



Optioning up the Car - LASA 2018

2018 Small Car of the Year

Neo Sport	Maxx Sport	Touring	SP25 Astina
\$23,490	\$25,490	\$27,490	\$35,790



Mazda 3

Which package suits you

Feature	Neo Sport	Maxx Sport	Touring	SP25 Astina
Blind Spot Monitoring	✗	✓	✓	✓
Satellite Navigation	✗	✓	✓	✓
Dual-Zone Climate Control	✗	✓	✓	✓
Leather Seats	✗	✗	✓	✓
Keyless Entry	✗	✗	✓	✓
Automatic Headlights	✗	✗	✓	✓
Active Driving Display	✗	✗	✗	✓
Premium Bose Audio	✗	✗	✗	✓
Radar Cruise Control	✗	✗	✗	✓
Sunroof	✗	✗	✗	✓

Profitability in aged care – one side of the story



45% OF

FACILITIES AND

18% OF

PROVIDERS

ARE NOT MAKING A PROFIT

The flip side



55% OF

FACILITIES AND

82% OF

PROVIDERS MAKE A
PROFIT

Revenue streams in RAC

ACFI – Done to death gov. reaction

Basic Daily Fee – Indexation only

DAP over RAD – Market pressures

Higher accommodation Supplement – 23% ROI

Additional Services – Which model Mazda would you like?



Additional Services - Quick facts

Possibilities

- Increase revenue/margins and reduce dependence on Govt revenue
- \$2000 - \$7,000 potential EBITDA per place
- Ignore additional services = struggle financially

Required

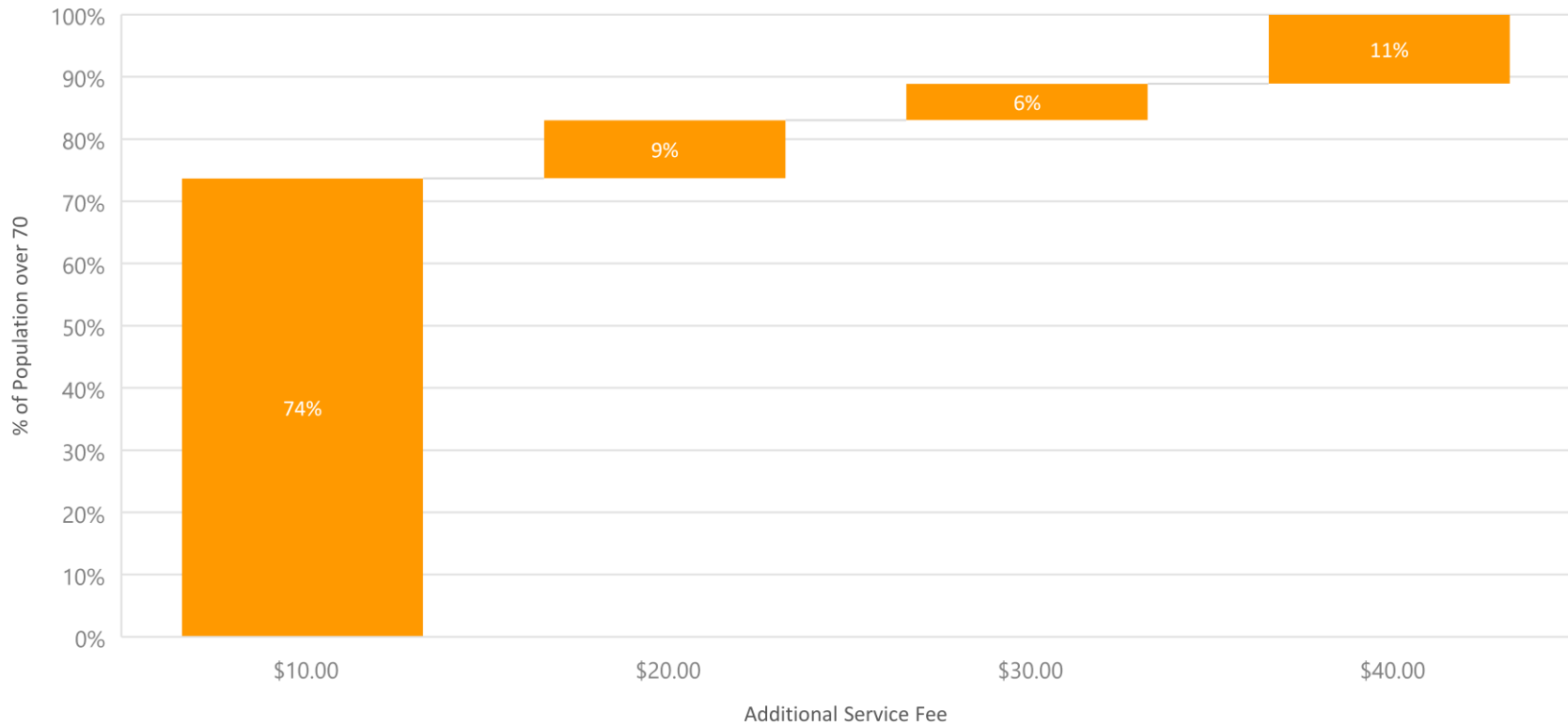
- A disciplined approach to packaging and promotion
- Offer needs to be dynamic
- Focus on features and benefits – Astina v Neo

