



Effective accommodation strategies for 2025

Webinar | 27 February 2025



Acknowledgement of Country

We acknowledge the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

This event qualifies for 1 CPD point. Add it to your log.

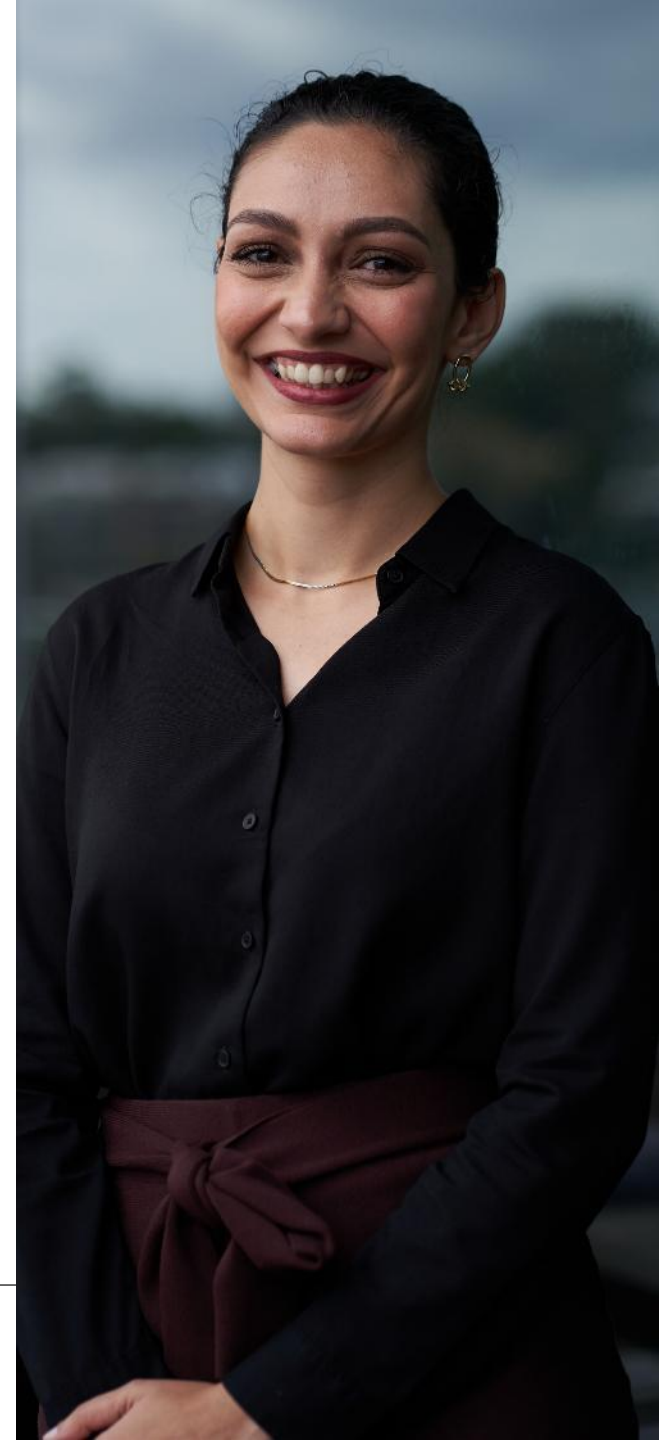


The background of the image shows two women in an office setting. On the left, a woman with long, wavy brown hair is seen from the back, looking towards the right. On the right, a woman with dark hair and glasses is seated in a black office chair, looking towards the left. She is wearing a bright green top and a grey cardigan. The background is a blurred office environment with grey panels and lights.

