Australia's Aged Care Sector Full-Year Report 2024-25

Public Webinar

20 January 2026

UTS Ageing Research Collaborative

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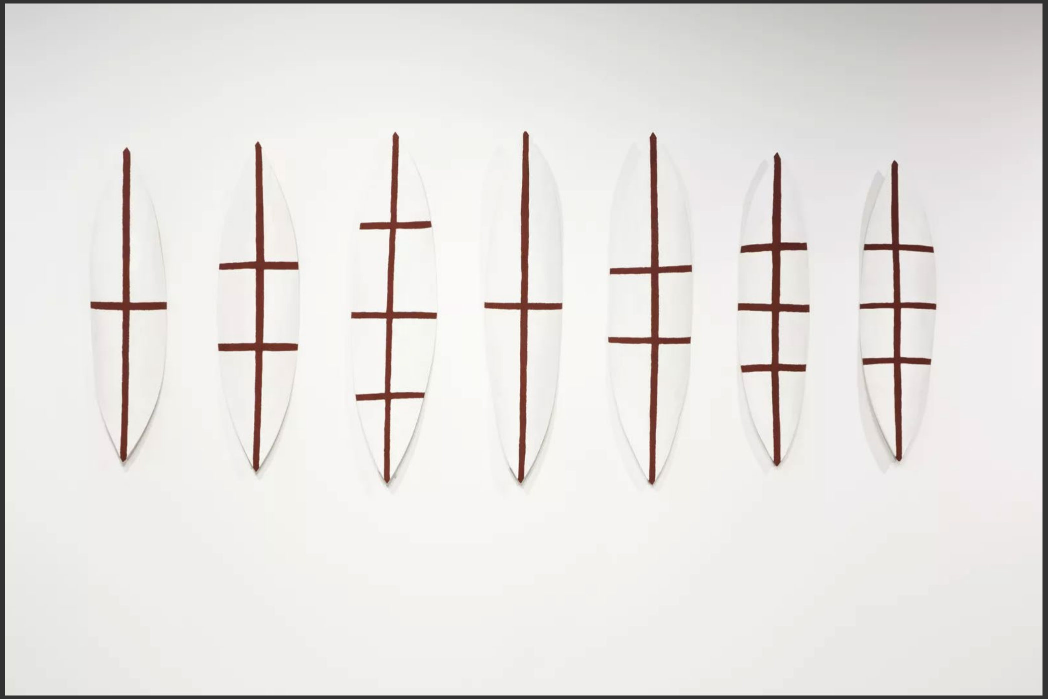
Acknowledgment of Country



Gadigal Shields (2019), made by Gadigal Elder Uncle Charles 'Chicka' Madden with assistance from artist and UTS researcher Jonathan Jones (Wiradjuri/Kamilaroi).

We would like to acknowledge the Gadigal people of the Eora nation as traditional custodians of the lands on which UTS now stands.

We pay our respect to the Elders past and present.

We extend that respect to the custodians of the lands from which you join us.

Agenda

- **Introduction**
- **Sector-wide developments**
- **Home care**
- **Residential care**

We are happy to take questions throughout the presentation.

Introducing the UTS Ageing Research Collaborative (UARC)

Strategic focus

- Policy-relevant and operationally sound research
- Collaborative and transdisciplinary
- Active engagement with stakeholders

Experts across 5 themes:

- Business & Strategy
- Law, Regulation & Ethics
- Health & Wellbeing
- Innovation & Design
- Emerging Technologies

To enable socially, economically and environmentally sustainable aged care and support for older people in Australia.

Australia’s Aged Care Sector Report

- Flagship biannual research report series, drawing on data from StewartBrown and other sources.
- Provides independent analysis and commentary, drawing on expertise from accounting, economics, design and health.
- Informed through continuous engagement with stakeholders in government, industry and the community.

Eighth edition (Full-Year 2024-25) will be released 15 December 2025

Available for download: [Australia’s Aged Care Sector reports | University of Technology Sydney]

01

Sector-wide developments

Sector-wide developments

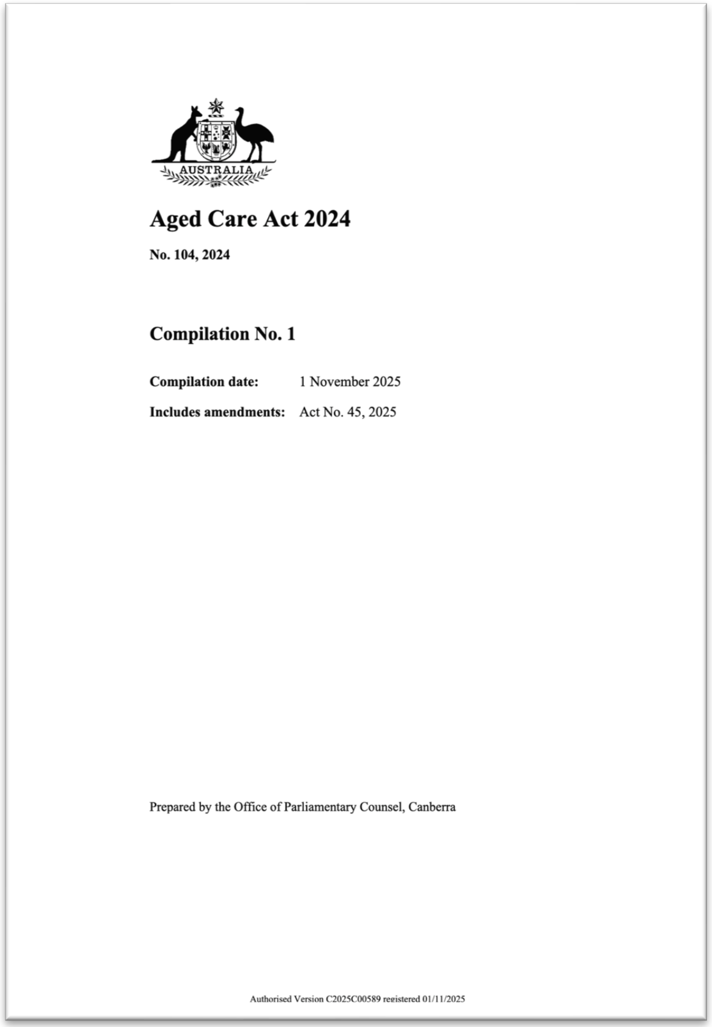
Some reflections on the 1 November changes

The delays to announcing the commencement of the **new Aged Care Act (2024)** and release of new home care packages resulted in unnecessary uncertainty for the sector.

The discontinuation of **ACAR** presents opportunities for innovative providers (including retirement village operators) to strategically plan their growth and could give residents more choice in selecting an aged care home.

The lapse of the **minimum supported resident ratios** requires monitoring of providers already testing the lower ratio limits.

- Ensuring a reasonable **accommodation supplement** will be pertinent with the introduction of the 2% RAD retention and increases to the maximum RAD cap of $750,000.


AUSTRALIA

Aged Care Act 2024

No. 104, 2024

Compilation No. 1

Compilation date: 1 November 2025

Includes amendments: Act No. 45, 2025

Prepared by the Office of Parliamentary Counsel, Canberra

Authorised Version C2025C00589 registered 01/11/2025

Sector-wide developments

Post 1 November issues

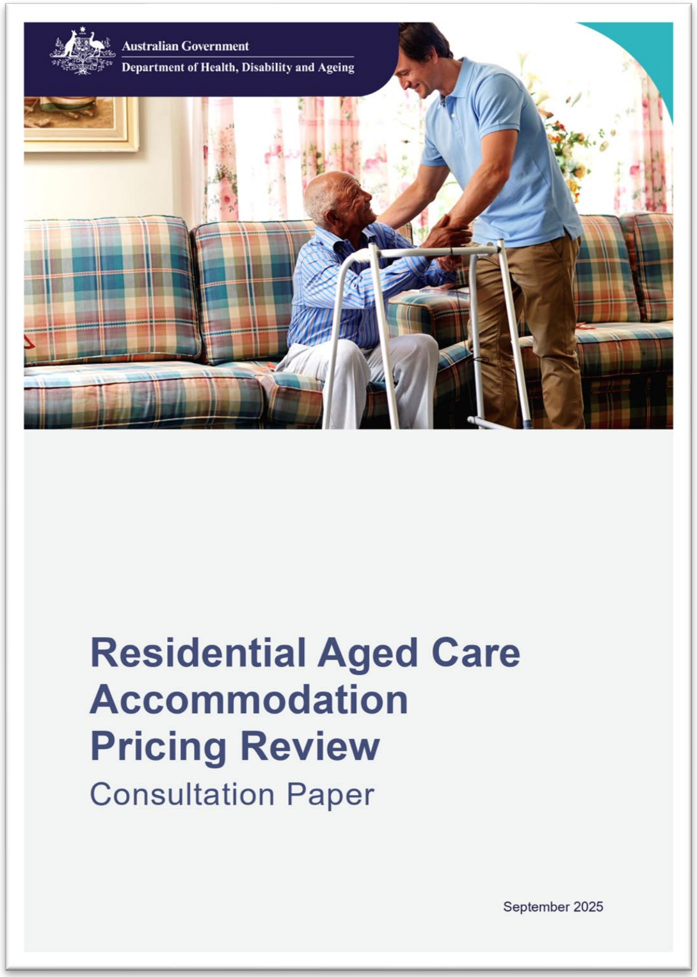
The **merger of Support at Home and the Commonwealth Home Support Programme** remains an ongoing issue.

- There is an opportunity to rethink the purpose of each program and the optimum level of integration.

Accommodation pricing is a long-term structural issue given the large and continued losses from accommodation services.

- High occupancy and slow new building developments are failing to support the demand from the ageing population.
- The current Independent Review presents an opportunity to improve viability and attract investment.

Productivity growth in aged care requires lower costs of inputs and adoption of more innovative processes. Improved allocative efficiency and effectiveness of funded outputs are also required.



