



StewartBrown

Integrity + Quality + Clarity

Aged & Community Services NSW & ACT Northern Region Conference

Financial Performance
Survey Results June 2014

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Director- StewartBrown*



Corporate Associate

Aged & Community
Services NSW & ACT

National Headline Results

- Average residential care facility result \$8.28 (2013: \$5.29) per bed day (755 facilities)
- Average Facility EBITDA \$7,784 per bed per annum (2013: \$6,573)
- Average care hours worked per resident per day 2.74 hours (2013: 2.68 hours)
- Average accommodation bond taken during the financial year \$267,398 (2013: \$236,751)

National Headline Results

- Average Level 2 home care result \$3.34 per client day (2013: \$2.18)
- Average Level 2 home care EBITDA \$1,385 per client per annum (2013: \$960)
- Average Level 4 home care result \$22.43 per client day (2013: \$21.58)
- Average Level 4 home care EBITDA \$8,509 per client per annum (2013: \$8,188)

Survey in Perspective – Residential Care

Funding from Residents Fees and Government Subsidies

- Total for industry \$12.95 billion
- Total represented in 2014 Survey \$4.23 billion (33%)

Number of Residential Services

- Nationally in 2012/13 – 2,720
- 2014 StewartBrown survey - 755 (28%)

Number of Residential Places

- Nationally in 2012/13 – 185,281
- 2014 StewartBrown survey - 58,251 (31%)

Number of Providers

- Nationally in 2012/13 – 1,034
- 2014 StewartBrown survey – 130 (13%)

Survey in Perspective – Home Care

Funding from Client Fees and Government Subsidies

- Total for industry \$1.24 billion
- Total represented in 2014 Survey \$337.6 million (27%)

Number of Level 2 Home Care Packages

- Nationally in 2012/13 – 47,158
- 2014 StewartBrown survey - 10,646 (23%)

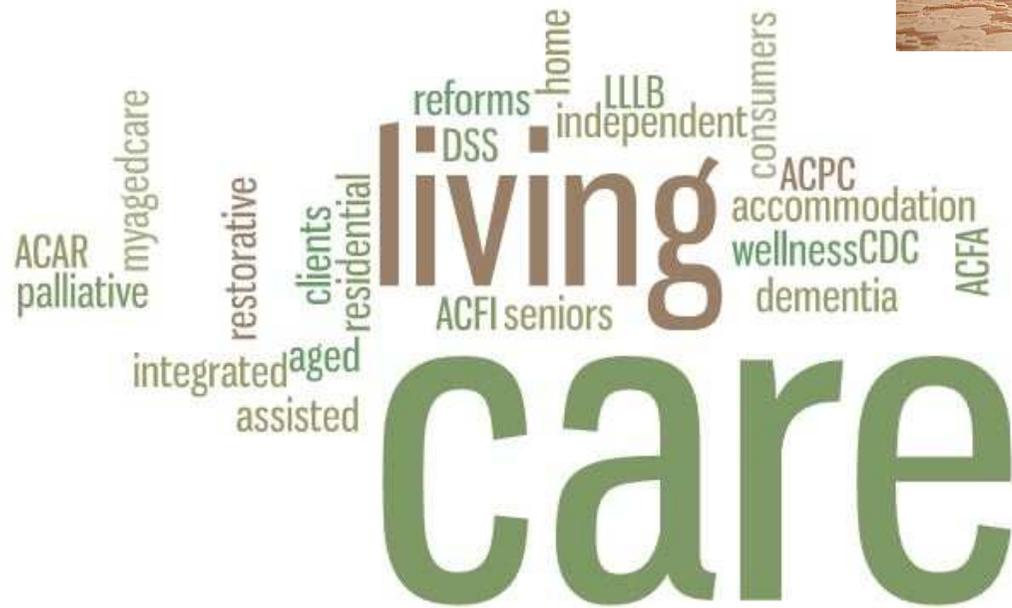
Number of Level 4 Home Care Packages

- Nationally in 2012/13 – 13,150 (EACH & EACHD)
- 2014 StewartBrown survey - 4,167 (32%)

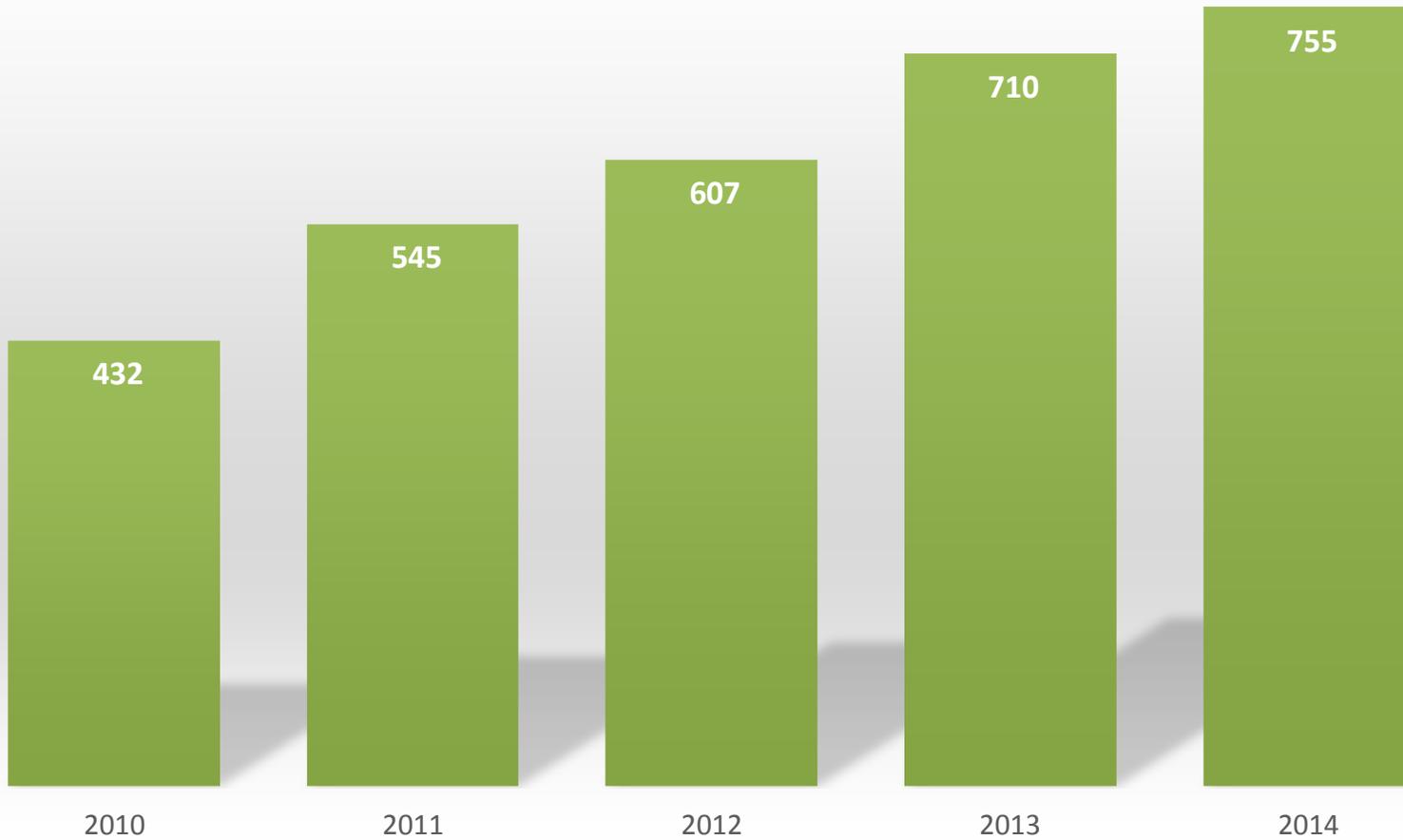
Number of Providers

- Nationally in 2012/13 – 504
- 2014 StewartBrown survey – 51 (10%)

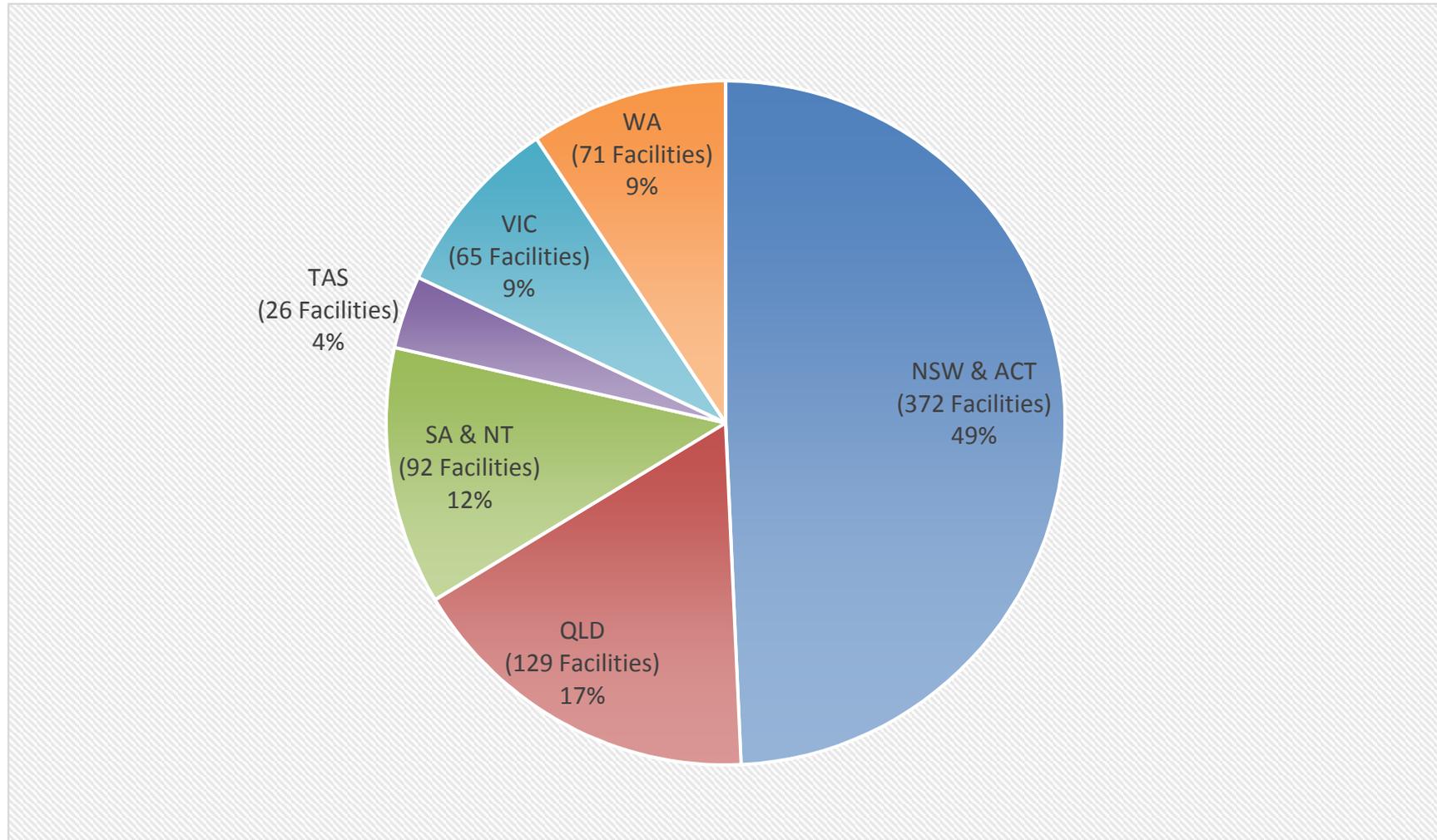
Residential Care



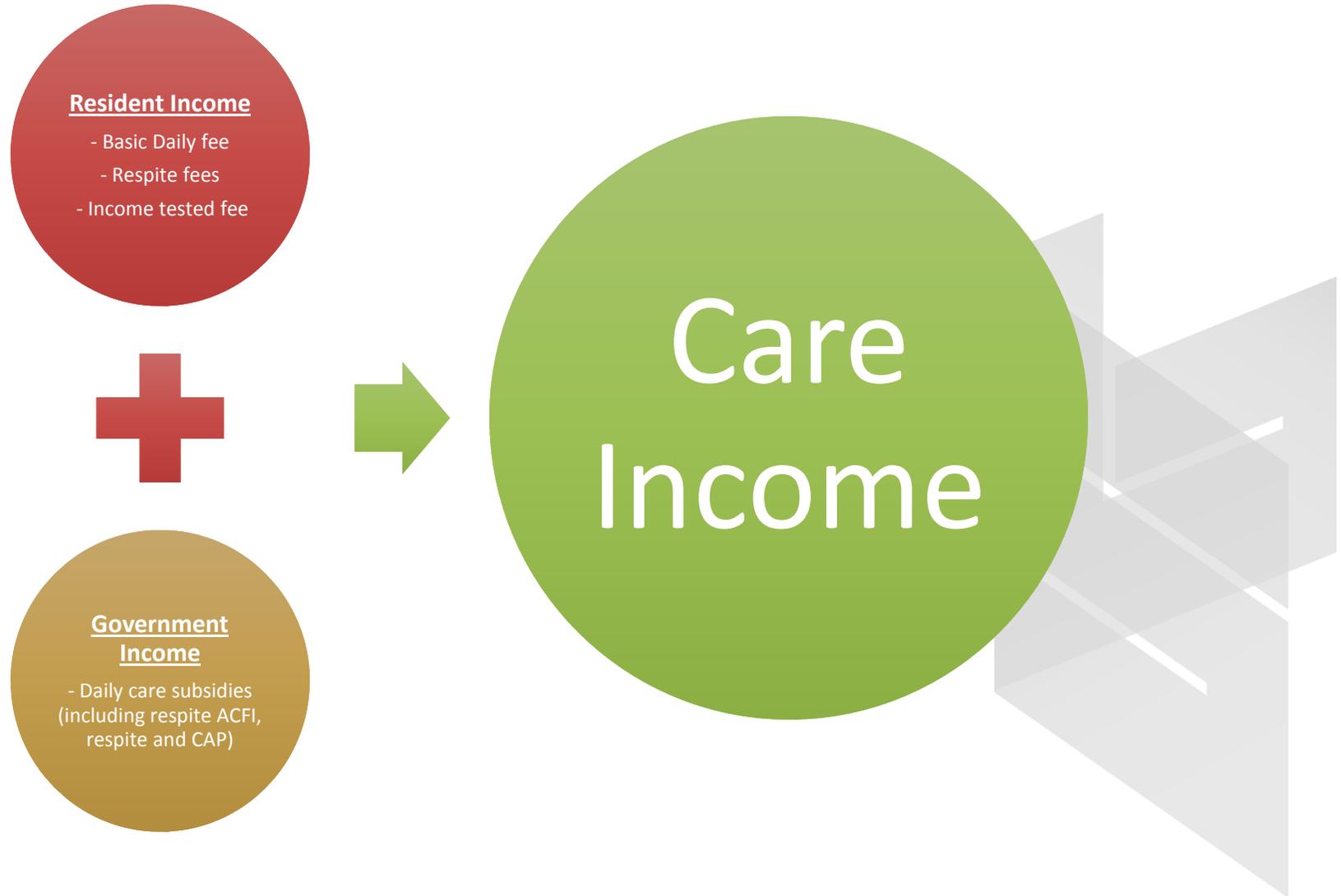
Number of Participating facilities - June Survey



