

DISABILITY SERVICES FINANCIAL BENCHMARK SURVEY

CEO Collaboration Group

9 February 2024

ABOUT STEWARTBROWN



Independent Chartered Accounting firm, established in 1939, based in Sydney, with a national presence

10 Partners and over 100 staff



Our services include Audit, Consulting, Business Services, Taxation, Financial Planning, financial analysis and financial benchmarking



Expertise in community service organisations, including aged care, disability, children and young persons, independent schools and sector peak bodies



SECTOR SIZE & FINANCIAL SUSTAINABILITY

FY23 FINANCIAL MANAGEMENT OF THE NDIS*

611k

Active Participants

Increase of 14%

PAYMENTS:

\$34.7B

Increase of 26%

170k+

Active Providers

Registered & Unregistered

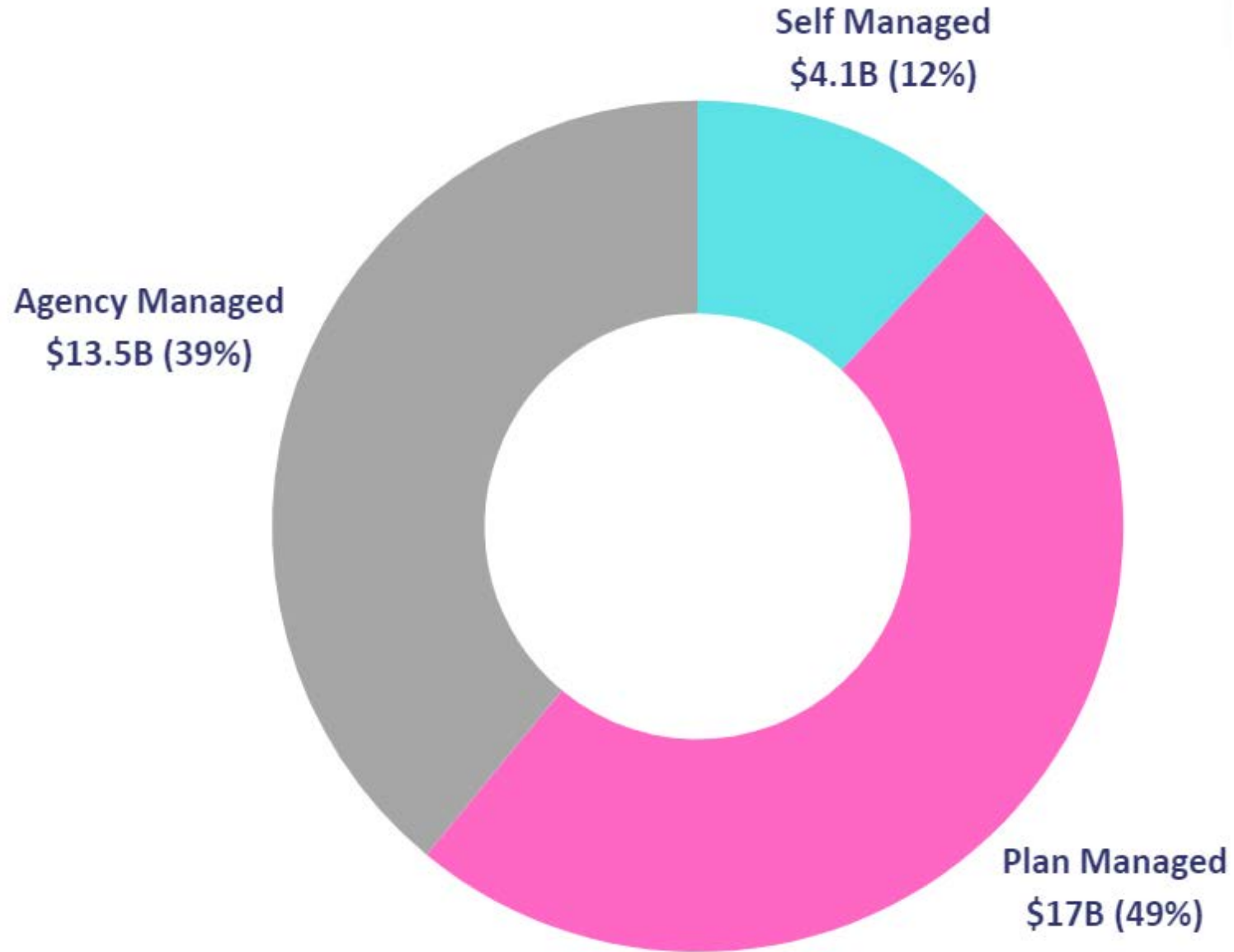
21% Growth

**Payments To Top 10
Providers**

6.2%

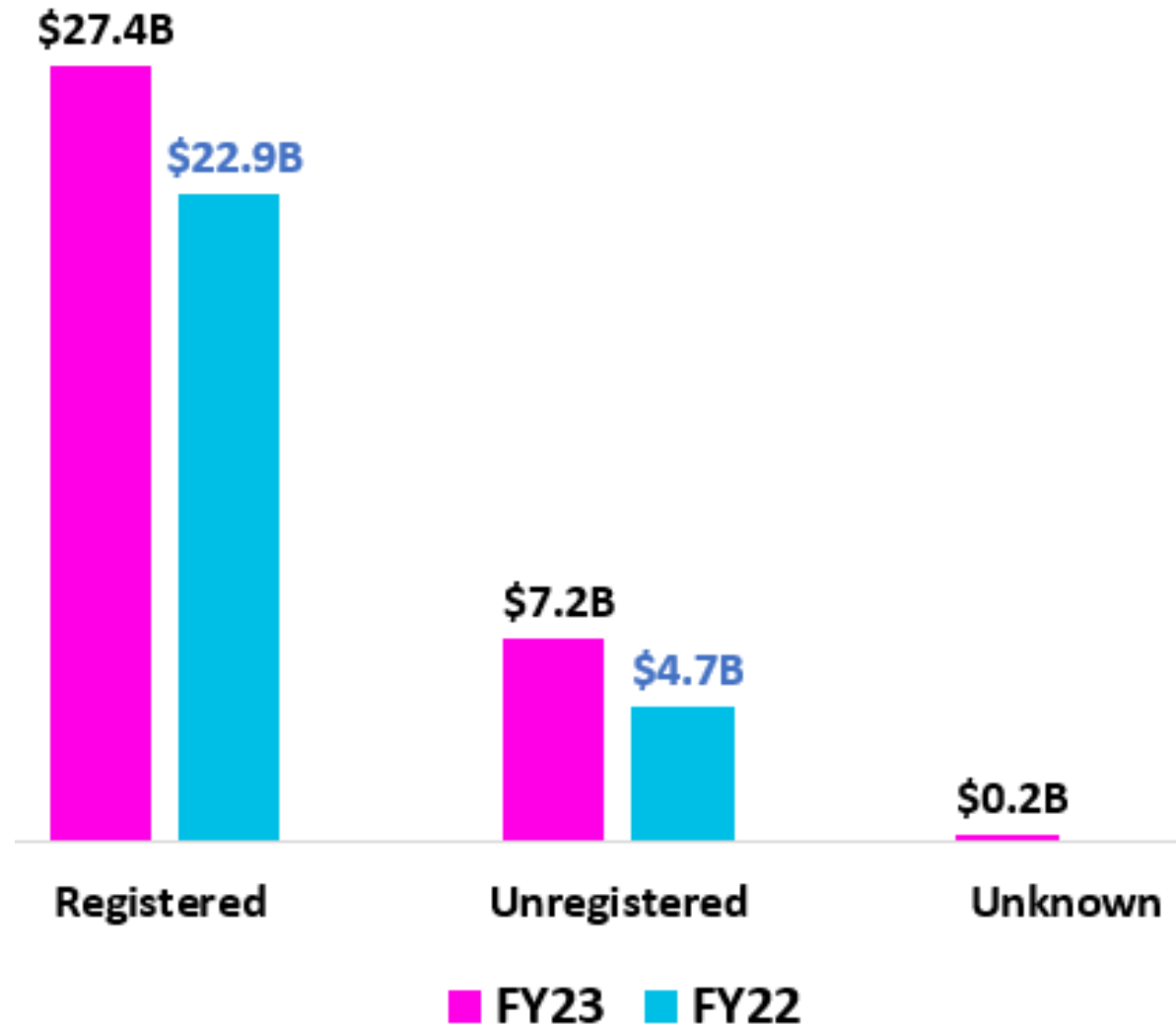
Reduction of 0.3%

FY23 TOTAL PAYMENTS BY FUNDING TYPE*



NDIS MARKET SHARE

- NDIA Quarterly reporting provides data breakdowns on the total spend of the scheme and how that money has been spent.
- Here we analyse the spend between registered and unregistered providers.



UNREGISTERED PROVIDERS FOOTPRINT

of Unregistered Providers

Ave Q4 2023 payment (\$)

46,350

\$442

67,985

\$3,920

37,213

\$25,891

2,796

\$241,953

65

\$1,892,308

154,409

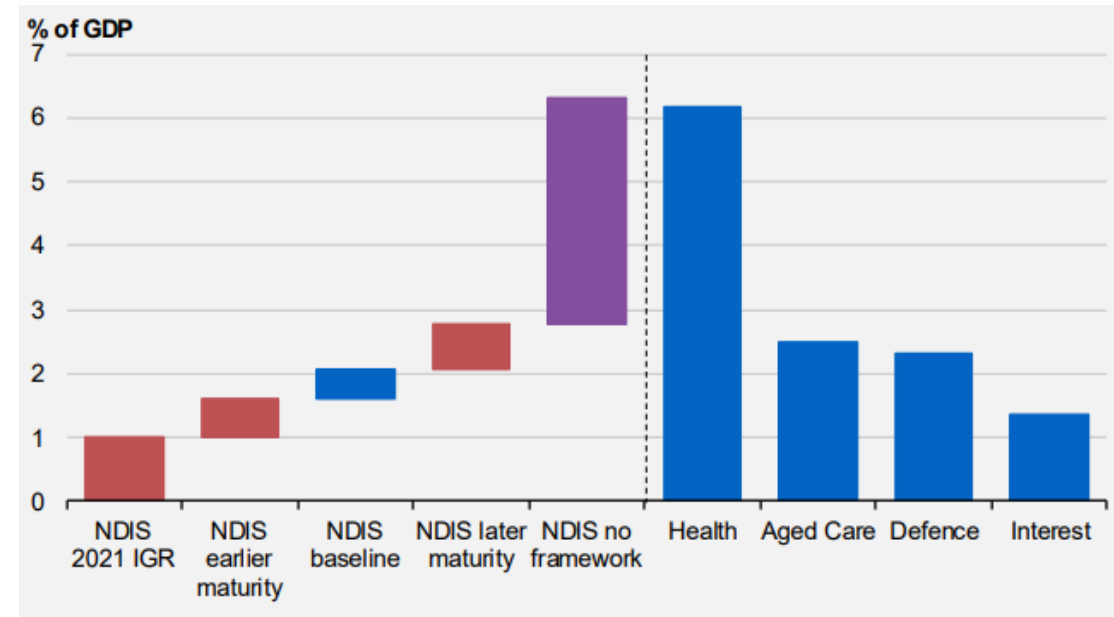
IGR 2023: DISABILITY FINANCIAL SUSTAINABILITY FRAMEWORK

Expenditure limits to taxpayer spending

