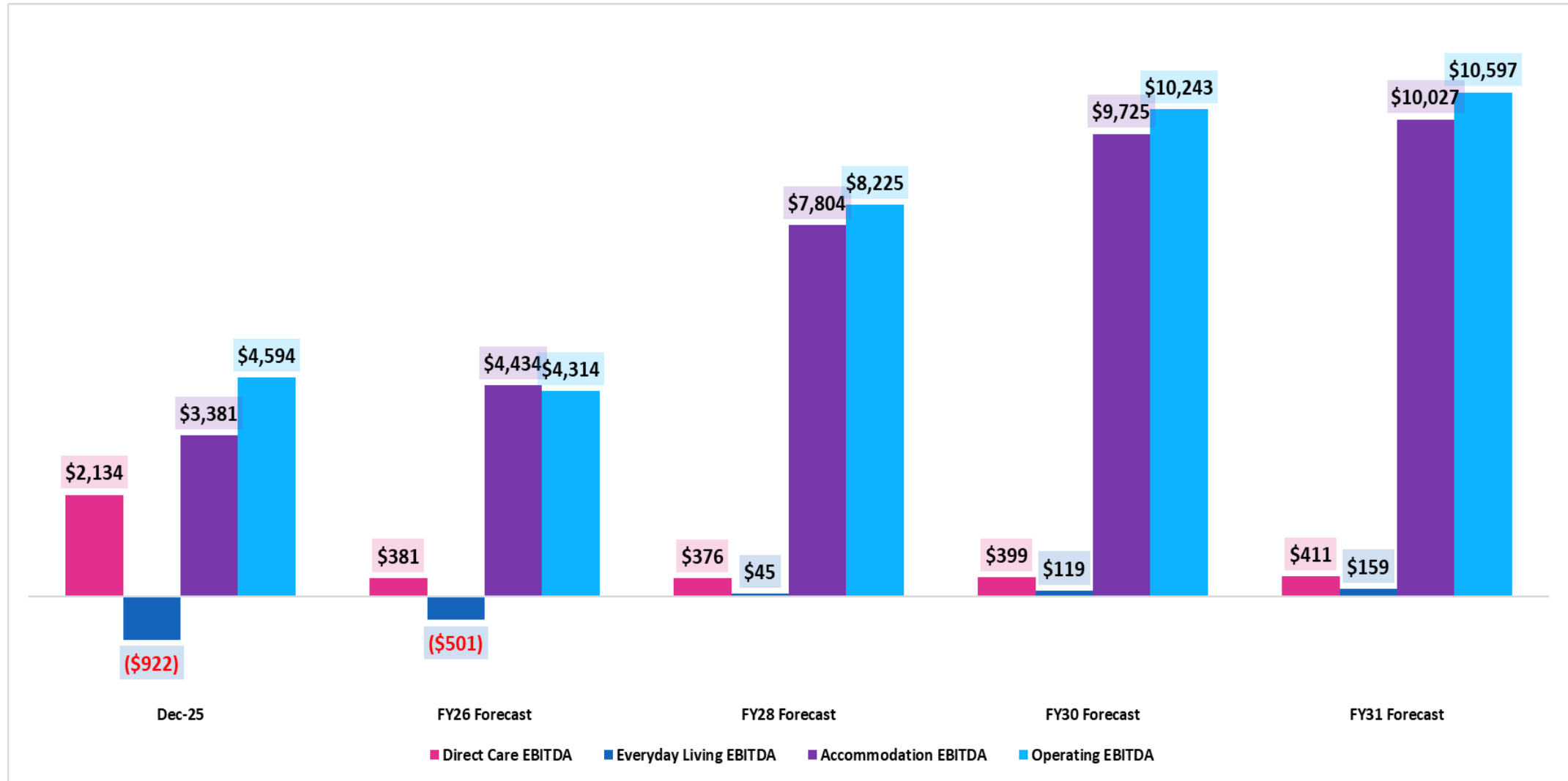
- Hotelling supplement is \$22.15 per day (as per increase from 20 September 2025) and indexed based on this amount
- Refundable accommodation deposit (RAD) retention of 2% pa to be phased in for new residents
- RAD pricing (accommodation price) to be increased by CPI each year
- Daily accommodation payment (DAP) pricing to be based on 8% pa floor (MPIR)
- Accommodation Supplement to increase by CPI based on current amount

StewartBrown advocates that for the residential aged care sector to be investable will require that an average EBITDA of between \$20,000 and \$22,000 per bed per annum is required.