02

Approved provider: full-year results update

Approved provider

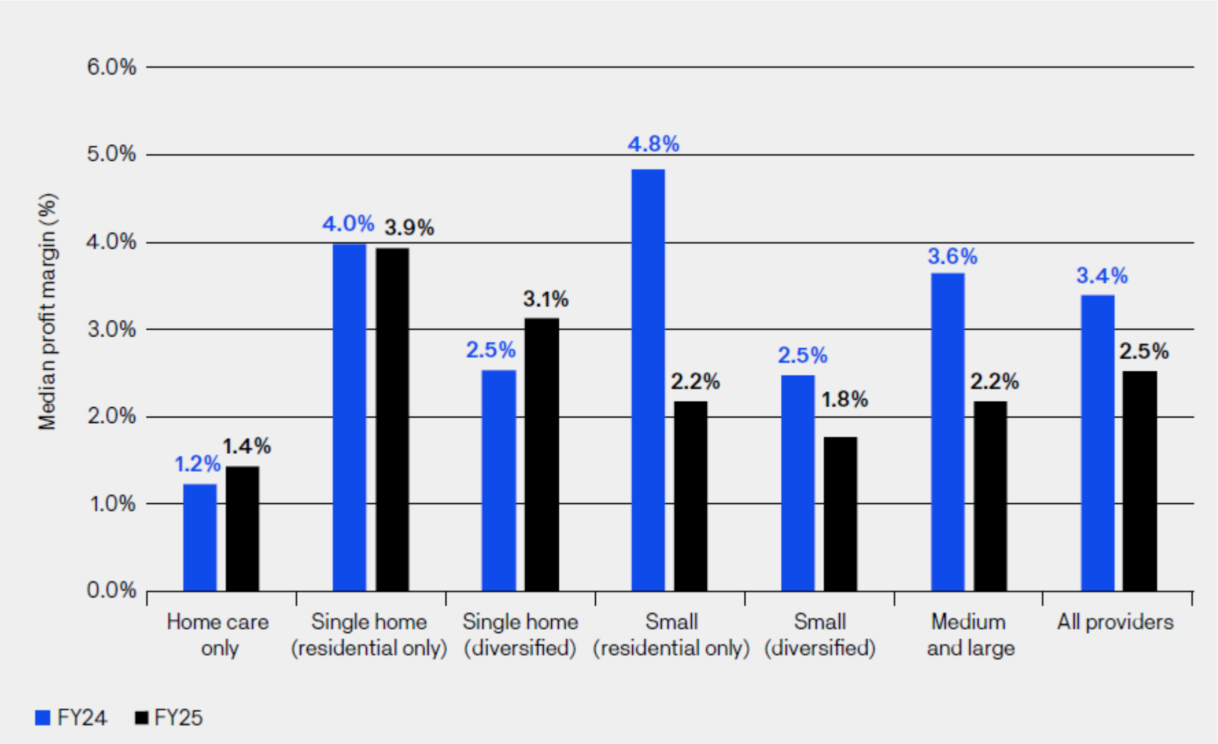
Financial performance declined across most provider types

In 2024-25, approved providers' median Operating EBITDA margin was 2.5%, down from 3.4% in 2023-24.

The strongest results were among single-home providers (3.9%), whereas the lowest were home care only providers (1.9%).

The annual growth in operating revenue (9.1%) was outpaced expenditure (10.2%), particularly workforce costs.

Operating EBITDA margin (%), by provider type



Approved provider

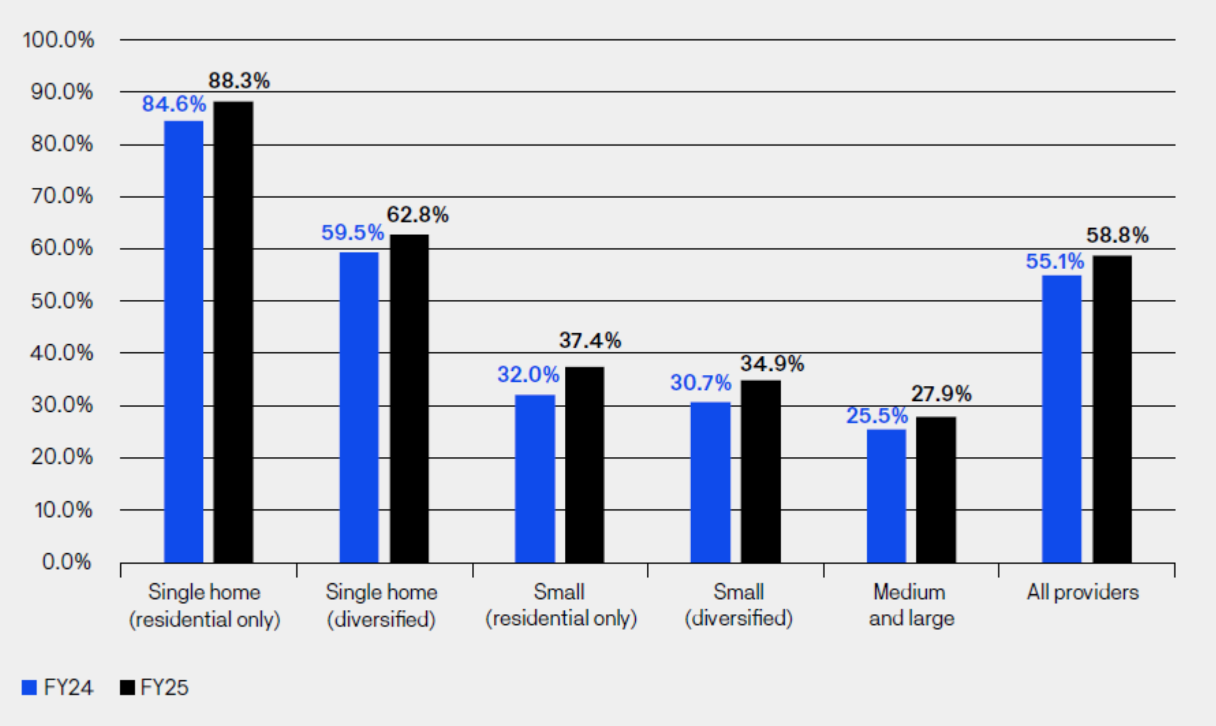
Liquidity and capital adequacy remained stable

In 2024-25, the median liquid assets to debt ratio across all providers rose from 55.1% to 58.8%, reflecting a modest improvement in the sector's overall liquidity position.

In general, liquidity decreases with scale of the provider. Larger providers hold a higher proportion and value of RADs as liabilities – increases leverage.

In 2024-25, the median capital adequacy ratio across all providers remained stable at 35.3%.

Liquid assets to debt ratio (%), by provider type



03

Home care: full-year results update

Home care

Providers’ poor financial outcomes persist

After years of declining financial performance, Home Care provider average Operating Results remain low at $2.06 per client per day (median: $2.89):

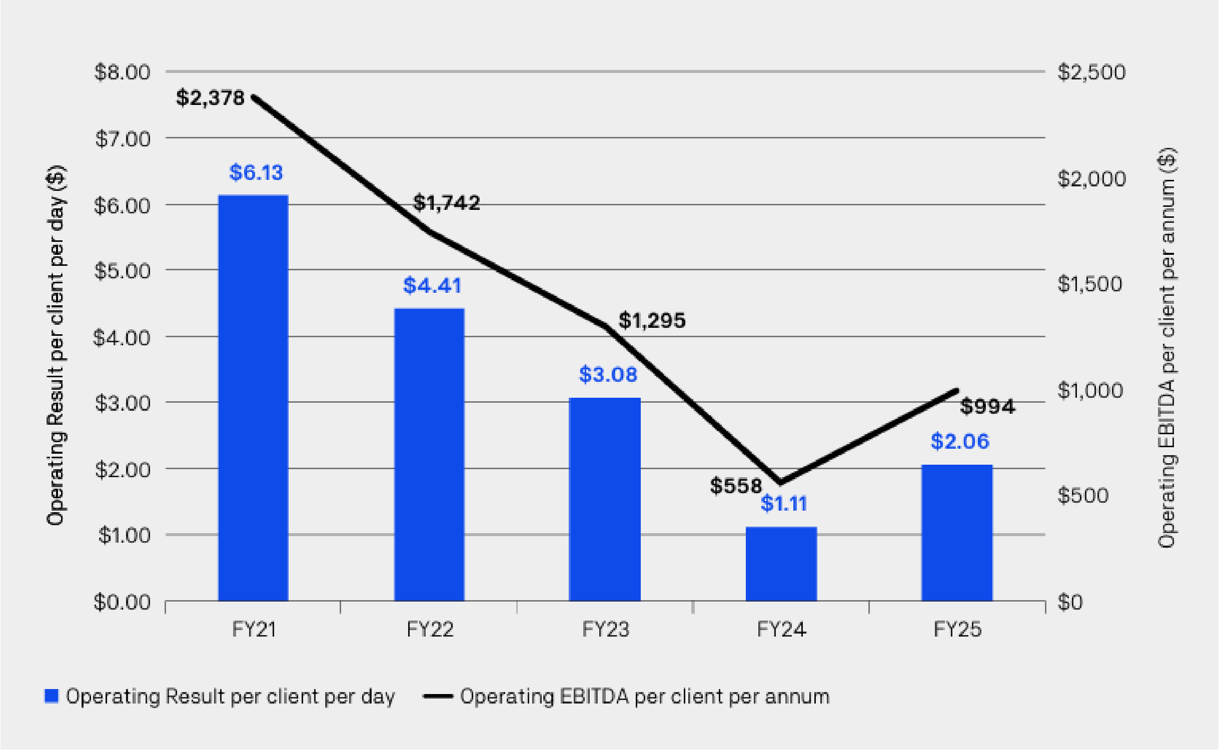
- Top 25% average: $12.84 (surplus)
- Botton 25% average: $10.06 (deficit)

Providers in the bottom quartile have:

- proportionately more Level 1 and 2 packages
- higher expense-to-revenue ratios, particularly for direct care and administration costs

Home care sector is in a poor financial position for transition to Support at Home