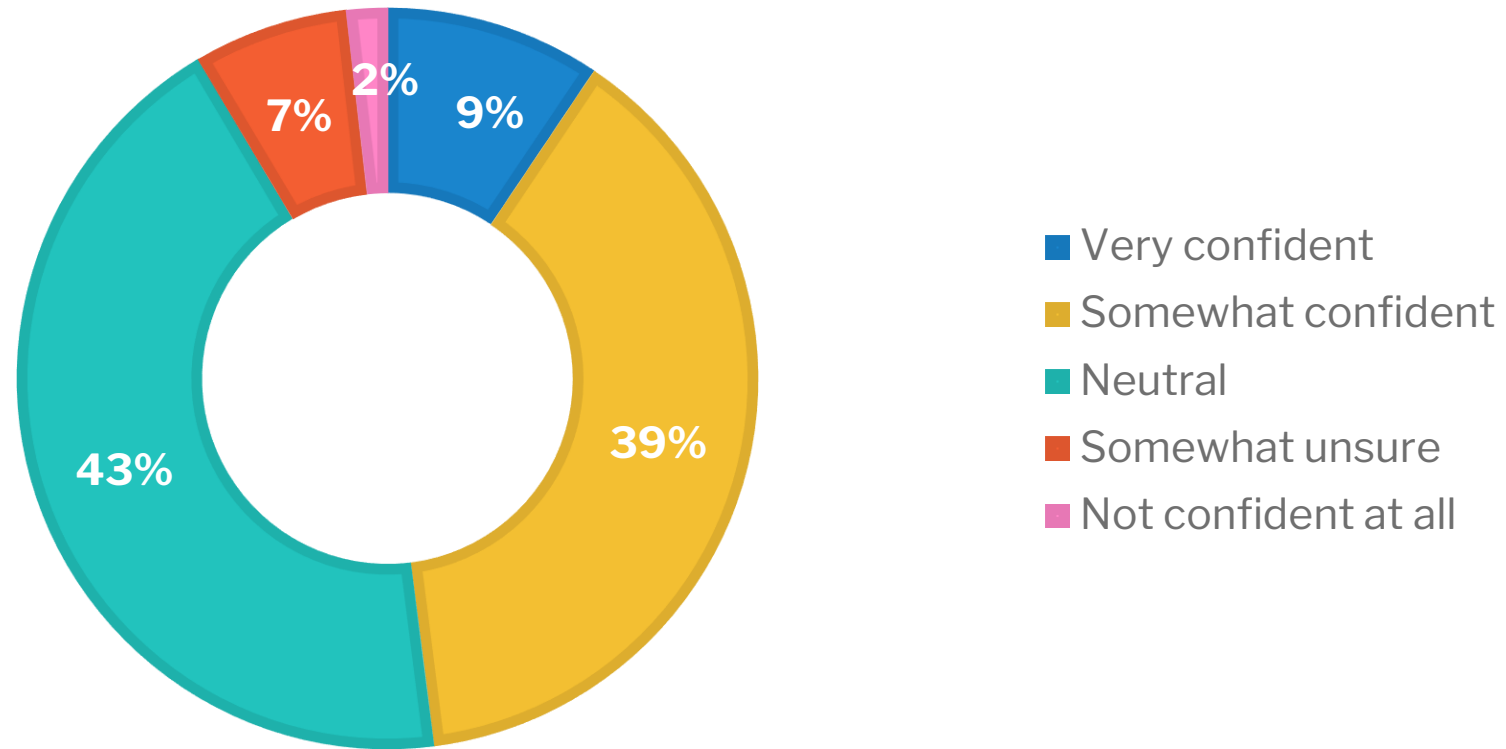
Please ask
questions in the
chat

Agenda

1. Welcome
2. Survey findings
3. Data insights
4. Let's hear from the panel
5. Looking ahead: Liquidity and the role of RAD's
6. More from the panel
7. Q&A
8. Close

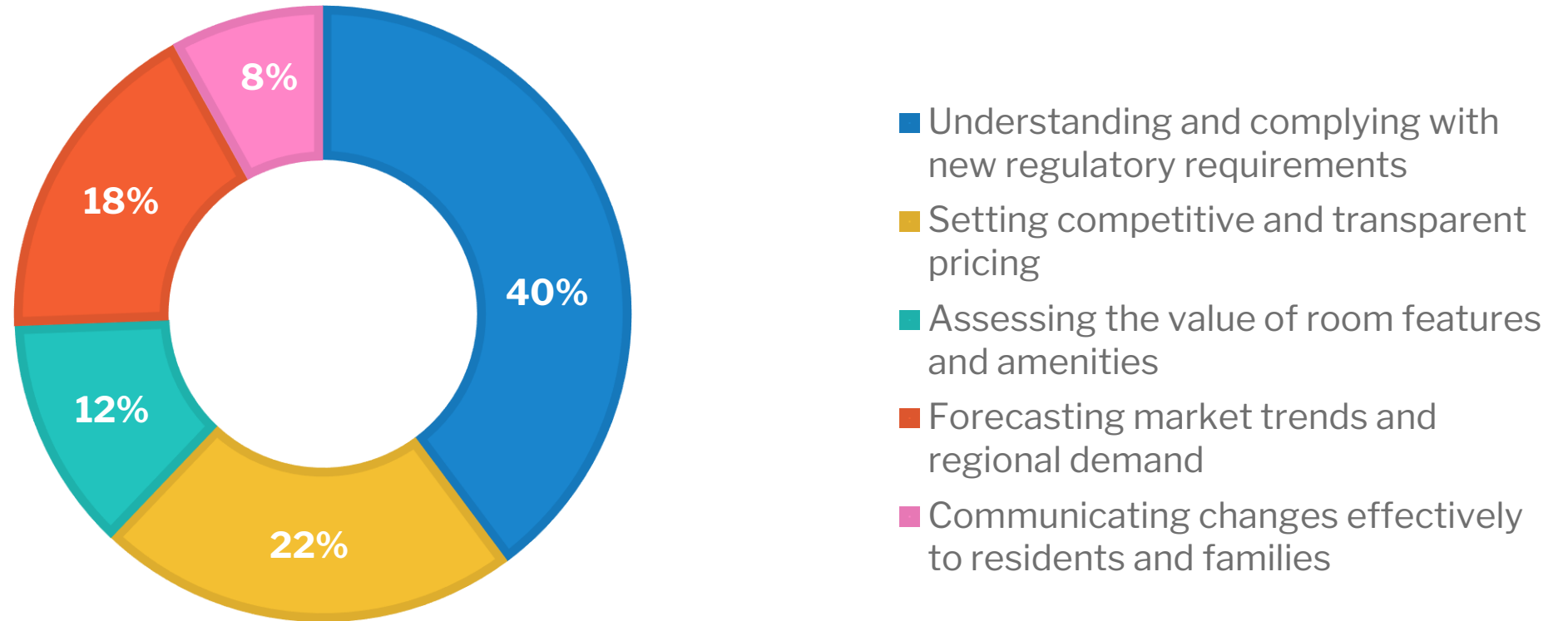


How confident are you that your current accommodation pricing strategy aligns with consumer expectations and market demand?



