



HealthCare Providers New Zealand Conference

The Benefits of Industry Surveys

September 2009

Presentation Overview

1. Grant Thornton Australian Survey Background
2. Benefits
 - Strategic Policy Development
 - Supporting Business Management
3. The Aged Residential Care Service Review – Costing Survey

Research Background – Grant Thornton Survey 2008

Purpose of the survey

- Informing providers and government

Results

- largest independent survey in Australia
- instrumental in driving reform

Communication to Government

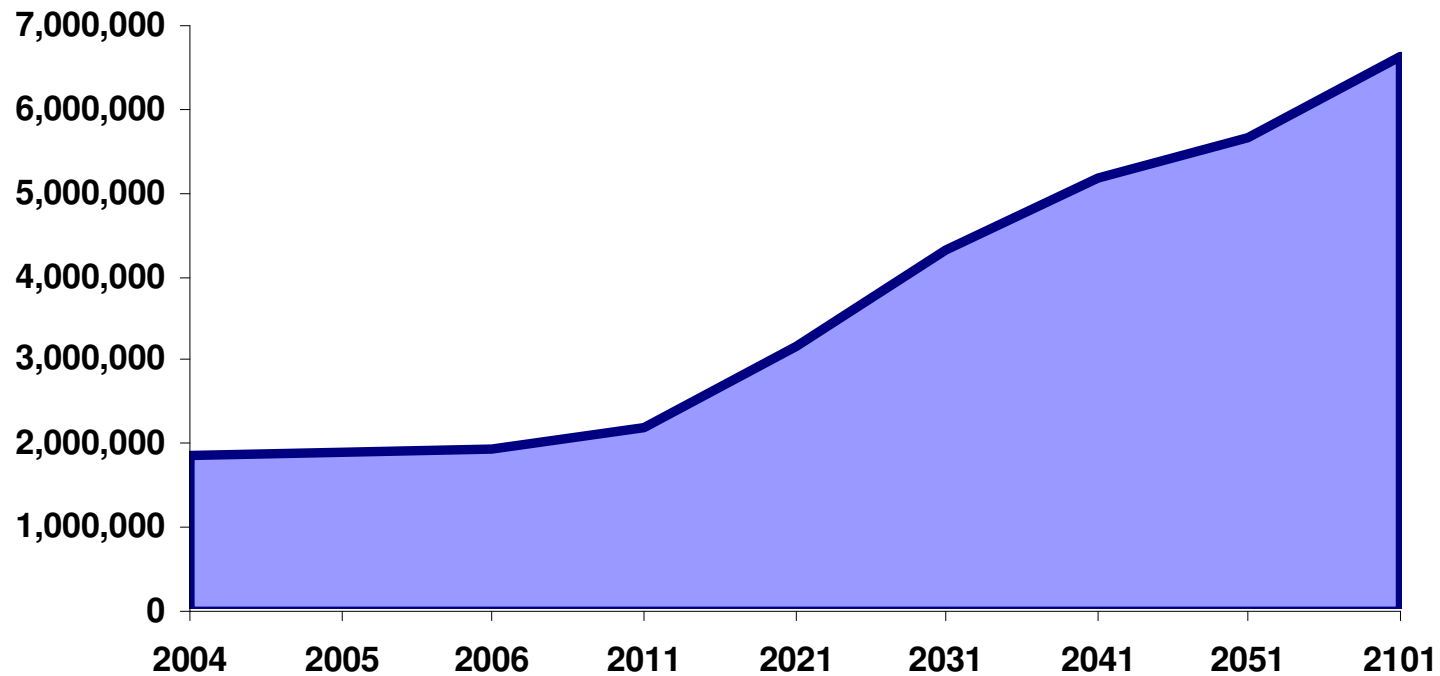
- Minister for Finance
- Aged Care Inquiry
- Productivity Commission