To achieve this required level of EBITDA return, an appropriate margin must be achieved by each revenue segment including direct care. However, the sole reliance on the direct care margin as has been the case for many years needs to change.

An important component to achieve an investable result will be a significant increase in the Accommodation Supplement received for financially supported residents. The current gap between the Supplement (\$70.94 pbd if the facility has over 40% of supported residents and \$53.21 pbd if less than 40%) and an average DAP of \$131 pbd based on a \$600,000 room price is also inequitable and will likely be disadvantageous for financially supported residents seeking to gain entry into an aged care home.

Residential - EBITDA Result Forecast (\$pbpa)



Home Care Packages

Dec-25 Financial Results Analysis



The 2026 Operating Environment

Providers are navigating the most significant structural reform in home care history — simultaneously.



System Transition

Support at Home fully live post-Nov 2025, with new classifications, budgets, and pricing rules as of 1 July 2026



Price Caps & Budgets

Quarterly consumer budgets and regulated price caps constrain revenue and flexibility



Compliance Load

Expanded reporting obligations across quality, safety, workforce, and financial dimensions



Workforce Shortages

Chronic recruitment and retention challenges compounded by award wage increases



Consumer Anxiety

Price sensitivity and confusion driving under-utilisation of allocated budgets



Software and System Instability

Data and system transitions creating billing errors, integration failures, and staff fatigue