State Distribution



Sorting into bands



Benchmark Bands

Band 1

- Care income over \$210 per bed day

Band 2

- Care income between \$190 and \$210 per bed day

Band 3

- Care income between \$170 and \$190 per bed day

Band 4

- Care income between \$150 and \$170 per bed day

Band 5

- Care income under \$150 per bed day

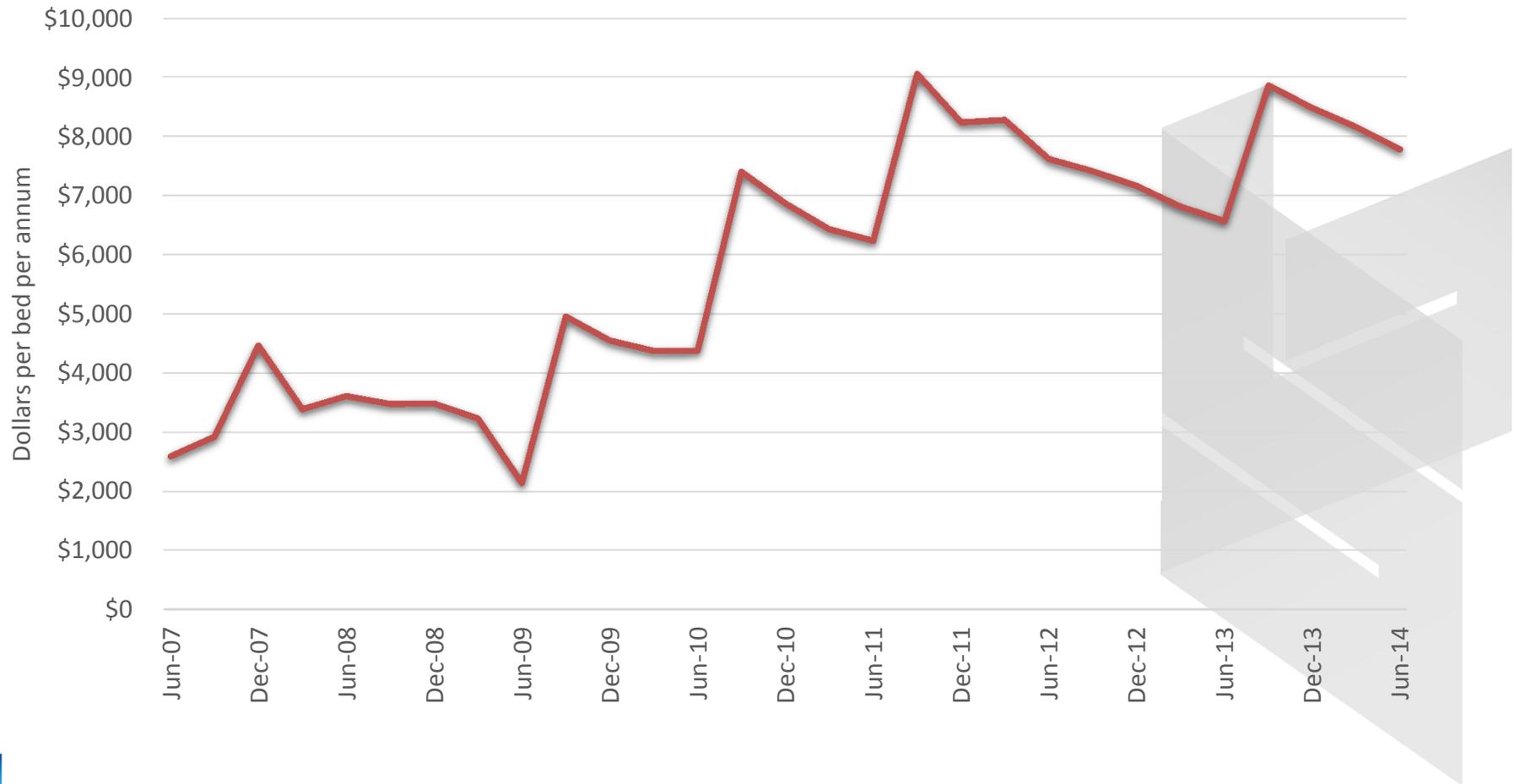
Facility Result

Excludes items of income and expenditure that are likely to be accounted for differently between organisations

- Investment income (including fair value adjustments on investments)
- Interest income (other than on outstanding bonds)
- Fundraising income
- Capital grants
- Other “non-operating” income and expenses such as profits and losses on disposal of assets and fair value adjustments

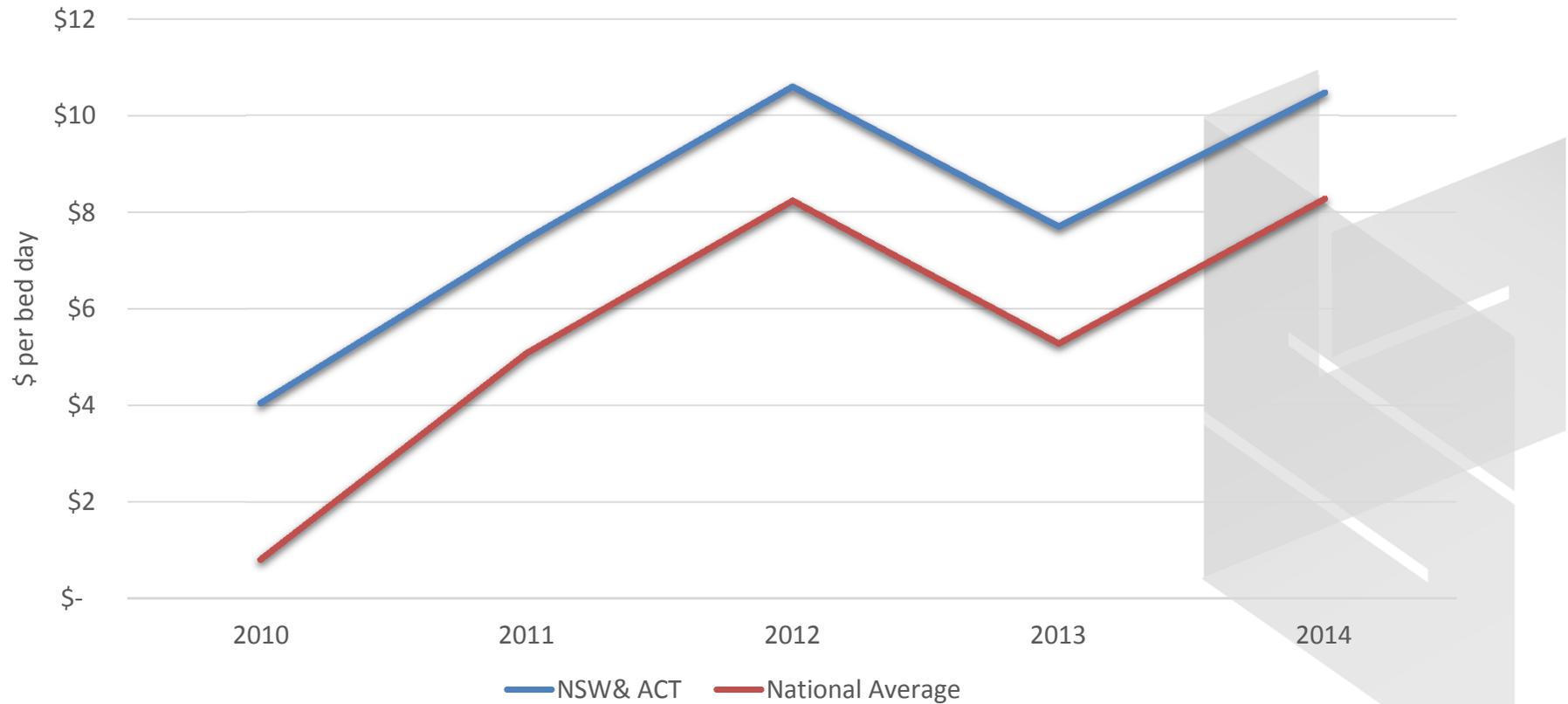
Residential Care

Facility EBITDA - All Facilities



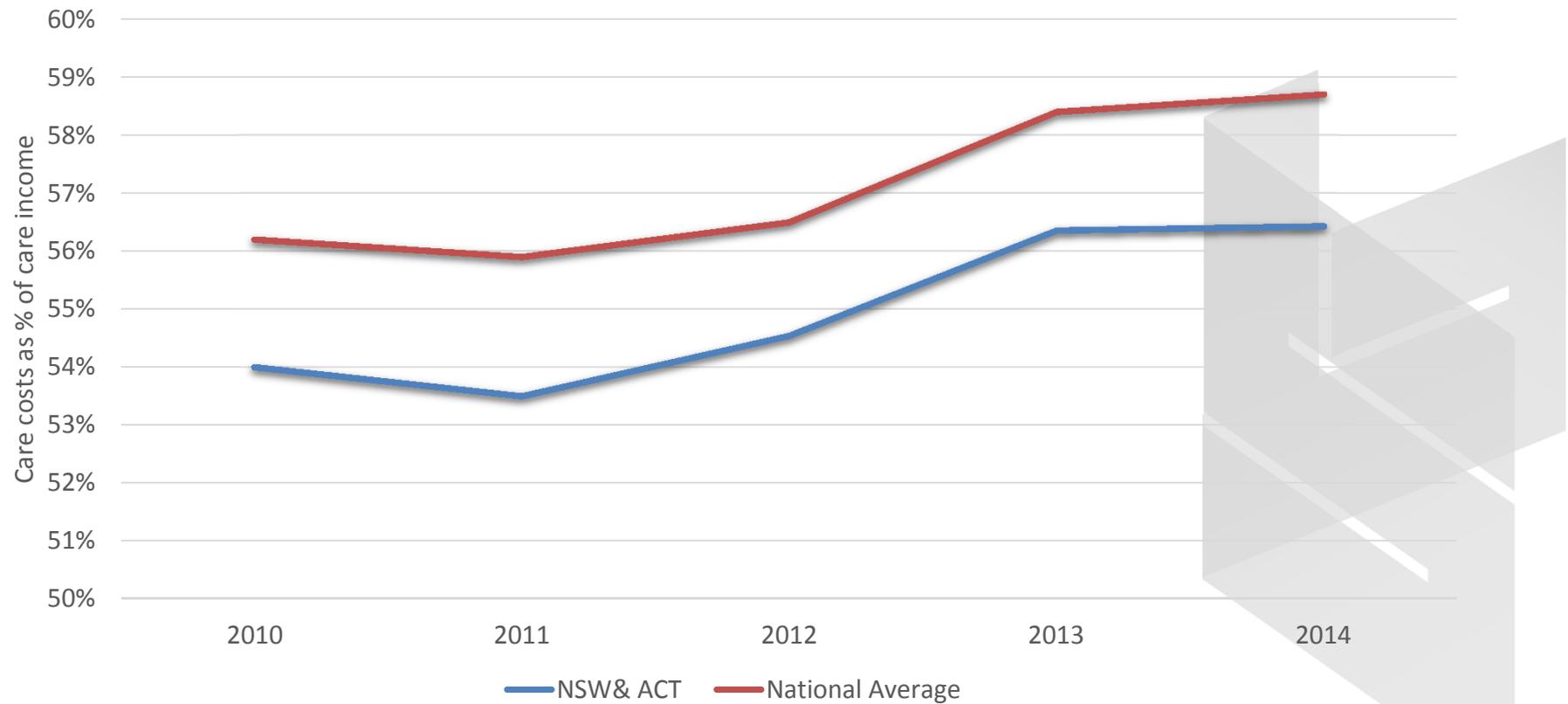
Residential Care

Facility Result - NSW & ACT compared to National Average



Residential Care

Care costs as % of care income - NSW & ACT compared to National Average

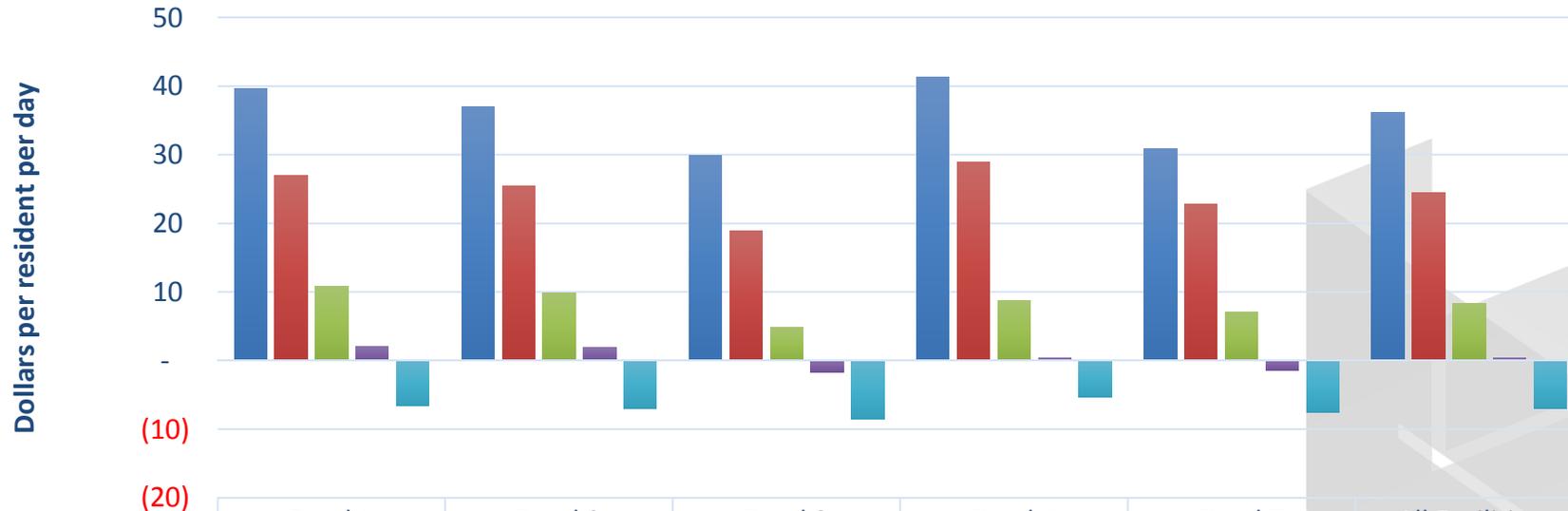


Residential Care

- 512 (67.8%) facilities with positive facility result (2013: 63.2%)
- 547 (72.5%) facilities with positive overall result (2013: 69%)
- 639 (84.6%) facilities with positive facility EBITDA (2013: 83.1%)
- ✘ 116 (15.4%) facilities in the survey had a negative EBITDA