- NDIS larger and more expensive than expected
 - 33% more participants than estimated in 2013-14, package costs are increasing by 6% pa
- Framework agreed by National Cabinet April 2023
 - Expenditure limited to no more than 8% pa by 2026
 - Further moderation of growth “as the Scheme matures” – by 2043-44 (reaching 2.1% of GDP)
 - Spending to remain same % of GDP thereafter
- Currently no specific plan to achieve these outcomes
- An independent review underway “to improve the design, operations and sustainability” of NDIS, due October 2023

“A sustainable growth trajectory for the NDIS ensures that support can continue to be provided to participants.”

Comparison of major Australian Government payments 2062–63 with NDIS scenarios



Source: Treasury (2023), Intergenerational Report 2023, p.158

SURVEY ATTRIBUTES

STEWARTBROWN BENCHMARKING SERVICES

380 Disability and Aged Care Providers



\$18.4B Provider Revenue Base



Largest non-Government data set for aged care in Australia & growing data set for disability services



Providers

- Comparing financial performance at granular level
- Setting budgets and forecasts
- Setting and monitoring essential KPIs
- Driving change and culture
- Modelling strategic options

Government

- Supplementing government data sets for reporting on sector performance
- Providing data for pricing and other policy decisions
- Using data available combined with knowledge gained in working with providers for range of policy initiatives