Benefits of The Survey

1. Supporting the Development of Strategic Policy

Demand for Aged Care Services

Australians Over 70 Years of Age



Changing Demand - Where We Have Been



Changing demand - where we are going



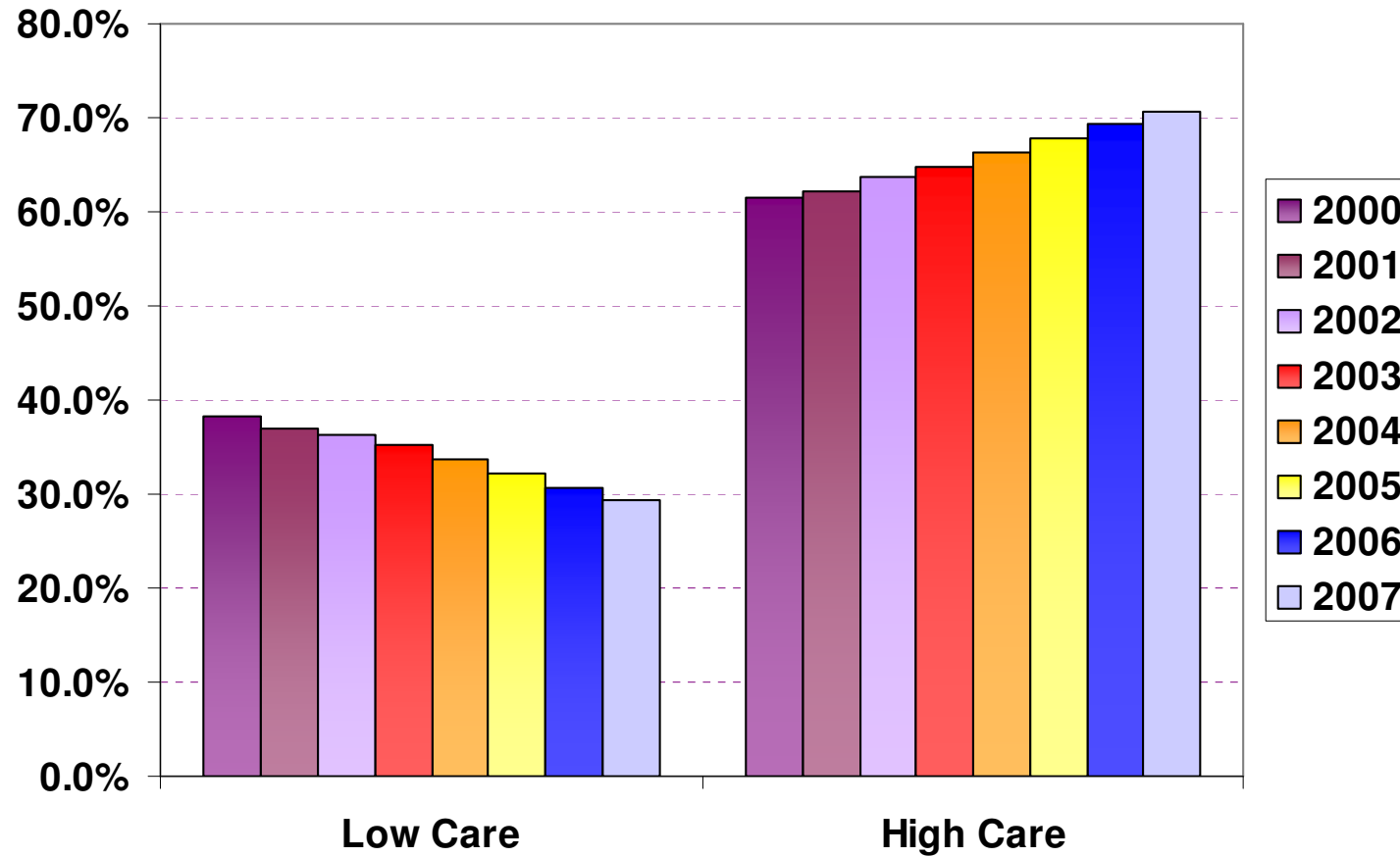
Changing demand - where we are going



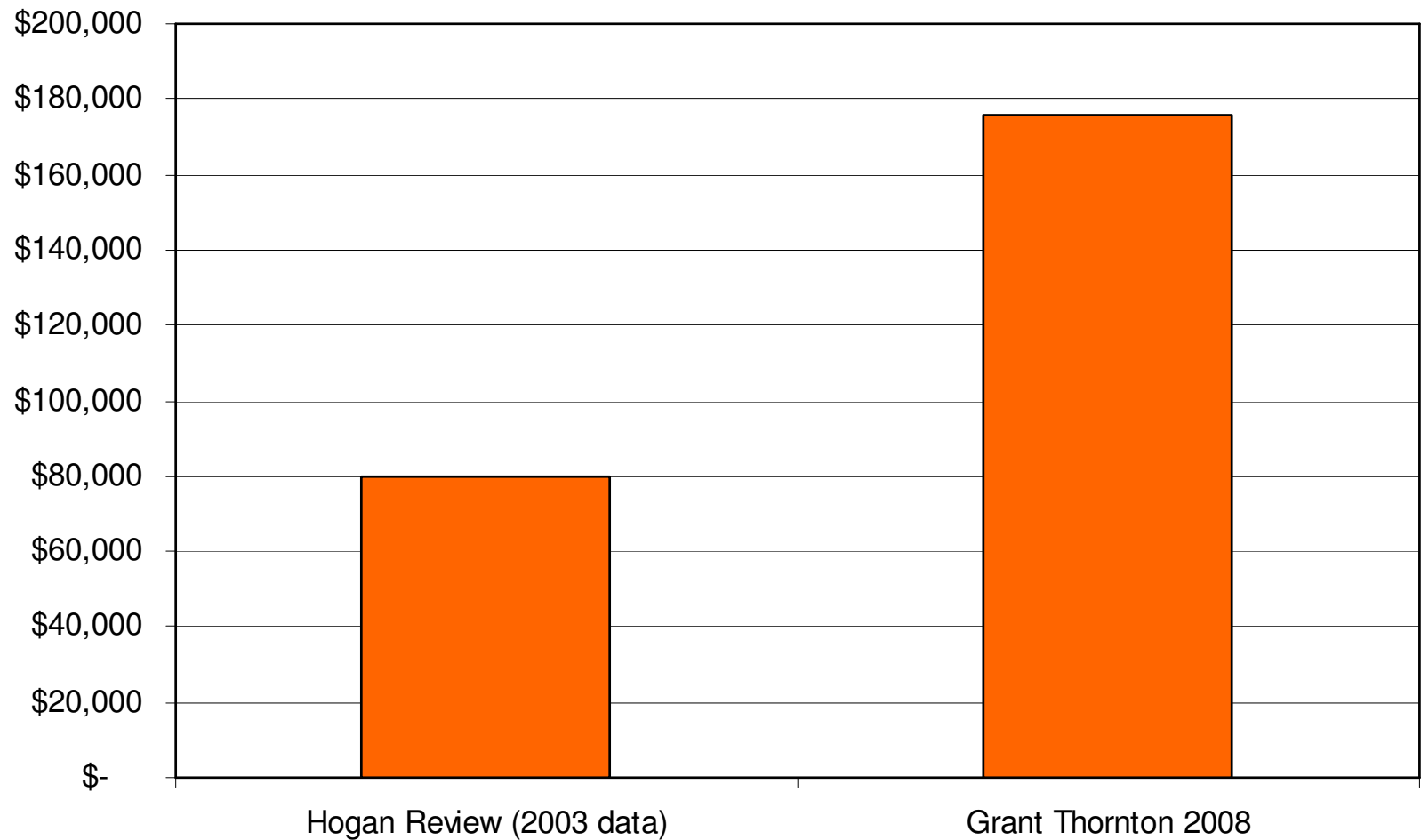
Changing demand - where we are going