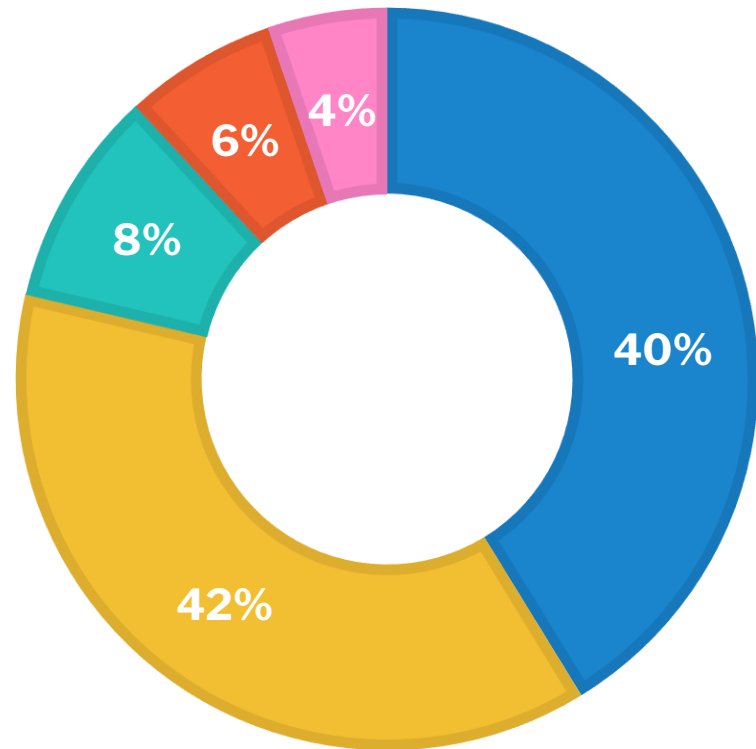
Represents 223 responses across 185 organisations

Which area do you find most challenging when preparing for the 2025 RAD changes?



Represents 223 responses across 185 organisations

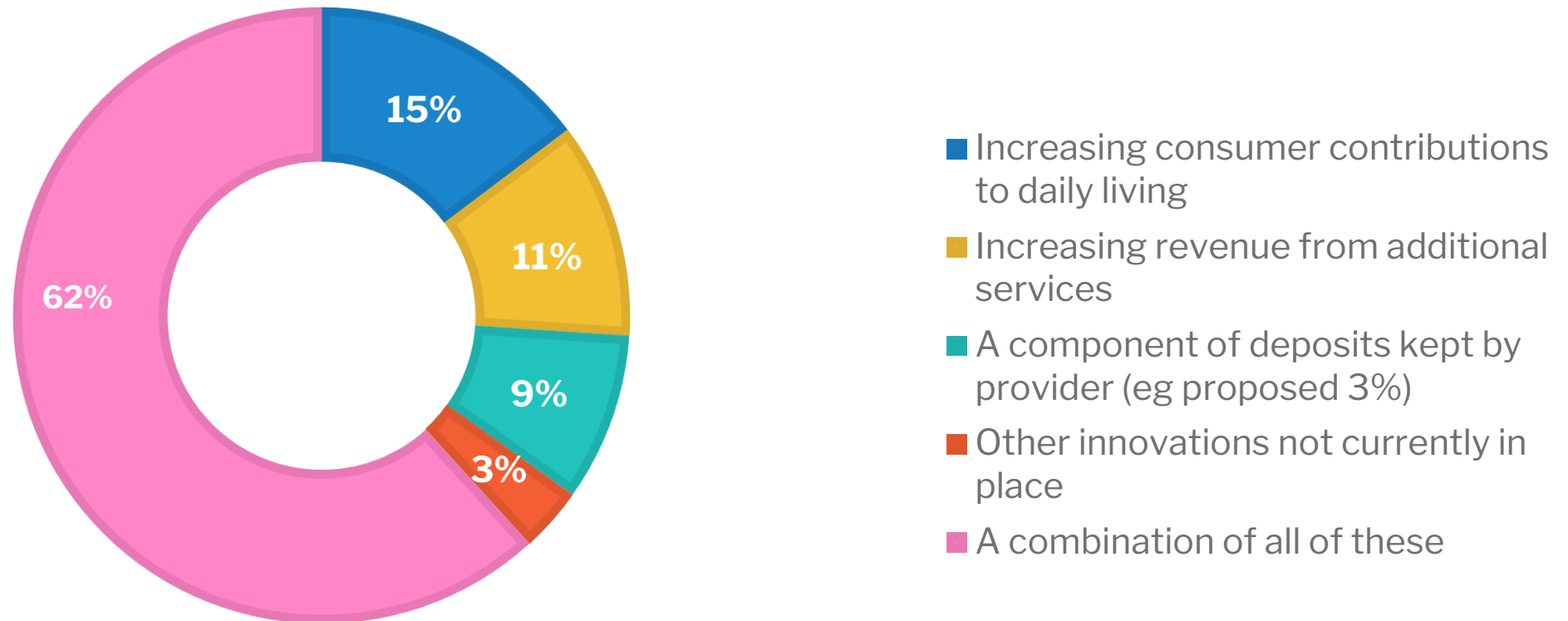
What is your facility's primary focus when reviewing accommodation pricing strategies?