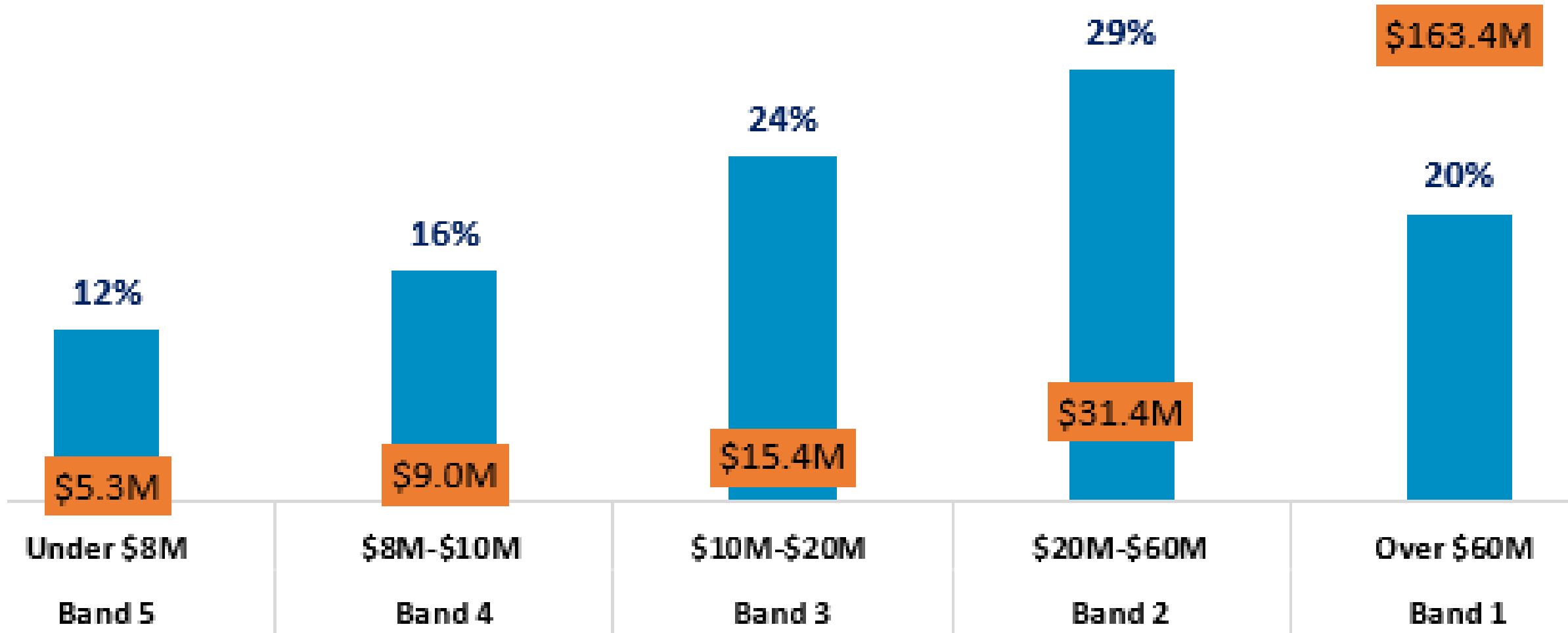
IHACPA

- Assisted with pilot pricing and costing studies
- Access to de-identified data and benchmarks to inform on-going pricing and costing studies

Peak Bodies

- Advocacy using evidence-based factual data
- Monitoring financial performance of sector and individual components of it

FY23 BENCHMARK COVERAGE - ORGANISATION LEVEL



Operating revenue for 12 months to Jun-23

■ % of organisations

■ Average operating revenue

FY23 BENCHMARK COVERAGE - ORGANISATION LEVEL



51

Organisations
in FY23
Benchmark



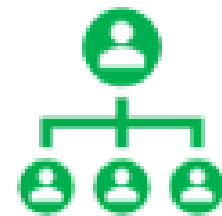
977

SIL homes



\$2.5 billion

Total revenue



> 26.5K

NDIS participants
*(4.4% of all NDIS
participants in FY23)*

FY23 BENCHMARK COVERAGE - SERVICE LEVEL



SIL Services

22

Organisations
(863 Homes)

2,563

NDIS participants

\$638.9M

NDIS revenue



Daily Living Non-SIL

17

Organisations

2,501

NDIS participants

\$96.3M

NDIS revenue



Social & Community Participation

29

Organisations

8,326

NDIS participants

\$232.2M

NDIS revenue



Allied Health

15

Organisations

6,414

NDIS participants

\$50.5M

NDIS revenue



Supported Employment

12

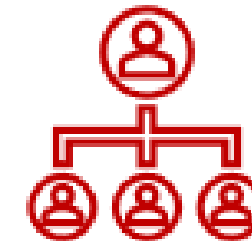
Organisations

3,574

NDIS participants

\$65.7M

NDIS revenue



Support Coordination

24

Organisations

6,273

NDIS participants

\$24.2M

NDIS revenue



DISABILITY BENCHMARK JUNE 2023 ORGANISATION RESULTS

FY23 PROVIDER RESULTS



(3.0%) negative

Operating result
return on assets

(FY22: 2.9% negative)



(\$1.26M) deficit

Average operating result
(FY22: \$0.91M deficit)



(0.8%) negative

Operating EBITDA (cash)
return on assets

(FY22: 0.7% positive)



(\$0.32M) deficit

Operating EBITDA
(FY22: \$0.22M positive)



224.9%

Cash + financial assets
as a percentage of debt

(FY22: 257.7%)



1.36

Months of spending
(FY22: 1.65)

FY23 PROVIDER RESULTS

Percentage of providers reporting an operating loss



55%

Operating loss in FY23
(FY22: 57%)

Operating Losses

All organisations



(\$1.26M) deficit

Average operating result
(FY22: \$0.91M deficit)



(\$0.24M) deficit

Median operating result
(FY22: \$0.11M deficit)

For those that reported an operating loss



(\$2.85M) deficit

Average operating result
(FY22: \$2.33M deficit)



(\$1.01M) deficit

Median operating result
(FY22: \$0.89M deficit)

FY23 PROVIDER RESULTS



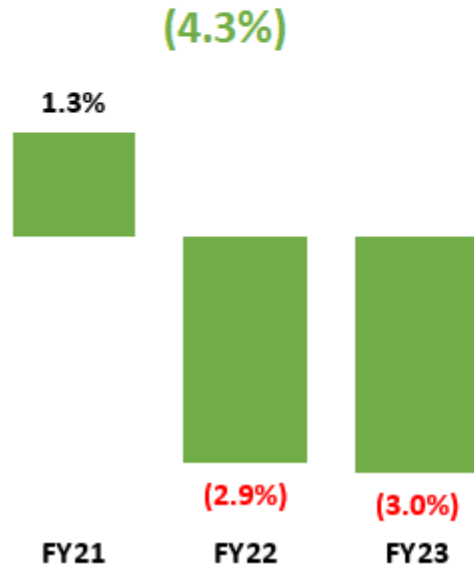
The average operating loss is an unsustainable result and effects both the investment in the sector and the ongoing viability of a number of providers.