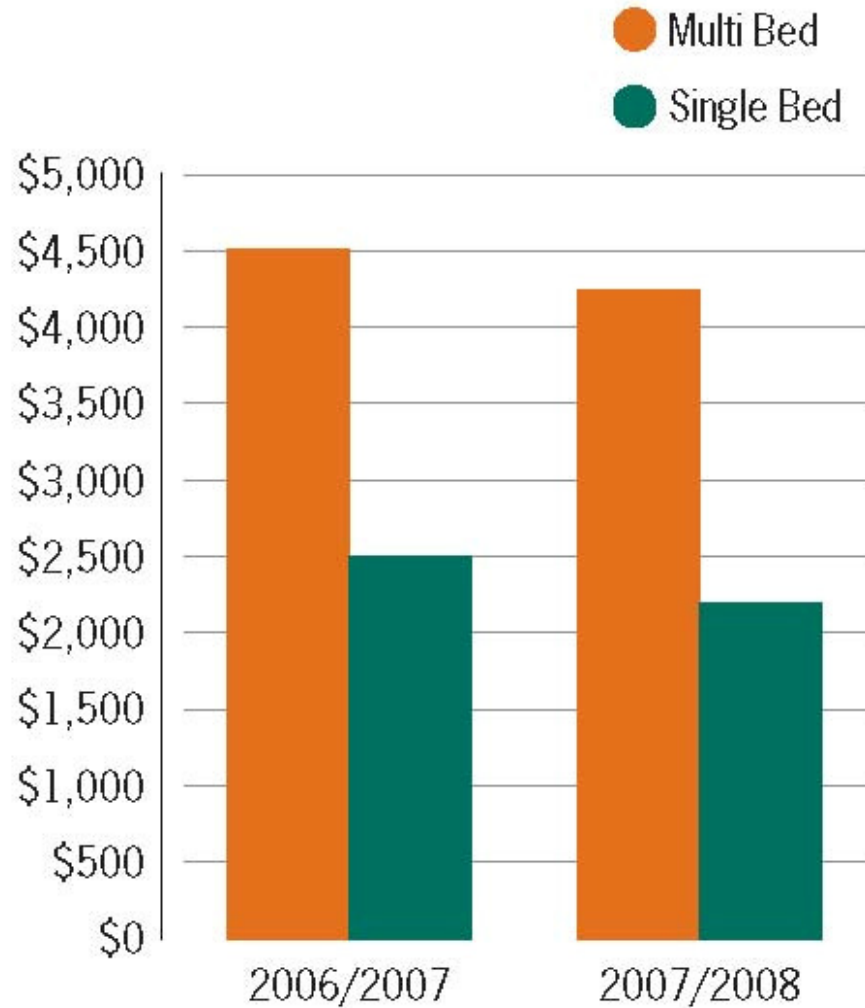
Acuity / Dependency Levels



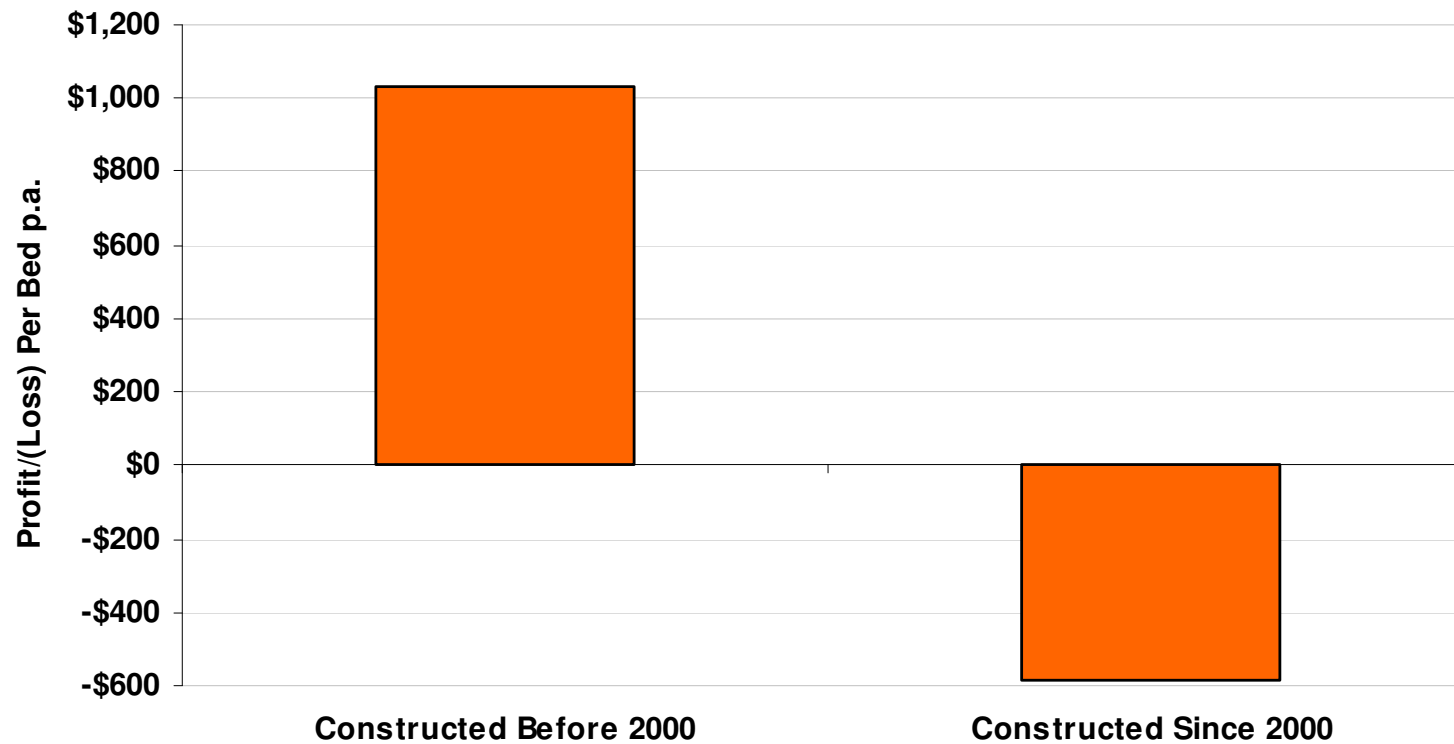
Construction Costs per bed



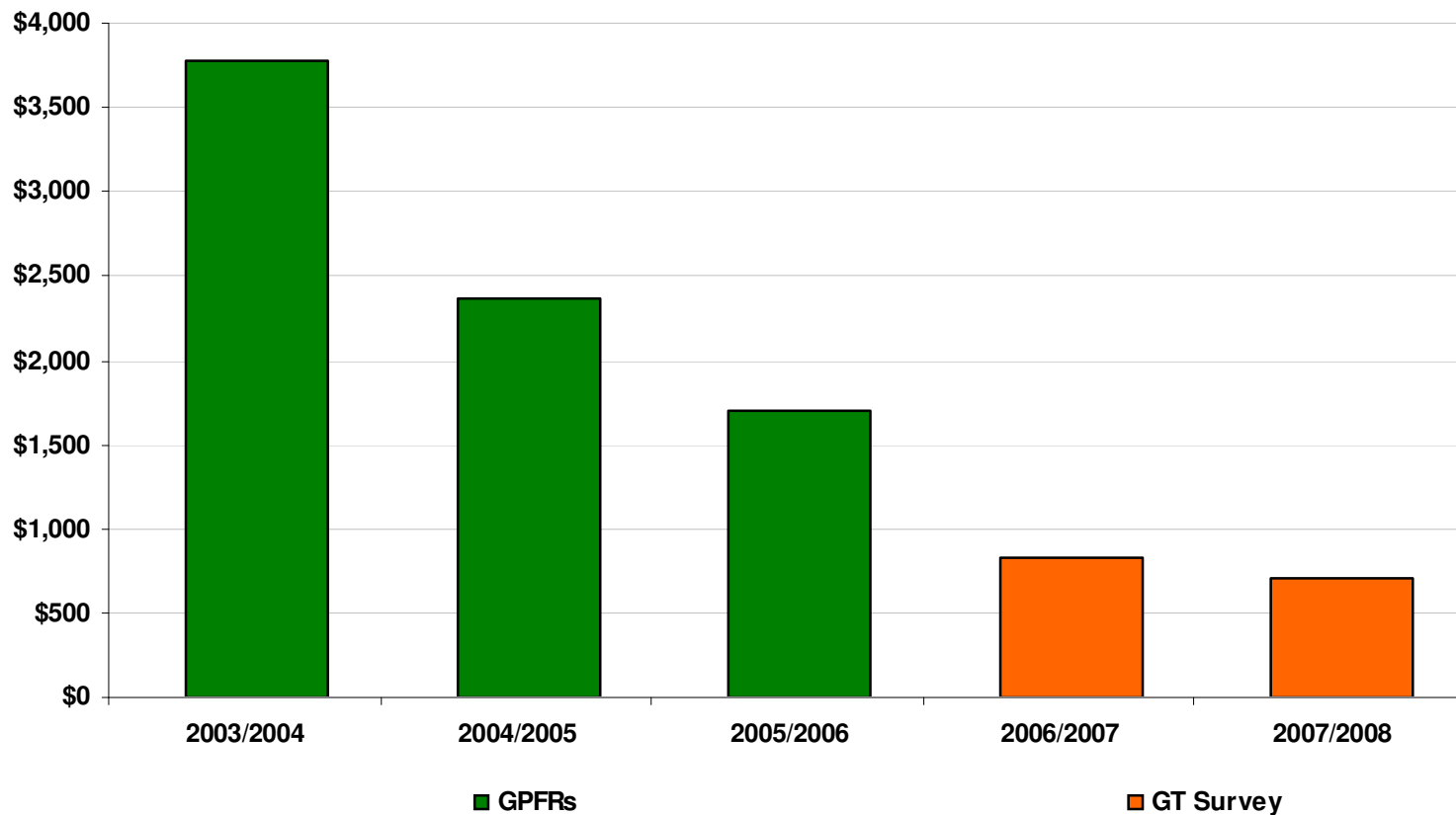
Aged Residential Care – EBITDA Returns



Net Profits/Losses – All Facilities



Aged Residential Care – Net Profit per bed

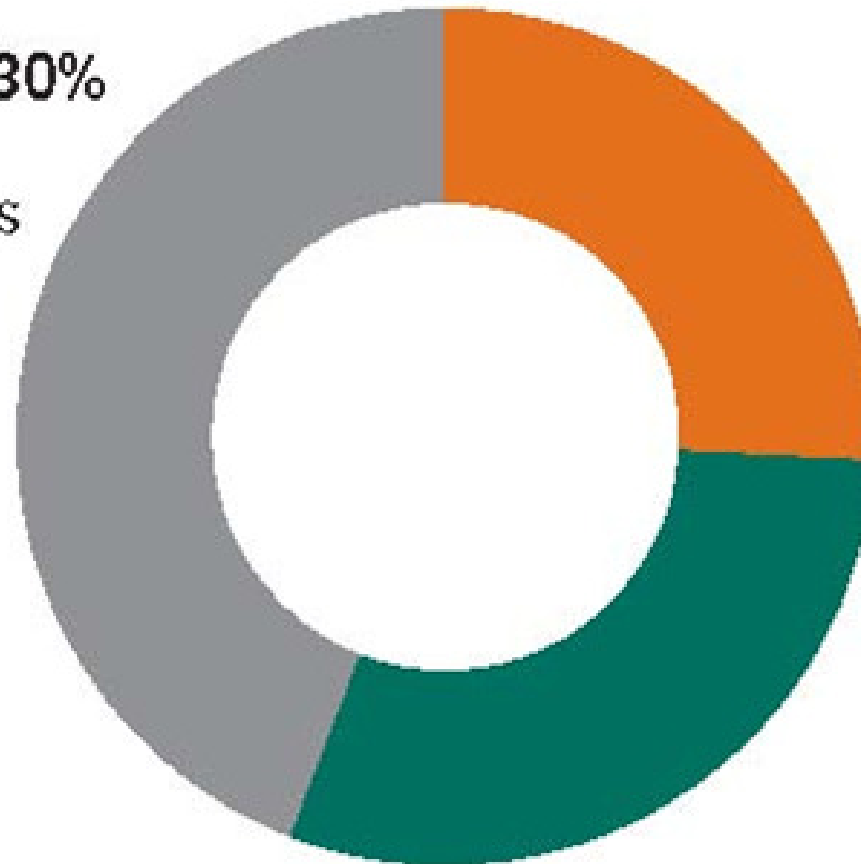


The Future – Building Stock by Age

● 0-10 Years **26%**

● 10-20 Years **30%**

● Over 20 Years
44%



Australia's Regulatory Arrangements

'It is increasingly recognised that these restrictions combine to limit the scope for effective competition between providers, weaken incentives for innovation in service design and delivery, distort investment decision making, **and risk the long-term sustainability of aged care services.**'

Productivity Commission, 2008

Future Context – Grant Thornton Predictions

Consumer directed services

- Aged care policy, planning and funding models will be developed to promote consumer choice in all forms of care services.
- The government's focus in residential care will be on promoting quality care standards, prudential regulation and accessibility.
- Balance between consumer need, fiscal sustainability and business viability.