- Preparing for long-term financial sustainability
- Maintaining competitive pricing without compromising occupancy
- Enhancing consumer satisfaction and service quality
- Budget requirements to offset the costs of hotel services, maintenance & depreciation
- Addressing immediate compliance and operational needs

Represents 223 responses across 185 organisations

Apart from care funding, the most important factors to future profitability will be:



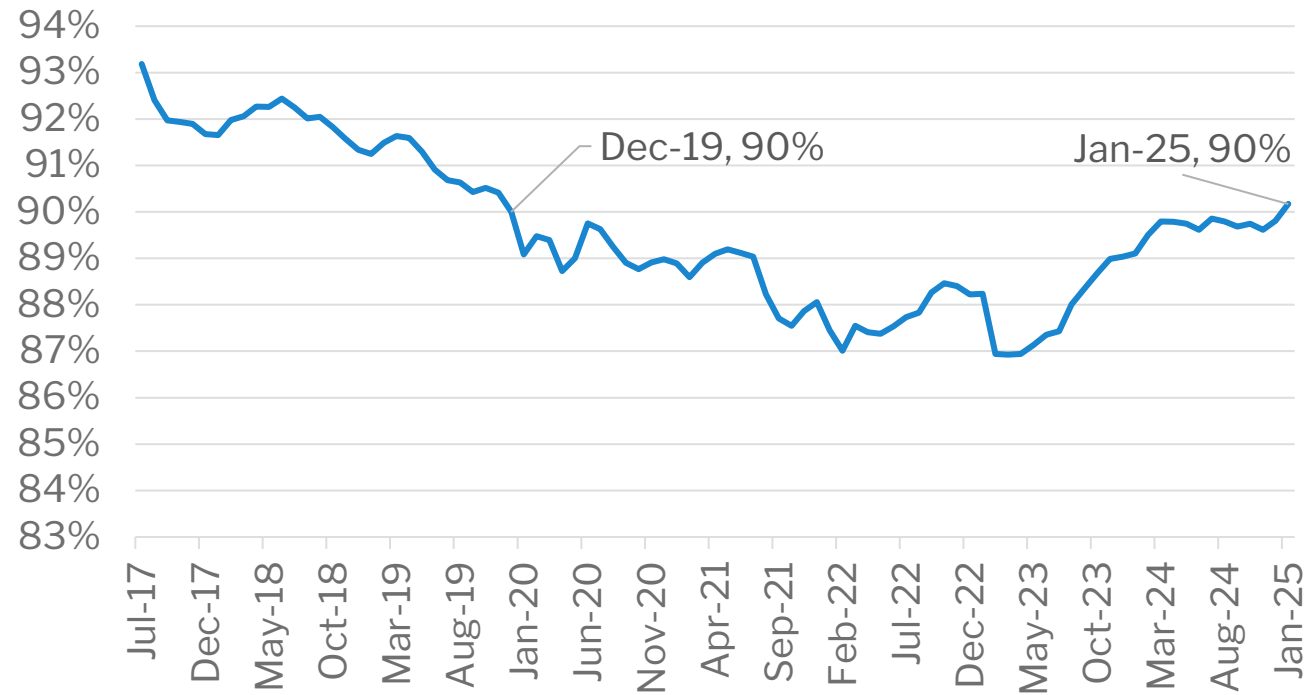
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Occupancy

Occupancy increased to over 90% for the first time since December 2019. Historically, the sector’s average occupancy was quite consistent, hovering around 93% for several years leading up mid-2017 when it began a steady decline, reaching a low in February 2023 just under 87%.