FY23 PROVIDER RESULTS



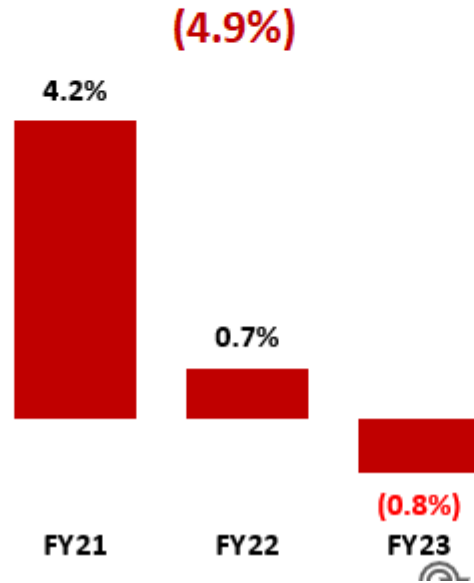
Operating result return on assets

Since Jun 2021 Operating result
return on assets decreased by



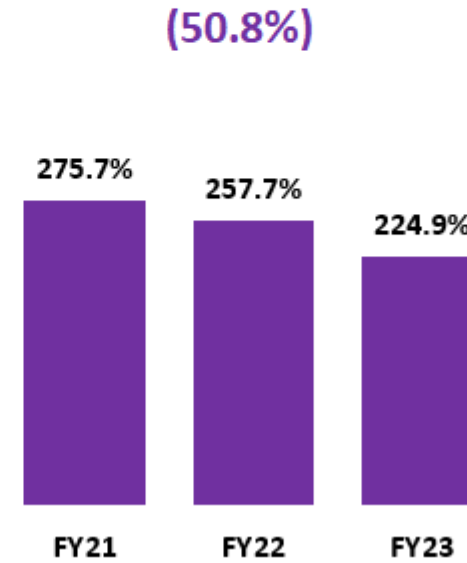
Operating EBITDA (cash) return on assets

Since Jun 2021 Operating EBITDA
(cash) return on assets decreased by



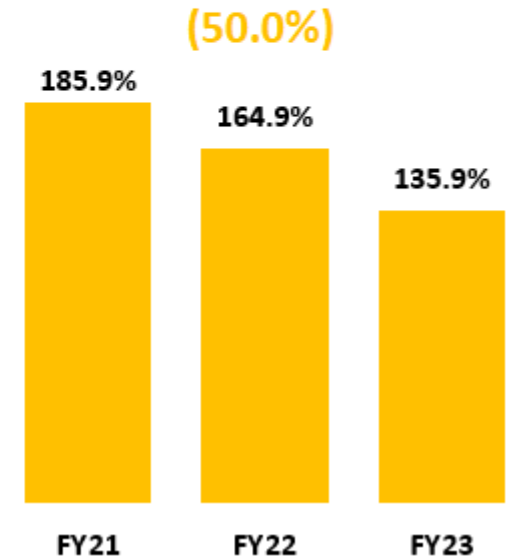
Cash + financial assets as % of debt

Since Jun 2021 Cash + financial assets
as % of debt decreased by



Months of spending

Since Jun 2021 Months of spending
decreased by



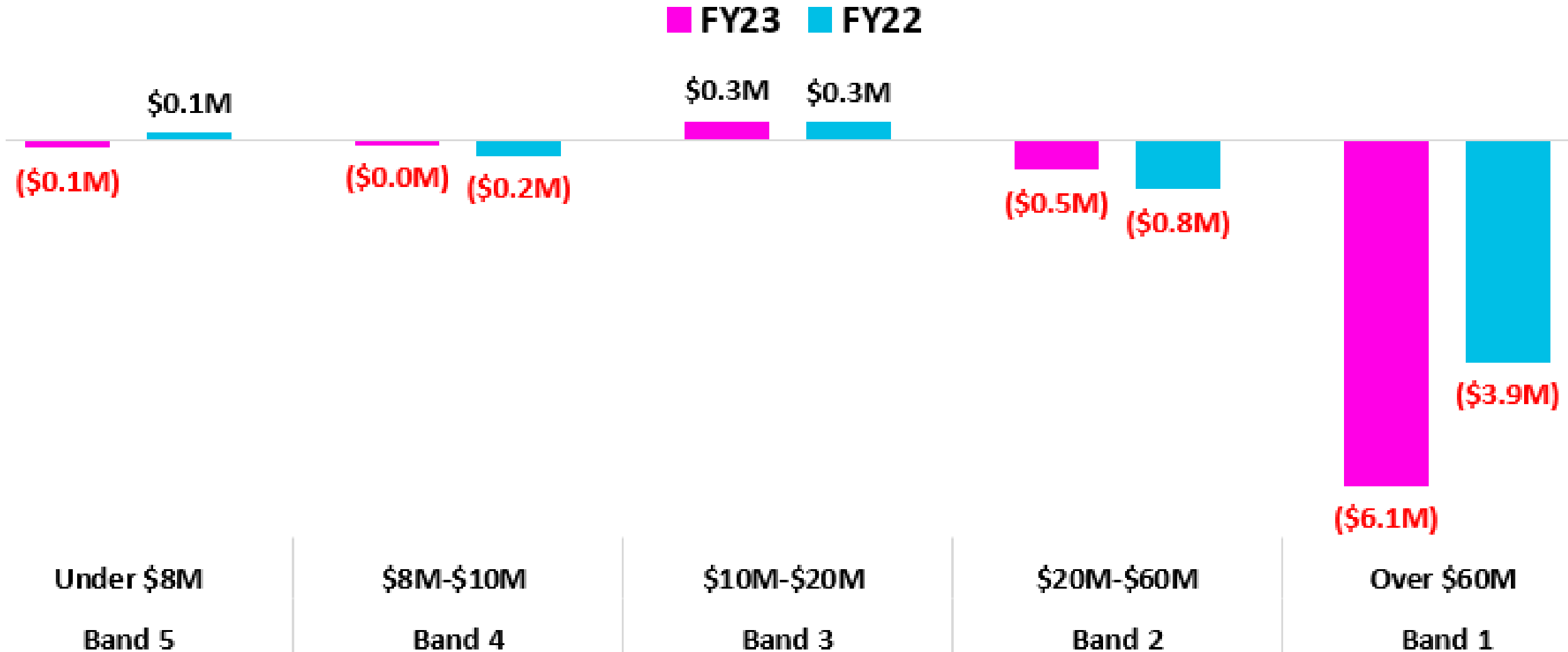
FY23 PROVIDER RESULTS

Organisation Snapshot	FY23	FY22		Difference (YoY)	Growth (YoY)
Revenue					
Operating revenue	\$46.92M	\$41.96M	↑	\$4.96M	11.82%
Expenses					
Cost of Sales	\$1.09M	\$0.95M	↑	\$0.14M	15.10%
Opex - All staff costs	\$36.34M	\$32.71M	↑	\$3.64M	11.12%
Opex - Other	\$10.74M	\$9.22M	↑	\$1.52M	16.54%
Operating result	(\$1.26M)	(\$0.91M)	↓	(\$0.35M)	37.86%