Benefits of The Survey

2. Supporting Investment and Management Decision Making

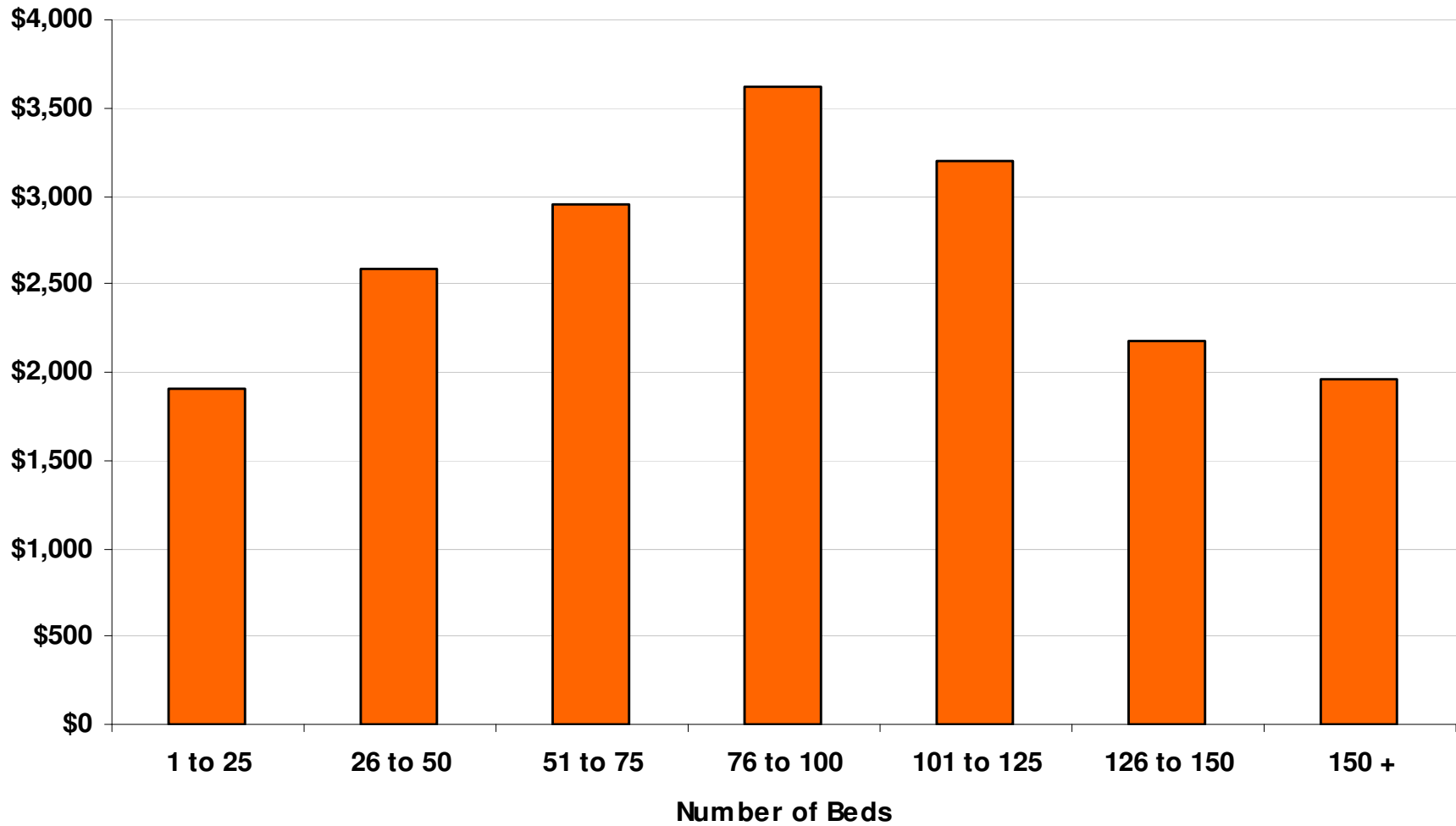
Potential to Improve Performance Beyond "Cost Cutting"

- Development/Service Strategies
- Governance/Reporting and Communication
- Human Resource Management
- Revenue Management and Cost Control