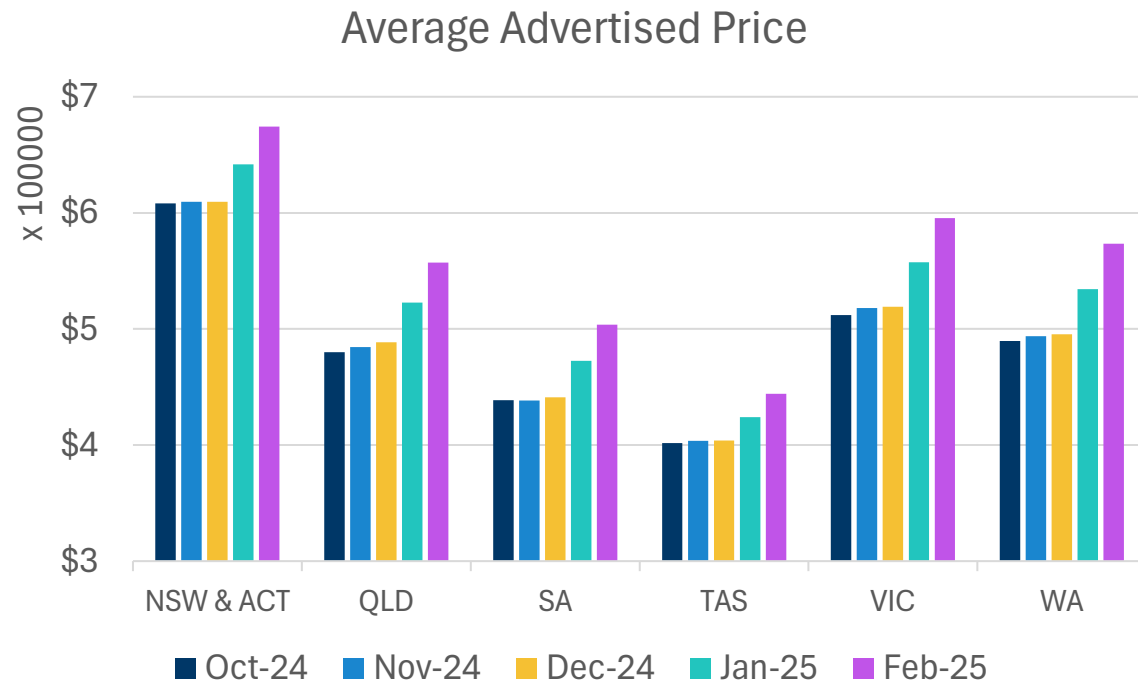
This is a significant milestone for this recovering measure and speaks to a demand that is rapidly catching up to the available supply.

There is some understanding of the future demand over the coming years but less visibility of new beds/places coming online. Will there be adequate infrastructure?



Providers making a move

After a long period of relatively static pricing, providers are adjusting their go to market strategies.



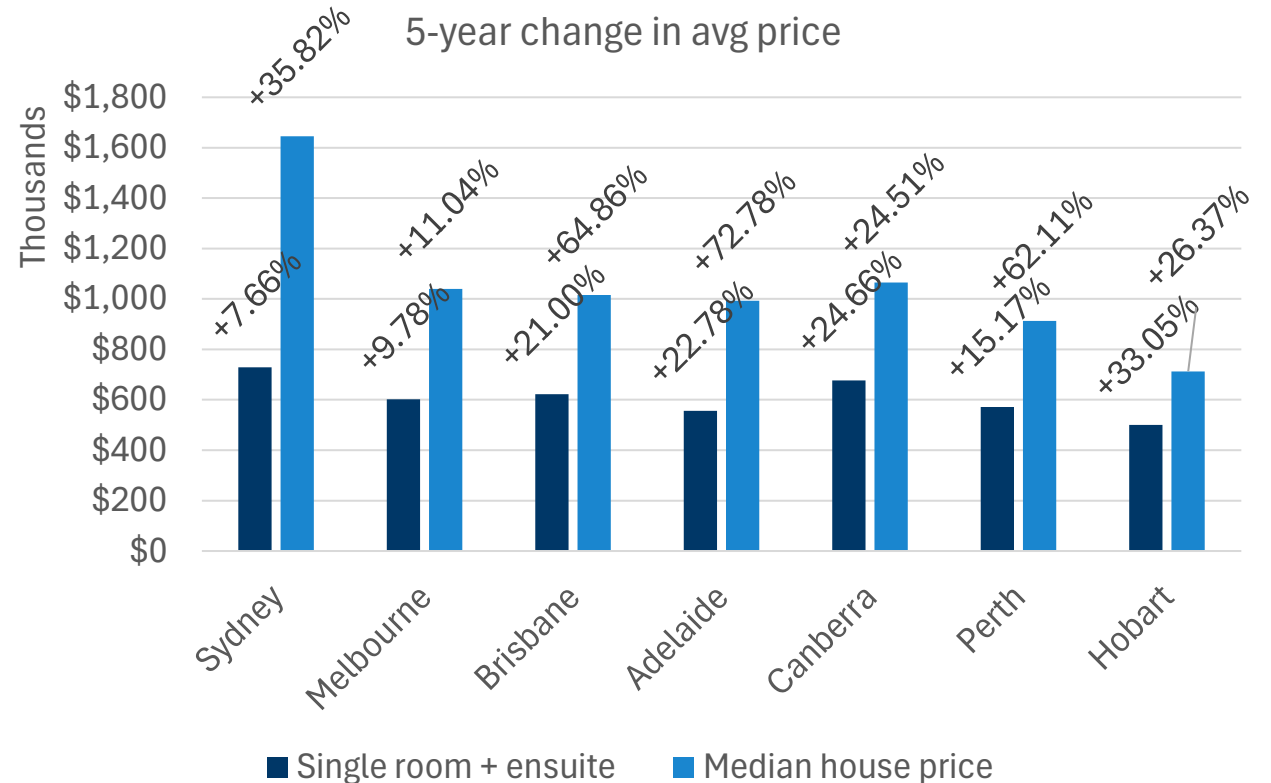
	Dec-24	Jan-25	Feb-25	YTD
Increased highest price	-	410	227	597
Reduced highest price	-	52	43	81
Increased lowest price	-	351	180	522
Reduced lowest price	-	53	14	59
Increased # of prices	-	78	37	108
Reduced # of prices	-	47	32	76
Average price	\$527,123	\$537,699	\$544,224	-