Residential Care

Average Facility Result - By Band



	Band 1	Band 2	Band 3	Band 4	Band 5	All Facilities
Top Quartile	39.71	36.97	29.93	41.34	30.93	36.15
Top 50%	27.06	25.46	18.99	28.88	22.86	24.50
Survey Average	10.79	9.94	4.82	8.83	7.05	8.28
Bottom 75%	2.09	1.98	(1.65)	0.37	(1.33)	0.37
Bottom 50%	(6.54)	(6.89)	(8.47)	(5.27)	(7.53)	(7.03)

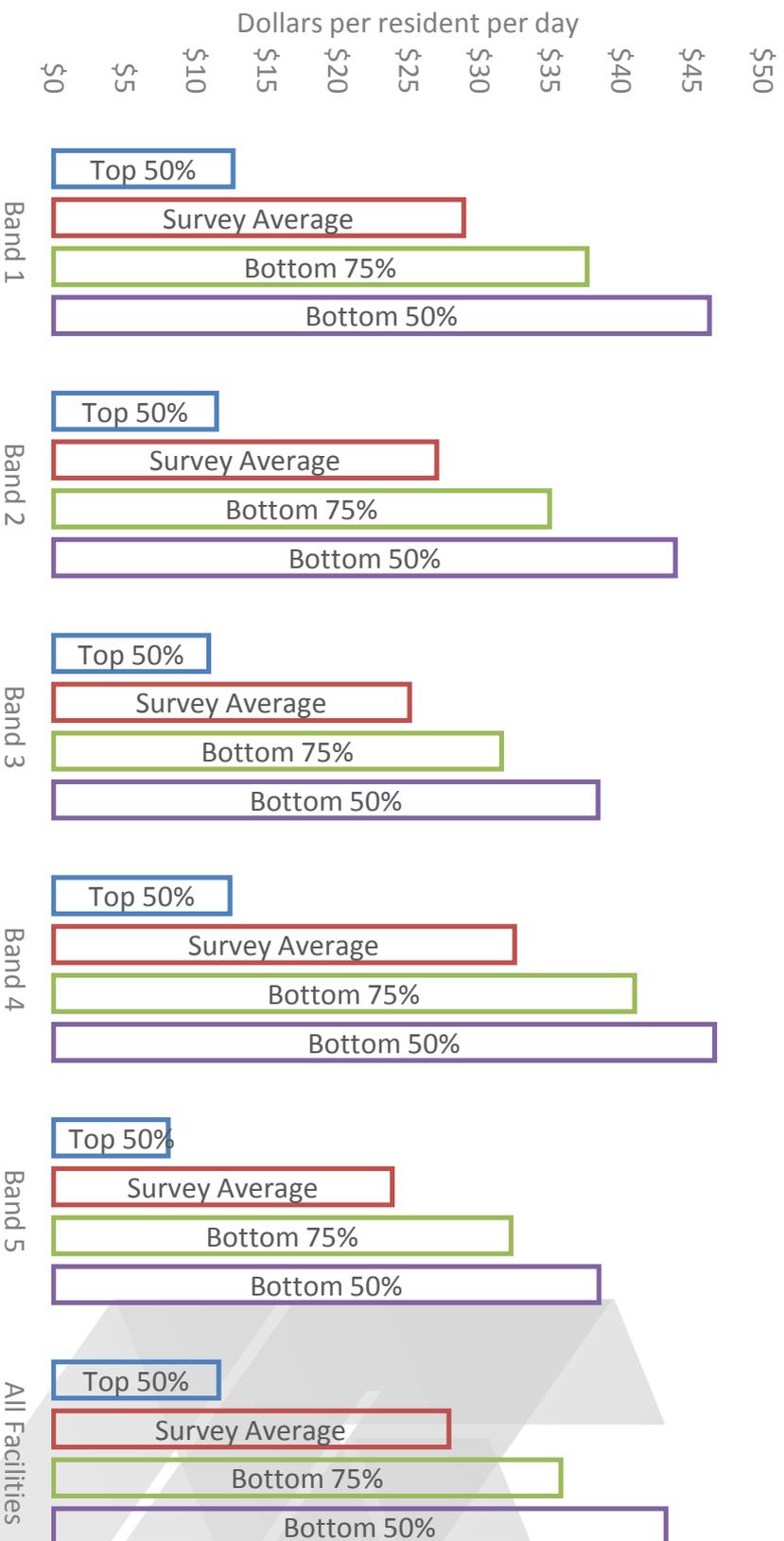
■ Top Quartile ■ Top 50% ■ Survey Average ■ Bottom 75% ■ Bottom 50%

Gap Analysis

Benchmark v Average	Band 1	Band 2	Band3	Band 4	Band 5
	\$ pbd				
Revenue	2.44	(0.67)	0.39	0.54	6.71
Expenditure					
Care costs	14.14	15.74	13.53	20.16	7.67
Hotel services	3.11	2.36	2.76	2.78	1.41
Accommodation services	4.09	3.44	5.69	4.71	4.70
Administration/Other	5.14	6.66	2.74	4.31	3.40
Total expenditure	26.48	27.53	25.11	32.50	23.89
Facility result (difference)	\$ 28.92	\$ 27.53	\$ 25.11	\$ 32.50	\$ 23.89

