



Annual Report 2024–25

Independent Health and Aged
Care Pricing Authority (IHACPA)

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Acknowledgement of Country

We respect and acknowledge the Traditional Owners and Custodians throughout Australia and recognise their continuing connection to land, sky, waters and culture. We pay our respect to people, communities and Elders today and those who walk in spirit.

Artwork by Chern'ee Sutton

Approval by accountable authority

The Independent Health and Aged Care Pricing Authority is a corporate Commonwealth entity. This report has been prepared in accordance with the requirements of sections 17BA to 17BF of the Public Governance, Performance and Accountability Rule 2014. This report also contains information required under other applicable legislation, including the *Work Health and Safety Act 2011*.

As the accountable authority for the purposes of the *Public Governance, Performance and Accountability Act 2013*, I am responsible for preparing this annual report and providing a copy to the responsible minister.



Professor Michael Pervan

Chief Executive Officer

Independent Health and Aged Care Pricing Authority

8 September 2025

Table 1: Details of accountable authority during the current report period (2024–25)

Professor Michael Pervan		
	Position title	Date of commencement
	Chief Executive Officer (CEO)	1 February 2023
	Qualifications of the accountable authority	Date current appointment ends
	Bachelor of Arts (Honours) UWA 1987	31 January 2028
	Cert. Legal Studies ECU 1998	
	Churchill Fellow 1998	Number of meetings of the Pricing Authority attended
	Experience of the accountable authority	10
	Professor Michael Pervan was appointed as CEO of IHACPA on 1 February 2023. Prior to this, Michael was Secretary of the Department of Natural Resources and Environment Tasmania, the Department of Communities Tasmania and the Department of Health, where for nearly a decade he was responsible for designing and implementing major health sector and organisational reforms.	Executive / Non-executive member
	Michael has represented Western Australia and Tasmania at the Australian Health Ministers Advisory Council and at the Council of Australian Governments' working groups on system reform, health workforce and mental health over a number of years.	Executive

Letter of transmittal



IHACPA

Ref: D25-16931

The Hon Mark Butler MP
Minister for Health and Ageing
Minister for Disability and the National Disability Insurance Scheme
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister,

On behalf of the Independent Health and Aged Care Pricing Authority (IHACPA), I am pleased to submit to you IHACPA's annual report and financial statements for the financial year ended 30 June 2025 for presentation to parliament.

The Annual Report 2024–25 has been prepared in accordance with the requirements of the *National Health Reform Act 2011*, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

The report's annual performance statements were prepared in accordance with the requirements of section 39 of the PGPA Act. The report includes the agency's audited financial statements, as required by section 42 of the PGPA Act.

As required by section 10 of the PGPA Rule, I certify that IHACPA has in place appropriate measures to prevent, detect and manage the risk and incidents of fraud.

Yours sincerely,

Professor Michael Pervan
Chief Executive Officer
Independent Health and Aged Care Pricing Authority

8 September 2025

cc: The Hon Sam Rae MP, Minister for Aged Care and Seniors

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Welcome from Pricing Authority Chair

I am pleased to present the Independent Health and Aged Care Pricing Authority's (IHACPA) Annual Report for 2024–25.

Over the past year, IHACPA continued to advance its core objective of promoting efficiency in the costs of health and aged care services across Australia. The agency's dedication to transparent and evidence-based advice and decisions has ensured it remains widely trusted and respected.

National efficient price and cost determinations for public hospitals

Informed by extensive consultation with jurisdictions and the public, IHACPA released its National Efficient Price (NEP) and National Efficient Cost (NEC) Determinations for 2025–26 (NEP25 and NEC25) in March 2025.

The NEP25 reflects the growth in the average unit cost of delivering public hospital services in the 2022–23 financial year, as collected through the National Hospital Cost Data Collection. A significant milestone this year was the transition of community mental health care services from block funding to activity based funding (ABF) using the Australian Mental Health Care Classification (AMHCC) Version 1.1. This followed 4 years of shadow pricing using AMHCC Version 1.0 and represented the first patient service category to move from block funding to ABF since IHACPA's inception. It represents a major step forward in enhancing transparency within our healthcare system.

Aged care pricing and costing advice

IHACPA continues to play a pivotal role in supporting the transformation of Australia's aged care system. In 2024, IHACPA held its first public consultation to inform the development of pricing advice for in-home aged care services. This consultation enabled broad engagement with stakeholders and informed the Support at Home pricing advice delivered to the Australian Government Minister for Health and Ageing in February 2025.

IHACPA also expanded its aged care cost data collections to gain a more detailed understanding of service delivery costs and drivers of variation, and provided its second residential aged care pricing advice to the Australian Government.

I am extremely pleased with IHACPA's progress in refining its provision of aged care pricing and costing advice. Through robust evidence and strong collaboration, IHACPA is contributing to a more responsive and sustainable aged care system that can meet the growing needs of an ageing population.

Commendations

In January 2025, we farewelled Ms Jenny Richter AM, who had served on IHACPA's Pricing Authority since 2020. Over her 5 years with us, she provided invaluable guidance, informed by her deep expertise in medical research and precision medicine. On behalf of the Pricing Authority, I extend my sincere thanks for her significant contributions.

We also warmly welcomed Professor Maria Inacio to the Pricing Authority. As an accomplished epidemiologist and Director of the Registry of Senior Australians (ROSA) Research Centre, Professor Inacio brings a wealth of knowledge and fresh perspective to our work and strategic direction.

I extend my sincere thanks to the members of the Pricing Authority for their time, expertise and sound judgment. I also recognise the many individuals and organisations, including Australian governments, public hospitals, aged care providers and other stakeholders, whose input supports IHACPA's efforts.

I would also like to acknowledge The Hon Mark Butler MP, Minister for Health and Ageing, for his leadership and continued support of IHACPA's vision.

On behalf of the Pricing Authority, I thank IHACPA's CEO and staff. Their dedication, expertise and commitment to our vision continue to drive meaningful change and reinforce IHACPA's position as the trusted price-setting institution in Australia's care economy.



Mr David Tune AO PSM

Chair, Independent Health and Aged
Care Pricing Authority

2024–25 highlights

These are some of the key achievements from IHACPA's Work Program for 2024–25.

Figure 1 – 2024–25 highlights



2025

March

- » National Efficient Price Determination 2025–26 and National Efficient Cost Determination 2025–26 released.
- » Residential Aged Care Supplementary Pricing Advice 2024–25 released.
- » National Hospital Cost Data Collection Public Sector Review Report 2022–23 released.

May

- » Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2026–27 released.
- » Pricing Framework for Australian Residential Aged Care Services 2025–26 released.
- » National Hospital Cost Data Collection Assurance Dashboard published.
- » National Hospital Cost Data Collection Public Sector Report 2022–23 released.
- » Education to support the implementation of ICD-10-AM/ACHI/ACS Thirteenth Edition released.

February

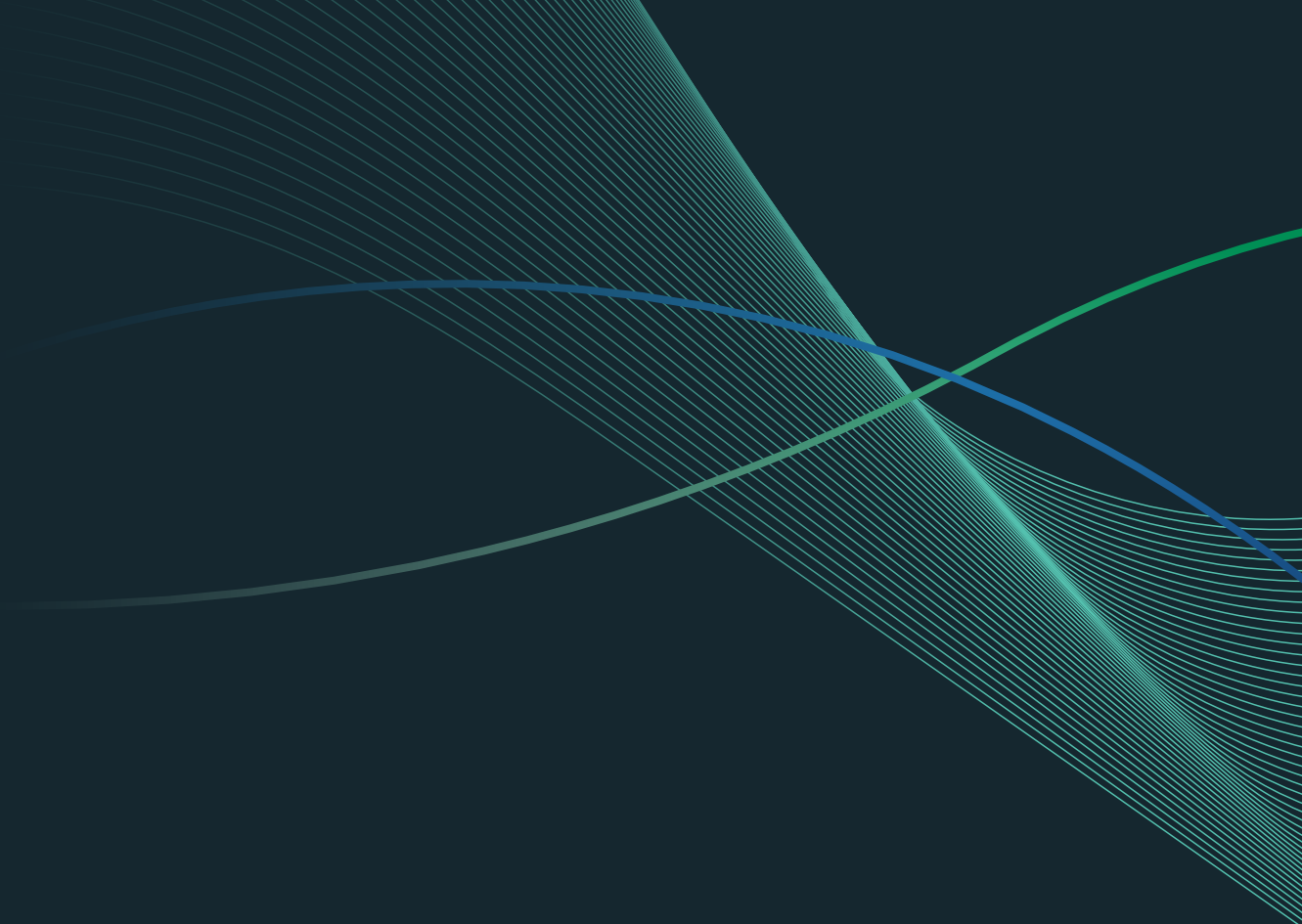
- » IHACPA's first Human Capital Plan developed.
- » Virtual Care Project - Final Report released.
- » First Support at Home Pricing Advice 2025–26 and Pricing Framework for Australian Support at Home Aged Care Services 2025–26 delivered to the Minister for Health and Ageing.