*Note YTD values compare all providers' current pricing to their Dec-24 pricing, it is not a sum of month-on-month changes.

Median house price

Those who own property as they approach retirement are much better off than those of the same age who rent. Rates of home ownership are falling among every age group and the relationship between median house price and room price is very different from one area to another.

5-year change in avg price	Single room + ensuite	Median house price
Sydney	\$728,700	\$1,645,444
Melbourne	\$601,600	\$1,039,460
Brisbane	\$621,600	\$1,016,192
Adelaide	\$556,400	\$992,193
Canberra	\$676,800	\$1,065,187
Perth	\$571,500	\$913,011
Hobart	\$500,200	\$712,851





Care vs. non-care revenue

Revenue		Care				RN Cost		AIN/EN Cost	
		Cost							
Subsidy	\$294.00	Care Delivery Staff				Hourly Wage	\$55	Annual Salary	\$37
	\$294.00	Care Min. Req.	Hours	Hourly Cost	Total	Super	11.5%	Super	11.5%
		215	3.58			Leave	19%	Leave	19%
		AIN	170.0	2.83	\$51.99	Insurance	10%	Insurance	10%
		RN	45	0.75	\$77.28	Cost per hour	\$77	Cost per hour	\$52
					\$129.26				
		Other Clinical Staff							
		Management	3.5	0.06	\$110.00				
		Allied Health	6	0.10	\$70.00				
		Lifestyle	6	0.10	\$50.00				
		Other care	15	0.25	\$60.00				
		Care Related Consumables & Admin							
		Consumables	Misc.		\$4.00				
		Admin	CMS, Rostering, Claim mgmt		\$35.00				
					\$39.00				
Total	\$294.00				Total				
					Surplus				

6%



Care vs. non-care revenue

		Accommodation			
		Revenue		Cost	
Non-Supported room price	\$480,000	Basic Daily Fee	\$63.57	Cleaning	\$11.00
RAD (50%)	\$240,000			Laundry	\$4.50
RAD return (6.5%)	\$42.74	Hotelling supp.	\$12.55	Depreciation	\$50.00
DAP (MPIR 8.42%)	\$55.36			Maintenance	\$12.00
	\$98.10	RAD return + DAP	\$98.10	Catering	\$37.00
		80%	\$78.48	Utilities	\$9.00
Accommodation Supplement				Workcover & education	\$1.00
Refurbished or new, 40%+ SRR	\$69.49	Accom Sup + DAC	\$52.12	Other hotel services	\$0.10
Refurbished or new, <40% SRR	\$52.12	20%	\$10.42		
Not refurbished, 40%+ SRR	\$45.31	Total	\$165.03	Total	\$124.60
Not refurbished, <40% SRR	\$33.98	Surplus			\$40.43
	\$52.12				24.5%

100	beds
\$330,000	cost/bed
\$33.0m	Asset value
25	Period (years)
\$50.23	Depreciation PRPD