Financial performance of home care providers



Home care

Profit relative to revenue continues to decline

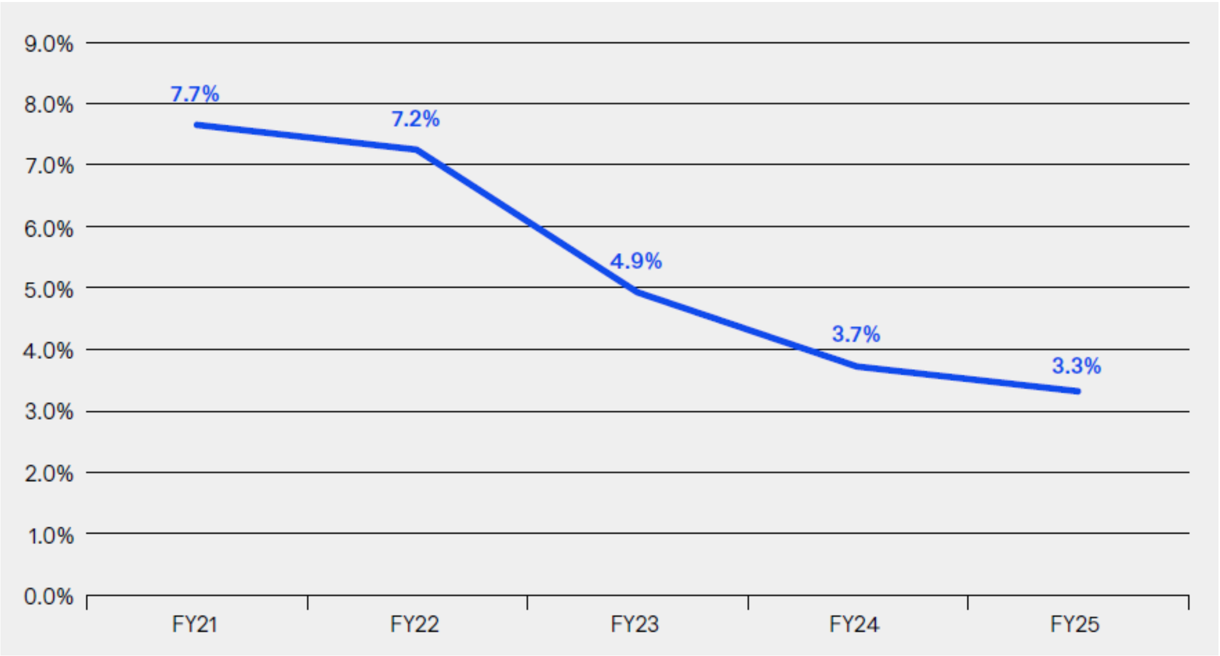
Providers are retaining a smaller share of each dollar of service revenue as a surplus compared to previous years.

Provider viability will be essential to ensure adequate service capacity to deliver Support at Home program:

- 2025-26 target of 380,000 packages

Participant co-contributions may alter consumer behaviour and increase risks of demand uncertainty and need to change staffing profiles.

Home care providers' median Operating Result profit margin (%)



Home care

Anticipating significant shifts in providers' revenue structures

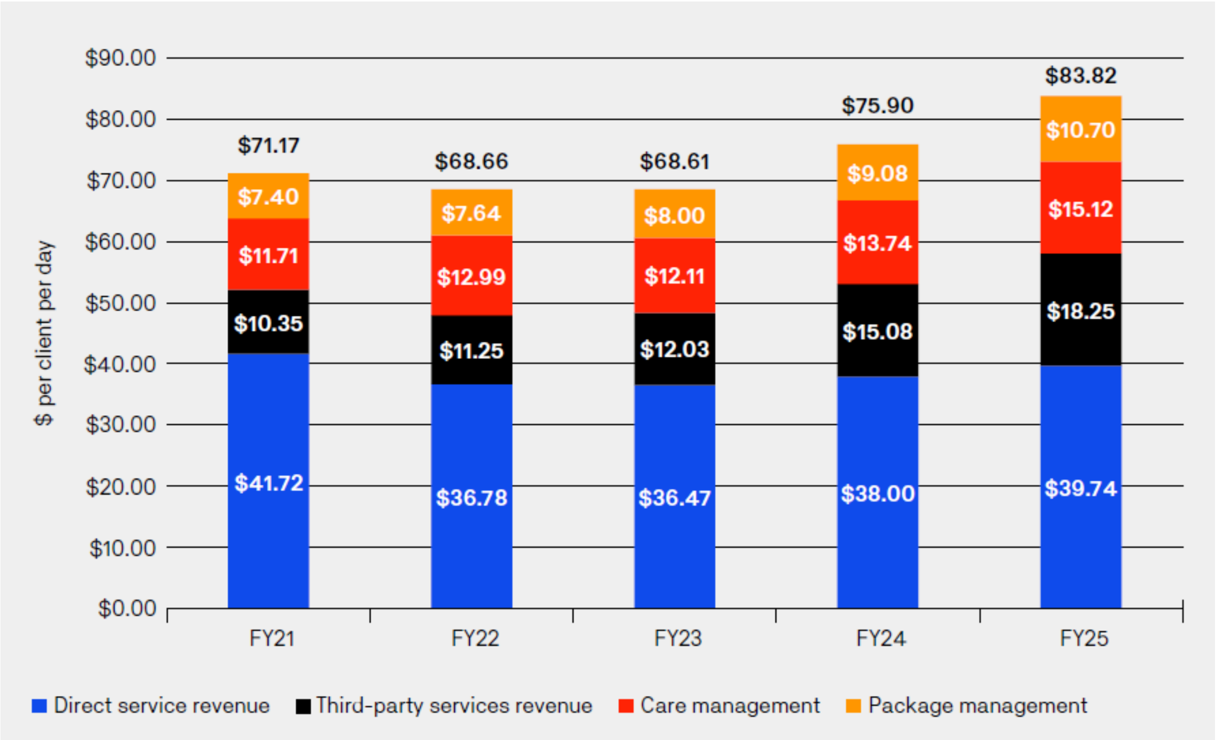
In 2024-25, home care provider revenues averaged $83.82 per client per day.

From 1 November 2025, there will be significant shifts in provider revenue structures:

- No separate package administration fees (currently 18.0% of revenue)
- Care management fee cap (currently 12.8%)
- Service prices to expressed on per-contact hour basis (excluding transport, meals)

UARC recommend delaying price caps, to allow time to assess whether addition pricing regulation is necessary.

Home care revenues, per client per day



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Home care

Improved package utilisation rates

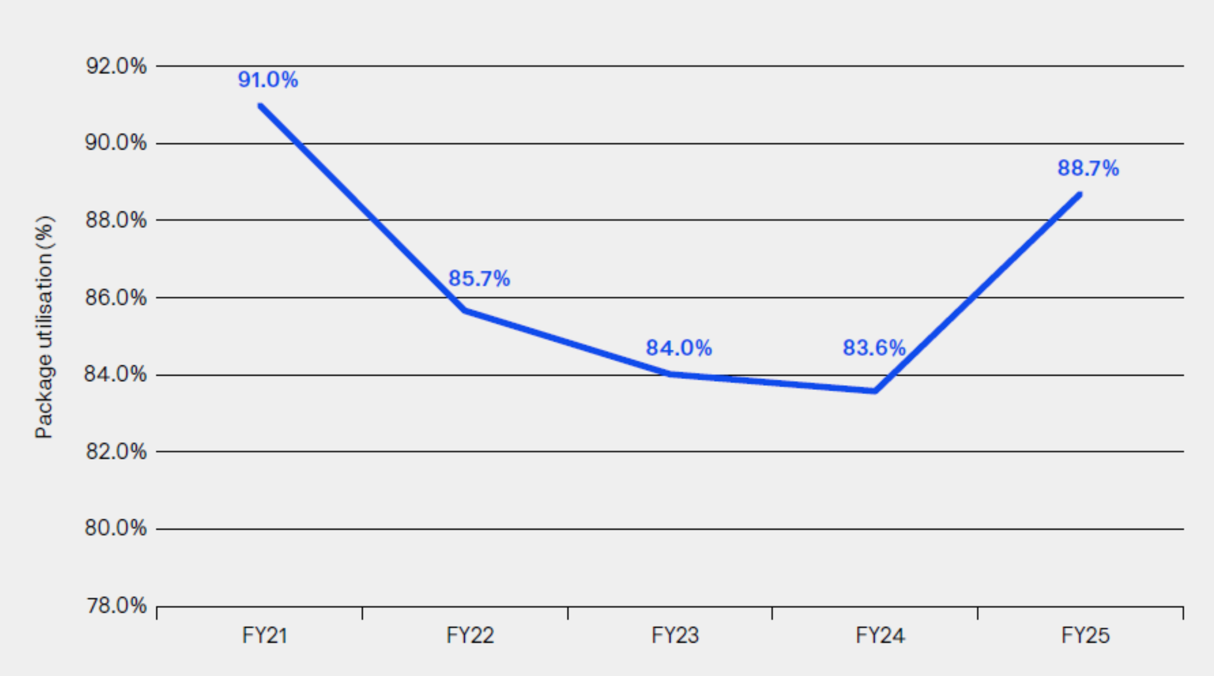
Package utilisation increased to 88.7% in 2024-25, up from 83.6% in the previous year.

In nominal dollar terms, the average unused subsidy per client per day declined from $15.17 in 2023-24 to $11.22 in 2024-25.

Under Support at Home, utilisation rates may change due to:

- Rollover limits, quarterly budgets, dedicated funding streams
- Improvement in assessment of needs
- Changed demand behaviour in response to new co-contribution rates

Package utilisation rate (%)



04

Home care: reflections

Home care

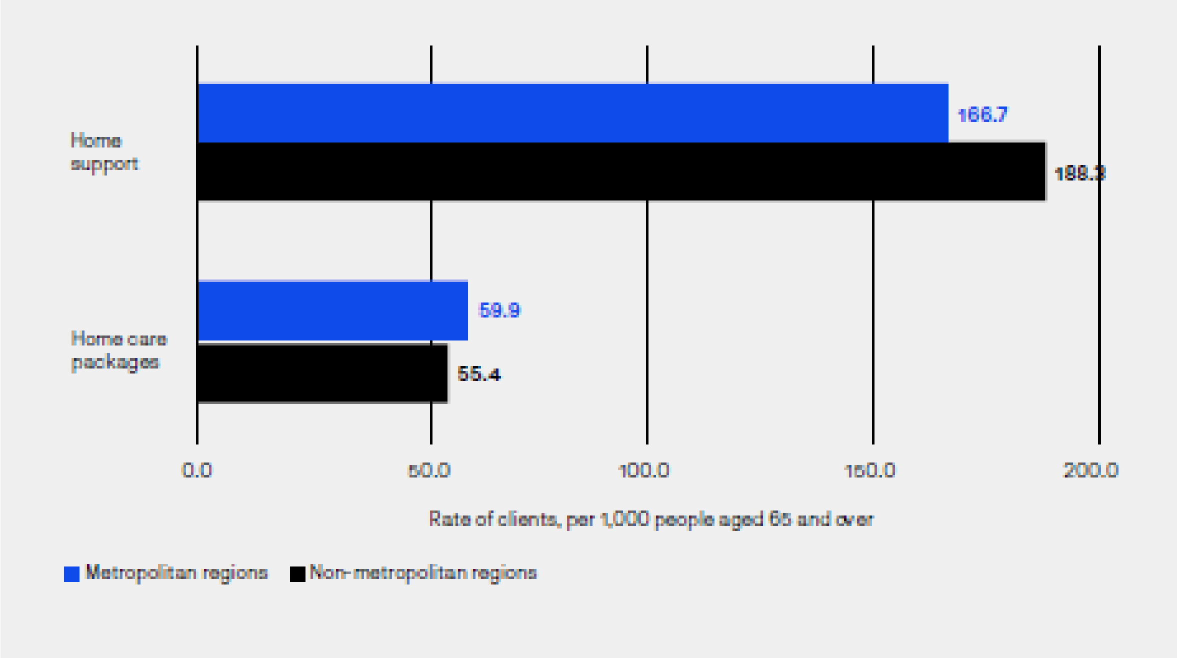
Equity of access and regional disparities

Equity of access: implies that access is commensurate with an individual's need for support rather than determined by their ability to pay, where they live or simply by chance.

