



## Media statement

Tuesday 20 June 2023

### Response to media coverage regarding IHACPA's aged care pricing advice

Statement attributed to IHACPA CEO Professor Michael Pervan:

"The Independent Health and Aged Care Pricing Authority (IHACPA) is concerned at the misrepresentation of IHACPA's recent residential aged care pricing advice to the Australian Government (the Government) relating to the Fair Work Commission (FWC) wage case.

"IHACPA has not recommended to the Government that only three quarters of Australian nurses require funding for a pay rise. IHACPA does not set prices or policy for aged care services, nor do we make recommendations on worker pay rises.

"IHACPA's role is to provide the Government with impartial advice on the national price of residential aged care using available evidence, while the Department of Health and Aged Care (the Department) is responsible for operating and managing the residential aged care system.

"On the available evidence, the residential aged care price recommended by IHACPA includes provision for funding of all nurses, on both award rates and enterprise agreements, at a rate at least 15 per cent above the current Nurses Award rate.

"To calculate this price, IHACPA undertook a comprehensive analysis of available data and existing policy settings. This included:

- the FWC's interim decision which included a requirement that the Nurses Award rate for aged care workers is increased by 15 per cent;
- review of submissions to the FWC Work Value Case – Aged Care Industry which showed 23.4 per cent of Australian nurses on enterprise agreements are currently paid at least 15 per cent above the existing Nurses Award rate; and
- labour expenditure information included in the Aged Care Financial Report.

"Increasing the expected cost of nurse wages by the full 15 per cent for Australian aged care nurses on the Nurses Award or on enterprise agreements less than 15 per cent above the award results in an average increase of 11.5 per cent, as published in IHACPA's Residential Aged Care Pricing Advice 2023-24 Technical Specifications. This results in a price which includes costs for nursing labour at a rate at least 15 per cent above previous award rates as determined by FWC.

"IHACPA also provides advice on the AN-ACC price that informs care funding. The AN-ACC funding model incorporates adjustments to address legitimate and unavoidable costs faced by the sector including rural and remote location and facility size. IHACPA reviews the model annually to ensure identification of emerging trends, costs and required adjustments.

"The payment of aged care workers is a matter for the Department and aged care providers. The Department has provided aged care service providers with guidance on payment rates

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for workers on both enterprise agreements and award rates. It states that ‘providers must pass on all the additional funding allocated to wage increases to their workers in the form of an increase in wages’.”

### Links

- [Residential Aged Care Pricing Advice 2023–24](#)
- [Residential Aged Care Pricing Advice 2023-24 Technical Specifications](#)
- The scope of IHACPA’s pricing advice aligned with the [Expectations Setting Paper provided by the Minister of Health and Aged Care and the Statement of Intent](#) released by IHACPA.

ENDS

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