Meet the panel



Anthony Donnellan

Business Development
Manager at Vasey RSL Care
Victoria



Michael Griffin

Chief Customer Officer at
Respect



Yvonne Ayre

Chief Executive Officer at
Regents Garden



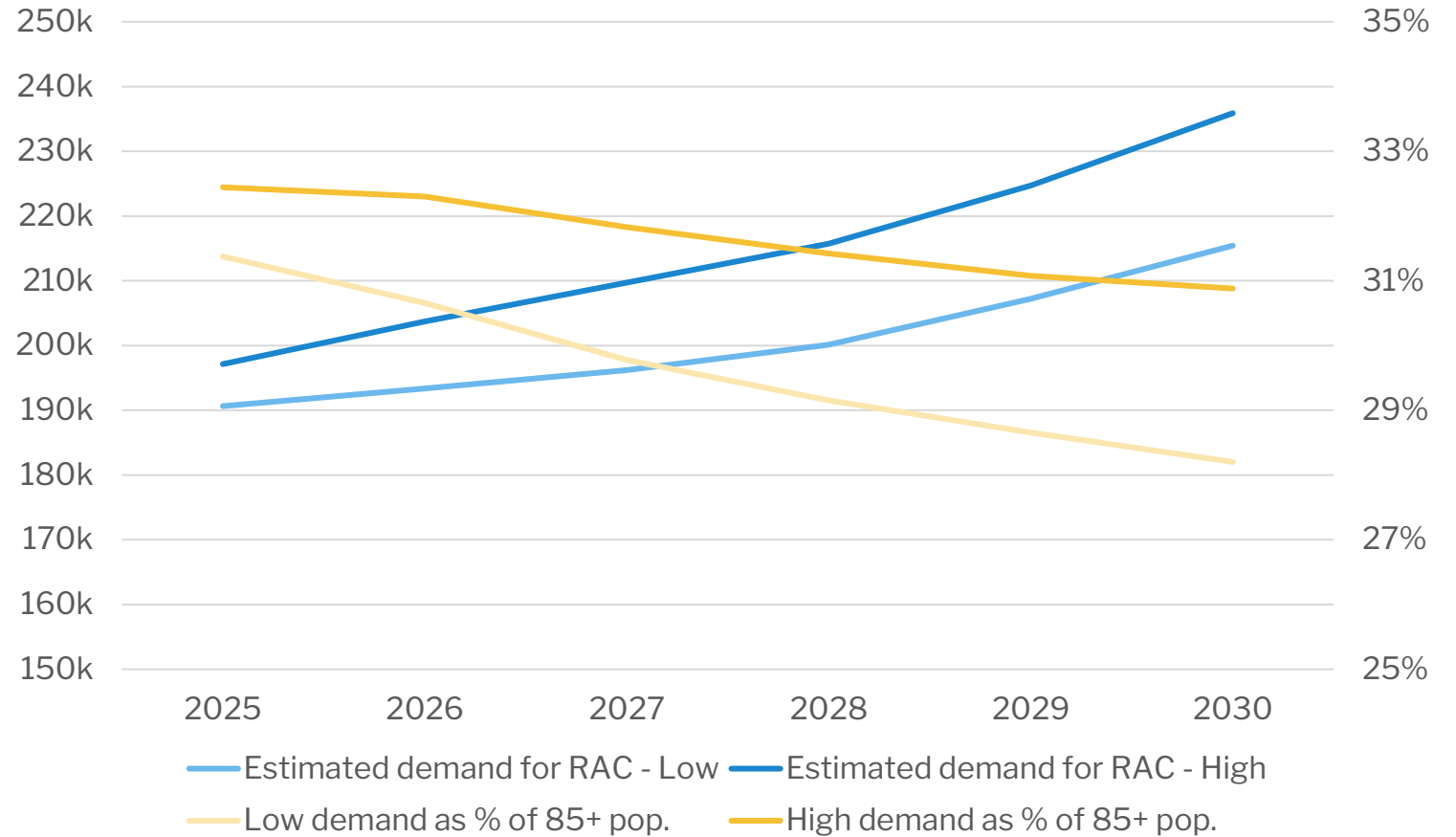
Joel Murray

Operations Support Manager at
Uniting NSW & ACT



Population forecast and beds required by 2030

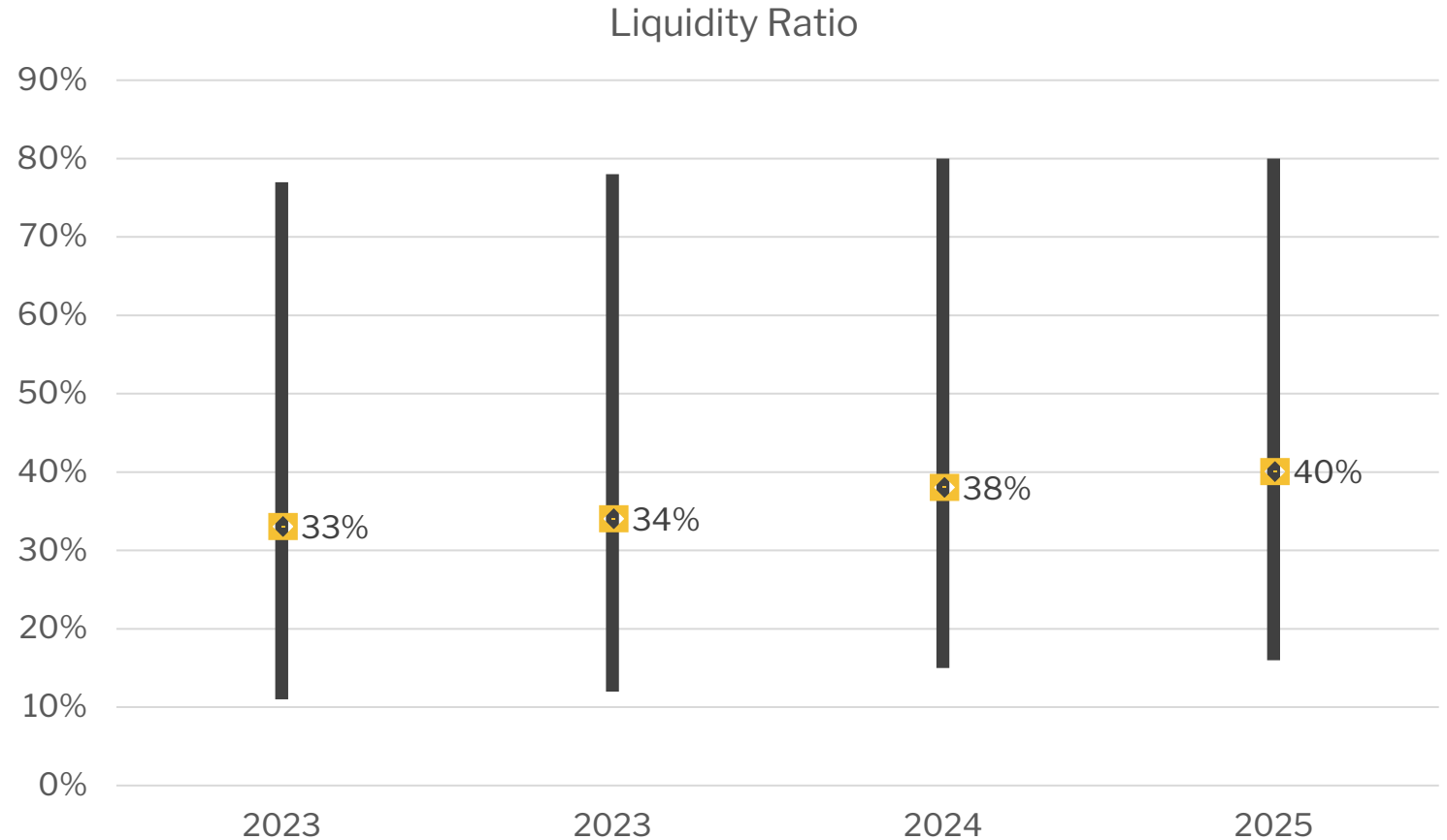
The over 85 population will skyrocket over the next five years by 26%. Depending on the availability of and preference for Home Care the estimated increase in the number of residents by 2030 ranges from 25k to 40k.