In 2023-24, older people in non-metropolitan areas used home care packages at lower rates than their metropolitan counterparts, while relying more heavily on the CHSP.

However, usage rates are imperfect proxies for access, as different groups may have varying needs for home care.

Rate of people using home care services



Home care

Regional differences in the National Prioritisation System

As of March 2025, 87,597 people were on the waitlist:

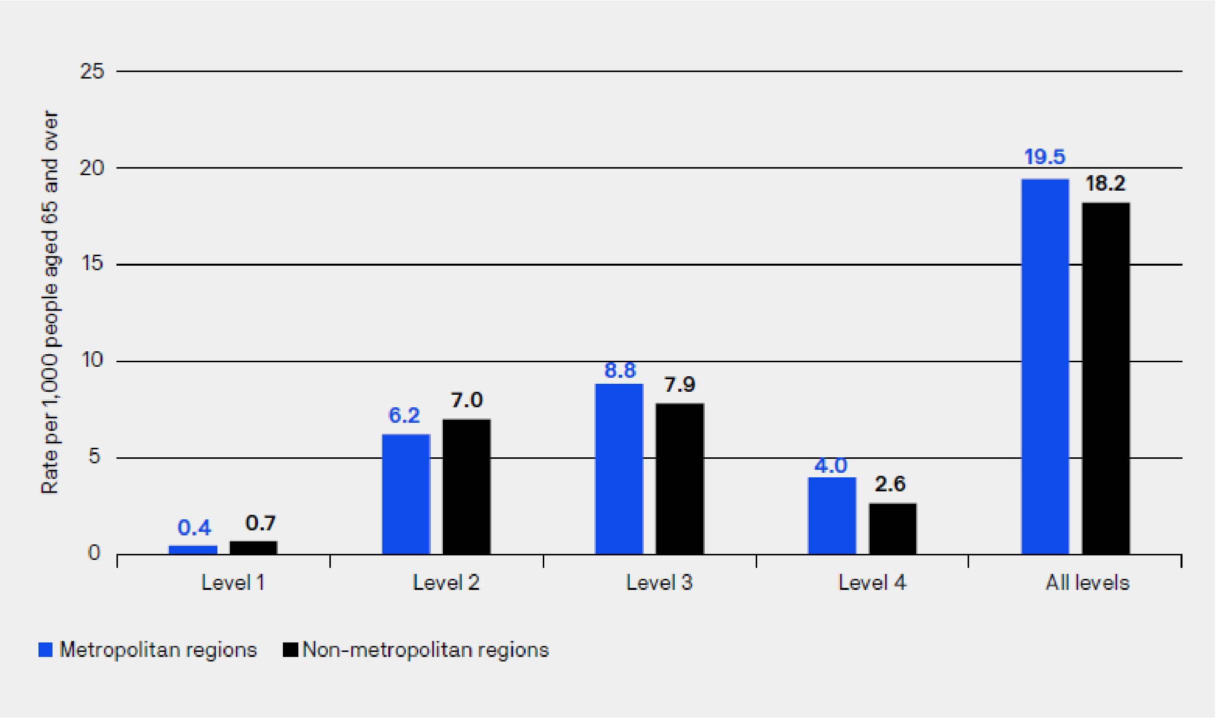
- Updated to 108,924 by July 2025, with an additional 121,596 waiting to be assessed

In general, metropolitan regions have a slightly higher proportion of older people on the waitlist:

- Levels 1 and 2: non-metro slightly higher
- Levels 3 and 4: metro slightly higher

Results likely point to variations in upstream processes (e.g. referral pathways, assessment) and needs.

Average rate of people waiting for a home care package, per 1,000 people aged 65 and over, by region, by package level



Home care

Non-metropolitan regions experience higher levels of out-of-area service delivery

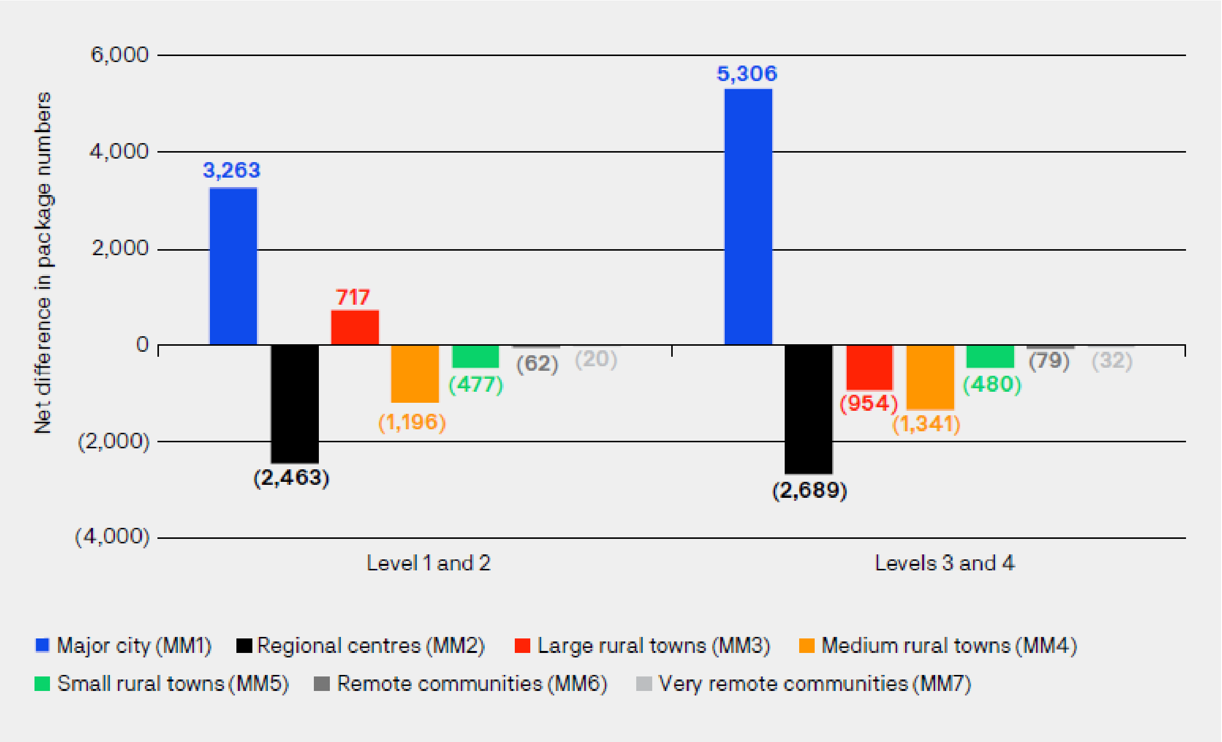
UARC compared the number of packages in each local area (SA3), based on the service's business address vs. the recipient's address.

On average, providers in major cities (MM1) deliver a portion of their services to individuals living in other local areas.

In non-metro areas (MM2-7), a portion of clients are serviced by providers located outside their local area:

- Increased transport costs
- Limited flexibility
- Workforce pressures

Net difference in home care packages in SA3 areas, between service and recipient address, by remoteness, by package level



Home care

On average, non-metropolitan home care clients transition to residential care earlier

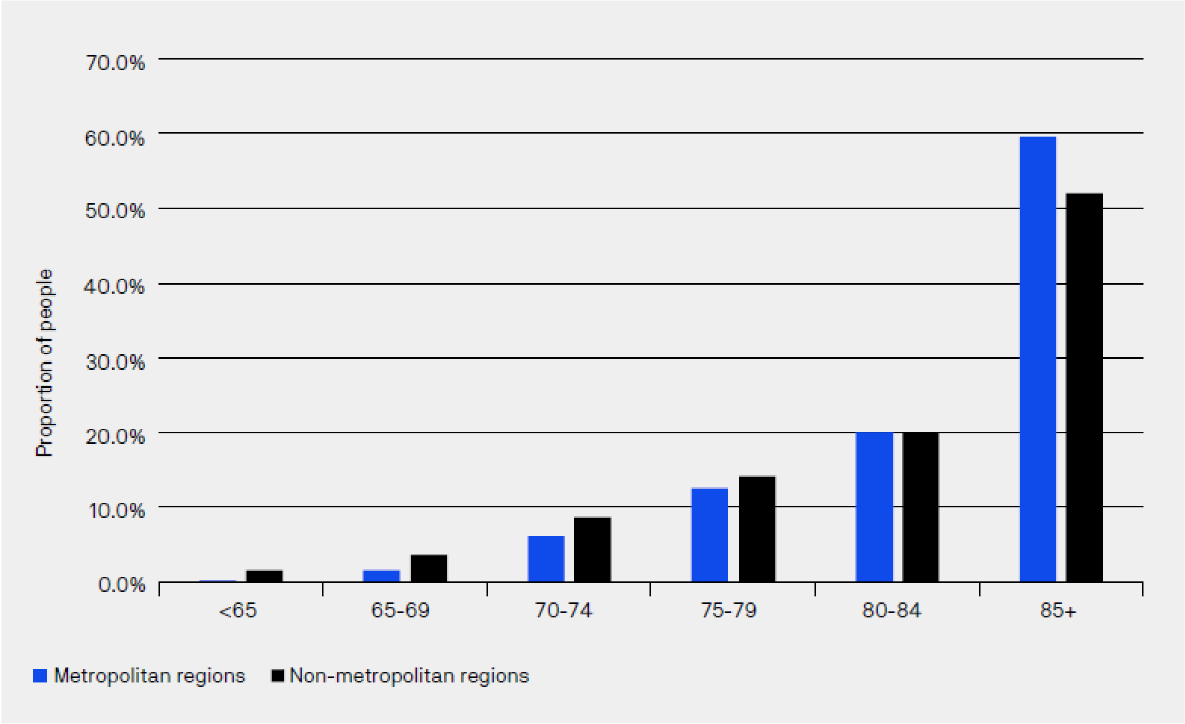
The average age of transition from home care to residential care is 86.0 years in metropolitan regions compared with 84.7 years in non-metropolitan regions.