National Sep-25 (Q1) HCP Results Snapshot

Home Care
Operating Result

\$pcd

\$4.70

↑ Sep-24 \$3.36

\$15,486

Unspent
Funds per
package

↑
\$15,221
Sep-24



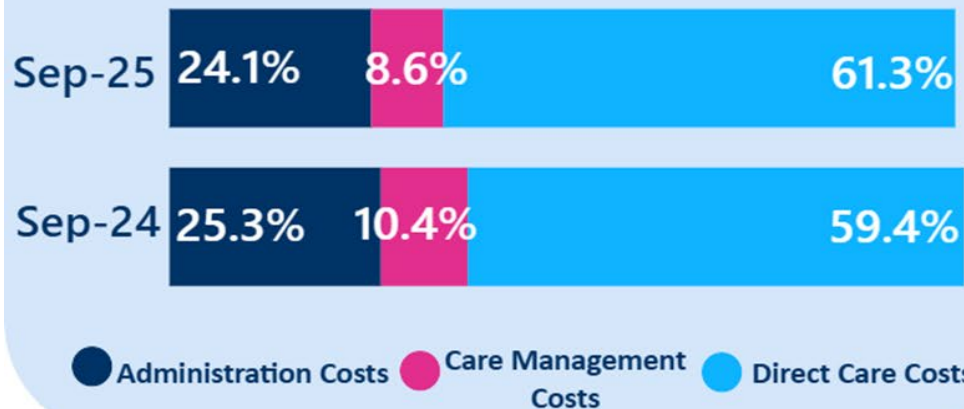
Revenue
Utilisation

89.6%

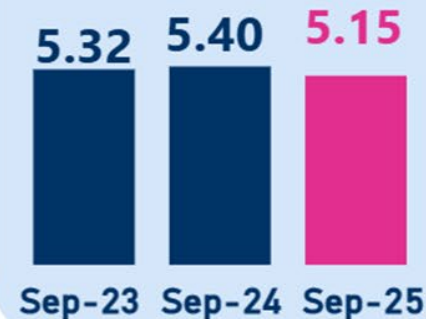


↑
85.2%
Sep-24

Key Costs as a % of Total Revenue



Internal Staff
Hours per client
per week



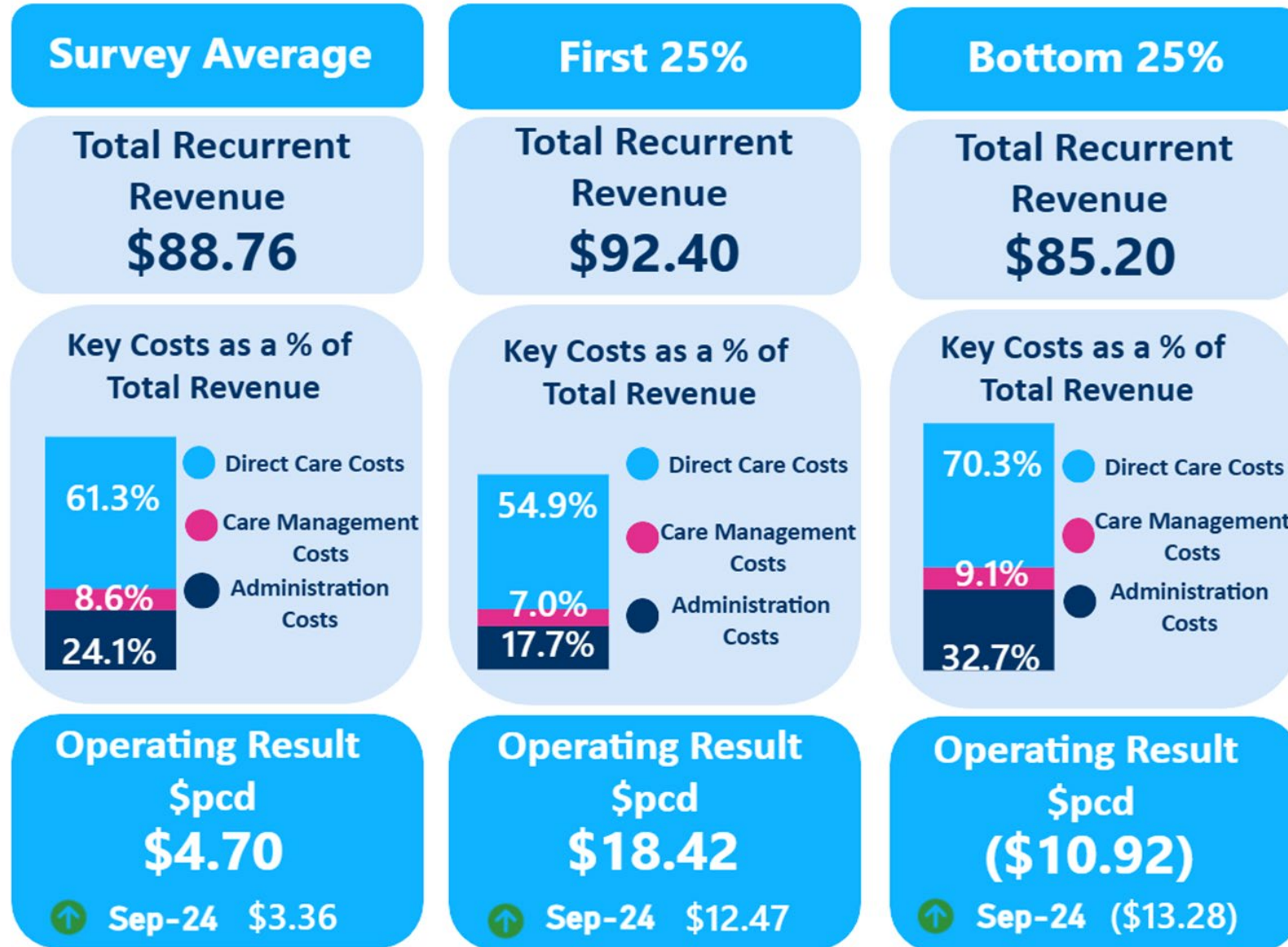
Total
Recurrent
Revenue

\$88.76

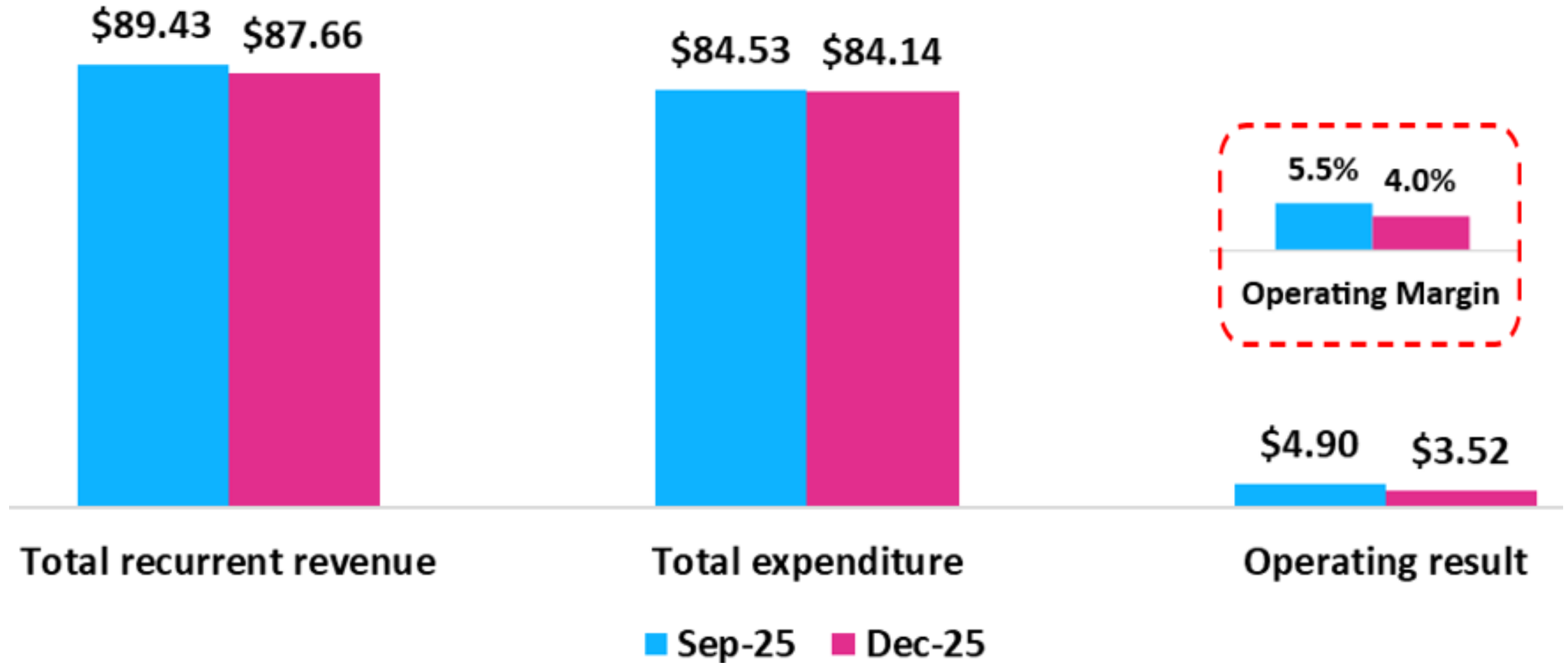
↑ \$83.01
Sep-24



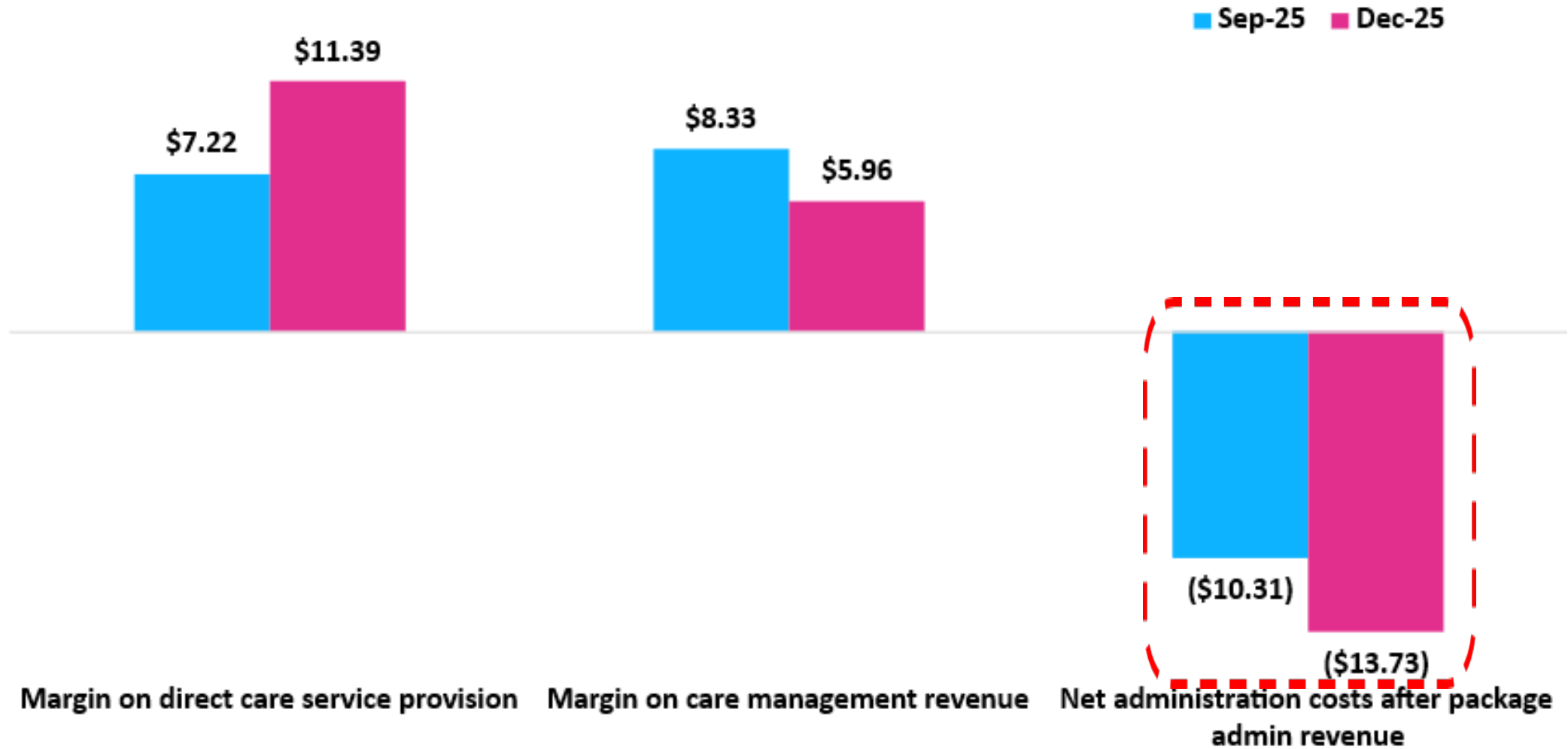
National Sep-25 (Q1) HCP Results Comparison



Preliminary Results Analysis Dec-25



Preliminary Margin Analysis Dec-25



Financial Sustainability – Key Indicators

Pricing

Revenue utilisation

**IHACPA prices – services
and admin efficiency**

Unit costing analysis

**Review contracts for
brokered services**

**Review overhead, admin
and back-office costs**

**Sufficient service volume
and type for margin to
recover overheads**

**Direct service costs via
staff productivity data –
Manage productivity**

**Invest in IT, systems
and processes**

**Care management as key
to ensuring financial
sustainability**

**Good governance,
financial management
reporting and data**

Invest in good people!

Support at Home - Pricing Comparison

Service Type	National Median Price June 2025 (\$ per hour)	National Median Price 1 February 2026 (\$ per hour)	% Increase
Cleaning and household tasks	79	110	39%
In-home respite	80	112	40%
Light gardening	81	113	40%
Nursing	132	180	36%
Personal care	80	112	40%
Average			39%



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.