April

- » ICD-10-AM/ACHI/ACS Thirteenth Edition released.
- » Draft Residential Aged Care Pricing Advice 2025–26 delivered to the Minister for Health and Ageing.

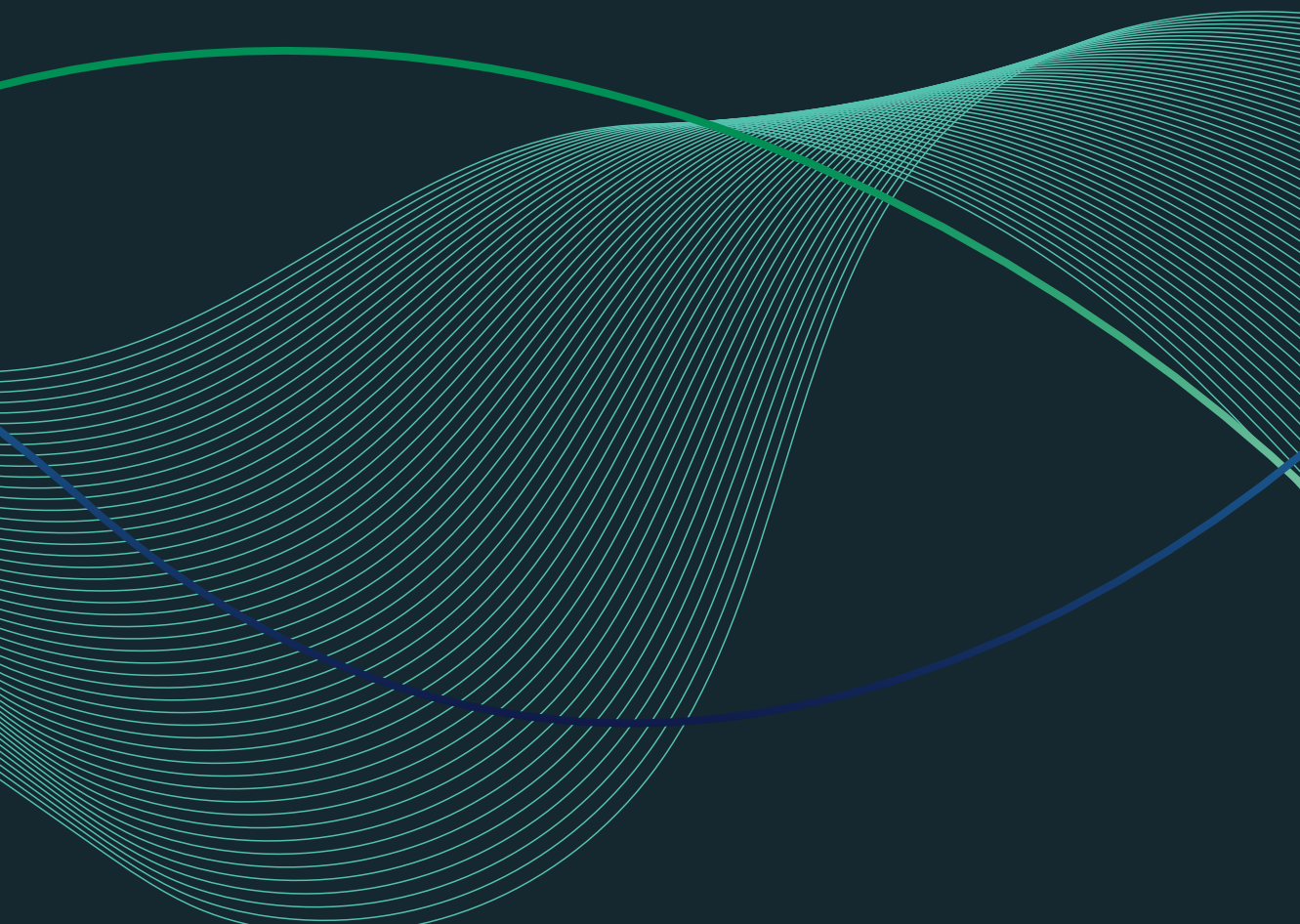
June

- » IHACPA Work Program and Corporate Plan 2025–26 released.
- » IHACPA Three Year Data Plan 2025–26 to 2027–28 released.
- » Supplementary Block-Funding Advice delivered to the Administrator of the National Health Funding Pool for 2024–25 and released.
- » Consultation Paper on the Pricing Framework for Australian Support at Home Aged Care Services 2026–27 released.



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Overview



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1.1 Introduction

IHACPA is an independent government agency established in 2011 under the *National Health Reform Act 2011* (NHR Act) to promote improved efficiency in, and access to, public hospital and aged care services.

IHACPA is a corporate Commonwealth entity governed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The Chief Executive Officer of IHACPA is the accountable authority under the PGPA Act.

This annual report describes the operations and performance of IHACPA during 2024–25. The report was prepared in accordance with legislated reporting requirements under the PGPA Act.

In August 2025, IHACPA published its Strategic Plan 2025–30. Our vision, purpose and values that shape our work are outlined in Figure 2.

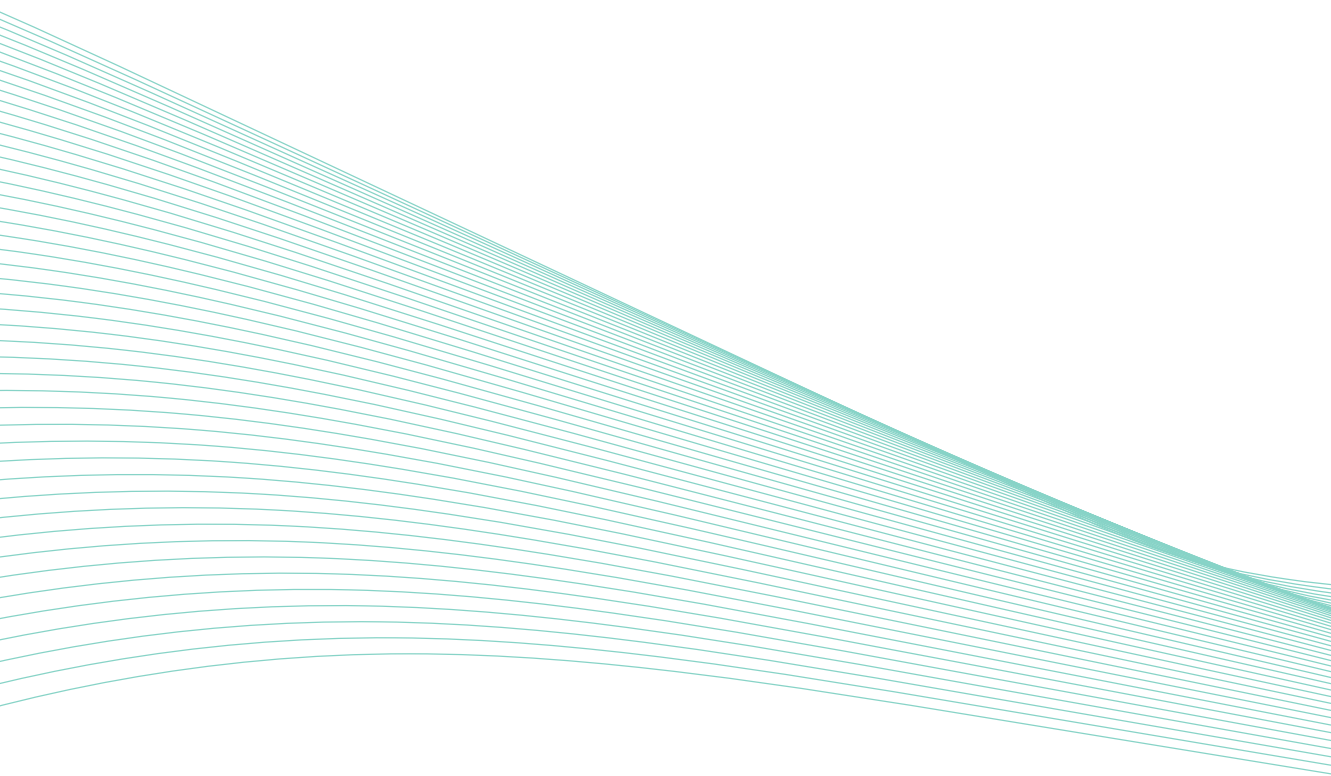


Figure 2 – Our strategy

Our strategy

Our vision

A sustainable Australian care system that is accessible, resilient and delivers quality care outcomes for everyone.