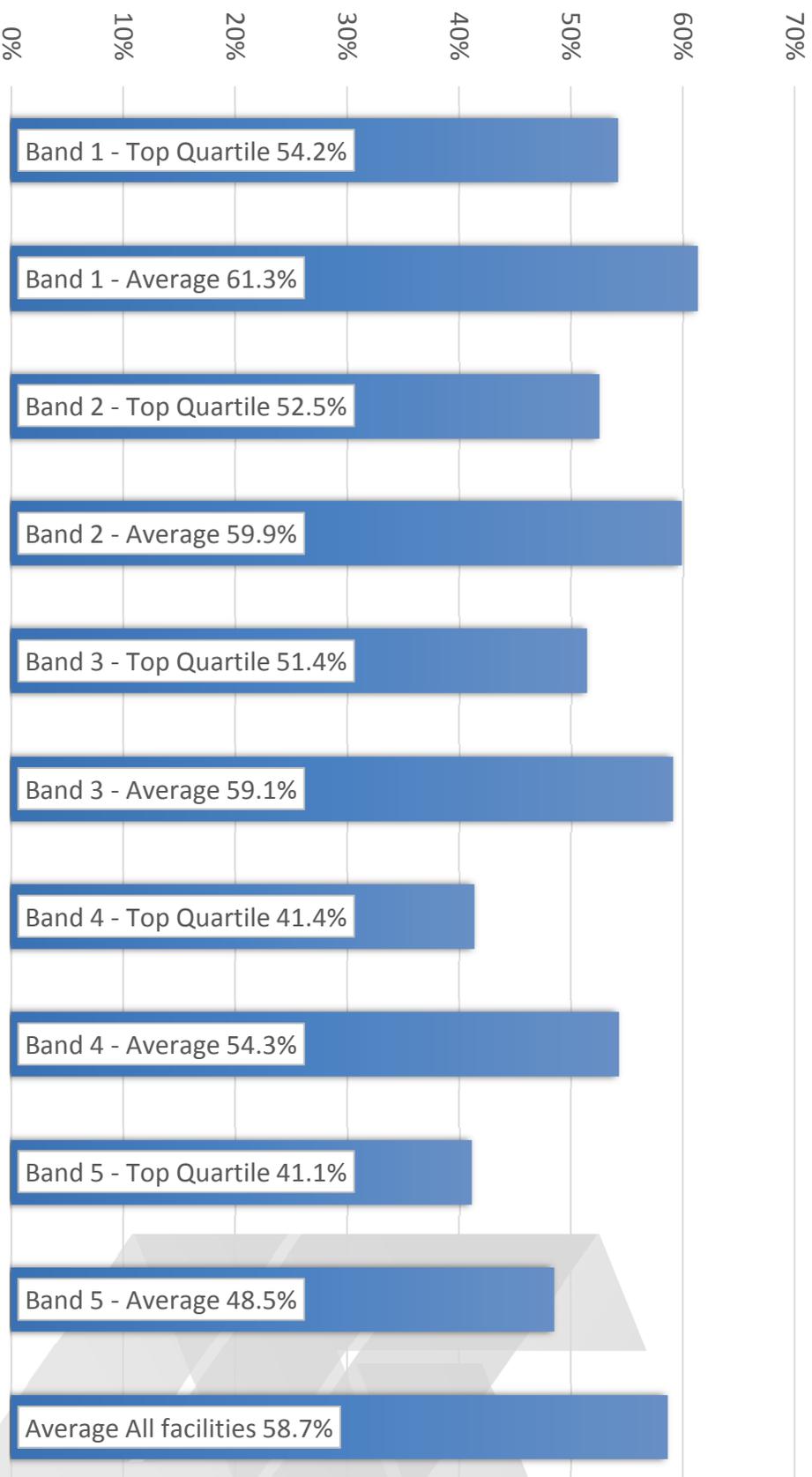
Gap Analysis

Gap to Result of Top Quartile - By Band



Residential Care

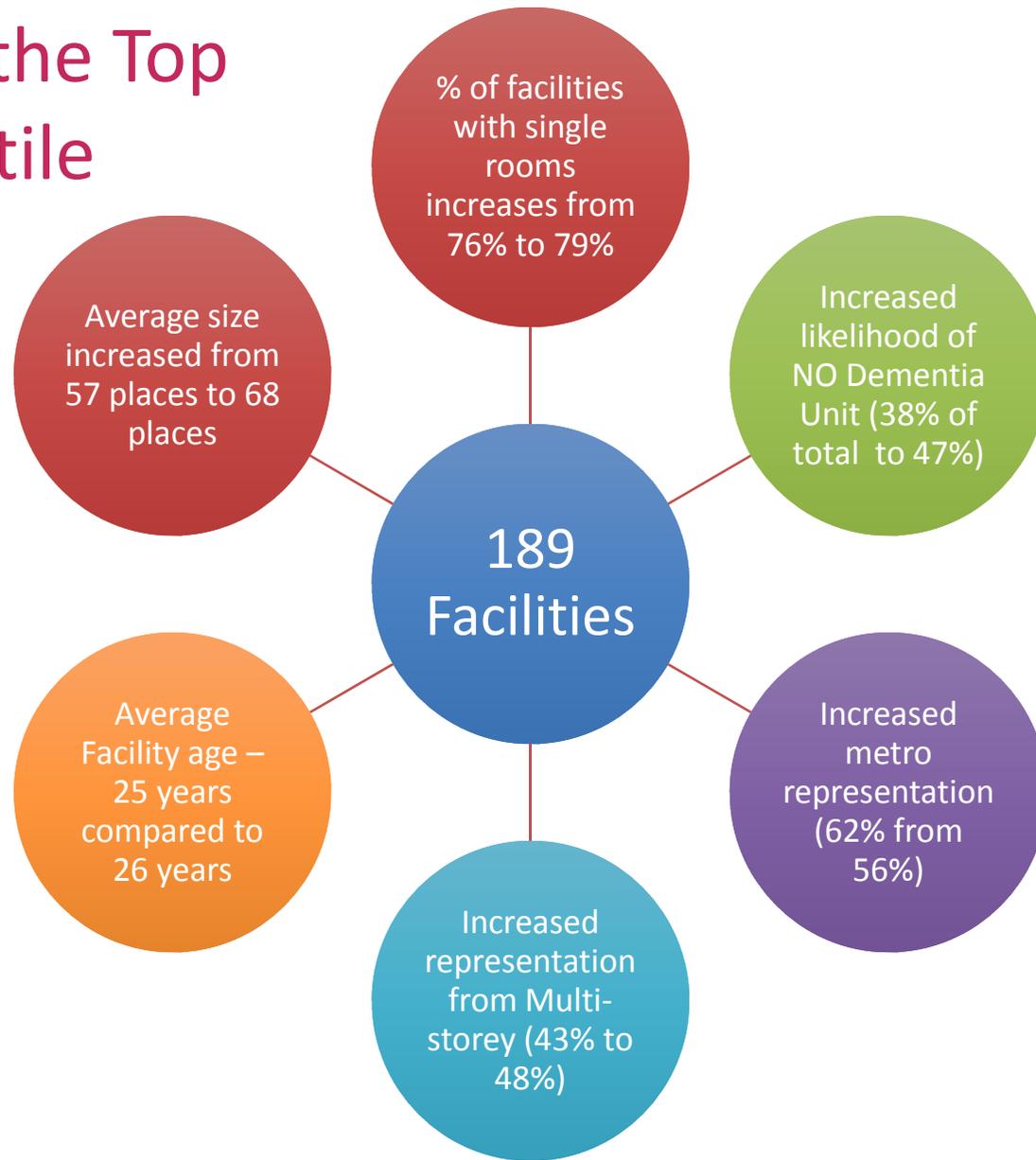
Care Cost to Care Income Ratio



Profiling the Data

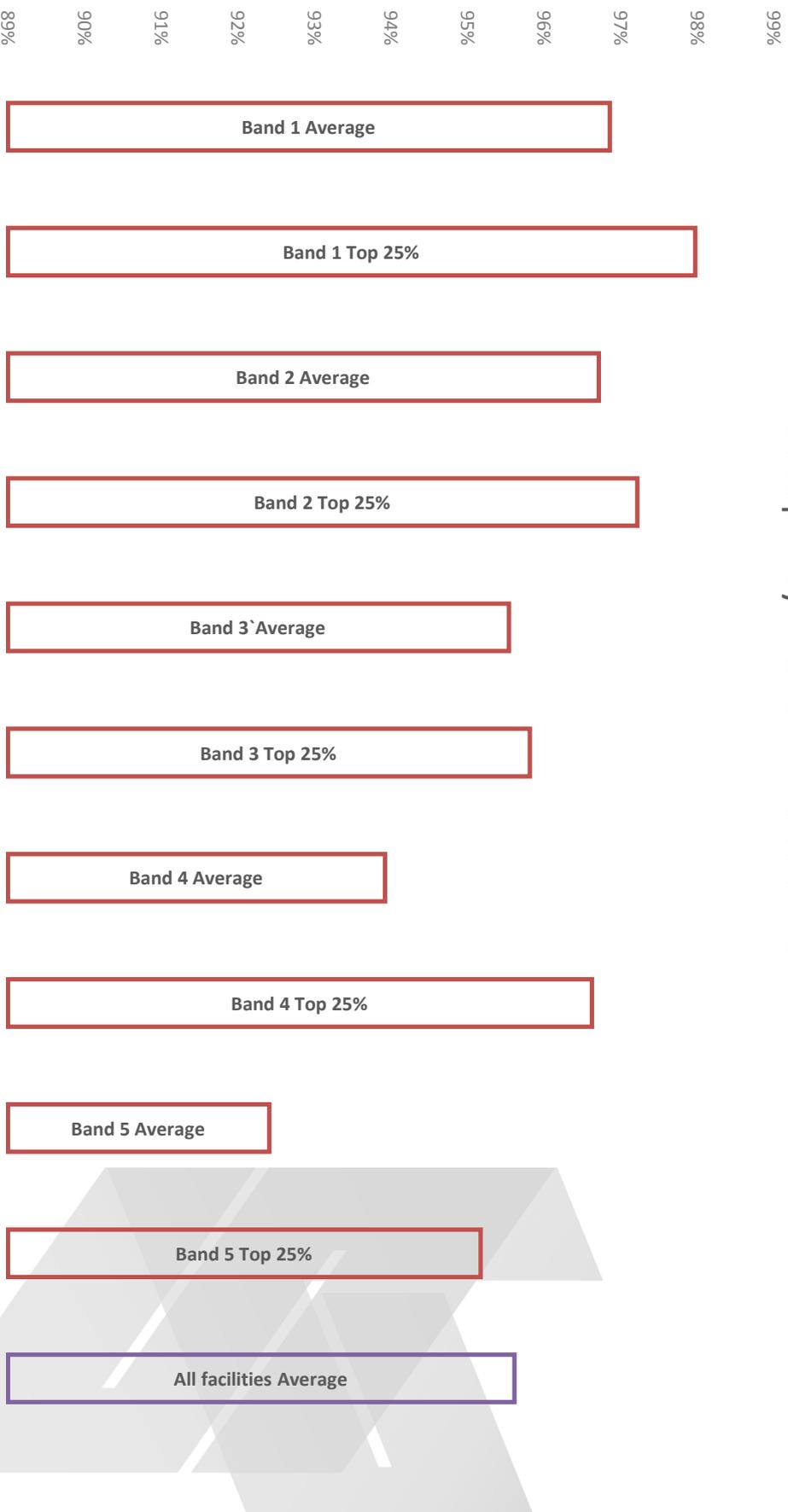


Profiling the Top Quartile



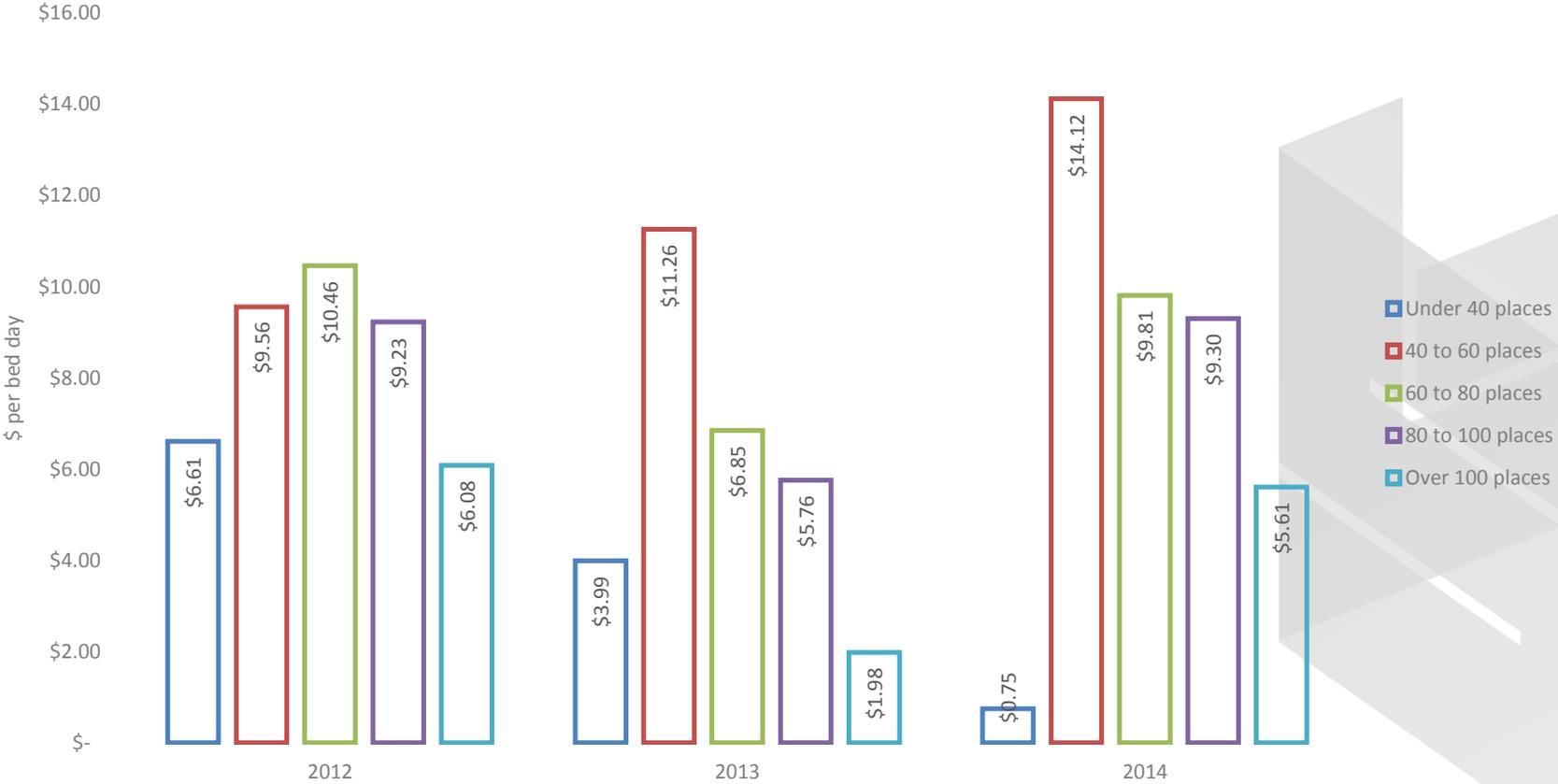
Residential Care

Occupancy - 2014 Financial Year



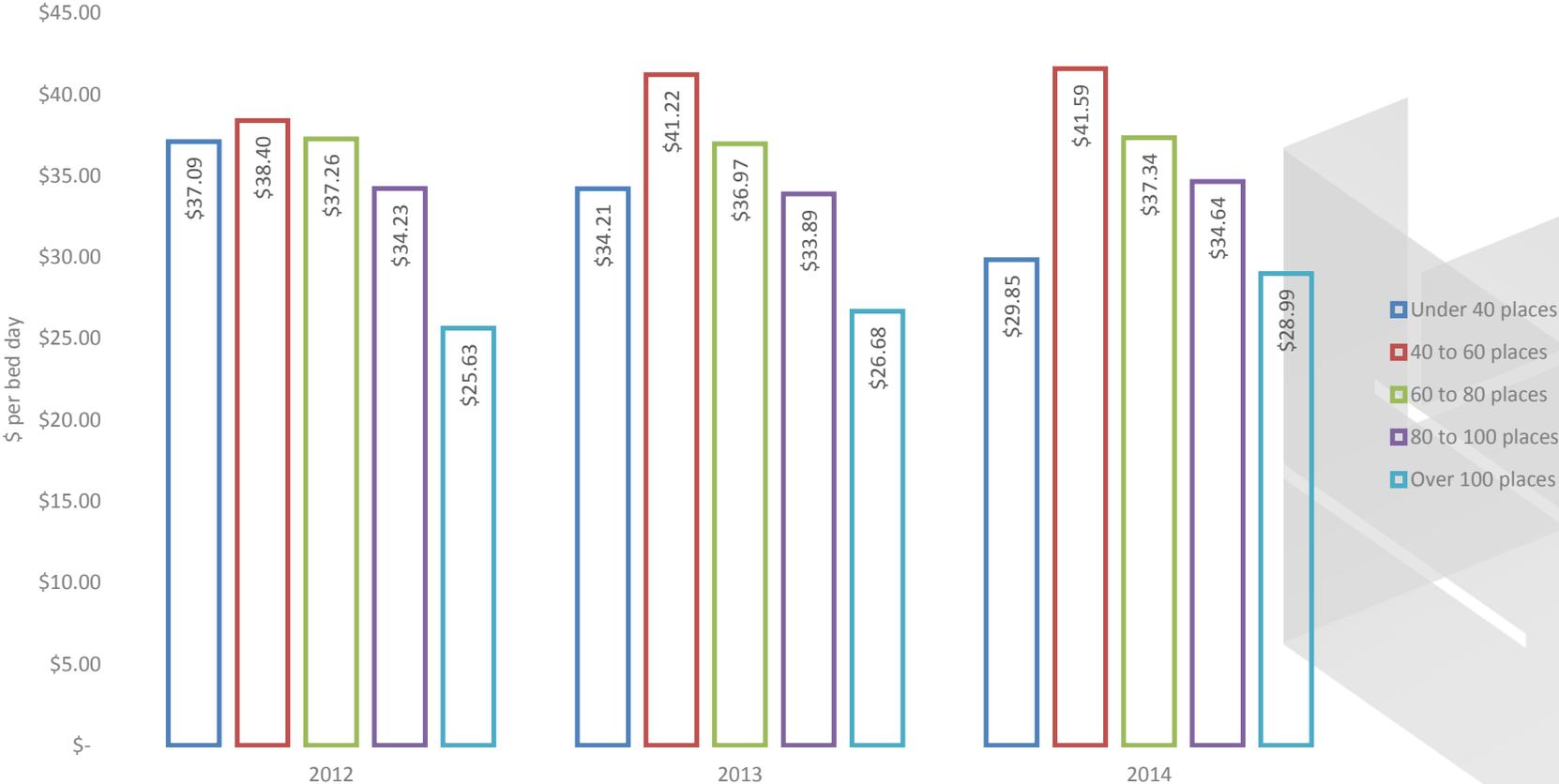
Size of Facilities

Average Facility Result by Size



Size of Facilities

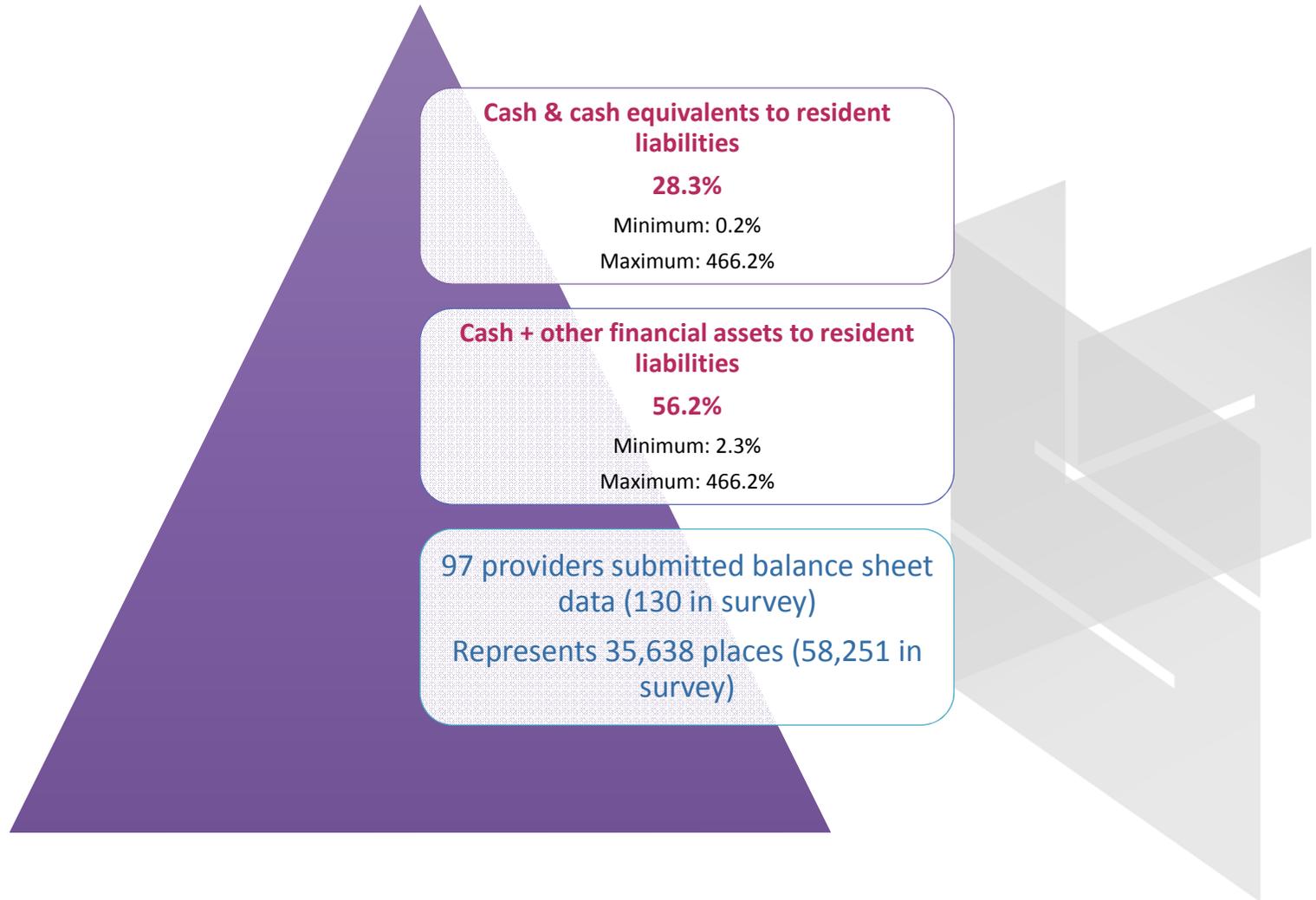
Top 25% Facility Result by Size



What are the Better Performers doing?