FY23 PROVIDER RESULTS

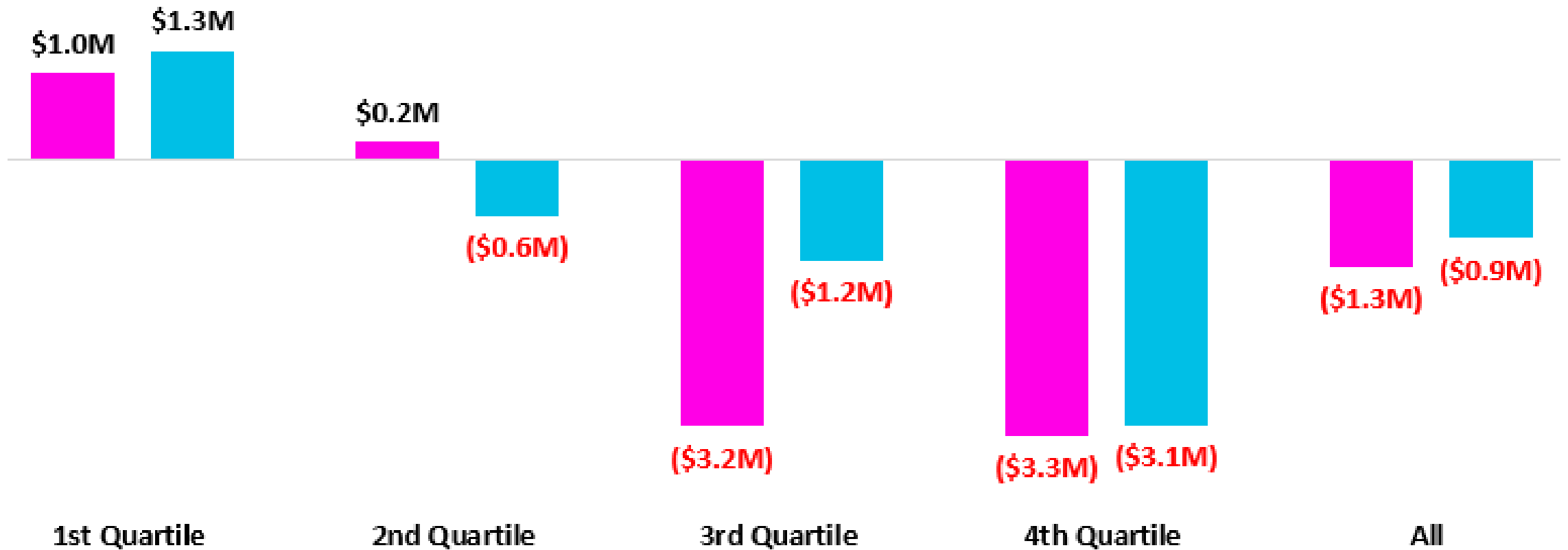
Organisation Snapshot	FY23	FY22	Increase (YoY)	Growth (YoY)
Staff costs				
Direct staff costs	\$30.29M	\$27.51M ↑	\$2.78M	10.09%
Indirect staff costs	\$6.06M	\$5.20M ↑	\$0.86M	16.60%
Other significant expenses				
Workers compensation insurance	\$0.81M	\$0.58M ↑	\$0.23M	38.69%
Repairs and maintenance	\$0.78M	\$0.57M ↑	\$0.21M	36.07%
Technology expenses	\$0.99M	\$0.79M ↑	\$0.20M	25.31%
Professional fees	\$0.51M	\$0.36M ↑	\$0.15M	41.06%

OPERATING RESULT BY REVENUE BAND



OPERATING RESULT BY PERFORMANCE QUARTILE

FY23 FY22



	First Quartile	Bottom Quartile
Operating margin	5.08%	(5.42%)
Average operating result	\$1,022k	(\$3,263k)
<i>Key differences in revenue</i>		
Average operating revenue	\$20.2m	\$60.3m
NDIS revenue as % of operating revenue	68.07%	58.05%
Total disability revenue as % of operating revenue	74.47%	71.03%
<i>Key differences in expenses</i>		
Disability direct staff costs as % of disability revenue	60.11%	83.04%
Direct staff costs % of operating revenue	56.43%	72.24%
<i>Impact of SIL</i>		
% of operators which engage in SIL services	64%	64%*
Average # of homes per operator	6	55
Average concentration of SIL revenue to operating revenue	68%	54%

CORPORATE OVERHEADS ANALYSIS

Overhead Basis (History)	Corporate overheads % direct costs
NDIA 'efficient' rate 2017-2021	10.5%
2020 Average*	27.7%
2020 25 th percentile*	19.8%
NDIA 'efficient' rate post TTP 2020	12.0%

** Source: Deloitte Access Economics Final report - Temporary Transformation Payment Benchmarking Survey National Disability Insurance Agency May 2020*

CORPORATE OVERHEAD ANALYSIS

	SB Benchmark	SB Benchmark	TTP
COMPOSITION OF OVERHEADS	FY23	FY22	FY20
Corporate and management staff costs	38%	38%	41%
Building/Asset Costs (owned/rented)	25%	24%	23%
Corporate Expenses	31%	30%	32%
Technology	6%	5%	5%
Education & quality control	1%	1%	n/a
TOTAL	100%	100%	100%
Corporate overheads % revenue	34.4%	32.6%	
Corporate overheads % direct costs	52.1%	48.3%	27.7%

CORPORATE OVERHEAD ANALYSIS

Quartile with **Lowest** Overhead rates

- Average FY23 is 23.9% (FY22 24.7%)
- Disability revenue 81.7% of operating revenue
- No direct relationship between positioning in top quartile – large and small in group
- 46% have SIL
- **-0.1%** margin on operations

Quartile with **Highest** Overhead rates

- Average FY23 is 44.8% (FY22 40.5%)
- Disability revenue 58.2% of operating revenue
- No direct relationship between positioning in the bottom quartile 10 – large and small in group
- 58% have SIL
- **-4.4%** margin on operations

- ✓ **Corporate overhead control is not tied to the size of the organisation**
- ✓ **Diversification across multiple sectors can drive up overhead**
- ✓ **Corporate overheads are increasing for those with existing high overhead rates**



AGED CARE CORPORATE ADMINISTRATION SURVEY



Key Highlights



Number of aged care providers represented in the *Corporate Administration Survey 2022*



Number of homes represented in the *Survey*



Number of home care packages represented in the *Survey*



Total assets under management of participants



Total revenue of participants



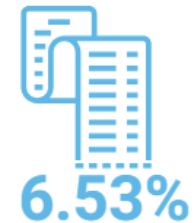
Total expenses of participants



Average of total corporate costs as a % of operating revenue (FY22)













Average total corporate staff costs as a % of operating revenue (FY22)












Average total non-staff related corporate costs as a % of operating revenue (FY22)