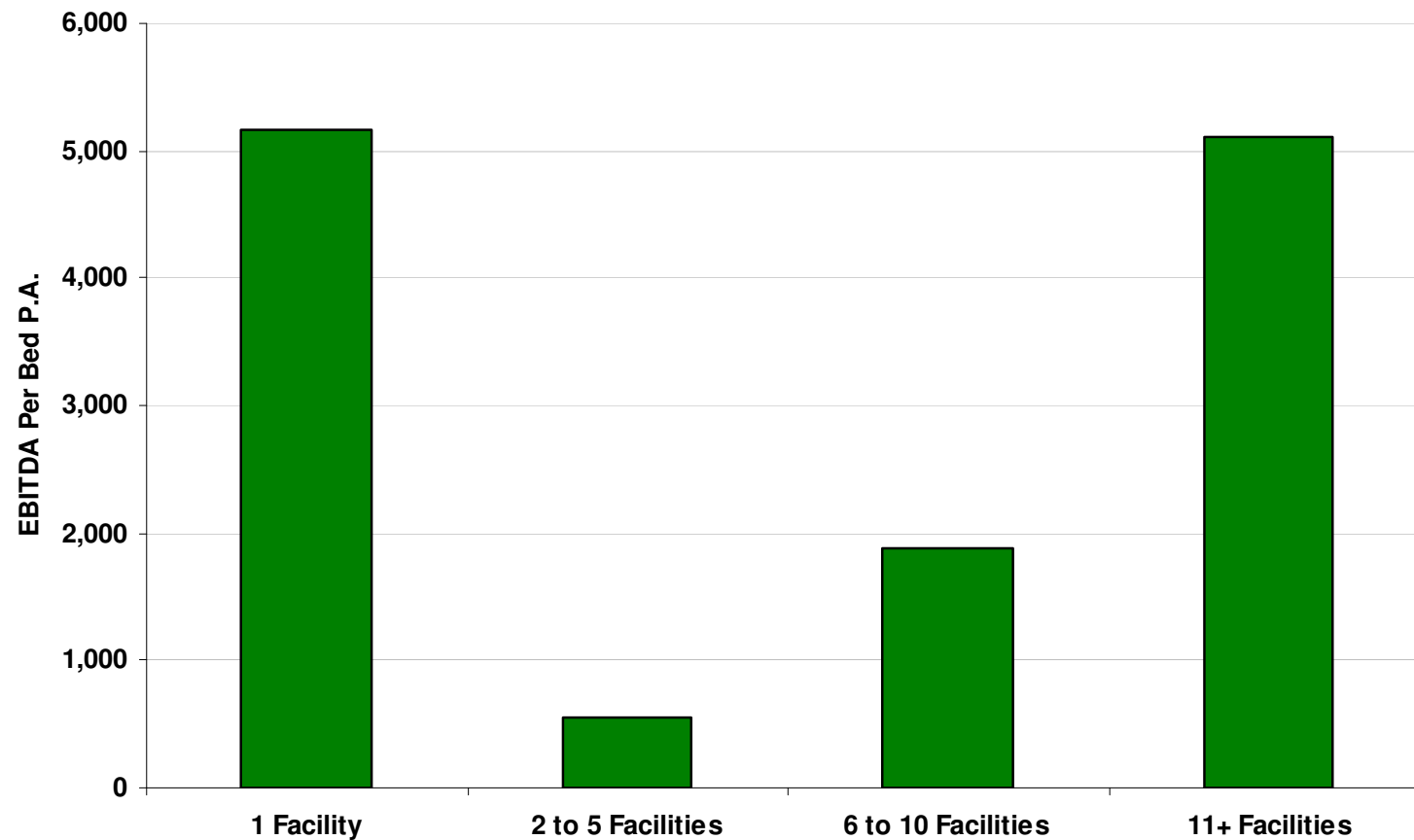
Development/Service Strategies

- Development/Redevelopment Plans
- Service Diversification
- Facility Layout and Size
- Portfolio Scale
- Service Type

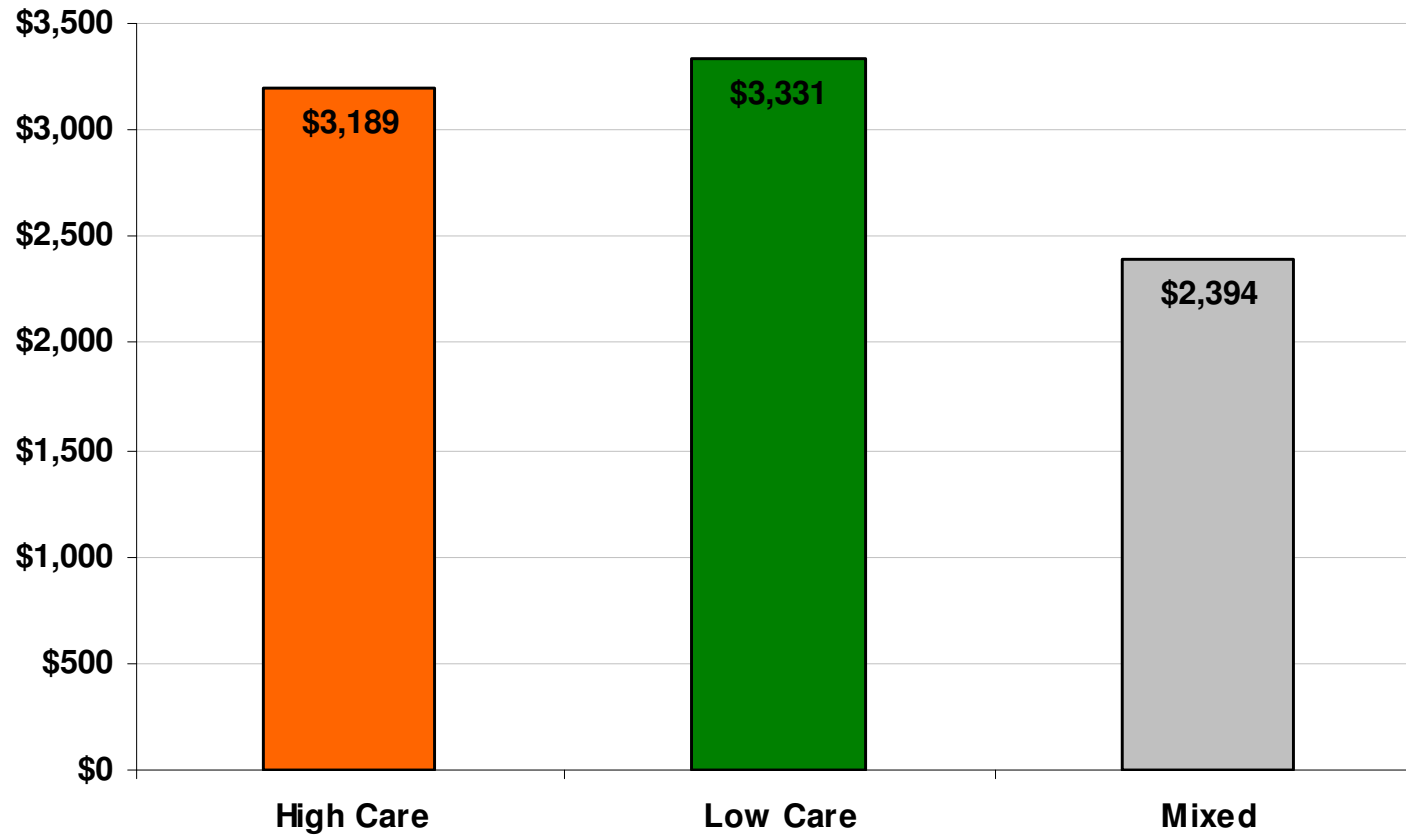
Development/Service Strategies – Facility Scale