In metropolitan regions, proportionately more people make this transition aged 85 and over, compared with non-metropolitan regions.

As with other indicators, age of transition is an imperfect measure of equity of access.

There is a need for more transparent and granular data to understand demand and the adequacy of current supply of supports.

Age distribution of people leaving home care to enter residential care, by region



Home care

Improving regional equity of access to home care

The Government has committed to increasing available packages to 380,000 by 2025-26.

Expanding service access will only be effective if there is a skilled and adequately distributed workforce to meet the increased service demand, particularly for clinical skills.

Funding and pricing models must also reflect the higher costs of delivering care in rural and remote setting.

Innovative service design models, including funding pooling, third-party platforms and integrated workforce models, may also support areas with lower service volumes.

05

Residential care: full-year results update

Residential care

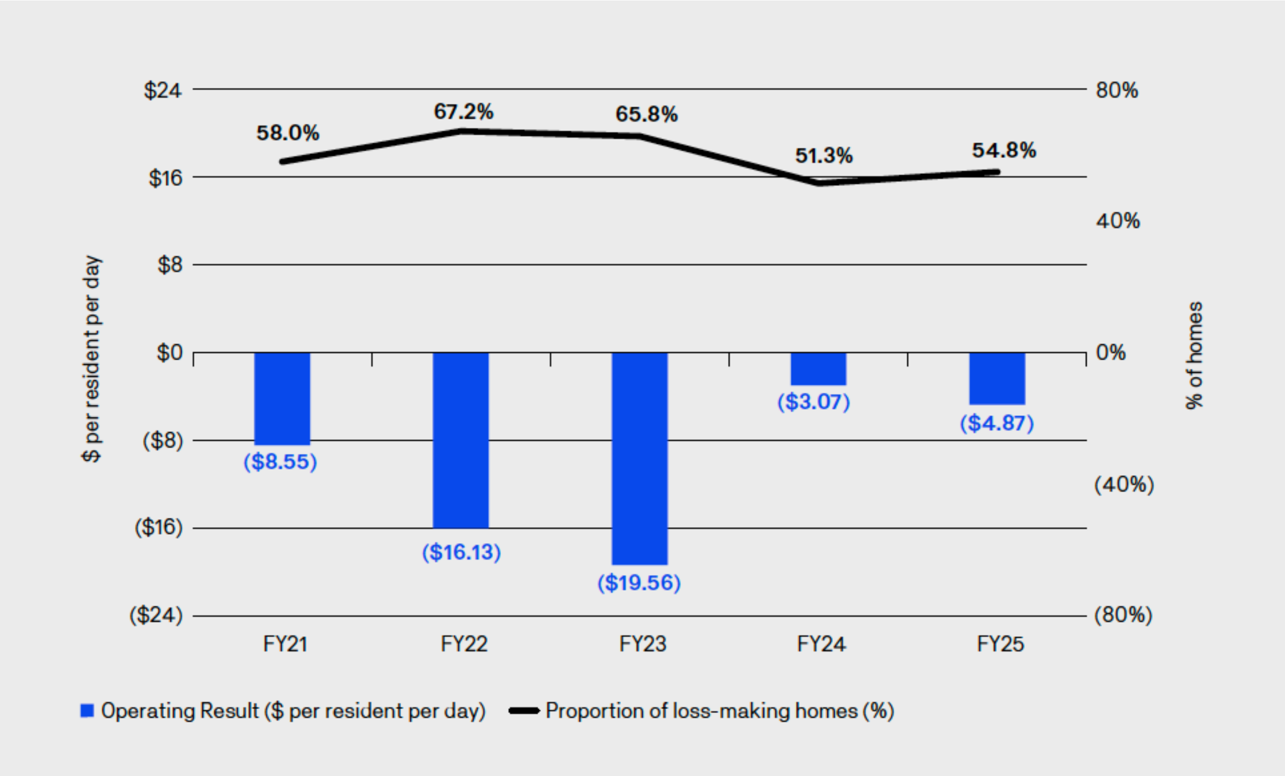
Financial results have declined from the prior year.

On average, homes' financial results for 2024-25 are down from 2023-24, but remain above earlier years.

Homes had an average operating deficit of $4.87 per resident per day (compared to deficit of $3.07 in 2023-24).

Over half of homes (54.8%) operate at a loss, a slight increase on 2023-24.

Operating Result and proportion of loss-making homes



Residential care

Occupancy rising and approaching operational capacity

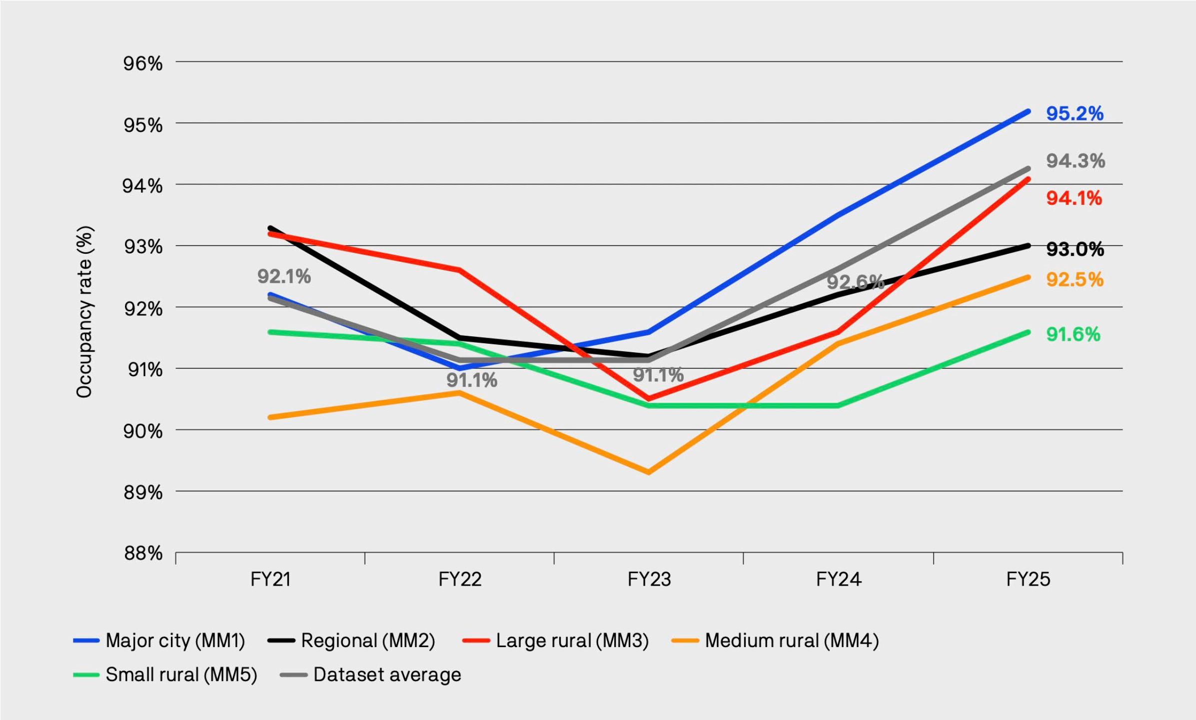
Occupancy has risen to an average of 94.3%, up from 92.6% in 2023-24.

Homes located in major cities report occupancy rates (95.2%) above the dataset average while small rural homes have fallen further behind (91.6%).

Higher occupancy has implications for:

- Challenges in meeting care minute targets
- Maintaining equitable access for residents, especially if specialised or higher-acuity needs
- Buffers needed for managing resident turnover
- Responsiveness to requests for urgent or emergency placements.

Occupancy rate, by location



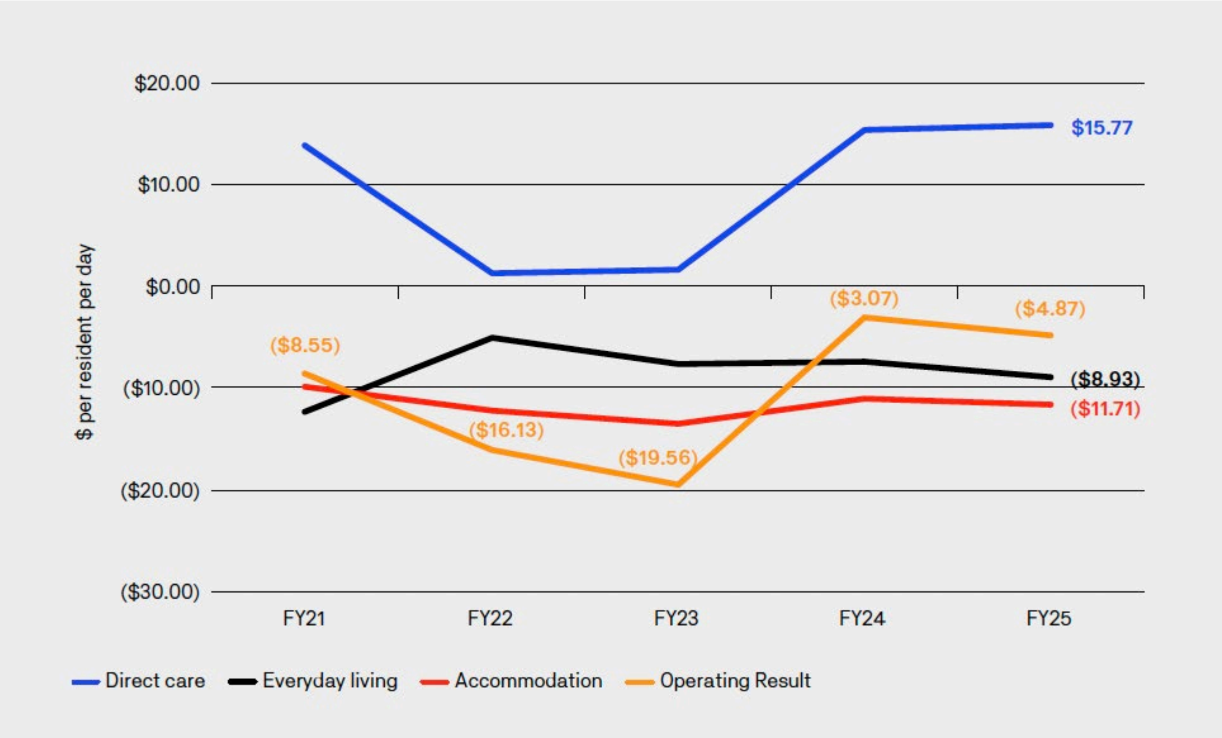
Residential care

Cross-subsidisation between service areas persists

Surpluses generated from direct care ($15.77)—primarily funded by taxpayers for clinical care—are used to cross-subsidise losses in everyday living and accommodation services. This issue may intensify as:

- Strong growth in accommodation costs (e.g., depreciation) may not reflect the high costs of maintaining ageing infrastructure.
- Direct care margins will compress with increased spending on staffing to meet their mandatory care minute targets and the introduction of the direct care supplement.