	2025	2026	2027	2028	2029	2030
Projected pop. 85+	608k	631k	659k	687k	723k	764k

Liquidity & the role of RADs

RADs offer interest-free access to capital for providers to build new capacity or refurbish existing rooms to meet community standards. Most of the building expansion and upgrading since 2014 has been by large providers using RAD capital. The Government will take progressive steps to reduce providers reliance on RADs and transition the sector to not accept new RADs by 2035. A significant reduction in RAD balances would impact residential aged care providers differently, depending on their reliance on RADs. Providers that would be most negatively affected are those where most of their RADs are invested in new and rebuilt homes.



What should providers be doing?

Strategy/Review/Diagnostic

- Understand the specific needs and look holistically at all factors contributions
- Identify key opportunities in line with organisational goals
- This varies SIGNIFICANTLY from site to site, provider to provider

Business Case/ Analysis

- Understand with some accuracy the cost benefit of each opportunity
- With changing regulation and economics, some modelling can be quite complex
- Some opportunities intuitively will work but the numbers can tell you otherwise

Implement ideas

- This can take many forms depending on the strategies and opportunities sought
- From marketing, training and sales, to renovation and changing entire room configurations
- Some strategies are very technical (eg construction or investment) requiring external expertise
- All implementations should be tracked against specific financial and other goals

Capital optimisation diagnostic

(Sample)

The care cost centre DOES/DOES NOT have a surplus while meeting care minute requirements

Our organisation knows specifically why it is making an operating surplus/loss in non-care cost centres

The accommodation cost centre DOES/DOES NOT have a surplus (including all costs e.g. depreciation)

We are using our RAD balances efficiently e.g. outstanding debt being offset by RADs

Our liquidity management strategy ensures compliance with prudential standards

Our RAD strategy will prepare us to begin refunding RADs without bringing in new RADs

Our Room prices have been reviewed, are maximised and are competitive

Our claim reconciliation and resident billing processes are consistently accurate with DAPs, DACs and MTCFs

The Supported Resident Ratio at each facility is either well above or well below 40%

More from the panel



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A blurred background image showing two women in conversation. The woman on the right is the main focus, smiling and looking towards the left. She has long, dark hair with a pink-to-purple gradient. She is wearing a dark blue patterned top. The woman on the left is partially visible in profile, looking towards the first woman.

Questions from the
chat

Capital Optimisation strategy/workshop



Maximise your non-care revenue to drive profitability and long-term sustainability.

During this comprehensive workshop, we will guide you through a **three-step** approach that begins with:

- Assessing your **current state**, using our proprietary DIAGNOSTIC, including your financial position and revenue streams, and identifying opportunities for non-care revenue **growth**.
- Defining clear financial **goals** and strategic **priorities**.
- Developing a **roadmap** to bridge the gap between where you are now and where you want to be.

Scan QR code to request a call back or check your inbox.



Our next webinar



How care minutes are reshaping the future of Aged Care

Strengthening care delivery through compliance and strategy

Thursday, 27 March 2025

12pm – 1pm AEDT

www.mirusaustralia.com/how-care-minutes-are-reshaping-the-future-of-aged-care/

Check your inbox for details or scan the code to register now.



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