Development/Service Strategies – Portfolio Scale



EBITDA by Service Type



Governance and Resource Management

- Management Reporting
- Strategic Planning
- Internal Audit
- Board Composition

Human Resource Management

- Facility Managers
- Head Office Administration
- Performance Appraisals

Revenue Maximisation/Cost Control

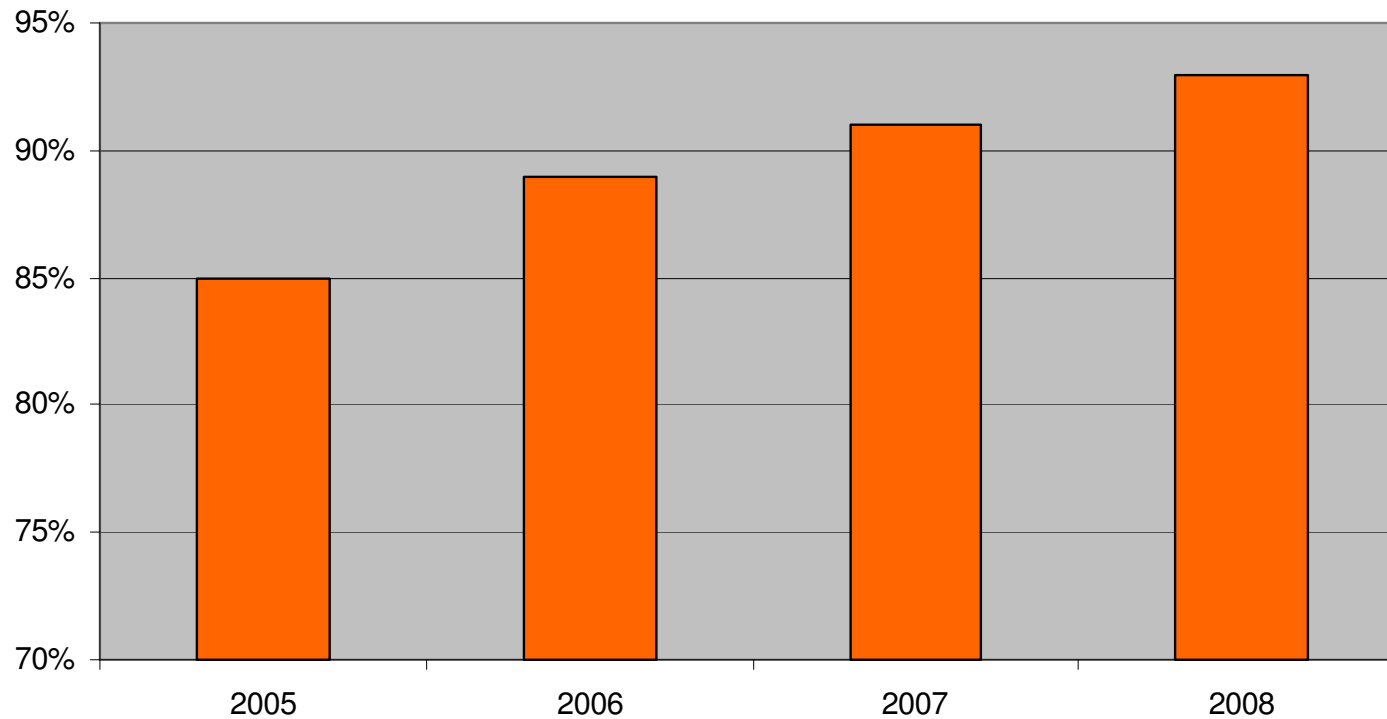
- Fee/Bond Management
- Roster Control
- Contract Management

Returning to the Topic of "Cost Cutting"

1. Resident Priority
2. Cost Cutting Targets

New Zealand – Addressing the Problem

Facility Occupancy NZ



Source: HCPNZ 2008 Survey

Aged Residential Care Service Review

1. Website information -
www.arc.grantthornton.co.nz
2. Survey Forms – Due October/November 2009
3. Reporting of Results 2010



Questions