- ✓ There is a greater focus on financial performance at all levels of management
- ✓ Accountability for performance by facility level
- ✓ There is a strong focus on key indicators such as care wages as a % of income
- ✓ Financial performance is aligned to strategic direction
- ✓ They incorporate financial performance benchmarking as a major management tool – KPI's

Balance Sheet Analysis



New Perspective on Reporting

Care Result

Income

Basic daily fees
Co-contribution
Care Subsidies

Expenses

Direct and indirect care costs
Hotel services
Utilities
Administration & support

Accommodation Result

Income

Retentions
DAPs
Interest on outstanding Bonds
& RADs
Government accommodation
supplements

Expenses

Property & maintenance costs
Room changeover costs
Property rental
Depreciation and amortisation
Interest on outgoing bonds and RADs

Provider Result

Income

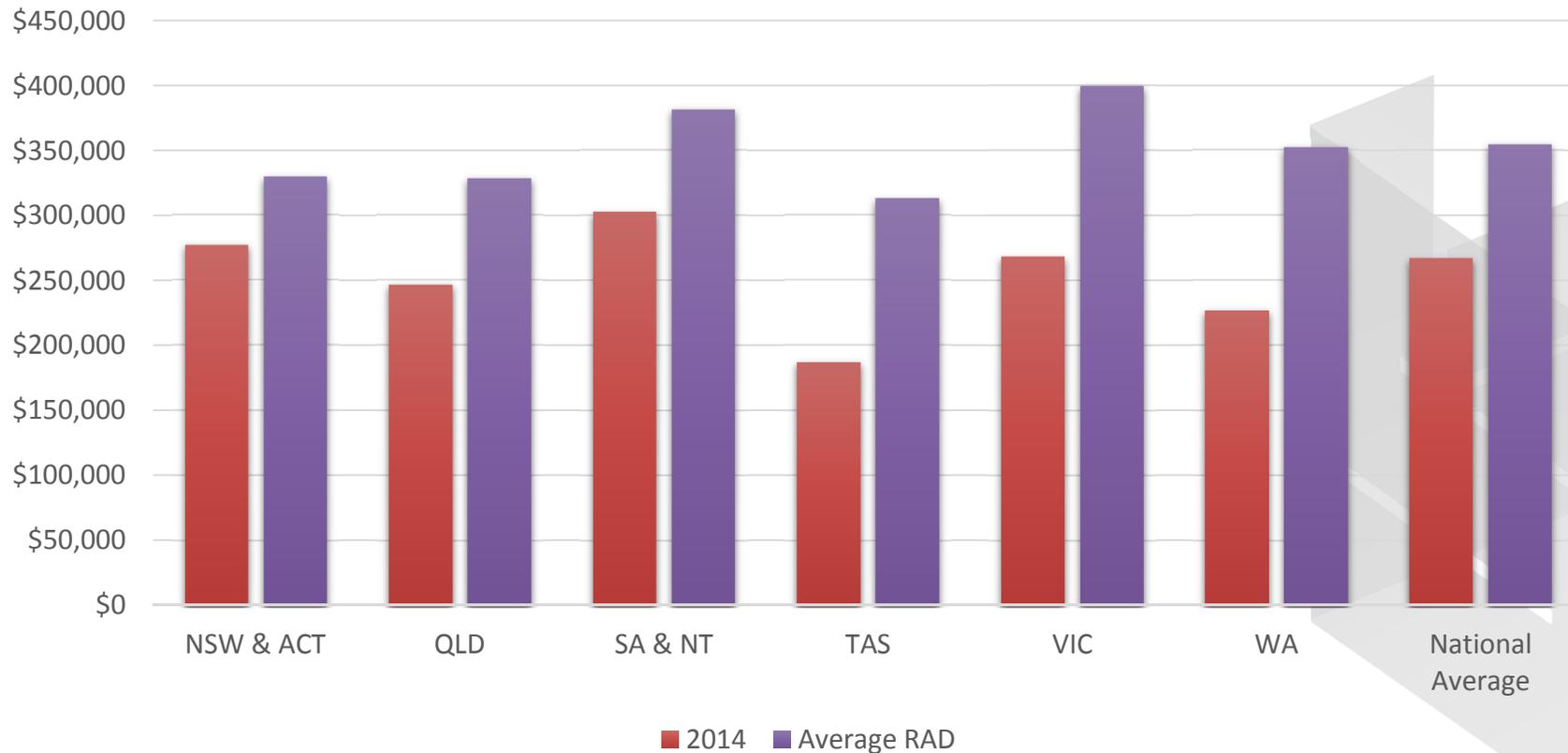
Investment income
Interest income
Fundraising
Capital grants
Other non-operating