Our values

**Inclusive**
We work better together

**Trustworthy**
Integrity defines us

**Curious**
Innovation drives us forward

Our purpose

We use evidence to make fair and equitable decisions that drive efficiency and promote better value, and higher quality care services.



1.2 What we do

Functions

Public hospitals

IHACPA was established under the NHR Act, giving effect to the National Health Reform Agreement (NHRA) signed by the Australian Government and all Australian states and territories in August 2011.

The functions of IHACPA pertaining to pricing and funding for public hospital services are specified under Section 131 of the NHR Act and include:

- » determining the national efficient price (NEP) for health care services provided by public hospitals where the services are funded on an activity basis
- » determining the national efficient cost (NEC) for health care services provided by public hospitals where the services are block funded
- » developing block funding criteria and determining which hospitals, services and functions are eligible for block funding or a combination of activity based funding (ABF) and block funding
- » developing and specifying classification systems for health care and other services provided by public hospitals
- » determining adjustments to the NEP to reflect legitimate and unavoidable variations in the costs of delivering health care services
- » determining data requirements and data and coding standards to apply in relation to data to be provided by jurisdictions, including:
 - data and coding standards to support uniform provision of data
 - requirements and standards relating to patient demographic characteristics and other information relevant to classifying, costing and paying for public hospital functions
- » except where otherwise agreed between the Commonwealth and a state or territory, determining the public hospital functions that are to be funded in the state or territory by the Commonwealth.

Additionally, the NHRA sets out the intention of all Australian governments to work together to improve health outcomes for every Australian.

On 29 May 2020, all Australian governments signed the Addendum to the NHRA 2020–25. In February 2025, the current Addendum to the NHRA 2020–25 was amended and extended and signed by Australian governments for the period 1 July 2025 to 30 June 2026.

This annual report describes operations and performance of IHACPA during the 2024–25 financial year and is based on the requirements set out in the NHR Act and the Addendum to the NHRA 2020–26.

Aged care

IHACPA's functions in relation to the provision of advice on aged care pricing and costing matters are specified under Sections 130(2)(b) and 131A of the NHR Act and include:

- » providing aged care pricing advice about changes in the cost of care and methods for calculating amounts of subsidies to be paid for aged care services
- » reviewing data, conducting studies and undertaking consultation for the purpose of providing aged care pricing and costing advice
- » performing such functions as conferred by the *Aged Care Act 1997* or the *Aged Care (Transitional Provisions) Act 1997*¹, including the approval of refundable accommodation deposits above the threshold set by the Minister for Health and Ageing and the approval of increases to extra service fees
- » performing other functions relating to aged care (if any) specified in regulations
- » undertaking other actions incidental or conducive to the performance of the above functions.

¹ The Australian Parliament passed the [Aged Care Act 2024](#) as the new law for government-funded aged care in Australia on 25 November 2024. The new Act will commence from 1 November 2025 and aligns with the launch of the new [Support at Home program](#).

Provision of advice to the Australian Government on other health care pricing or costing matters

Under section 131(1a) of the NHR Act, IHACPA is also required to advise the Australian Government on other health care pricing or costing matters (whether or not the matters relate to health care services provided by public hospitals).

In 2021, the department commenced 4 years of reform activity to improve the Prescribed List (previously referred to as the Prostheses List) and its arrangements. These reforms include changes aimed at improving the alignment of the Prescribed List scheduled benefits with prices paid in the public hospital system, streamlining the administration of the list, and better defining the purpose and scope of the Prescribed List. Revisions to the purpose and scope of the Prescribed List aim to provide greater clarity and certainty about which items are eligible for inclusion on the Prescribed List.

To support the implementation of the Prescribed List reforms, IHACPA established a public benchmark price for prostheses in Australian public hospitals. This public benchmark price informed benefit reductions that have been implemented in the Prescribed List.

In September 2024, to further support the Prescribed List reforms, IHACPA provided advice to the department on updated estimates of projected benefits and savings associated with the Prescribed List reforms.

Additionally, as announced in the Federal Budget 2024–25, IHACPA was requested by the Minister for Health and Ageing to undertake initial work with the Department of Social Services and the National Disability Insurance Agency to investigate opportunities to reform the National Disability Insurance Scheme's (NDIS) pricing arrangements. IHACPA undertook extensive consultation and analysis to inform its review of existing pricing approaches of the NDIS and to develop a pricing data strategy. IHACPA provided the requested advice regarding potential reform to the Australian Government in December 2024 for its consideration.

Responsible minister

IHACPA sits within the Australian Government Health, Disability and Ageing portfolio.

The ministers responsible from 1 July 2024 to 2 May 2025 were the Hon Mark Butler MP, Minister for Health and Aged Care and the Hon Anika Wells MP, Minister for Aged Care and Minister for Sport.

Following the federal election on 3 May 2025 the Hon Mark Butler MP was reappointed as Minister for Health and Ageing and appointed Minister for Disability and the National Disability Insurance Scheme. The Hon Sam Rae MP was appointed Minister for Aged Care and Seniors.

Ministerial directions and government policy orders

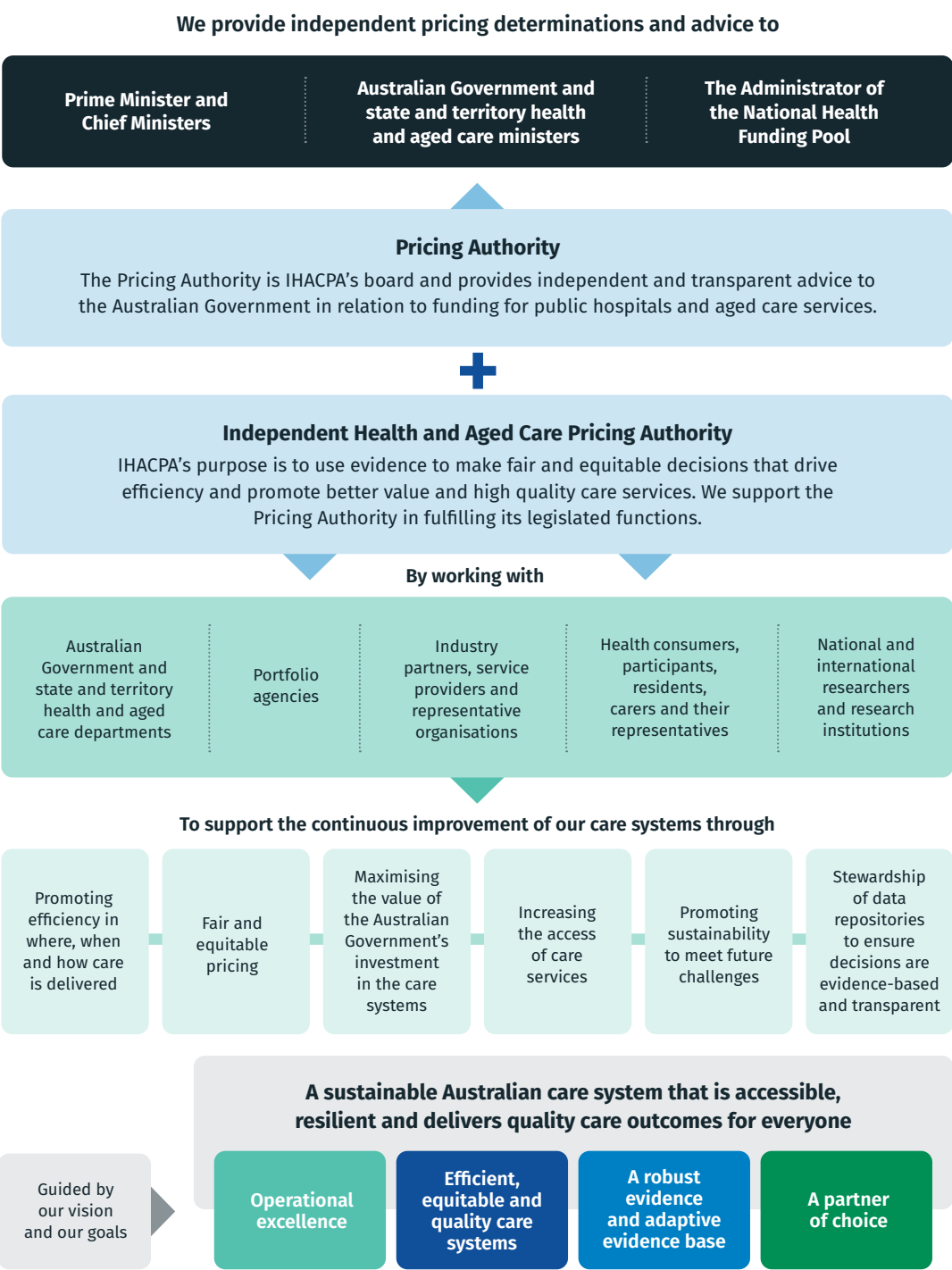
IHACPA did not receive any ministerial directions in 2024–25.

Our role in the care economy

Our commitment to making fair, equitable and evidence-based decisions and working with our stakeholders reflects our broader vision for a care economy that is accessible, resilient and delivers quality outcomes for everyone. Our role in the care economy is outlined in Figure 3.

We actively engage our stakeholders to leverage their expertise in shaping policy and technical decisions. Our stakeholders include government departments and agencies, clinicians, technical experts, research entities and care providers, residents and carers. In return, we are committed to providing clear, timely and accessible information including the data, analysis and policy considerations involved in all our decision making.