Why bother

	Lump sum -RAD	Rental - DAP	Lump sum and rental	Advantage Club
RAD	\$489,900	N/A	\$245,000	\$120,000
DAP		\$80per day	\$40.00	\$60 per day
Advantage club package	Not included	Not included	Not included	\$12 per day
Monthly payment to facility	Paid Upfront	\$2,400	\$1,200	Deducted from the RAD
Interest on arrears	5.96%	5.96%	5.96%	Waived

Marginal revenue of \$4,380pbpa!

It's like buying a car

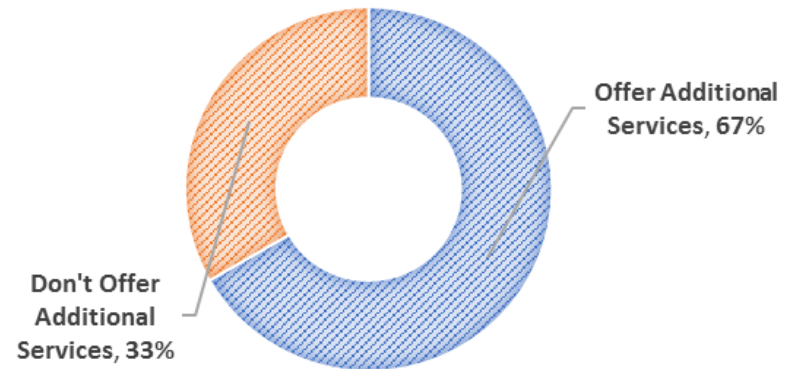


Our research

- Most large FP providers have a **tiered** Additional Service packages
- Only **33% of NFP** providers in our sample offer Additional Services
- Smaller providers tend to offer Additional Services **on request**

ADDITIONAL SERVICE OFFERINGS

■ Offer Additional Services ■ Don't Offer Additional Services



Consumers make choices



Consumers make choices

Who are you appealing to?



Only **9%** of consumers don't want choice

Consumer Directed Care

Consumer-focused Providers understand the importance of choice!

Additional Services provide residents with greater choice, control, and flexibility.

Additional Services are services residents want rather than need.

Compliance issues

Section 52F-3 and 52J -7

Deduct:

1. DAP from RAD if requested
2. Can increase the DAP if 1 applies
3. Amounts specified in the Fees and Payments principles
4. Amounts agreed with the care recipient

We already charge a big RAD

Hard to charge people a new fee

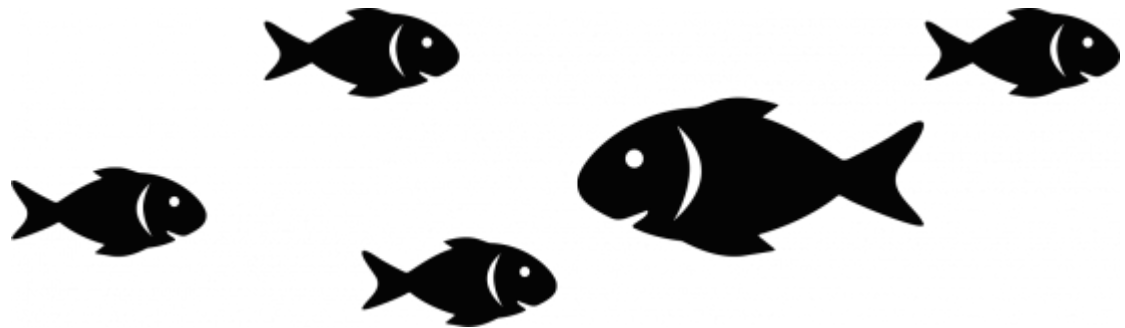
All our residents have dementia

Our residents can't afford it

Are you ready to change?

Resistance to Change – Core Reasons

- Afraid of failure – mini goals and support
- Lack of belief – Medicare mantra
- Don't know how – Training and support
- No time – Add resources
- Don't care – Lets discuss your future opportunities



The Pride Living Approach

It's the little things that
make life wonderful

ADVANTAGE CLUB

SO
MUCH MORE,
FOR JUST
A LITTLE
MORE

ADVANTAGE CLUB

SO MUCH MORE, FOR JUST A LITTLE MORE.

More information on our Advantage Club packages and fees is available on the separate Additional Services Fees & Charges sheet or contact us.

Want to know more

Additional Services Research Report

Email bruce.bailey@prideliving.com.au
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PrideLiving Insight Report Additional services for residential aged care

The opportunities and the issues

October 2017

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