AGED CARE CORPORATE ADMINISTRATION SURVEY

	Staff Component	+	Non-Staff Component	=	All	 Of Total
 ICT Management	0.97%	+	1.78%	=	2.75%	17.6%
 Finance and Business Services	1.61%	+	1.10%	=	2.71%	17.3%
 CEO, Mission & Strategy	1.14%	+	0.97%	=	2.11%	13.5%
 HR, People & Culture	1.21%	+	0.53%	=	1.74%	11.1%
 Residential Care Management	0.90%	+	0.41%	=	1.32%	8.4%
 Quality, Risk and Compliance	0.71%	+	0.23%	=	0.93%	6.0%
 Property Services	0.51%	+	0.40%	=	0.91%	5.8%
 Marketing & Business Development	0.45%	+	0.42%	=	0.87%	5.5%
 In-Home Aged Care Services	0.43%	+	0.22%	=	0.66%	4.2%

AGED CARE CORPORATE ADMINISTRATION SURVEY

	Staff Component	+	Non-Staff Component	=	All	 Of Total
 Other Support Services	0.41%	+	0.14%	=	0.56%	3.5%
 Sales	0.17%	+	0.06%	=	0.23%	1.5%
 Seniors Housing Management	0.16%	+	0.07%	=	0.23%	1.5%
 Other Non-Aged Care Community Programs	0.18%	+	0.03%	=	0.21%	1.4%
 Other	0.16%	+	0.05%	=	0.20%	1.3%
 Hotel Services	0.10%	+	0.09%	=	0.20%	1.3%
 Disability Services	0.03%	+	0.00%	=	0.03%	0.2%
 Total	9.14%	+	6.53%	=	15.67%	100%



SUPPORTED INDEPENDENT LIVING SERVICES RESULTS

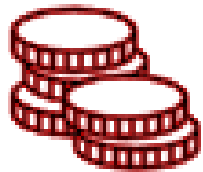
FY23 SIL SERVICES SNAPSHOT



\$8,304

Operating result \$ per resident per annum

(First quartile: \$72,069)



\$241,618

NDIS SIL revenue per SIL participant

(First quartile: \$319,796)



8.5%

Vacancy rate

(First quartile: 8.2%)



83.5%

NDIS revenue % operating revenue

(First quartile: 83.6%)



75.4%

Direct staff costs as % of operating revenue

(First quartile: 62.6%)



20.5%

Overheads as % of operating revenue

(First quartile: 16.5%)

SIL SERVICES PERFORMANCE



SIL Result

(\$ Per Resident Per Annum)

Revenue	\$259,888
Direct Costs	
FLW Staff Costs	\$173,889
FLS Staff Costs	\$14,676
Agency Costs	\$7,411
Total Staff Costs	\$195,975
House Expenses	\$3,332
Utilities	\$1,723
Other direct costs	\$3,024
Total Direct Costs	\$204,054
SIL Result	\$55,834



Property Result

(\$ Per Resident Per Annum)

Revenue	\$11,538
Direct Costs	
Staff Costs	\$584
Maintenance & Refurbishment	\$2,780
Depreciation	\$4,043
Rent Expense	\$1,989
Other Expenses	\$463
Total Direct Costs	\$9,859
Property Result	\$1,678



Administration Expenditure

(\$ Per Resident Per Annum)

Administration & Support Costs	
Corporate Recharge	\$34,041
Staff Costs	\$7,687
Workers Compensation	\$3,740
Other Expenses	\$3,739
Total Administration Costs	\$49,208



Operating Result
\$8,304

SIL SERVICES PERFORMANCE

	FY23 All Homes <i>(863 Homes)</i>	FY22 All Homes <i>(997 Homes)</i>
\$ per resident per annum		
Summary KPI results		
SIL service result	\$55,834	\$48,654
Property result	\$1,678	\$4,008
Administration and support costs	\$49,208	\$51,519
Operating result	\$8,304	\$1,143
Operating margin	3.1%	0.5%
NDIS revenue per NDIS participant per annum	\$241,618	\$202,384
Revenue per resident per annum	\$271,426	\$249,658
Direct staff costs	\$195,975	\$177,814
<i>Average vacancy rate</i>	<i>8.5%</i>	<i>11.8%</i>
<i>NDIS revenue as % operating revenue</i>	<i>83.5%</i>	<i>80.7%</i>
<i>Direct staff costs as % of SIL services revenue</i>	<i>75.4%</i>	<i>74.4%</i>
<i>Agency costs as % staff costs</i>	<i>3.6%</i>	<i>2.8%</i>
<i>Span of Control (FTE)</i>	<i>15.7</i>	<i>14.0</i>
<i>Overheads as % operating revenue</i>	<i>20.5%</i>	<i>22.2%</i>
<i>Overheads as % direct costs</i>	<i>27.3%</i>	<i>29.1%</i>

SIL SERVICES PERFORMANCE

	FY23 All Homes <i>(863 Homes)</i>	FY22 All Homes <i>(997 Homes)</i>		Difference (YoY)
Workforce KPI results				
Avg base pay rate per hour - FLW	\$45.76	\$46.81	↓	(1.05)
Avg base pay rate per hour - FLS	\$54.07	\$57.47	↓	(3.40)
Span of Control (FTE)	15.7	14.0	↑	1.7
Ratio of clients to front-line workers (FTE)	0.7	0.7	↓	(0.0)
<i>Productivity rate of front-line staff</i>	88.7%	93.5%	↓	(4.8%)
<i>Agency costs as % staff costs</i>	3.6%	2.8%	↑	0.8%
<i>Workers compensation expense as % of staff cos</i>	1.8%	2.9%	↓	(1.1%)