Figure 3: IHACPA's role in the care economy



1.3 CEO's year in review

Once again, it is a privilege to see the high calibre of work that our staff at IHACPA strive for every day reflected in this year's annual report. Throughout the 2024–25 financial year, our commitment to innovation, collaboration, and excellence has continued to guide us in our work. Our approach, which is data-driven, consultative and transparent, continues to guide IHACPA in providing fair, independent and evidence-based decisions and advice.

Strategic Plan 2025–30

This year marked the development of IHACPA's first Strategic Plan 2025–30, published in August 2025. Informed and driven by the voices of our staff, the plan outlines our long-term vision for the care economy and sets a clear direction for our agency over the next 5 years. It reflects a collective commitment to investing in our people, strengthening relationships across the care economy and ensuring our work continues to be informed by robust and adaptive evidence and methods.

I would like to thank IHACPA's dedicated staff who contributed to the Strategic Plan through interviews, focus groups and feedback. It reflects our collective aspirations and builds a strong foundation for our future.

Partnerships

In 2024–25, IHACPA expanded its engagement with leading academic institutions to deepen our research capability and enhance the impact of our work across the care economy. We continued our work under the memorandum of understanding with the University of Sydney and entered into a research collaboration with the University of British Columbia. These partnerships, along with our broader engagement with domestic and international research and policy institutions, have been instrumental in providing insights into the forecasted impacts of Australia's growing and ageing population. Together, we are identifying new opportunities and strategies to meet the challenges ahead.

Through these collaborations and our ongoing engagement with industry leaders, we are advancing technical methodologies, exploring broader policy and pricing impacts and working to address persistent reform barriers in the health and aged care systems.

A major highlight of the year was the Evolution of the Care Economy Summit, hosted by IHACPA on 3 July 2024 in partnership with the Leeder Centre for Health Policy, Economics and Data at the University of Sydney. The summit brought together international and local speakers and more than 400 delegates (joining both in person and online) from across the care economy, including health care, aged care and disability sectors. It provided a platform to discuss shared challenges, exchange lessons and shape forward-looking research and policy agenda. Central themes included enhancing integration, building resilience and creating stronger, more sustainable systems across the care economy.

Thank you

I would like to take this opportunity to highlight the contributions made by our advisory committees whose expert guidance and advice play a critical role in shaping IHACPA's work. Additionally, I thank our health and aged care partners, including the Australian Government, state and territory governments, working groups, industry stakeholders and consumers. Your insights, experience and willingness to collaborate and contribute are vital to our progress and success.

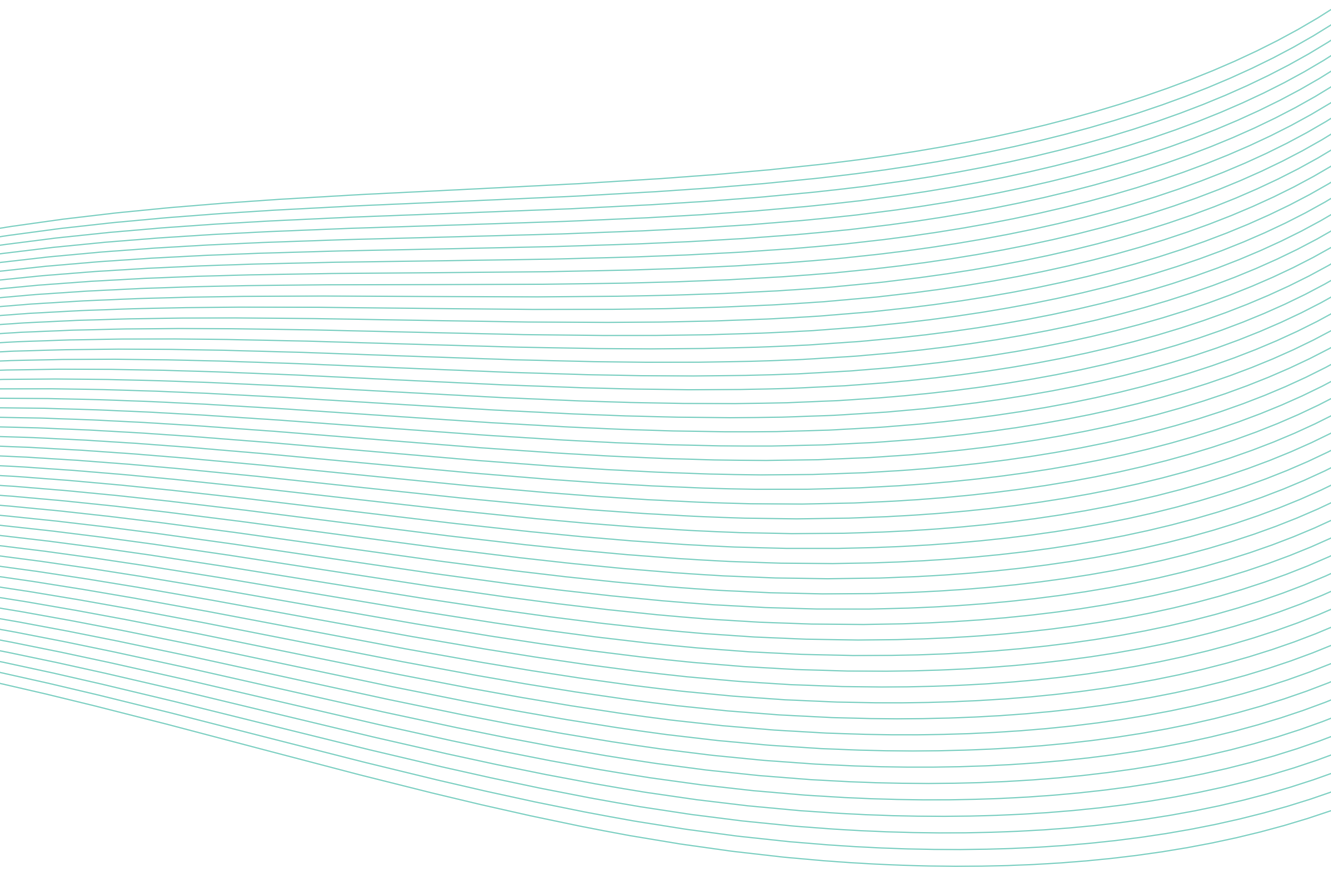
I would also like to thank our Pricing Authority Chair, Mr David Tune AO PSM, and all members of the Pricing Authority for their continued guidance and support.

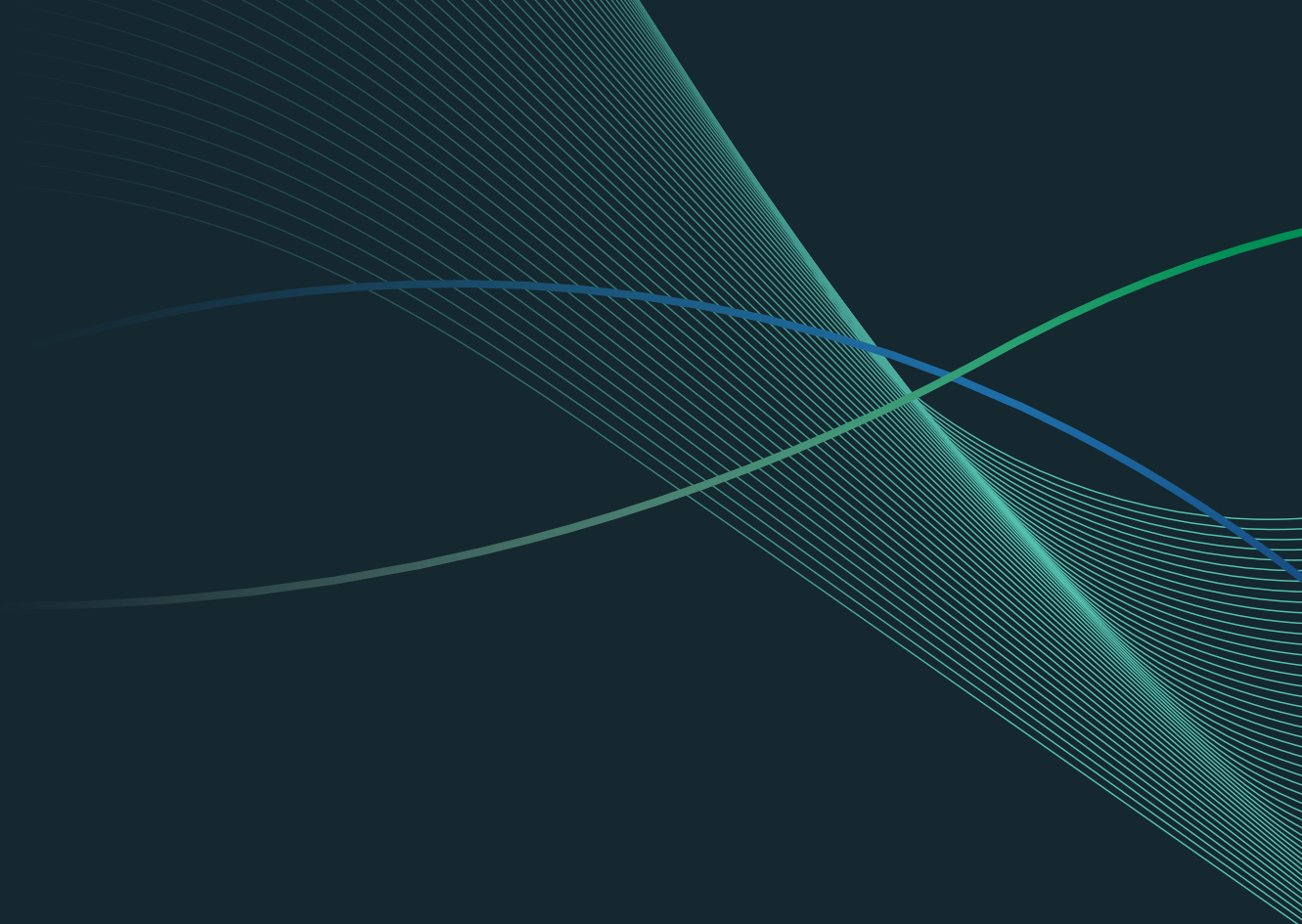
Finally, I wish to acknowledge our dedicated IHACPA staff. I am proud of the positive, inclusive and supportive workplace culture we have built together and remain committed to nurturing it into the future. I am incredibly proud of all we have accomplished this year and look forward to continuing this important work.