Financial results of residential aged care homes, by service area



Residential care

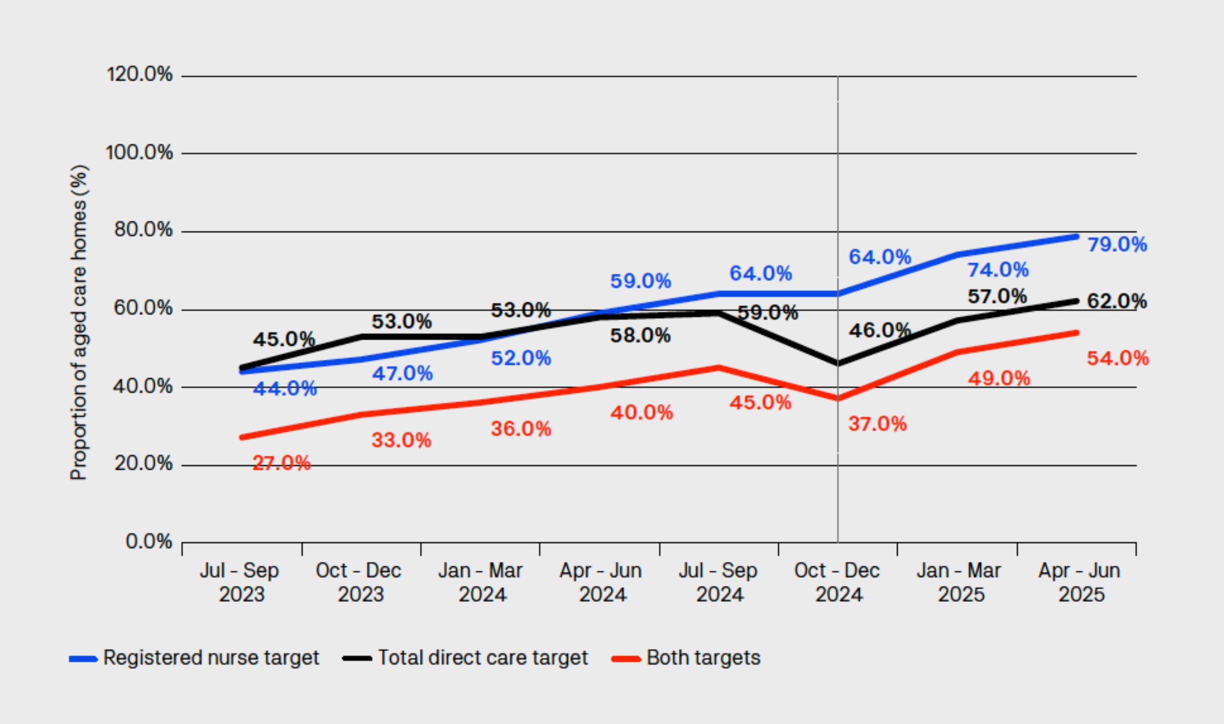
Compliance with service-level care minute targets are steadily improving

Compliance with registered nurse and total direct care minute targets continue to slowly climb since the introduction of the increased targets in October 2024.

As at June 2025, a majority of homes (54.0%) met or exceeded both care minute targets.

Homes meeting both targets spent around 96% of their direct care revenue on staffing, compared with 92% for homes below both targets.

Proportion of homes meeting their service-level care minute targets



Residential care

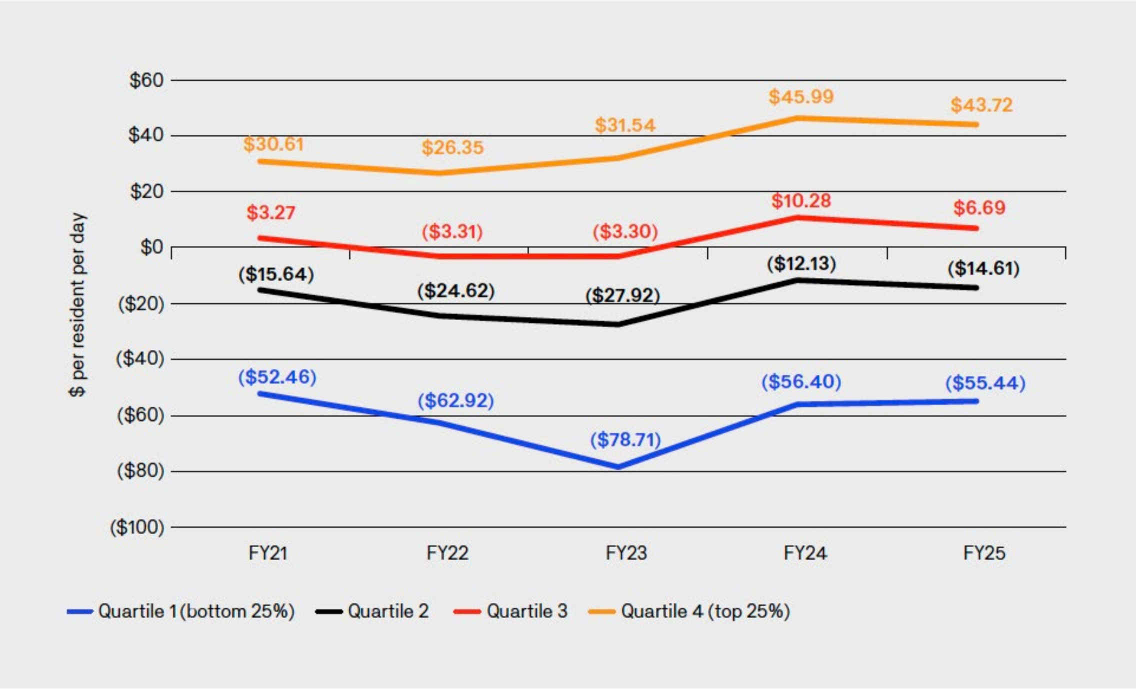
Performance disparities across the sector persist

For 2024-25, the Operating Result difference between homes in the top quartile and bottom quartile narrowed slightly to $99.16 per resident per day, down from $102.39 in 2023-24.

Differences were driven by expenditure: homes in the bottom quartile spent nearly $88 more per resident per day than those in the top quartile.

Compliance with both service-level direct care targets made up less than half of the homes in the top quartile, compared to 68.8% for the three remaining quartiles.

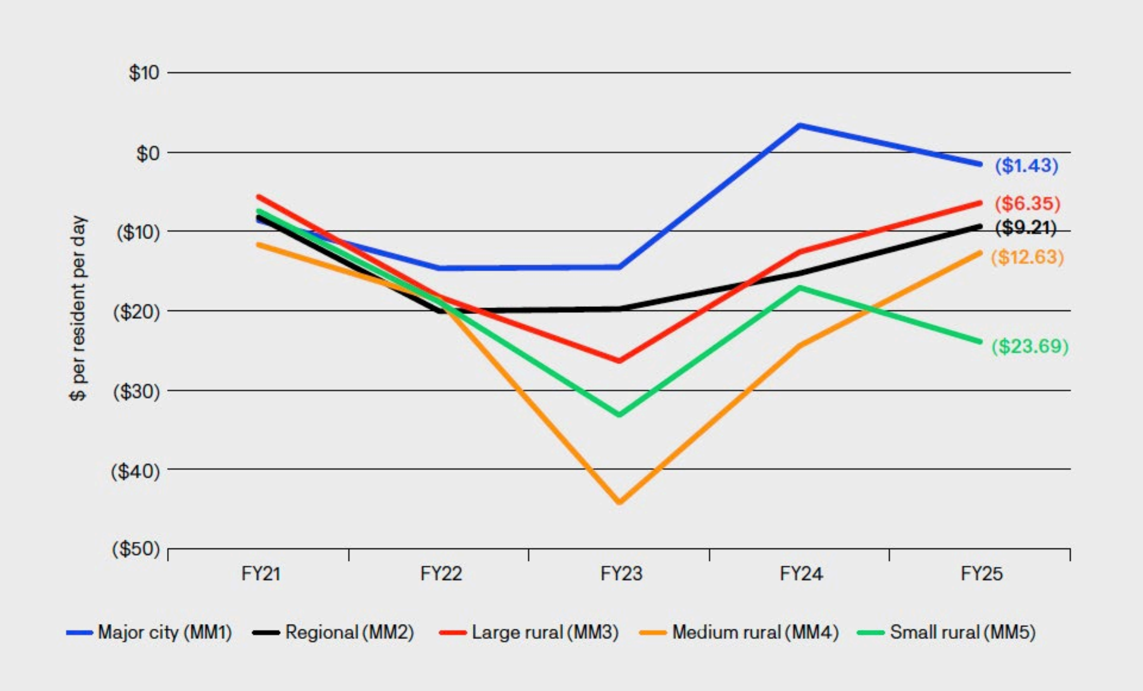
Operating Result, per resident per day, by quartile