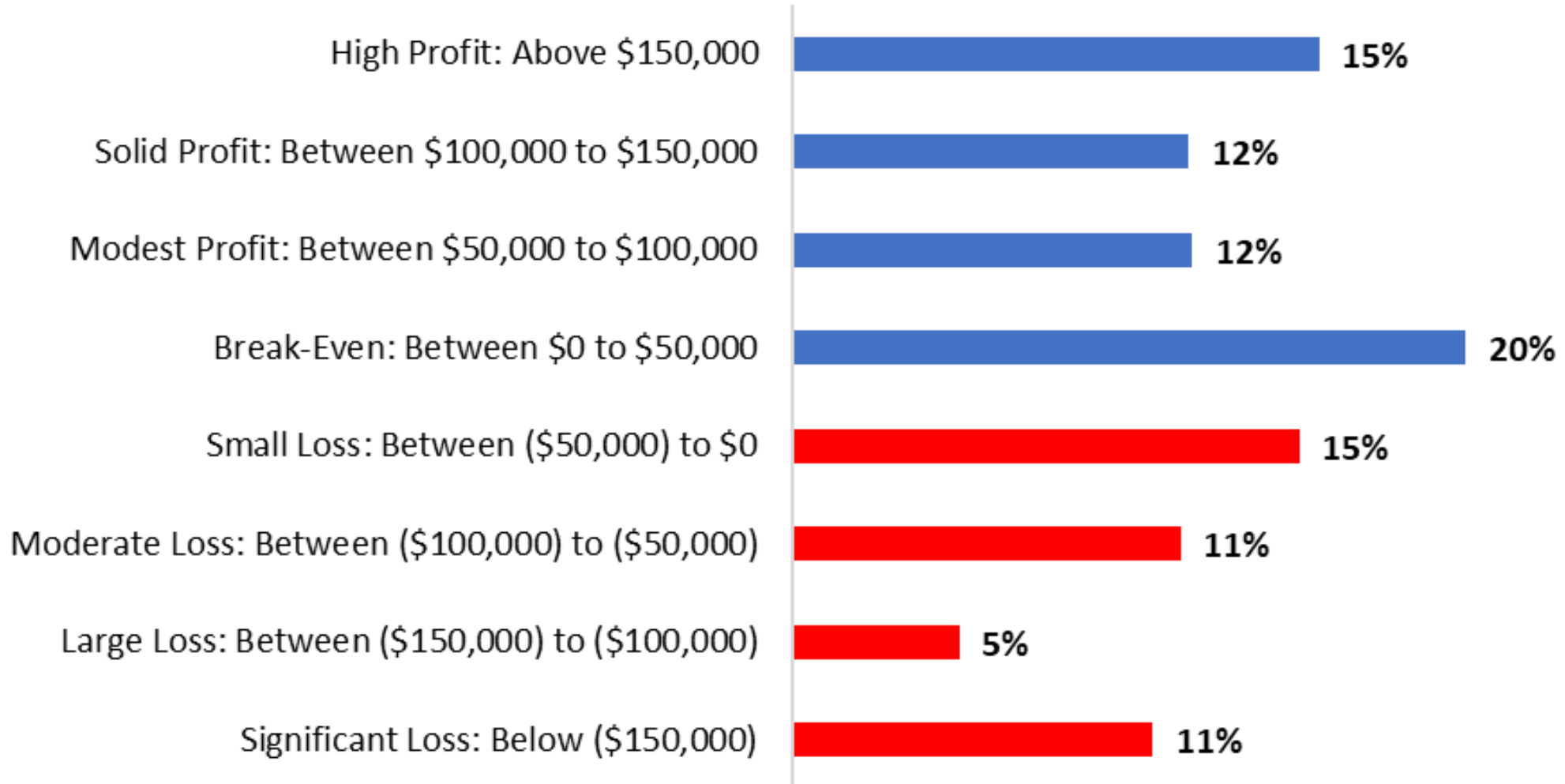
SIL SERVICES PERFORMANCE

	FY23 First Quartile (216 Homes)	FY23 Last Quartile (216 Homes)		Variance
Summary KPI results (\$ per resident per annum)				
SIL service result	\$124,075	(\$1,252)	↑	\$125,327
Property result	\$1,049	(\$265)	↑	\$1,313
Administration and support costs	\$53,055	\$56,850	↓	(\$3,795)
Operating result	\$72,069	(\$58,366)	↑	\$130,435
<i>Operating margin</i>	19.8%	(22.0%)	↑	41.8%
NDIS revenue per NDIS participant per annum	\$319,796	\$237,442	↑	\$82,354
<i>Average vacancy rate</i>	8.2%	15.7%	↓	(7.6%)
<i>Direct staff costs as % of SIL services revenue</i>	62.6%	97.2%	↓	(0.35)
<i>Overheads as % operating revenue</i>	16.5%	24.1%	↓	(0.1)
<i>Overheads as % direct costs</i>	26.1%	25.0%	↑	1.2%

SIL SERVICES PERFORMANCE

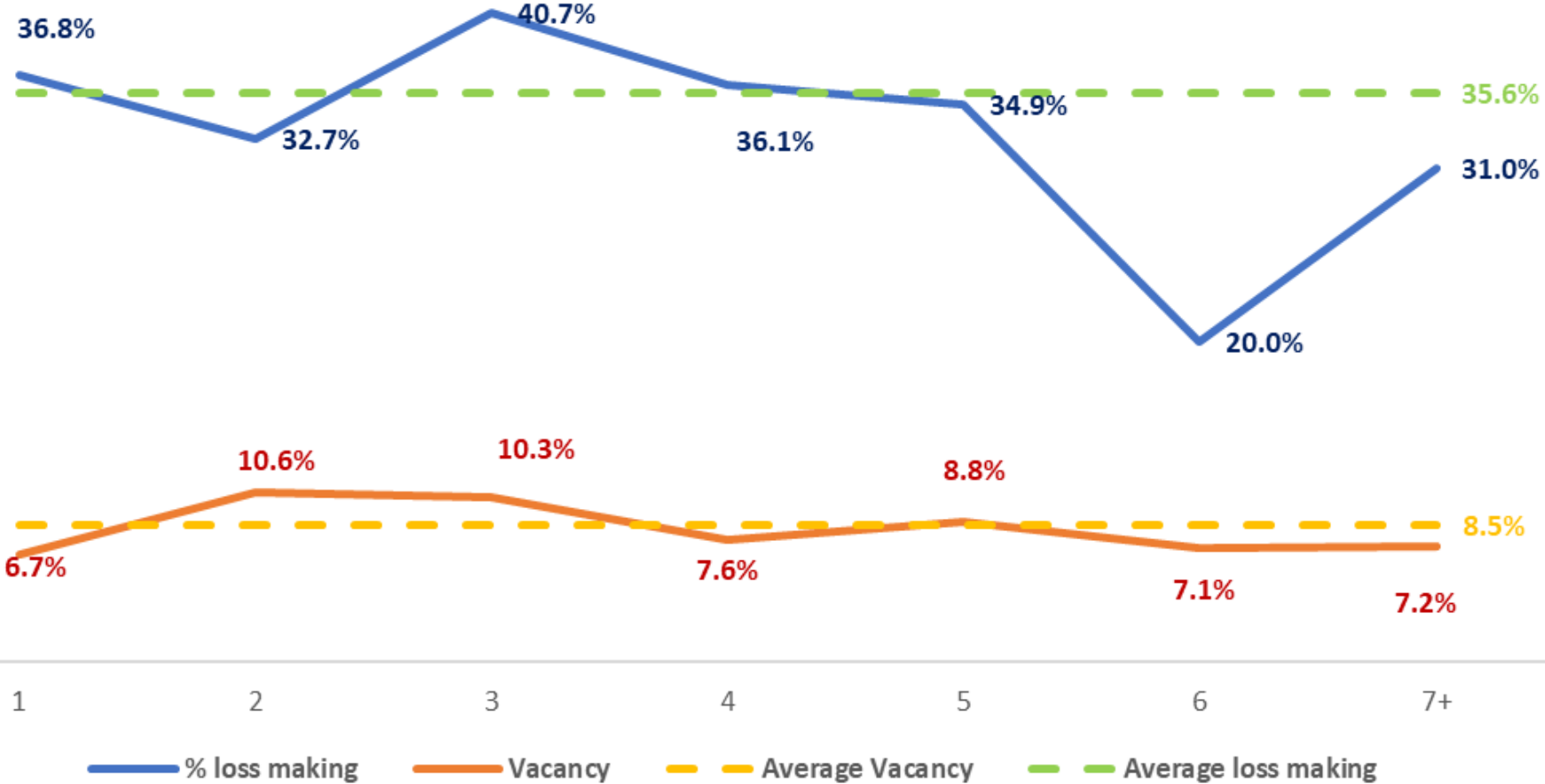
	FY23 First Quartile (216 Homes)	FY23 Last Quartile (216 Homes)		Variance
Workforce KPI results				
Avg base pay rate per hour - FLW	\$48.08	\$45.28	↑	2.80
Avg base pay rate per hour - FLS	\$65.00	\$50.66	↑	14.34
Span of Control (FTE)	20.5	13.7	↑	6.8
Ratio of clients to front-line workers (FTE)	0.6	0.5	↑	0.1
<i>Productivity rate of front-line staff</i>	92.5%	86.3%	↑	6.2%
<i>Agency costs as % staff costs</i>	2.2%	4.2%	↓	(1.9%)
<i>Workers compensation expense as % of staff cost</i>	1.5%	2.0%	↓	(0.5%)