Sincerely,



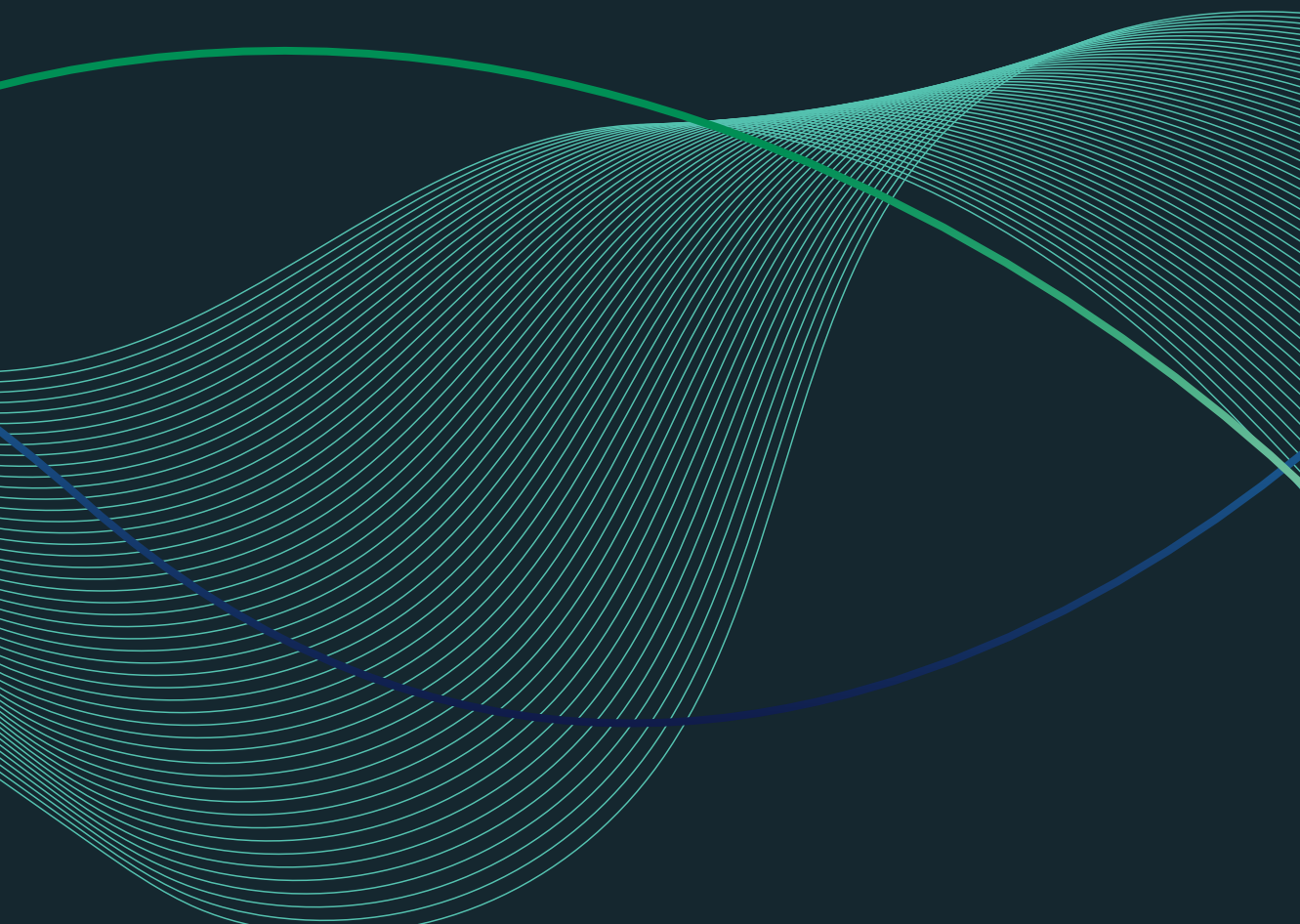
Professor Michael Pervan
Chief Executive Officer





02

Our agency



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2.1 Organisational structure

IHACPA is a corporate Commonwealth entity consisting of a Chair, Deputy Chair (Hospital Pricing), Deputy Chair (Aged Care Pricing), and up to 6 other members.

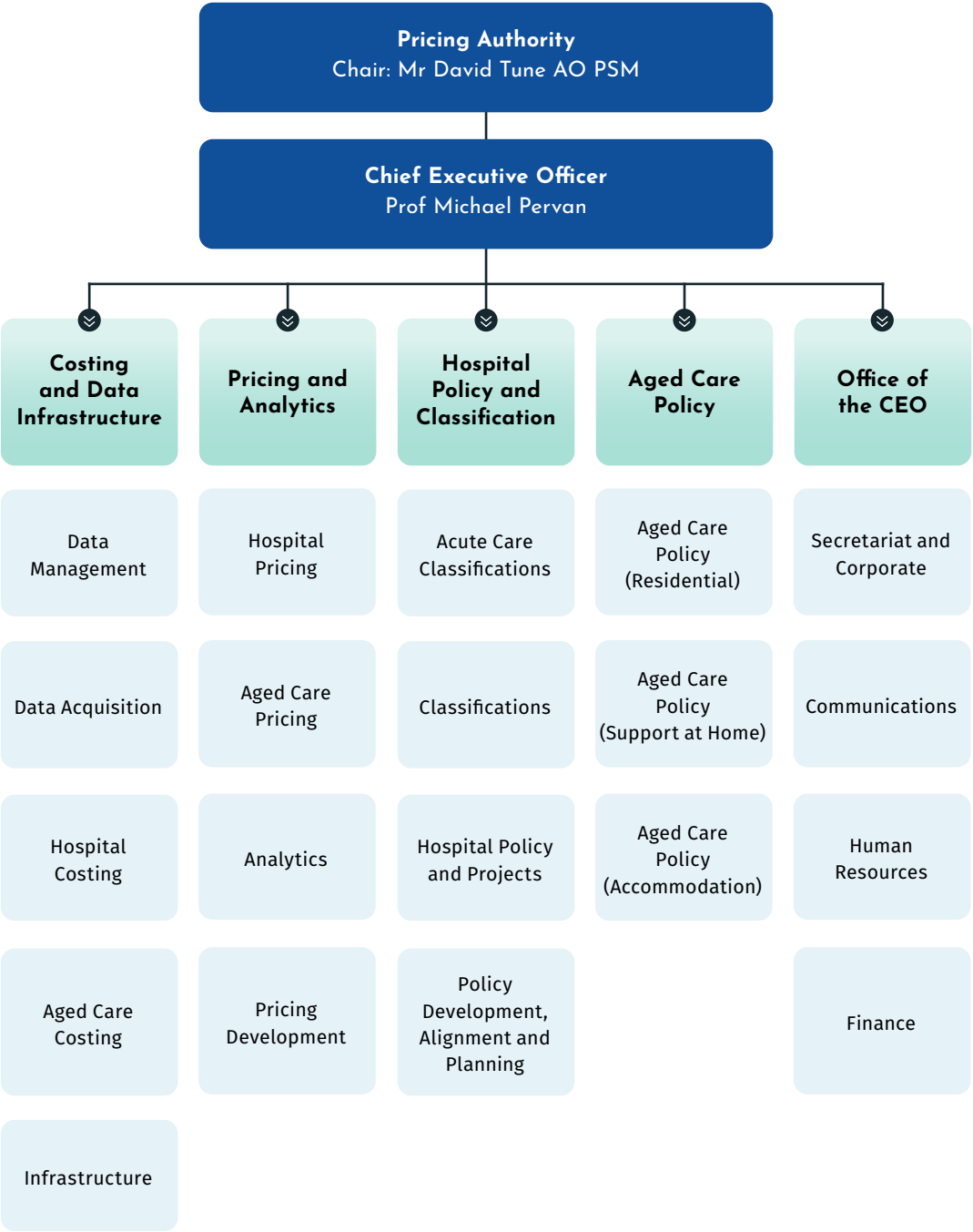
The Pricing Authority is IHACPA's governing body and it provides advice to the government in accordance with the requirements of the *National Health Reform Act 2011*. See Chapter 3 for more information about the Pricing Authority.

The CEO is responsible for the day-to-day management of IHACPA and our staff. IHACPA is based in Sydney.

The organisational structure of IHACPA is depicted at Figure 4.

To achieve its annual program of work, IHACPA consults and collaborates with the Australian Government, state and territory governments, advisory committees, key stakeholders and the public.

Figure 4: IHACPA’s organisational structure at 30 June 2025



2.2 Management of human resources

The CEO is IHACPA's only employee. All other staff are seconded from the Australian Government Department of Health, Disability and Ageing. IHACPA staff work at the direction of the CEO under a memorandum of understanding with the department.