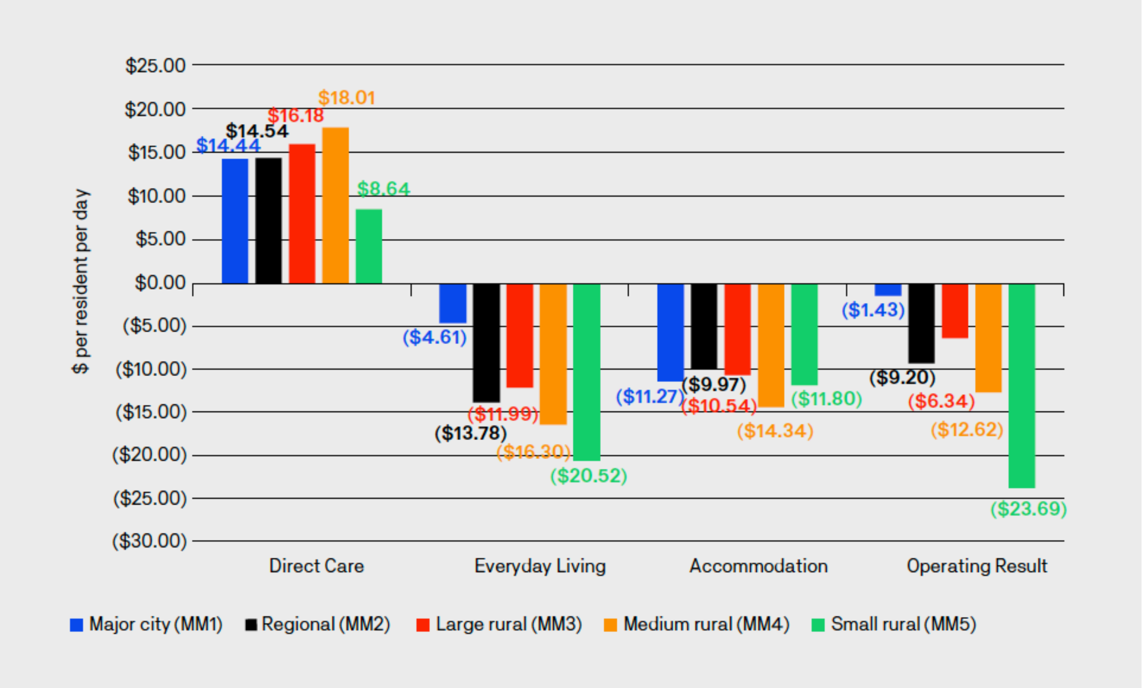
Residential care

Homes in small rural towns generate the largest operating deficits

Operating Result, per resident per day, by location



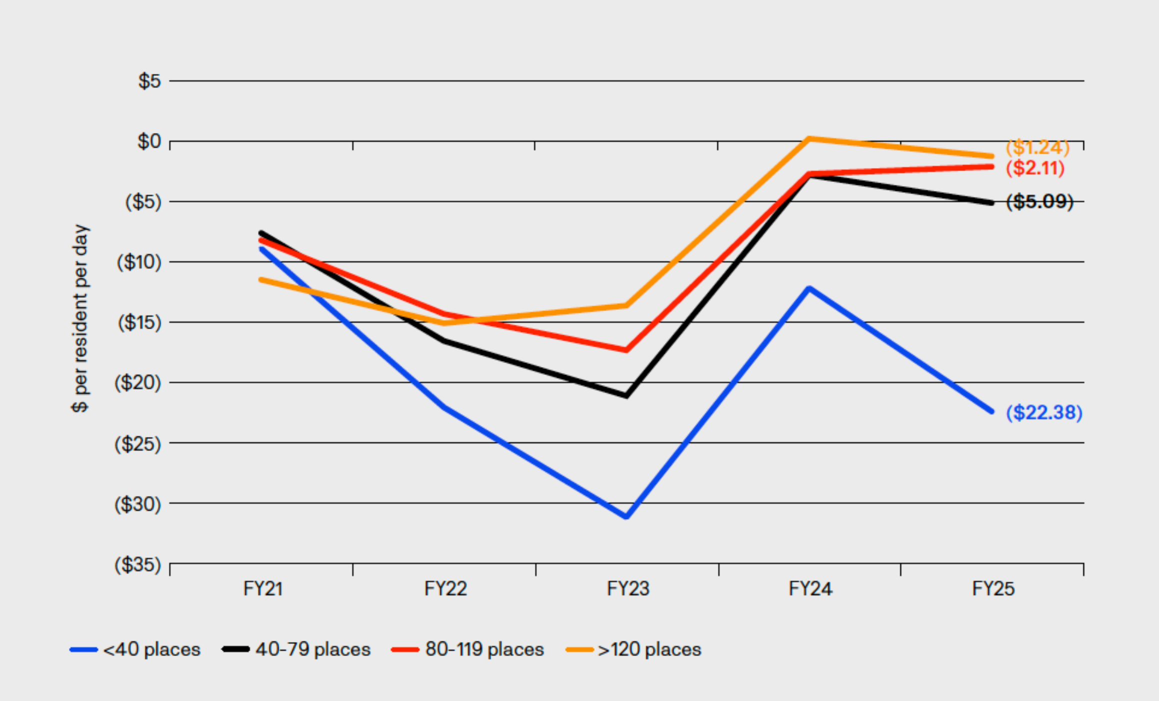
Financial result, per resident per day, by service area and location



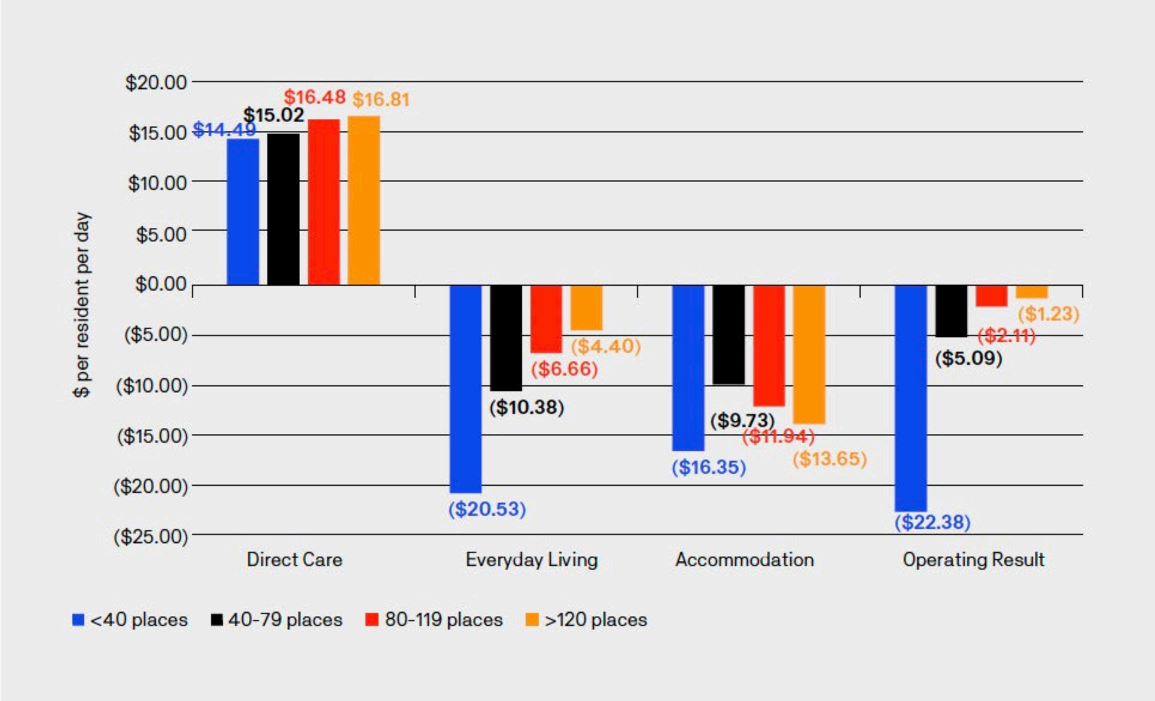
Residential care

Small homes continue to experience significant financial pressure

Operating Result, per resident per day, by home size



Financial result, per resident per day, by service area and home size



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06

Residential care: reflections

Residential care

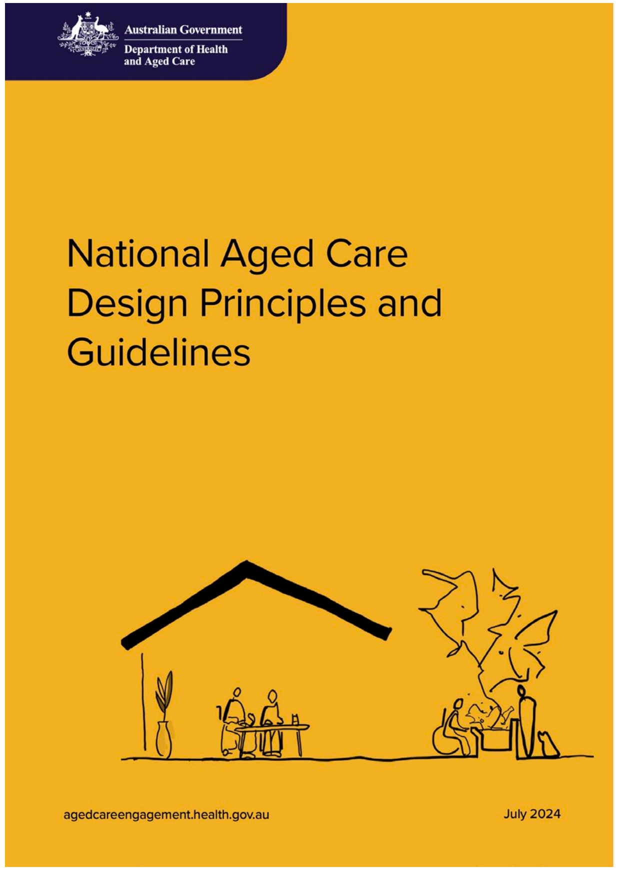
Institutional legacy and the need for design-led reform

The **Royal Commission** found that institutional models of care perpetuate dependency, lack of autonomy and contribute to the normalisation of restrictive practices.

Aged care homes continue to increase in size to achieve economies of scale. The **National Aged Care Design Principles and Guidelines (2024)** endorses smaller home-like environments to promote dignity and engagement.

Some large homes create smaller-scale living environments such as through separate wings, pods and other innovations.

The **new Aged Care Act** introduces a rights-based framework and stronger regulation of restrictive practices, but does not explicitly address the institutional design or congregate nature of many aged care homes.