Expenses

Non-operating expenses
Corporate/non-operational
recharges
Board expenses

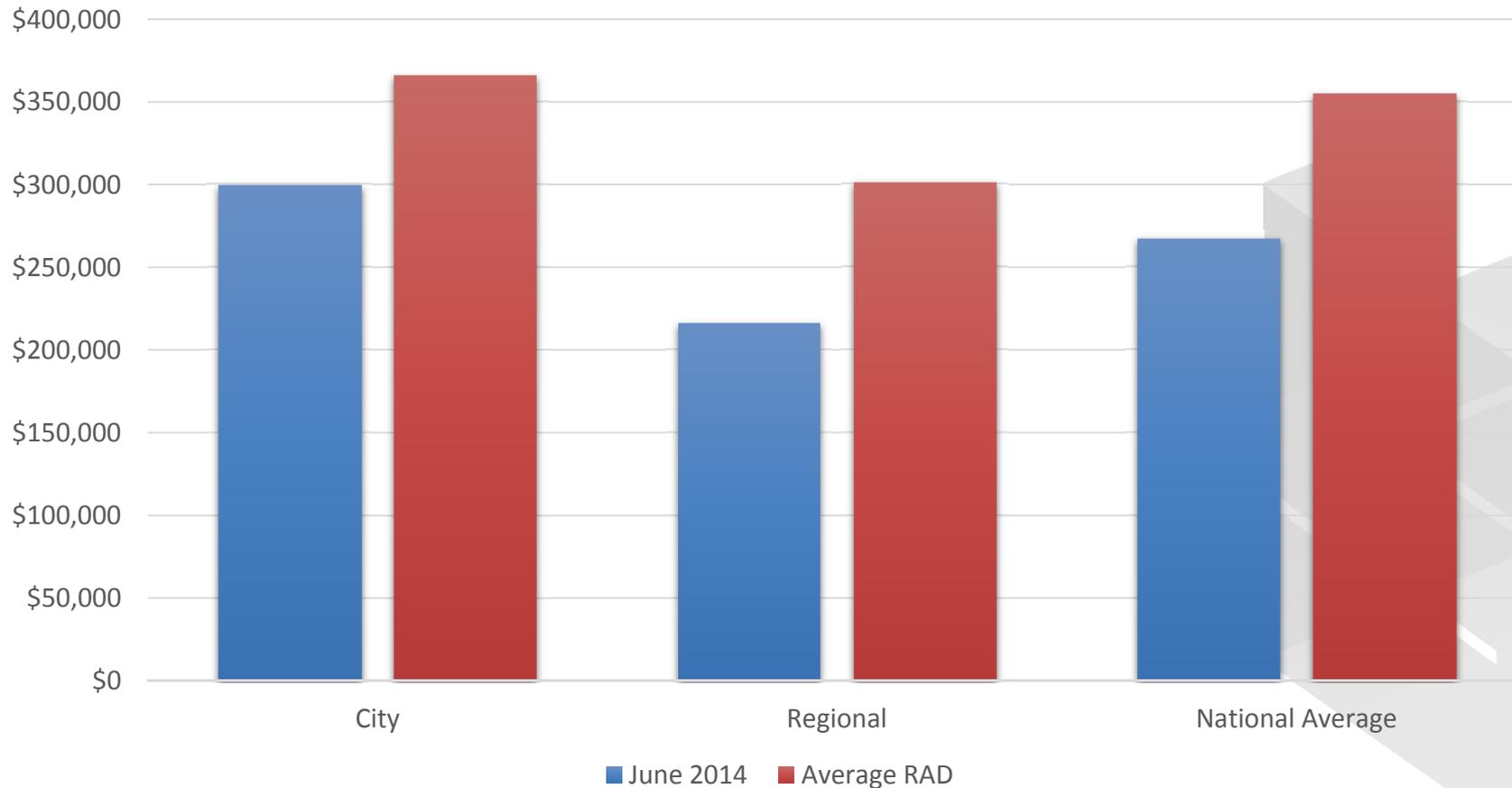
Accommodation Pricing

Comparison of Bonds taken in 2014 to Average RAD Prices by State

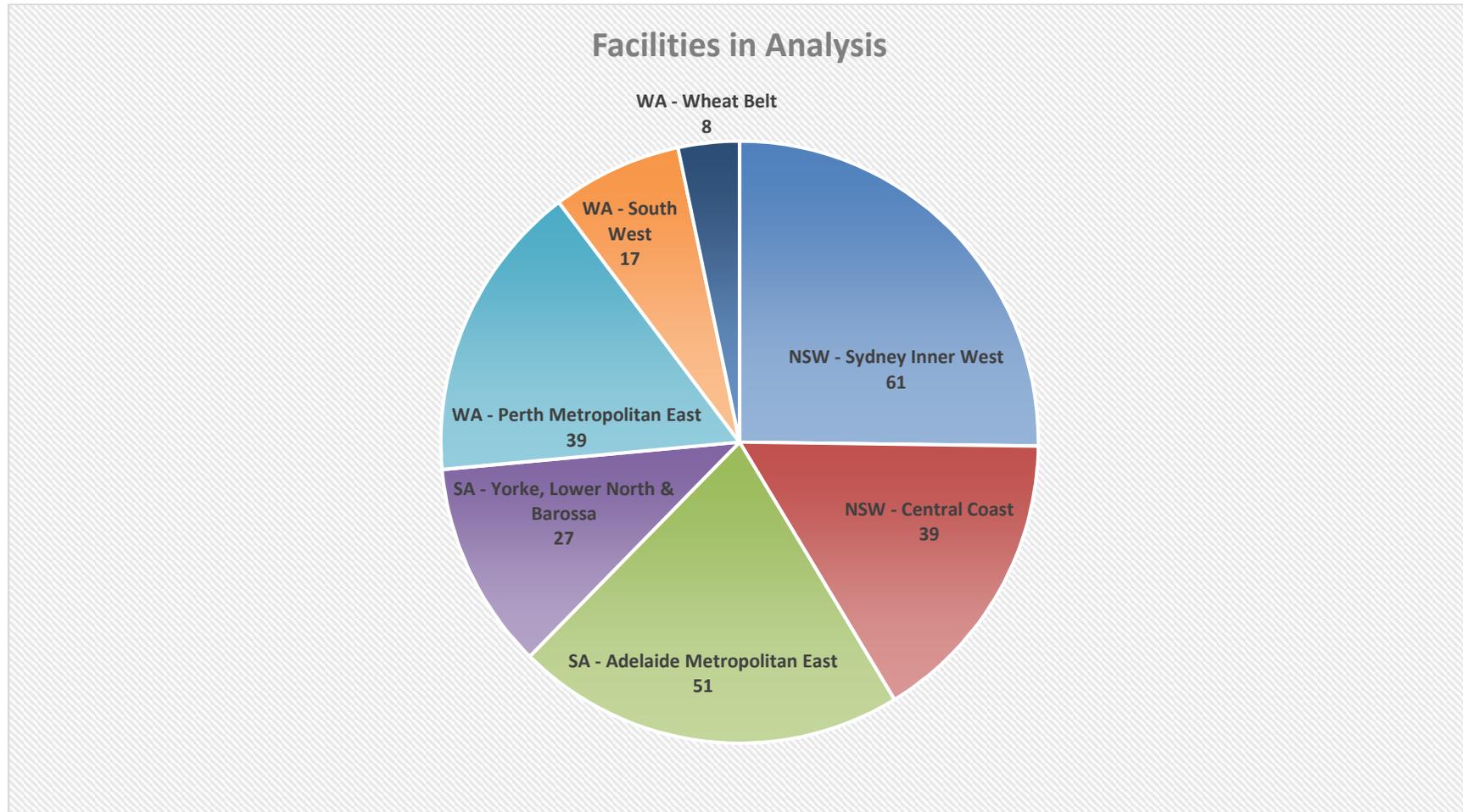


Accommodation Pricing

Comparison of Bond Taken in 2014 To Average RAD Price

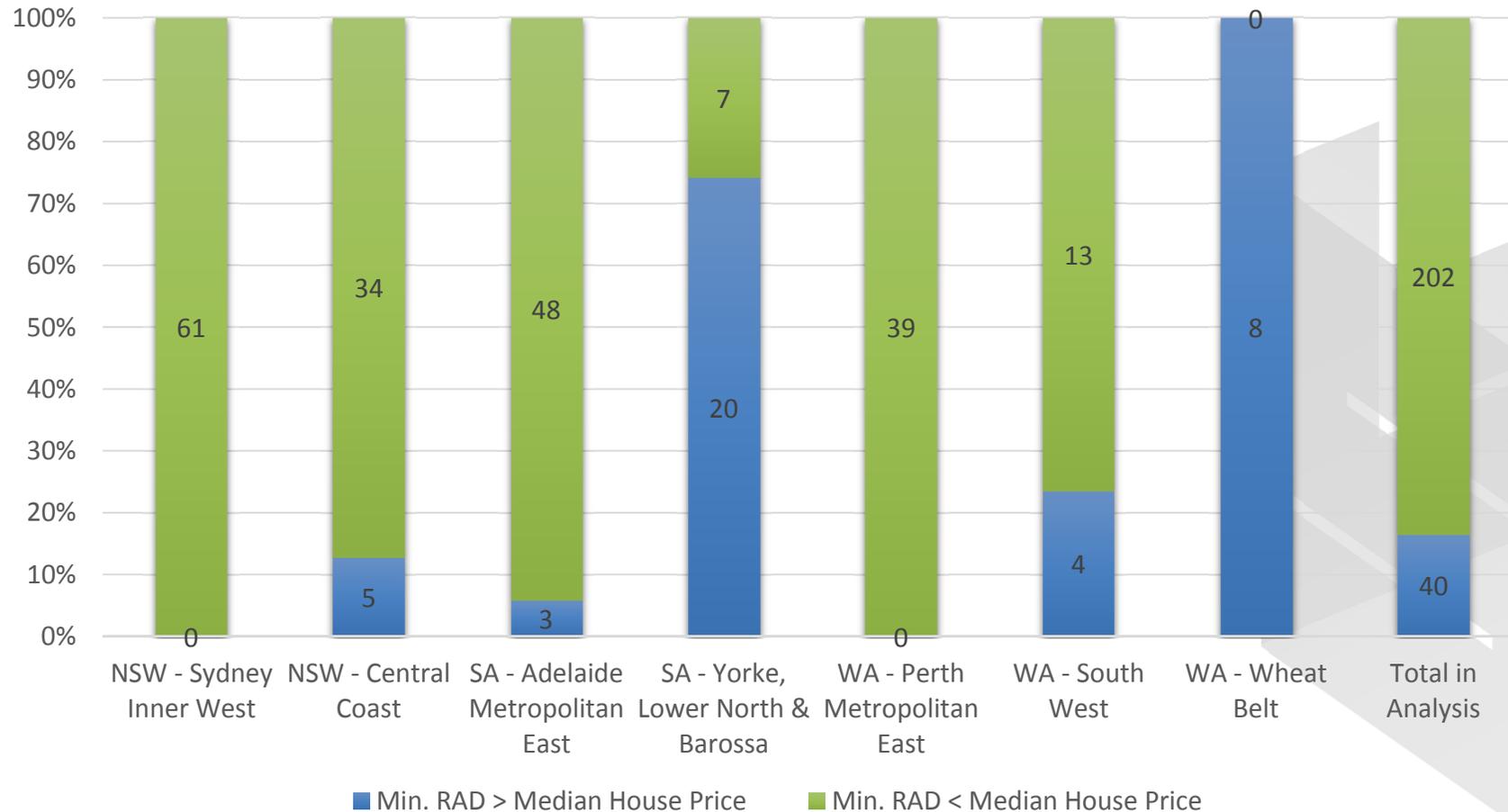


Accommodation Pricing



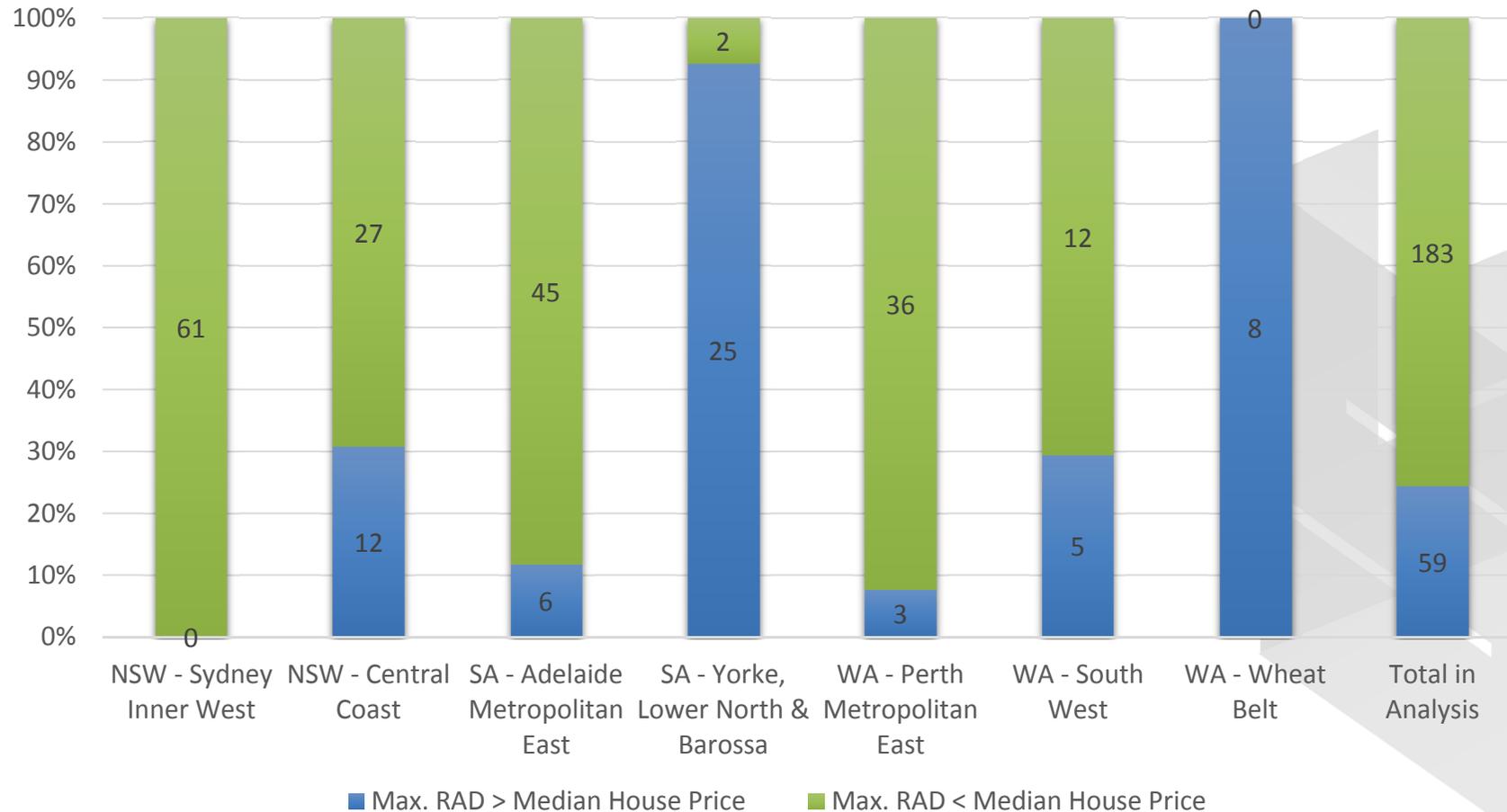
Accommodation Pricing

Composition of sample based on whether Minimum RAD exceeds Median House Price



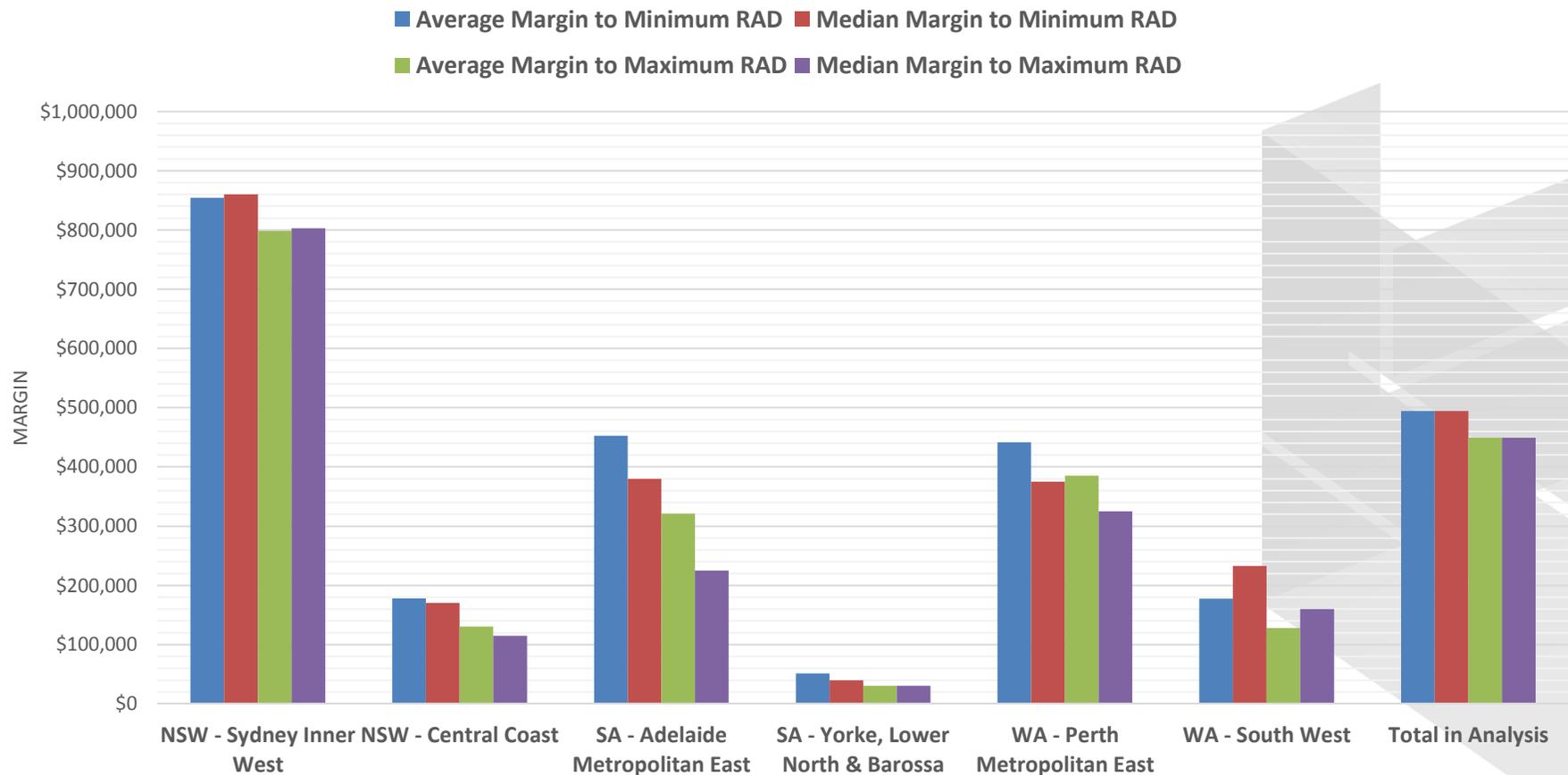
Accommodation Pricing

Composition of sample based on whether Maximum RAD exceeds Median House Price



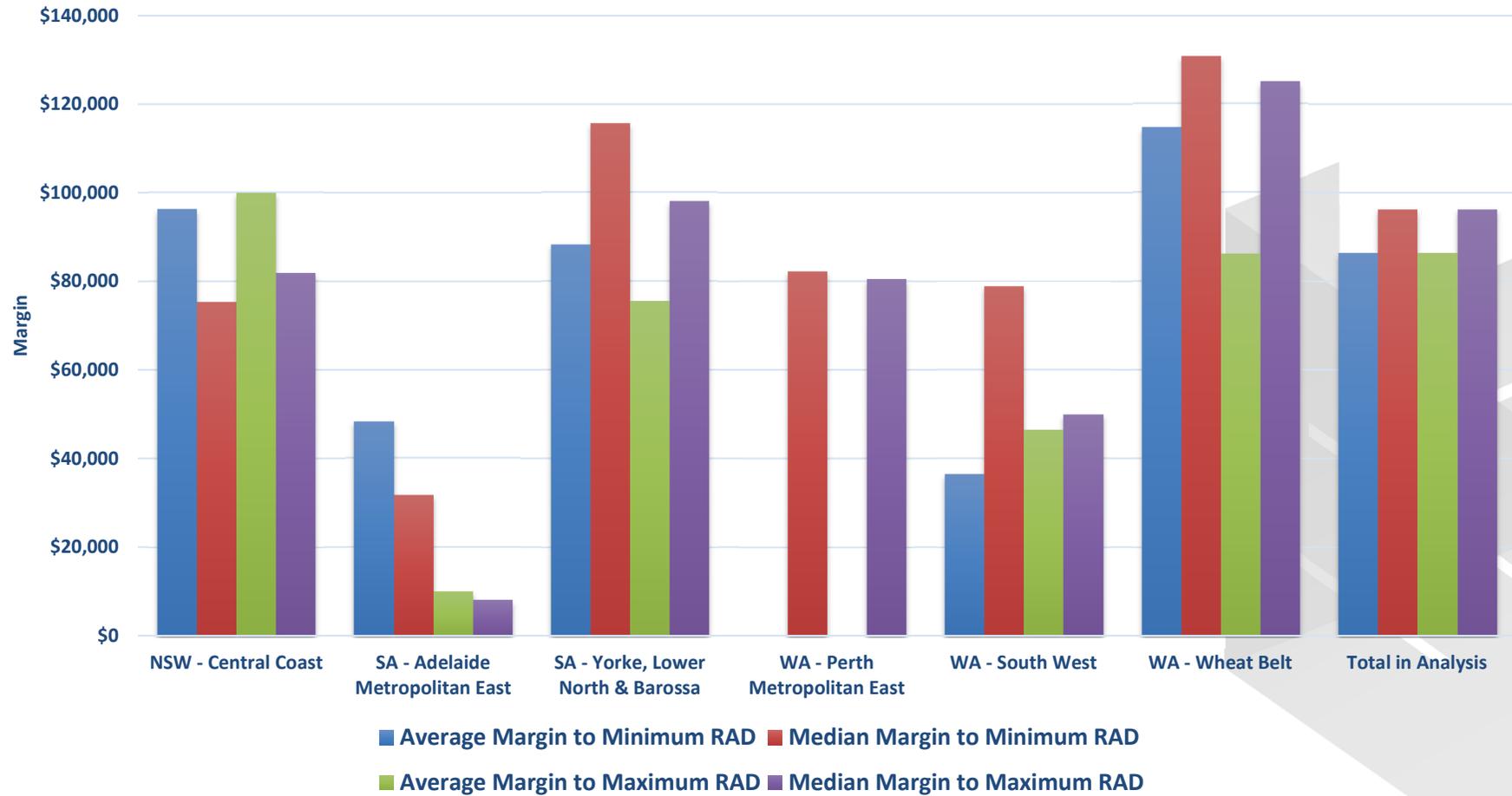
Accommodation Pricing

Margin between Median House Price and RAD
(where variance is positive)



Accommodation Pricing

Margin between Median House Price and RAD
(where variance is negative)



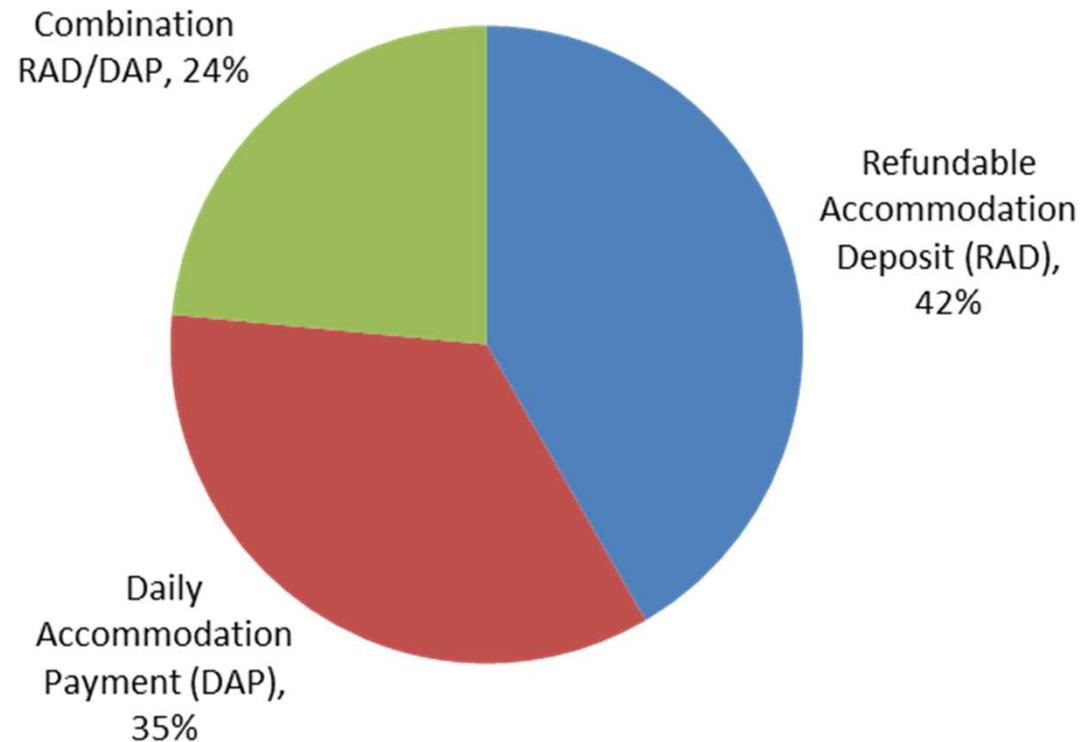
Accommodation Pricing

Of the 242 facilities in our initial analysis

- 14 (5.8%) have increased their minimum RAD
- 14 (5.8%) have decreased their minimum RAD
- 16 (6.6%) have increased their maximum RAD
- 13 (5.4%) have decreased their maximum RAD