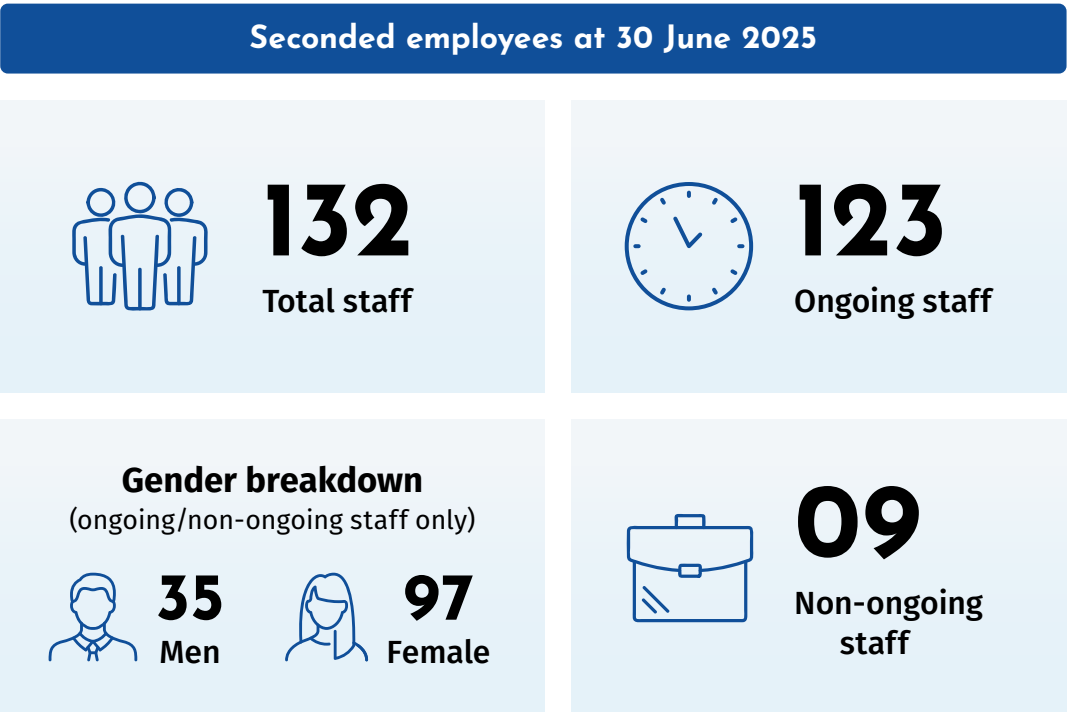
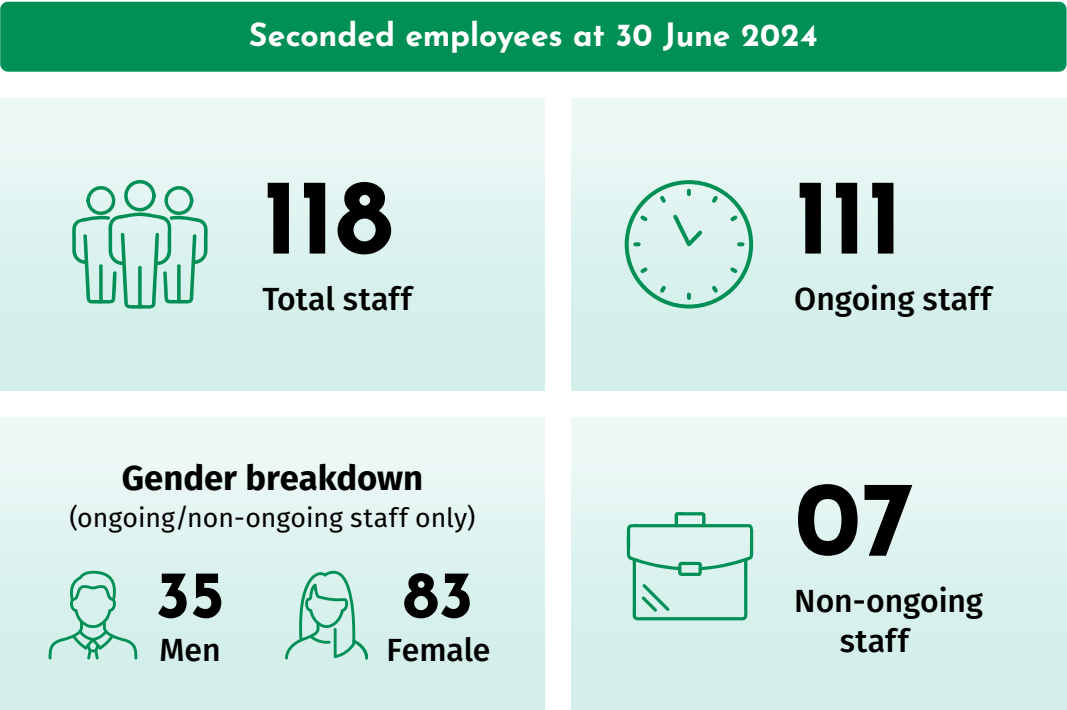
IHACPA continues to place great value in creating a productive and inclusive workplace, where staff can optimise their work-life balance through flexible working arrangements, which are made seamless by effective technological support.

IHACPA has developed a Human Capital Plan to guide the recruitment, development, engagement and retention of the people it needs to meet its strategic objectives. This plan is being progressively implemented over a 3-year period, commencing in 2024–25. The plan will be reviewed and updated as needed to reflect any future organisational changes or challenges.

Workforce statistics at a glance

IHACPA is committed to the recruitment and retention of a diverse workforce (for example, in gender, age, cultural and linguistic background, disability, indigeneity and LGBTQI+) and actively promotes an inclusive workplace culture. Figure 5 presents a summary of the composition of the IHACPA workforce in 2024–25 including total staff, gender breakdown, and employment type. The full workforce statistics for IHACPA are available in Appendix C.

Figure 5: IHACPA workforce statistics



Staff development

IHACPA cultivates, values and supports staff by developing their skills and capabilities to meet their work requirements, as well as to achieve their full potential. IHACPA also promotes a culture where people have opportunities to work across teams to broaden their expertise.

IHACPA supports individuals to undertake higher education, attend training and conferences, and develop their capabilities through on-the-job learning opportunities like higher duties and participation in team projects. In 2024–25, IHACPA's training investment averaged \$887 per staff member.

Education and training

Individual staff are able to access training that meets their job requirements or career aspirations as part of their performance development plans. This includes the following:

- » Neurodiversity Awareness Training
- » Artificial Intelligence in Government Fundamentals Training
- » Integrity and Fraud Prevention Training
- » Procurement Training
- » Cyber-Security Awareness Training.

Work health and safety

In 2024–25, IHACPA's Work Health and Safety Committee continued to manage work health and safety matters in accordance with the *Work Health and Safety Act 2011* (WHS Act).

The committee met 4 times during the year and dealt with a range of work health and safety matters. Quarterly workplace inspections were conducted by health and safety representatives.

In 2024–25, IHACPA employees continued to have access to the department’s preventative, early intervention and rehabilitation initiatives and services to support health and wellbeing including:

- » the Coronavirus disease 2019 (COVID-19) and flu vaccination program
- » flexible working options to balance professional and personal commitments
- » an Employee Assistance Program for employees and their families
- » an extensive catalogue of webinars for both personal and workplace issues
- » workplace assessments and ergonomic equipment, such as sit-to-stand desks.

In 2024–25, no notifiable work, health and safety incidents were identified and no work, health and safety investigations were conducted. Additionally, no injuries to IHACPA employees were reported during 2024–25.

Reporting on employees seconded to IHACPA under a memorandum of understanding will be undertaken by the department in its 2024–25 Annual Report.

IHACPA participated in Comcare’s Regional Engagement Program. Each year Comcare undertakes proactive inspections of Commonwealth agencies under the WHS Act. Two inspections were undertaken in 2024–25, which focused on incident management in August 2024 and consultation, coordination and cooperation in January 2025. There were no adverse findings and Comcare formed the view that IHACPA had systems in place, to consult, coordinate and cooperate with workers and other duty holders at the workplace.

Advertising and market research

In 2024–25, IHACPA commissioned no advertising that must be reported under section 311A of the *Commonwealth Electoral Act 1918*.