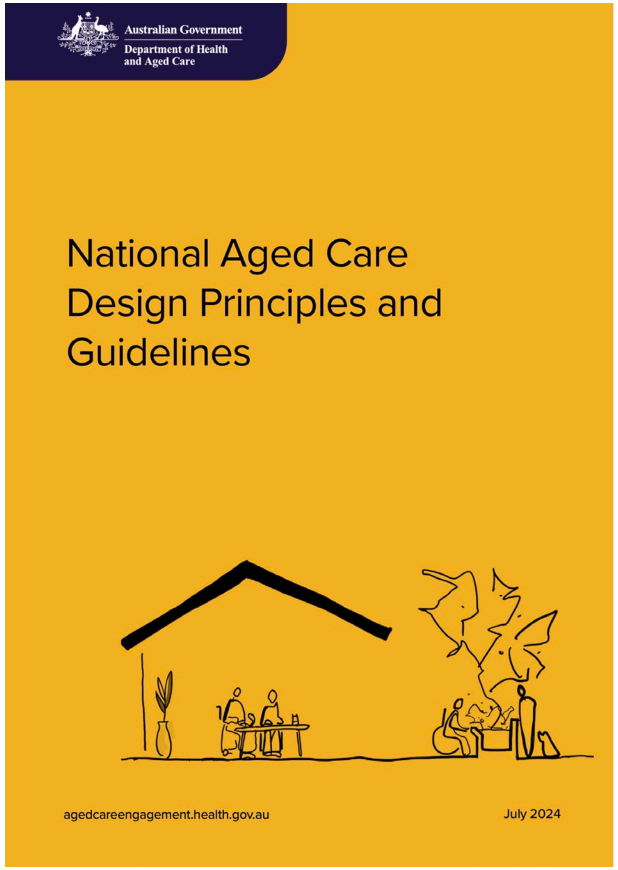
Residential care

Institutional legacy and the need for design-led reform

There is an emerging trend of developing (or renovating) aged care homes which have an **emphasis on smaller, relationship-centred and design-enabled models of care** that eliminate the need for restrictive practices by design, and which move beyond compliance-based safety cultures.

An important step in transforming aged care accommodation would be to go beyond recommendations and **make compliance with the Guidelines mandatory for new builds** of residential aged care settings.

Policy settings and legislative frameworks need to support these emerging design trends to ensure the sector continues to move away from institutional models of care.



Residential care

Compliance with care minute targets

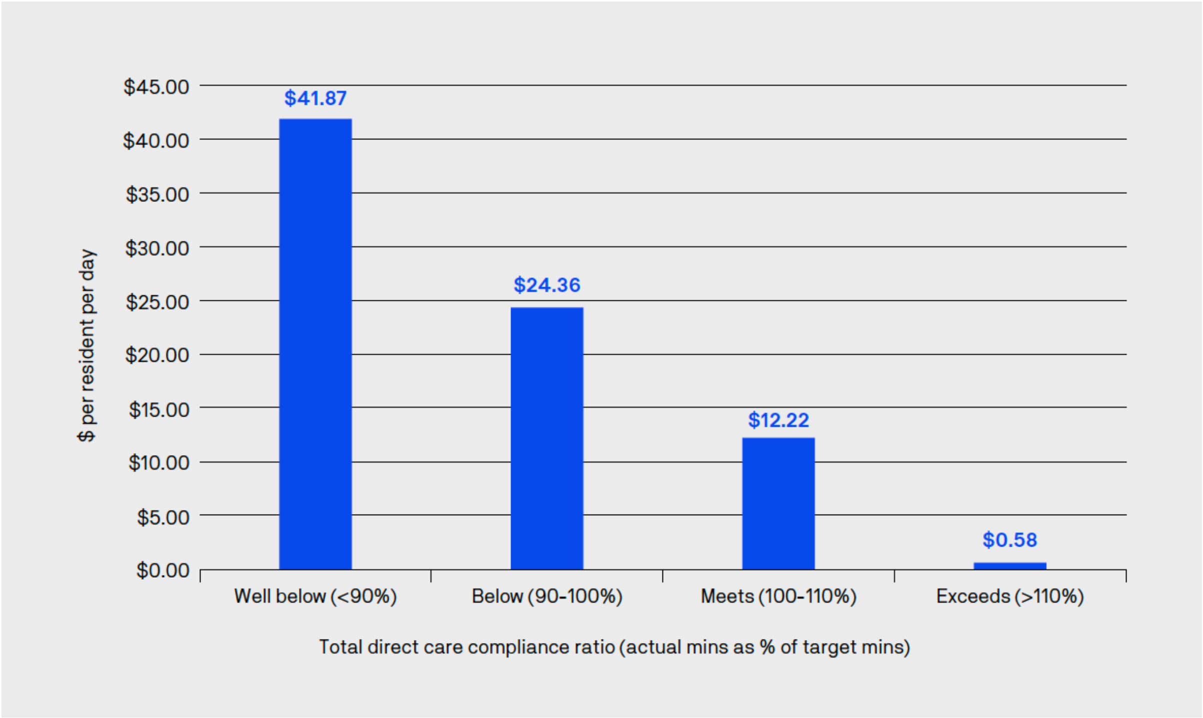
Providers are funded to deliver care at higher staffing levels according to their care minute targets, but workforce recruitment and retention remain a challenge.

Analysis of 1,104 residential homes for Q4, 2023-24 shows homes meeting or exceeding their targets reported lower direct care margins.

Homes that did not meet their targets achieved excessive margin results.

Several workforce issues were examined.

Average direct care margin, by total direct care minute compliance ratio

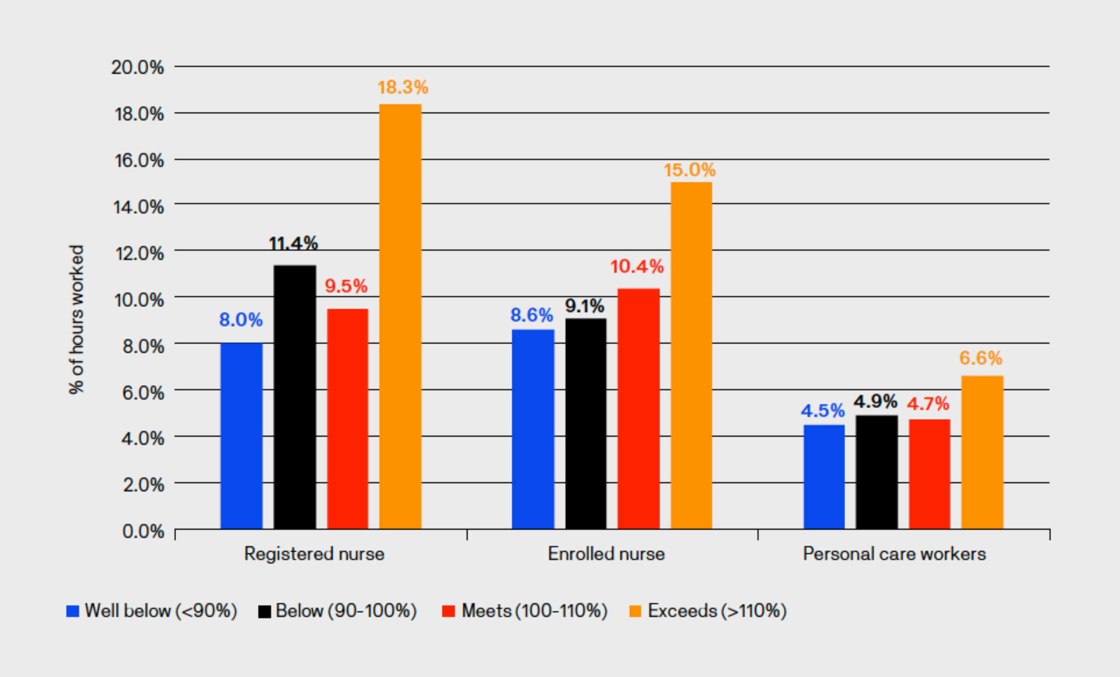


Residential care

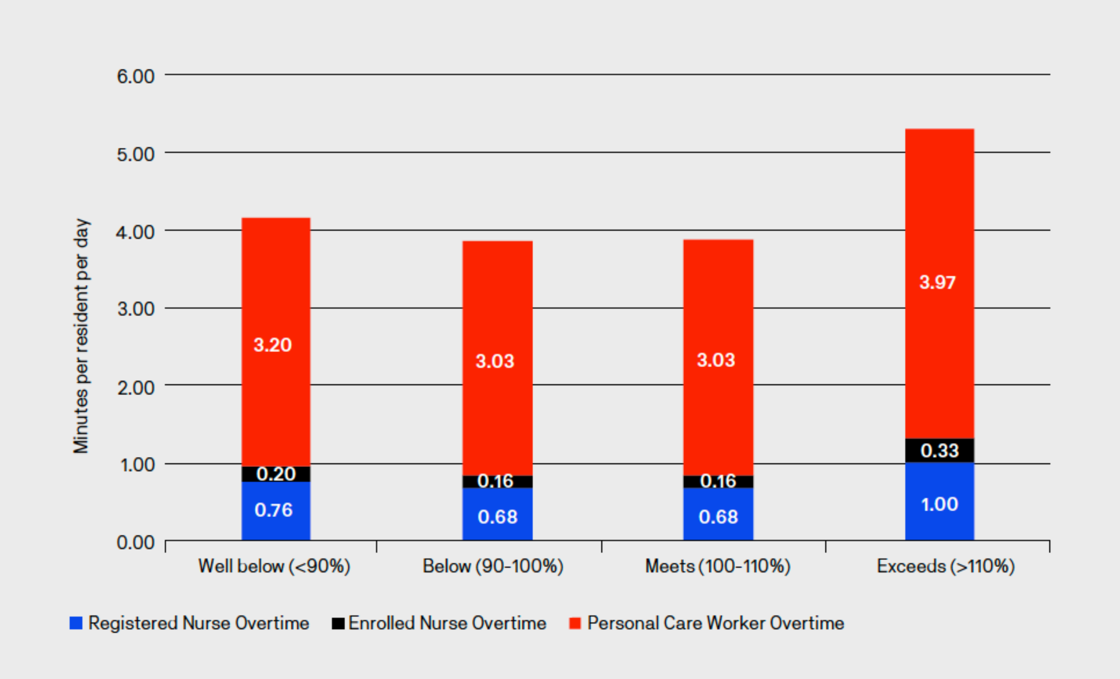
Agency staff and overtime are higher cost staffing strategies employed during shortages.

Homes exceeding their direct care minute targets used more agency staff and internal staff overtime.

Agency staffing (%), by total direct care minute compliance ratio



Overtime staffing, by total direct care minute compliance ratio



Questions?

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