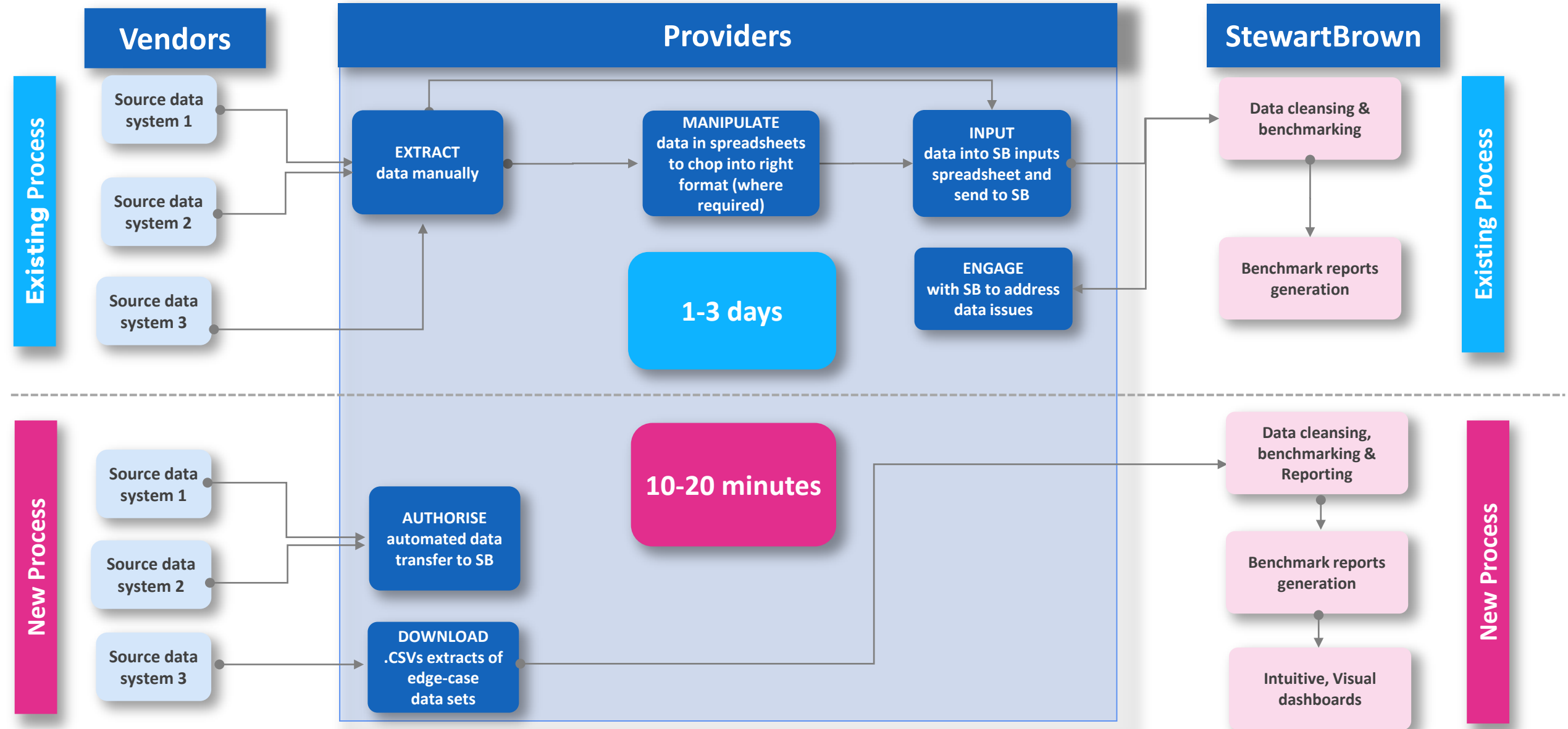
Please contact Dan Hilvert to derive benefit ASAP.

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**





Grant Corderoy



Stuart Hutcheon



David Sinclair



Siobhain Simpson



Russell McGree



Matthew Davie



Justin Weiner



Bhavna Lathigara



David Gallery



Chris Parkinson



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StewartBrown
Integrity + Quality + Clarity

Bottom Quartile Dec-25 (Q2) Results Snapshot

Bottom Quartile

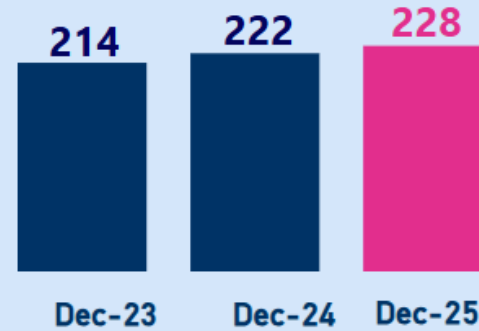
Operating
result \$pbd

(\$57.62)

(\$48.63)