Key management personnel

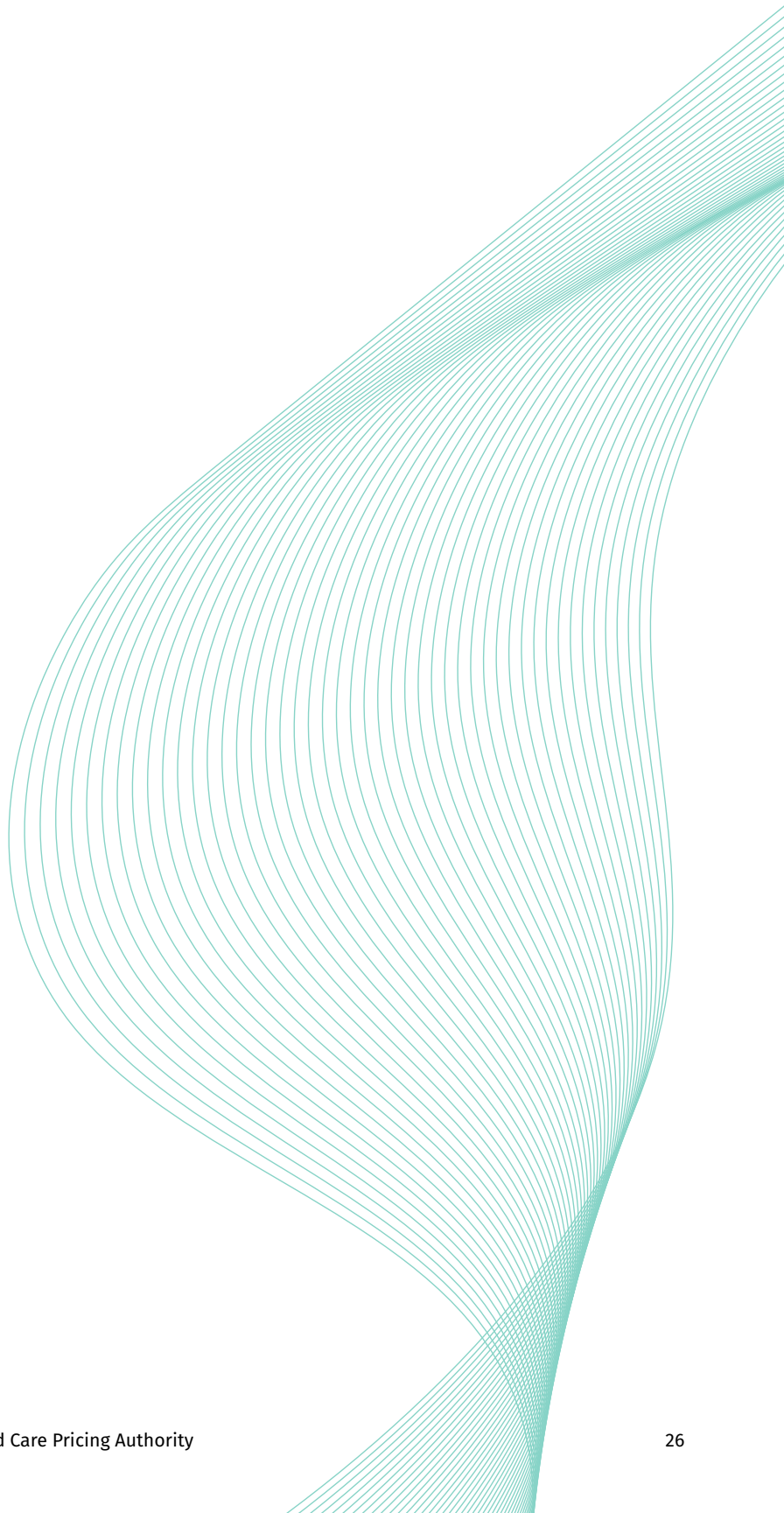
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. IHACPA has determined our key management personnel to be the CEO and each member of the Pricing Authority. The disaggregated key management personnel remuneration information in Table 2 complies with the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

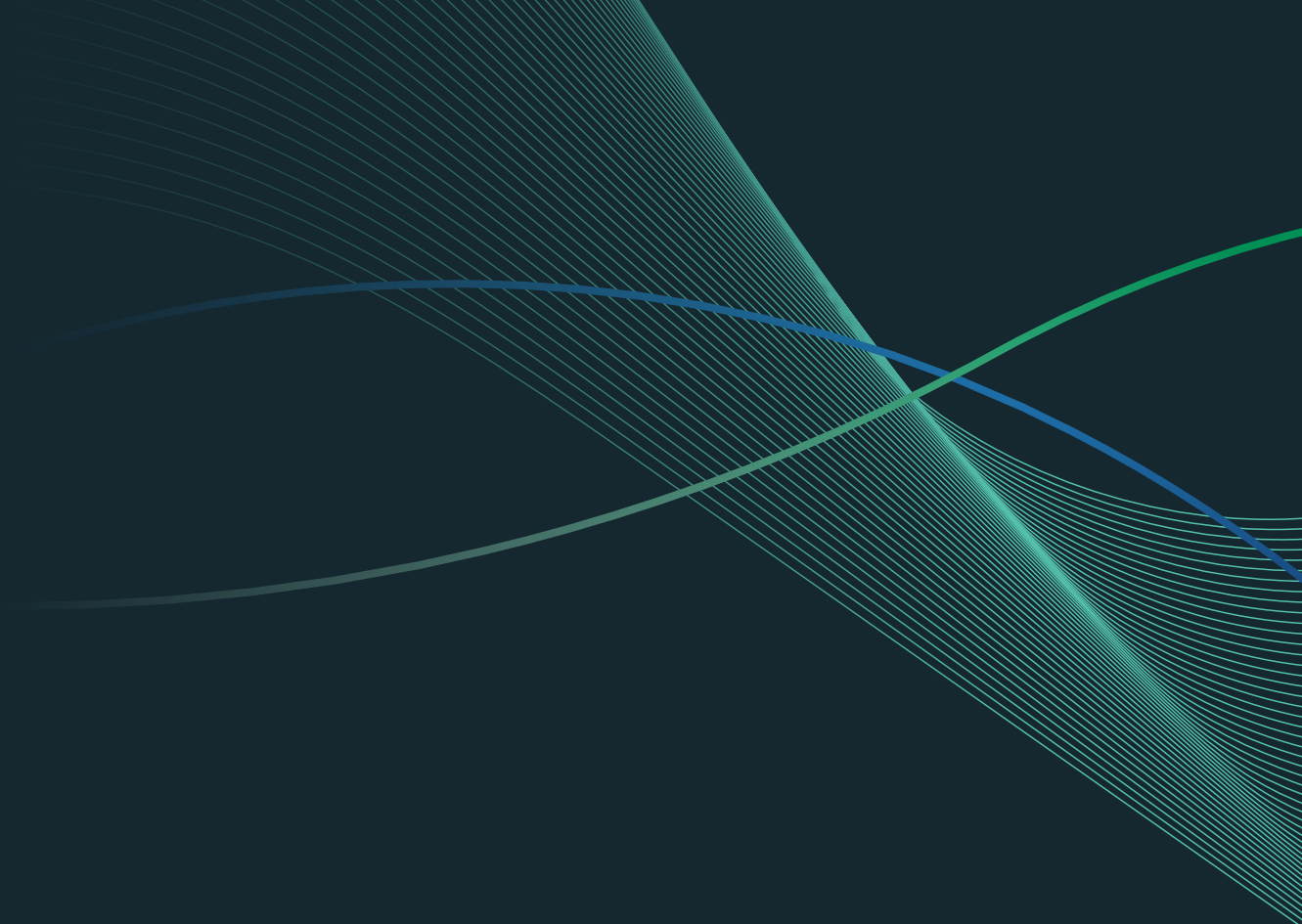
Table 2: Remuneration for key management personnel 2024–25

Name	Position Title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long-term leave	Other service benefit	Termination	Total benefits remuneration
		\$	\$	\$	\$	\$	\$	\$	\$
Mr Glenn Appleyard	Pricing Authority member	51,910	-	-	7,994	-	-	-	59,904
Dr Adam Coltzau	Pricing Authority member	51,910	-	-	5,970	-	-	-	57,880
Ms Prudence Ford	Pricing Authority member	51,910	-	-	5,970	-	-	-	57,880
Distinguished Prof Jane Hall AO	Pricing Authority member	51,910	-	-	5,970	-	-	-	57,880
Prof Maria Inacio ²	Pricing Authority member	23,583	-	-	2,712	-	-	-	26,295
Dr Stephen Judd AM	Pricing Authority member: Deputy Chair (Aged Care Pricing)	77,860	-	-	8,954	-	-	-	86,814
Prof Michael Pervan	Chief Executive Officer	573,805	-	-	29,985	11,811	-	-	615,601
Ms Jenny Richter AM ³	Pricing Authority member	32,324	-	-	3,717	-	-	-	36,041
Mr David Tune AO PSM	Pricing Authority member: Chair	103,811	-	-	11,938	-	-	-	115,749
Ms Jennifer Williams AM	Pricing Authority member: Deputy Chair (Hospital Pricing)	77,860	-	-	8,954	-	-	-	86,814
Total		1,096,883	-	-	92,164	11,811	-	-	1,200,858