Initial Analysis From ACFA

Consumer choice of accommodation payment

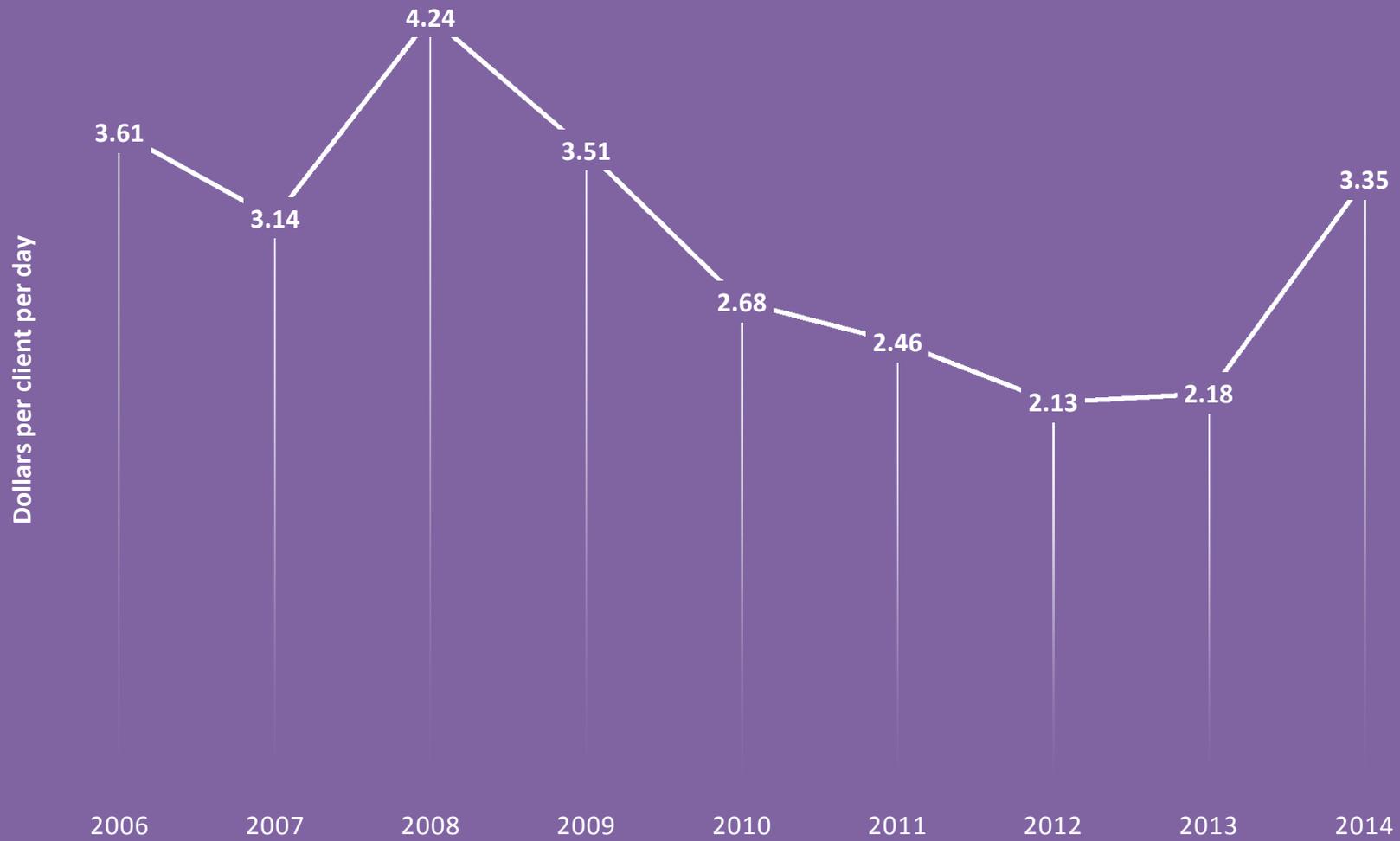


Source: ACFA Report on the Impact of the 1 July 2014 financial reforms on the aged care sector – August 2014 Report

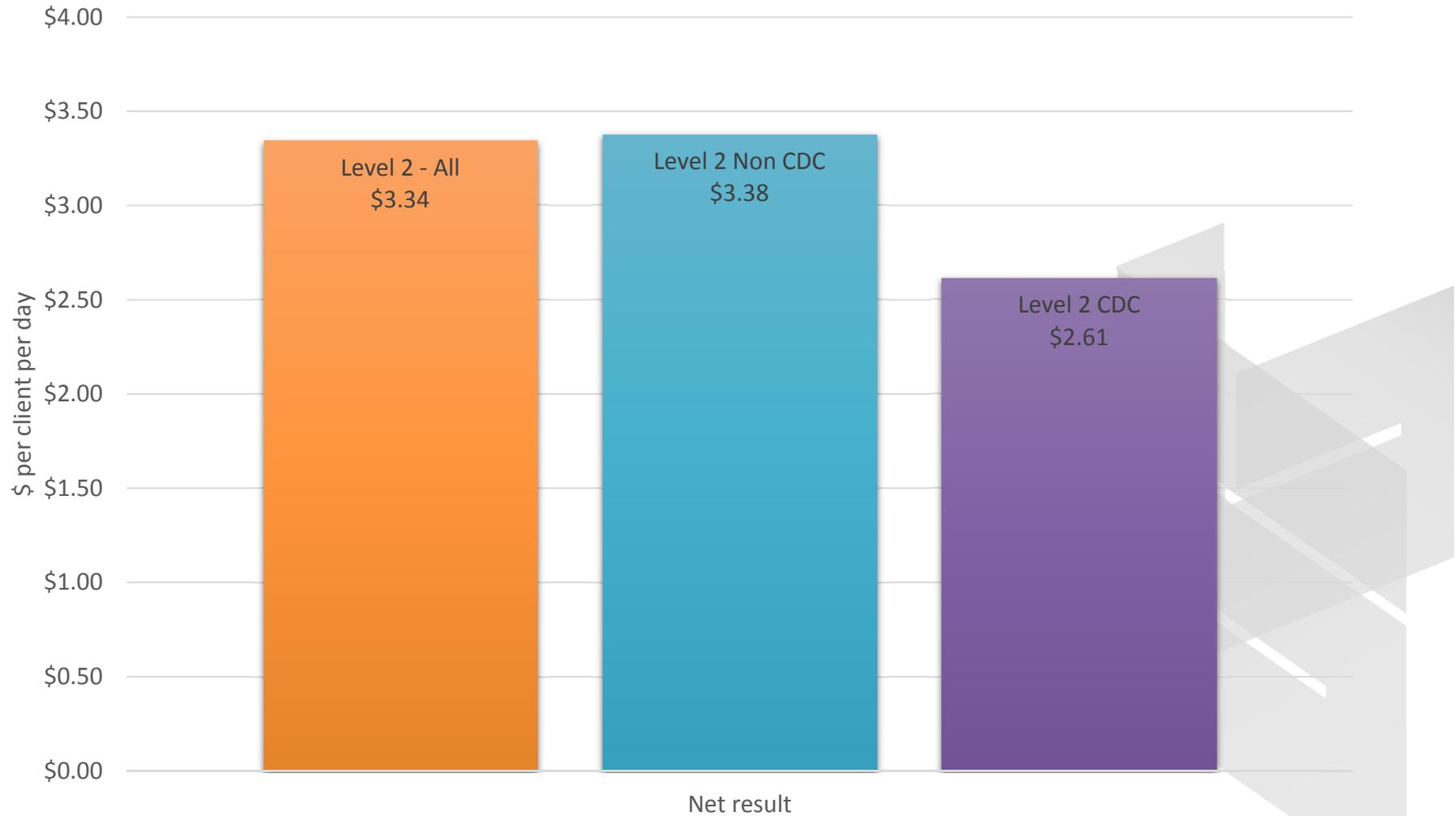
income packages recipient rights contribution conversion
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 client test Directed
home **services**
 statements budget acat cde
 package consumer agreements fees
 arrangements consumers
Care