SIL SERVICES PERFORMANCE – DISTRIBUTION



SIL SERVICES PERFORMANCE - BY ROOM

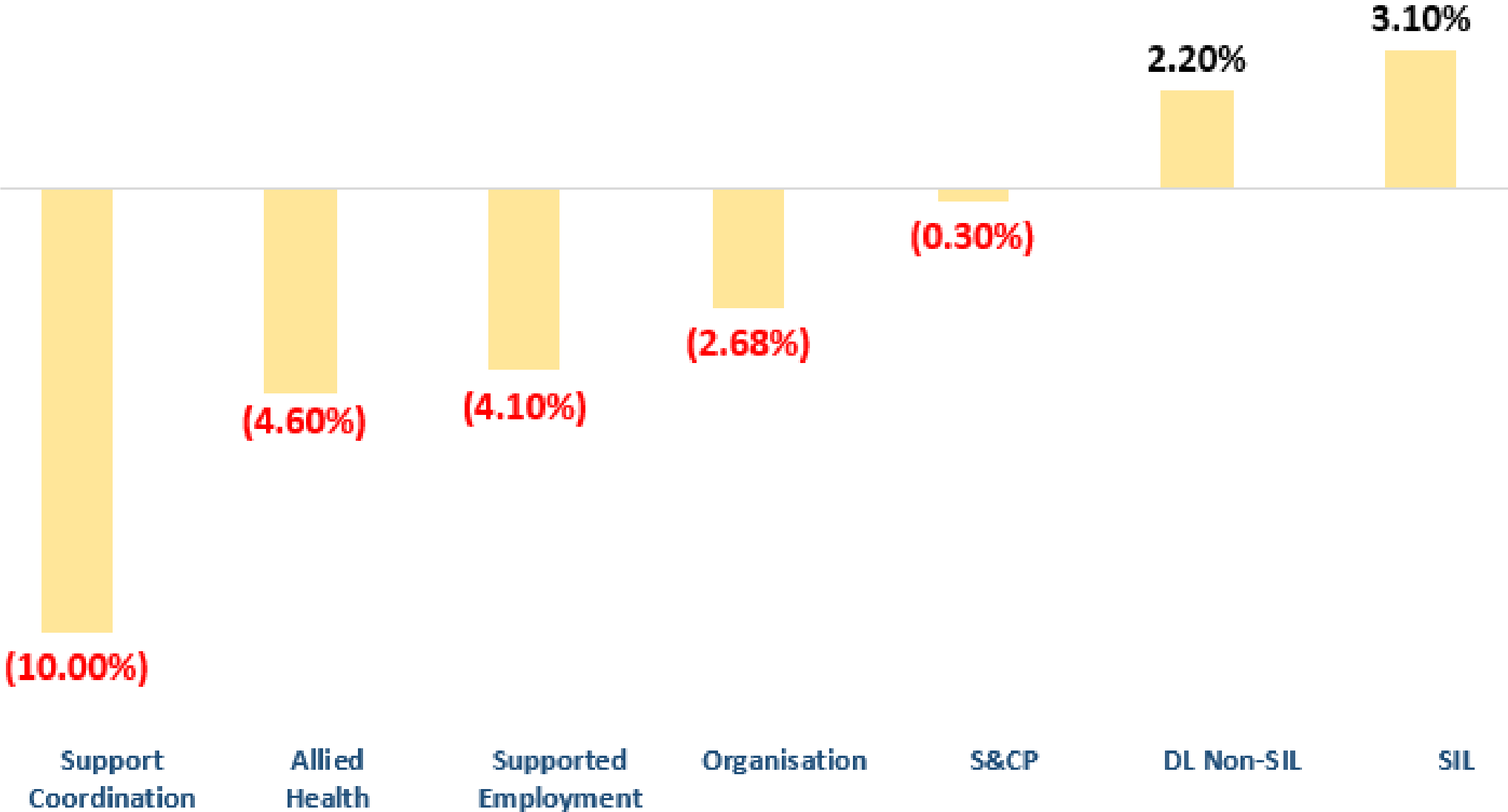
Loss making % vs vacancy by bedroom







1	\$440k
2	\$300k
3	\$241k
4	\$230k
5	\$232k
6	\$217k
7+	\$185k

SERVICE RESULTS

OPERATING PERFORMANCE BY SERVICE TYPE



OPERATING PERFORMANCE BY SERVICE TYPE

	Daily Living Non-SIL	S&CP	Allied Health	Employment	Support Coordination
 Operating result \$ per client per annum	\$873 (FY22: \$1,340)	(\$92) (FY22: (\$1,959))	(\$387) (FY22: \$1,462)	(\$929) (FY22: \$870)	(\$398) (FY22: (\$125))
 NDIS revenue as % operating revenue	94.7% (FY22: 95.7%)	95.5% (FY22: 92.0%)	85.0% (FY22: 64.1%)	39.6% (FY22: 36.1%)	96.9% (FY22: 98.1%)
 Overheads as % of operating revenue	23.2% (FY22: 19.3%)	29.2% (FY22: 32.9%)	33.7% (FY22: 31.1%)	30.3% (FY22: 31.3%)	21.6% (FY22: 23.4%)
 Direct staff costs as % of operating revenue	73.5% (FY22: 76.5%)	69.1% (FY22: 69.8%)	68.1% (FY22: 54.0%)	57.1% (FY22: 48.2%)	88.4% (FY22: 80.0%)

QUESTIONS

FY24 DISABILITY SERVICES BENCHMARK

- 6 months to December 2023
 - Data collection is open and closing date for submissions is 22 March
- Corporate overhead benchmark
 - Data collection will open shortly with data submission 19 April
- 12 months to June 2024
- Our **analyst team** are here to support providers in the data collection process

CONTACT US

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