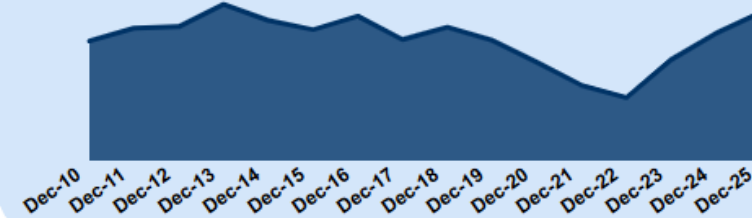
↓ Dec-24

Direct Care Minutes pbd

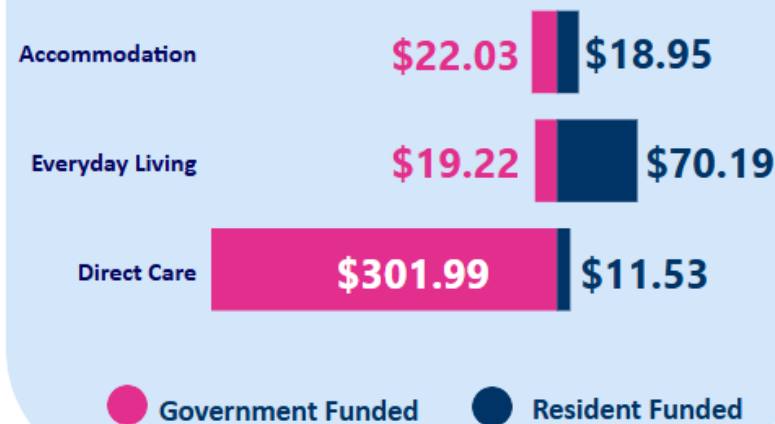


93.4%
Occupancy

↑ 91.5%
Dec-24

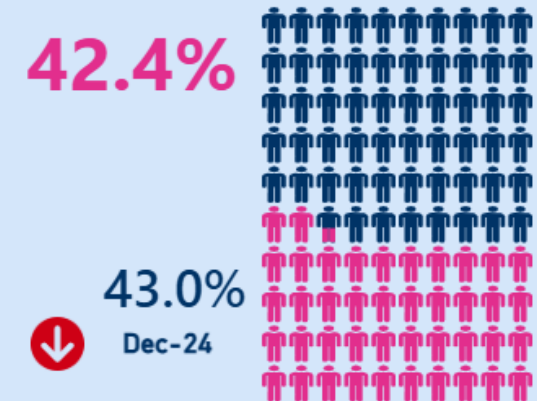


Funding Breakdown \$pbd



of supported residents

42.4%



↓ 43.0%
Dec-24

● Non-Supported ● Supported

Bottom Quartile Dec-25 (Q2) Results Snapshot

↓ **(\$10,021)pbpa**

Operating EBITDA

Dec-24 **(\$7,076)pbpa**

↑ **\$67.78 pbd**

Administration Costs

Dec-24 **\$62.78 pbd**

Direct Care Margin

(\$15.98)pbd

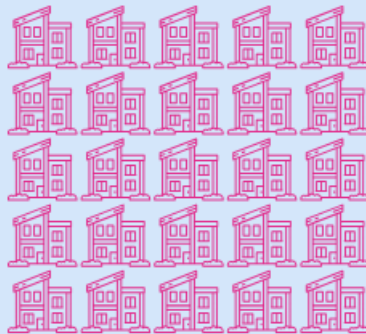
↓
Dec-24
(\$6.81)pbd



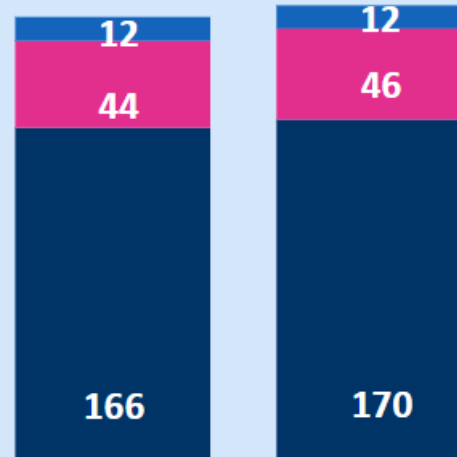
Dec-21 Dec-22 Dec-23 Dec-24 Dec-25

100%

of homes
recorded an
operating loss



Direct Care Minutes pbd



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

Everyday Living Margin

(\$14.67)pbd

↑
Dec-24
(\$18.16)pbd



Dec-21 Dec-22 Dec-23 Dec-24 Dec-25

Accommodation Margin

(\$26.97)pbd

↓
Dec-24
(\$23.65)pbd



Dec-21 Dec-22 Dec-23 Dec-24 Dec-25

Average RAD Received by State or Territory