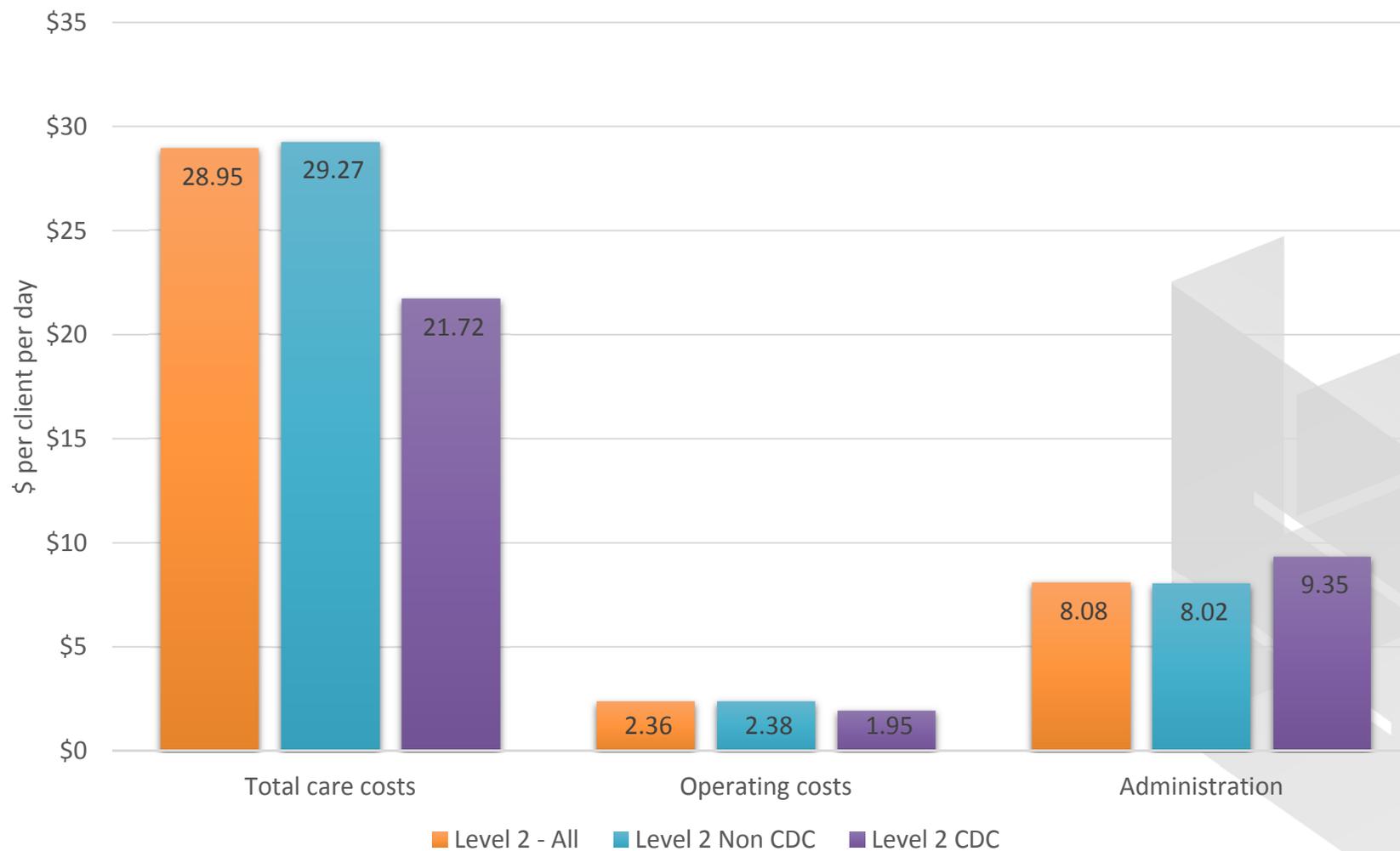
HOME CARE RESULTS - LEVEL 2



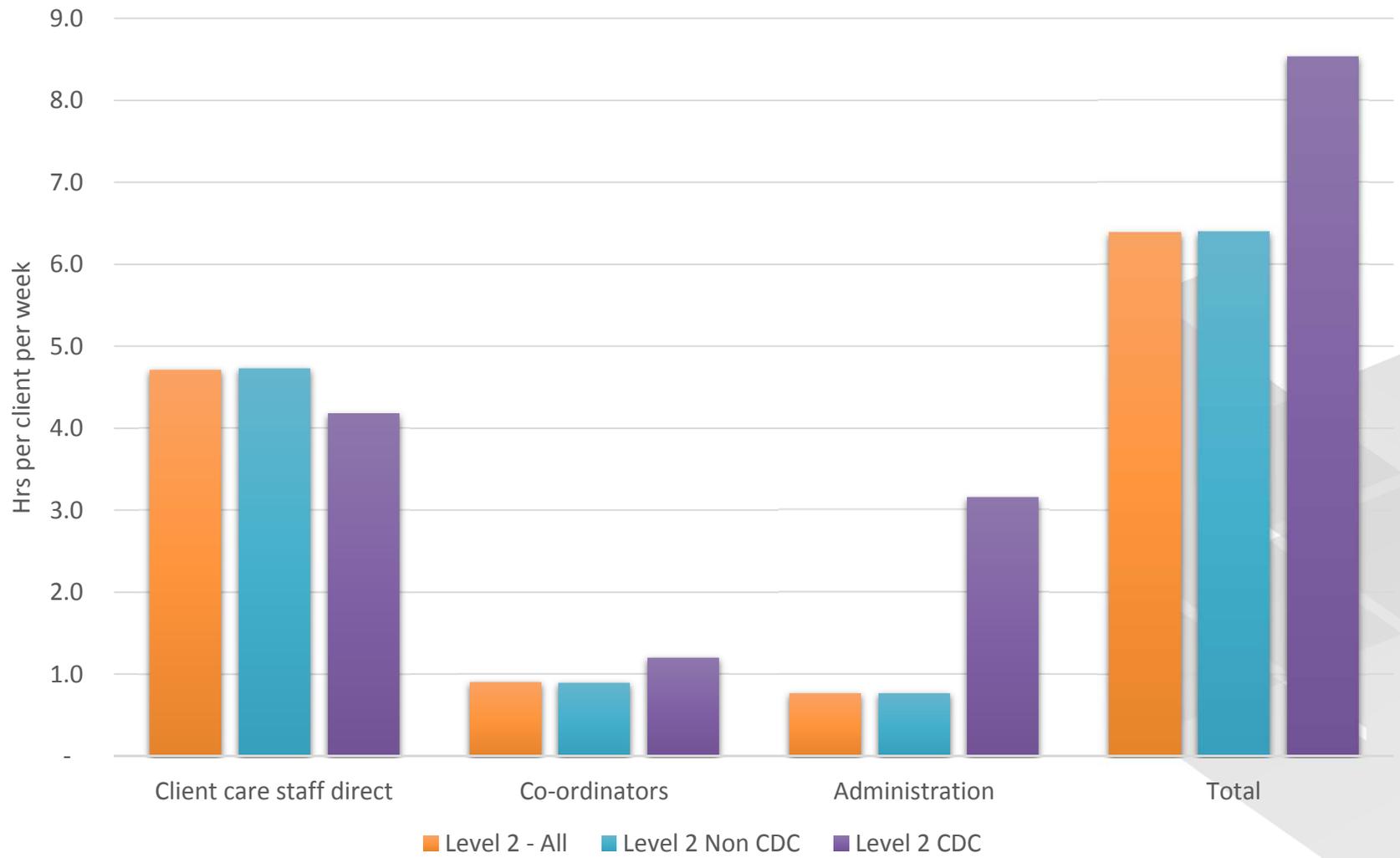
Level 2 Comparison of Profits



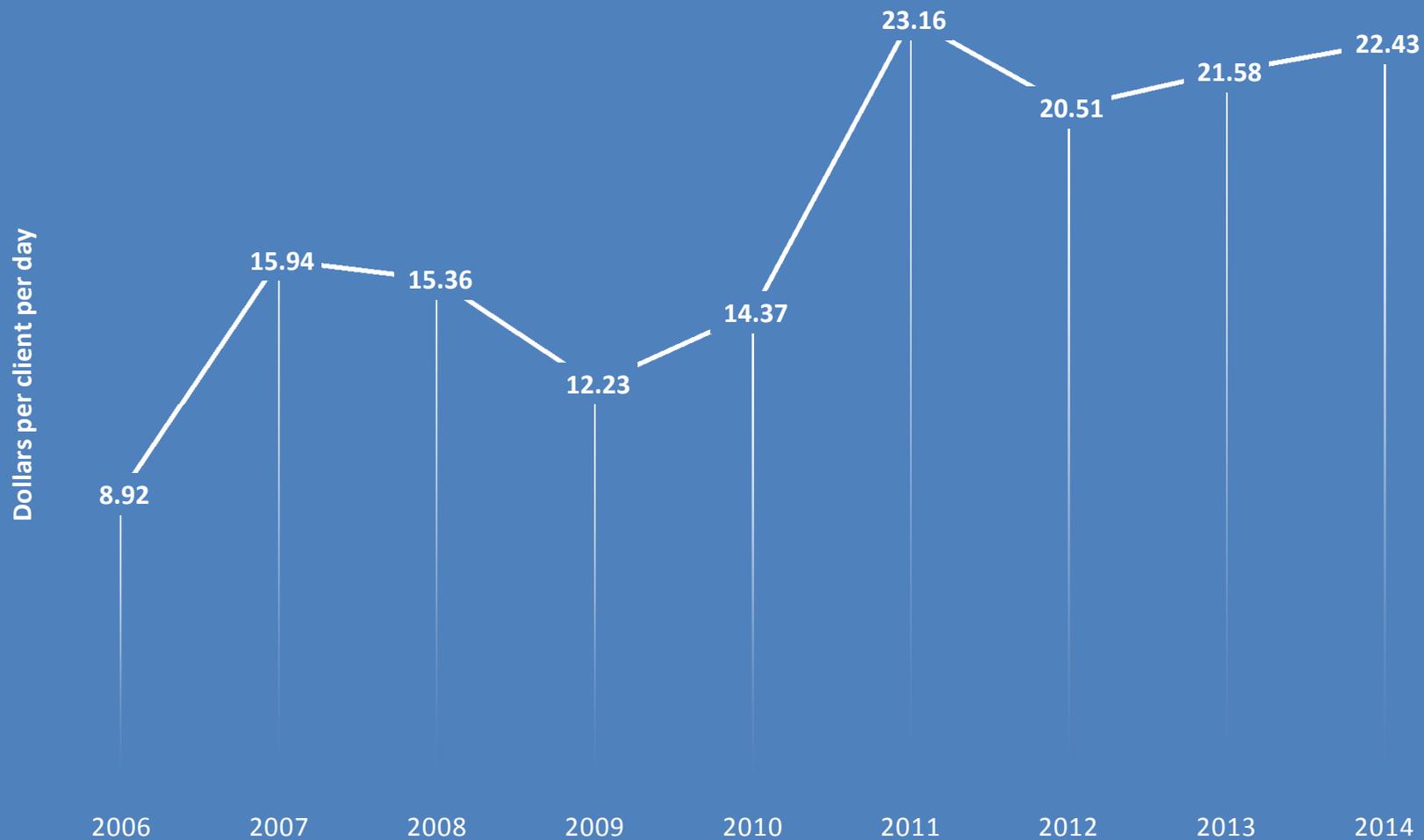
Level 2 cost comparisons



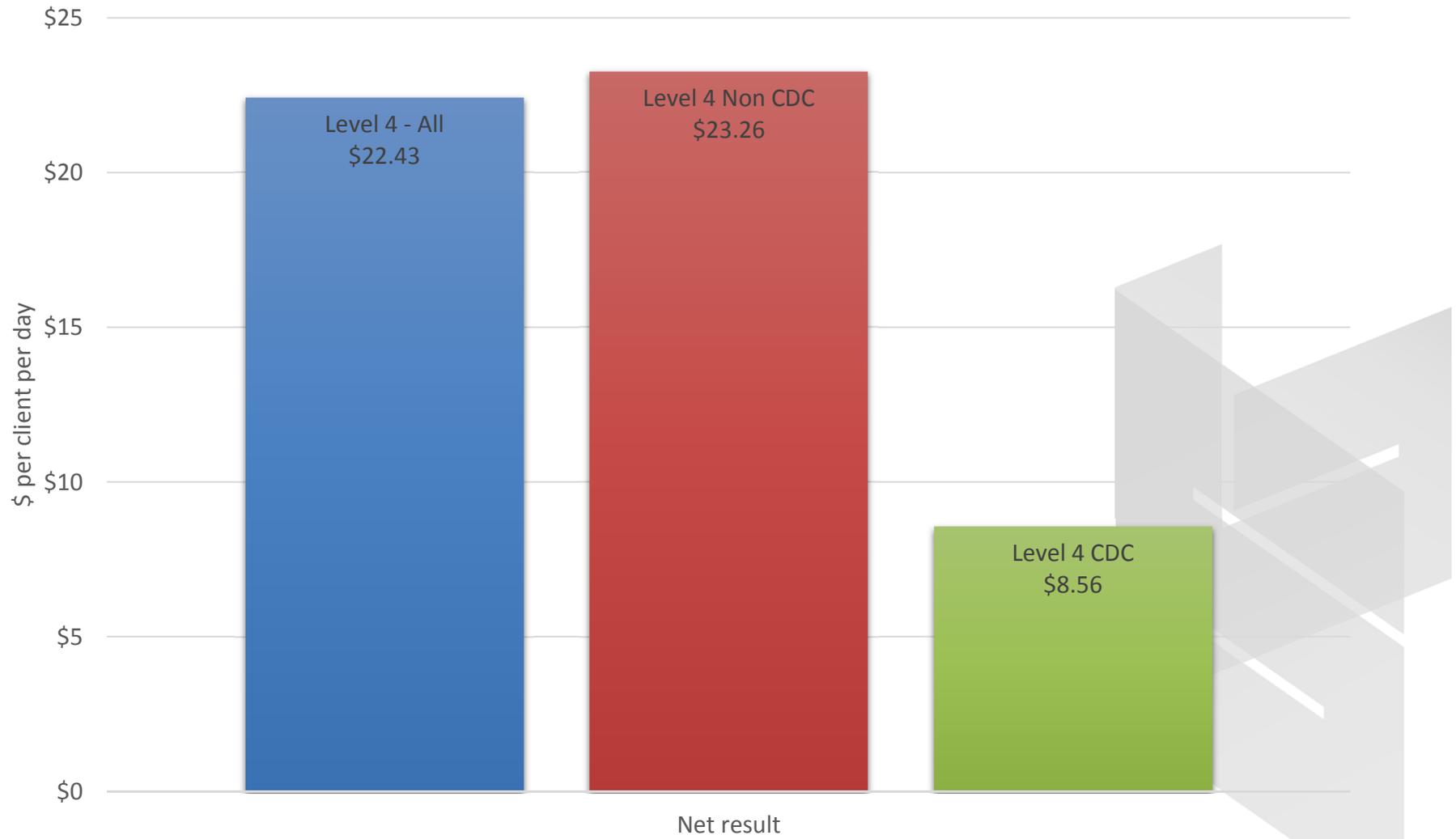
Level 2 Wage Hours comparisons



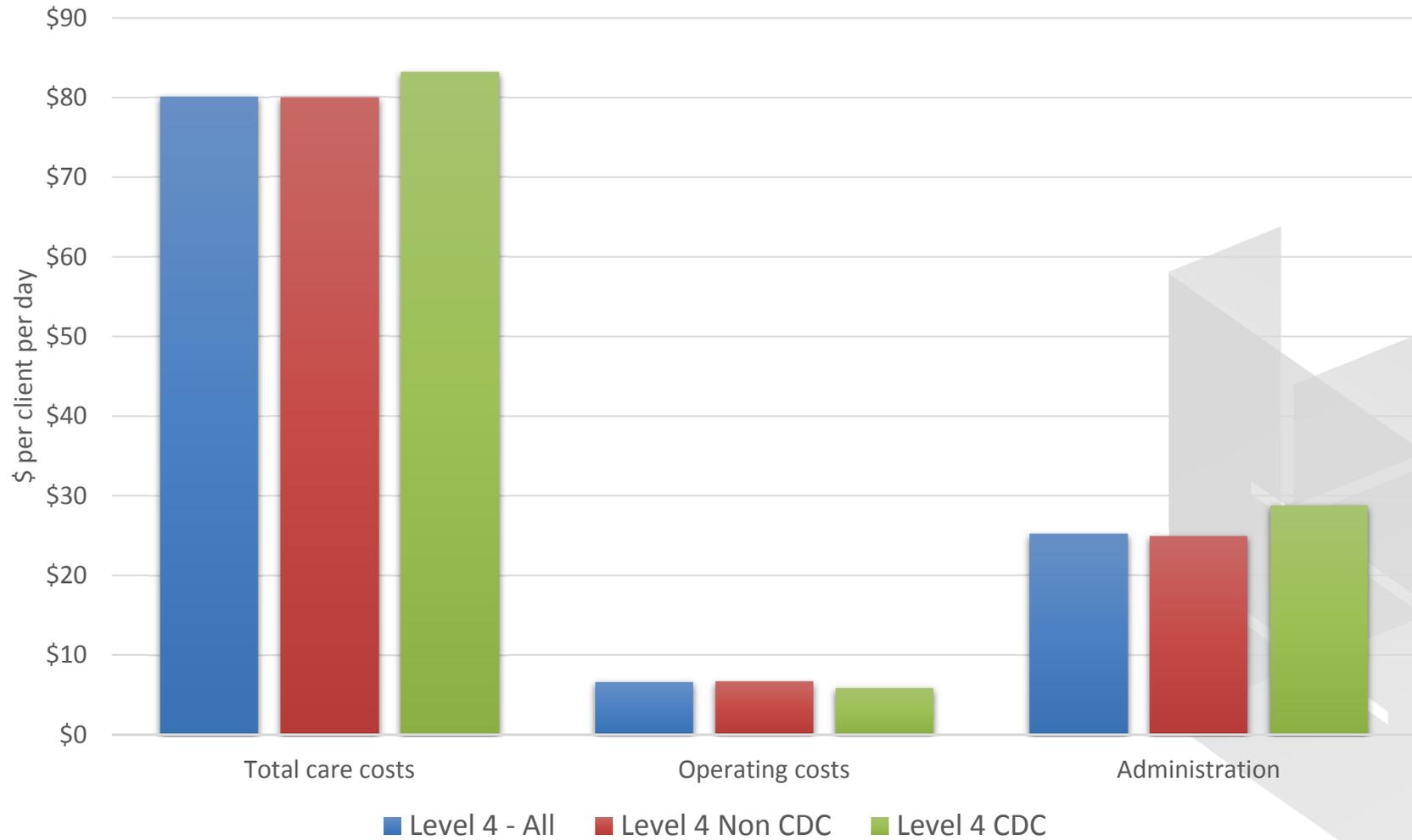
HOME CARE RESULTS - LEVEL 4



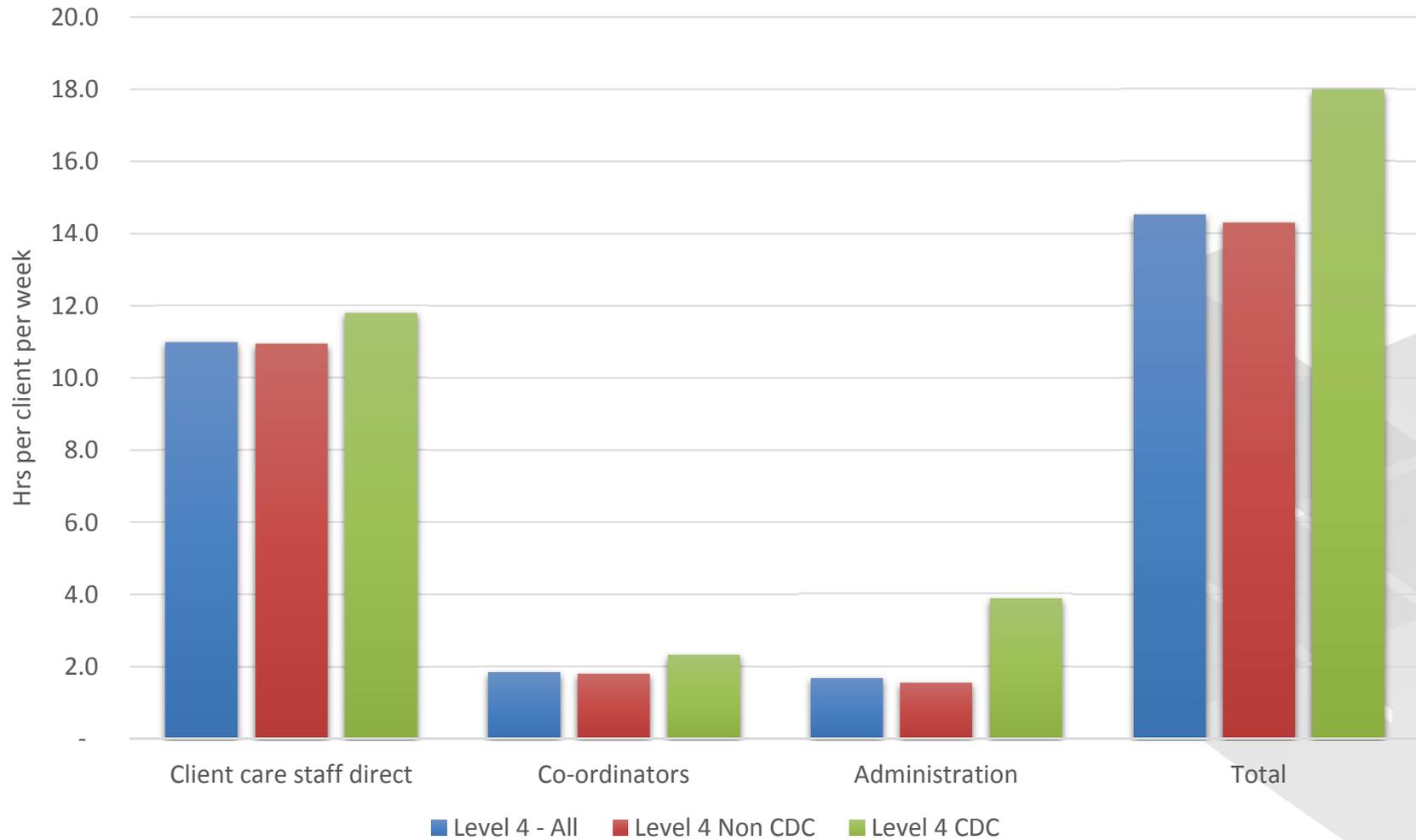
Level 4 Comparison of Profits



Level 4 cost comparisons



Level 4 Wage Hours comparisons



Early observations of CDC data

Home Care Level 2

(20 programs – 506 packages)

- CDC programs – Average result a profit of \$2.61 per client day
- Non-CDC programs – Average Result a profit of \$3.38 per client per day

Home Care Level 4

(23 programs – 236 packages)

- CDC programs – Average result a profit of \$8.56 per client per day
- Non-CDC programs – Average result a profit of \$23.26 per client per day

Early observations of CDC data

Unspent Funds

- Home Care Level 2 – Averaged 12% of gross revenue for those that reported unspent funds
- Home Care Level 4 – Averaged 9% of gross revenue for those that reported unspent funds
- There were a significant number in both Level 2 and Level 4 that reported unspent funds of between 15% and 25% of gross revenue

Case Managers and Coordinators

- Home Care Level 1 – Cost of case managers and coordinators averaged \$5.32 per client day and was greater than cost of care staff of \$2.29 per client day