2 Prof Maria Inacio: appointed on 6 January 2025

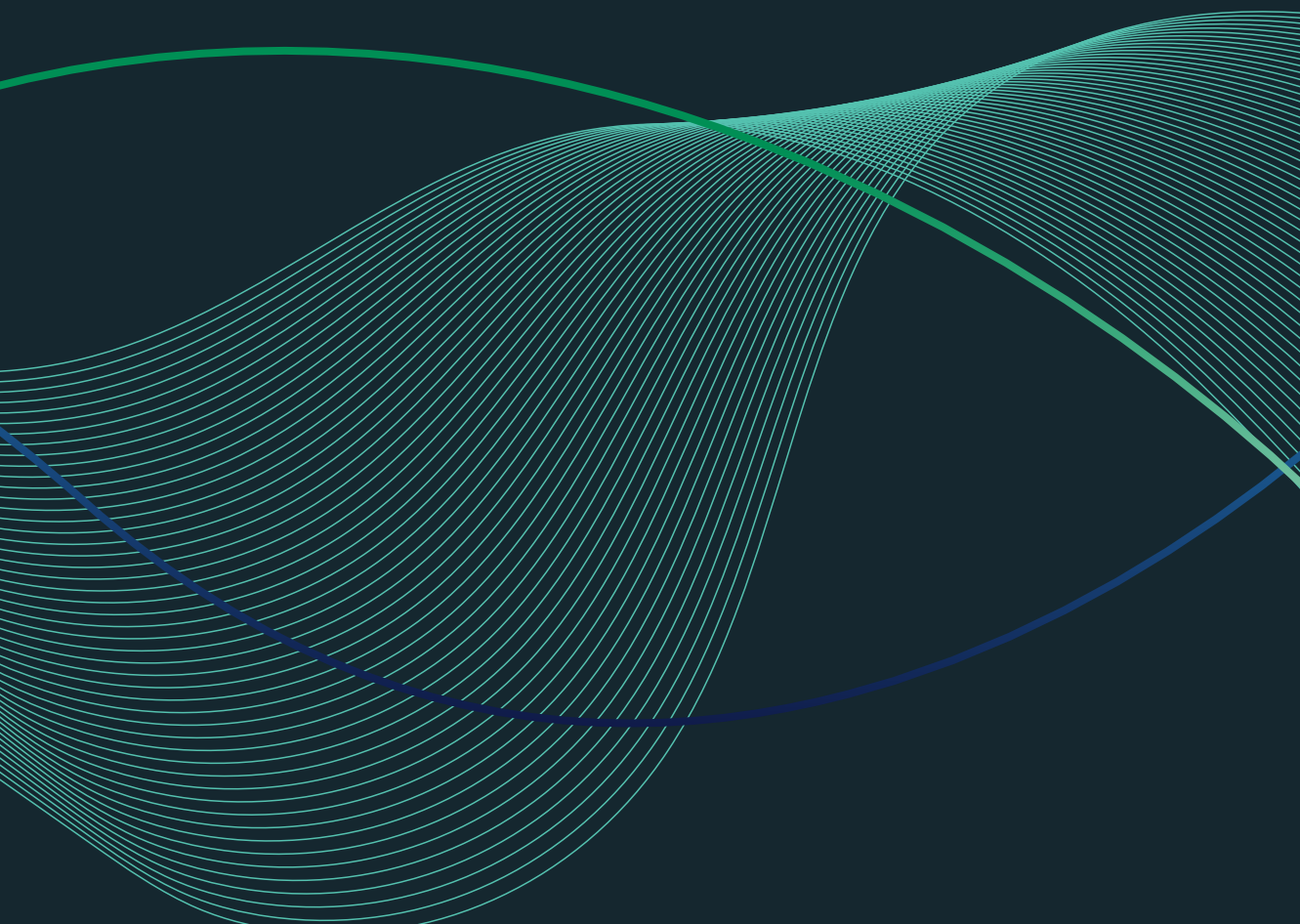
3 Ms Jenny Richter AM: appointment expired on 31 January 2025





03

Governance and accountability



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3.1 The Pricing Authority

The Pricing Authority provides independent and transparent advice to the Australian Government in relation to the pricing of public hospital and aged care services.

Pricing Authority members are appointed for a period of up to 5 years and can be reappointed. The Chair and the Deputy Chair (Aged Care Pricing) are appointed by the Minister for Health and Ageing. The Deputy Chair (Hospital Pricing) is appointed with the agreement of first ministers of all states and territories. The remaining Pricing Authority members are appointed with the agreement of the Prime Minister and first ministers of the states and territories.

Members of the Pricing Authority bring significant and varied expertise to their roles, including substantial experience and knowledge of the health and aged care sectors, health care needs, and the provision of these services in regional and rural areas.

The Pricing Authority is supported by the Chief Executive Officer (CEO), who is responsible for the running of IHACPA. All Pricing Authority members are non-executive.



Mr David Tune AO PSM, Chair

Mr David Tune AO PSM was appointed Chair of the Pricing Authority with effect from 1 February 2022.

He was formerly Chair of the Aged Care Sector Committee that provided advice to the Commonwealth Government on aged care from early 2015 to July 2021.

He has undertaken many reviews for the Commonwealth and state governments, including the Legislative Review of Aged Care in 2016.

Mr Tune was Secretary of the Australian Government Department of Finance from 2009 until 2014.



Ms Jennifer Williams AM, Deputy Chair, Hospital Pricing

Ms Jennifer Williams AM is an experienced board member and is currently the Chair of Northern Health and completed her term as Chair of Yooralla in 2024–25 after 9 years.

Ms Williams has previously held the positions of Chief Executive of the Australian Red Cross Blood Service, Chief Executive of Alfred Health and Chief Executive of Austin Health. She has considerable experience in the health sector over several decades, working across the hospital, aged care and community sectors.



Dr Stephen Judd AM, Deputy Chair, Aged Care Pricing

Dr Stephen Judd was Chief Executive of health and aged care services provider, HammondCare, from 1995–2020. When he stepped down, HammondCare had grown to provide care and services to more than 25,000 clients.

Dr Judd has written and contributed to books on dementia care, aged care design and the role of charities in contemporary Australian society. He has served on numerous government and industry committees. Until 2020, he was a member of the Advisory Council of the Australian Aged Care Quality Agency.

He has served as a Senior Visiting Fellow at the School of Population Health, UNSW Medicine, University of New South Wales and as the inaugural Fellow, Council on the Ageing, a peak consumer advocacy group, until the end of 2022.



Mr Glenn Appleyard

Mr Glenn Appleyard was a member of the Australian Accounting Standards Board from 1 January 2003 to 31 December 2011.

Mr Appleyard has held several senior positions within the public service, including Deputy Secretary in the Tasmanian and Victorian Departments of Treasury and Finance, and Regional Director for the Australian Bureau of Statistics in Tasmania.

He was a member of the Commonwealth Grants Commission for 11 years and was the Chair of the Tasmanian Economic Regulator.



Ms Prudence Ford

Ms Prudence Ford is a member of the Health Consumers' Council of Western Australia. She was an inaugural member of the Medical Board of Australia and was previously a member of the National Blood Authority, the National Health and Medical Research Council, the Brightwater Care Group Board (a provider of aged and disability care services) and the Western Australian Medical Board.

Ms Ford has 30 years' experience in the public service at Commonwealth and state levels. She has held senior executive positions in the (then) Australian Government departments of Community Services and Health, Finance, and the Attorney General, and in the Western Australian Departments of Health and Premier and Cabinet.



Dr Adam Coltzau

Dr Adam Coltzau is the Director of Medical Services at St George Hospital in rural Queensland.

He is a rural generalist with extensive experience in hospital management, aged care and Aboriginal and Torres Strait Islander health.

He is a Fellow of both the Royal Australian College of General Practitioners and Australian College of Rural and Remote Medicine. He is also a senior clinical lecturer at the University of Queensland Rural Clinical School and General Practitioner Training Supervisor.

Dr Coltzau was the former President and served on the boards of the Rural Doctors Association of Queensland and the Rural Doctors Association of Australia.

He also served as the inaugural Chair of the Board of the Rural Doctors Foundation, which he helped establish.



Distinguished Professor Jane Hall AO

Professor Jane Hall AO is a Distinguished Professor of Health Economics at the University of Technology Sydney. She received the National Health and Medical Research Council Outstanding Contribution Award in 2017. She was named as one of the Australian Financial Review/Westpac 100 Women of Influence in 2016.

Professor Hall is a Fellow of the Academy of Social Sciences in Australia (and a past President) and of the Australian Academy of Health and Medical Sciences.

She has worked across many areas of health economics. Her current research is focussed on funding and financing issues and payment reform.



Ms Jenny Richter AM

Ms Jenny Richter AM holds board positions with the South Australian Health and Medical Research Institute, the Australian Bragg Centre for Proton Therapy and Research, Cancer Council Australia and the Southern Adelaide Local Health Network.

Ms Richter has previously held a number of executive roles, including Deputy Chief Executive for SA Health and Chief Executive Officer of Central Adelaide Local Health Network. She is also a past board member of Enabling Confidence at Home (ECH), a South Australian in-home aged care support provider.

Ms Richter was appointed to the Pricing Authority on 1 February 2020, providing valuable advice and participation until the end of her appointment on 31 January 2025.



Professor Maria Inacio

Professor Maria Inacio is an epidemiologist with expertise in population health surveillance, aged and health care services research. She is the Director of the Registry of Senior Australians (ROSA) Research Centre at the South Australian Health and Medical Research Institute, Matthew Flinders Professor of Health Services and Epidemiology at Flinders University Caring Futures Institute, and a National Health and Medical Research Council Fellow.

Since 2017 Professor Inacio has led the ROSA Research Centre, which includes a multidisciplinary team of over 30 researchers, dedicated to creating high quality evidence to improve the quality of care and ageing for older people. In her career, she has been awarded several competitive grants, including multiple grants as Chief Investigator from national funding bodies such as the National Health and Medical Research Council and Medical Research Future Fund, and published over 225 scientific articles.

Professor Inacio was appointed to the Pricing Authority on 6 January 2025 as the aged care expert.

Meetings of the Pricing Authority 2024-25

The Pricing Authority met on 10 occasions between 1 July 2024 and 30 June 2025. IHACPA’s CEO, Professor Michael Pervan, attended 10 meetings as the accountable authority.

Table 3: Meetings of the Pricing Authority 2024–25

Member	Meetings eligible	Meetings attended
Mr David Tune AO PSM, Chair	10	10
Ms Jennifer Williams AM, Deputy Chair, Hospital Pricing	10	10
Dr Stephen Judd AM, Deputy Chair, Aged Care Pricing	10	10
Mr Glenn Appleyard	10	9
Ms Prudence Ford	10	9
Dr Adam Coltzau	10	10
Distinguished Professor Jane Hall AO	10	9
Ms Jenny Richter AM	6	5
Professor Maria Inacio	4	3

3.2 Committees and working groups

IHACPA has developed a comprehensive committee framework. The committees provide the agency with expert advice and ensure transparency in the delivery of its work program.

IHACPA's statutory committees are comprised of the Clinical Advisory Committee (CAC), the Aged Care Advisory Committee (ACAC) and the Jurisdictional Advisory Committee (JAC). The committees are established under sections 4.10, 4.11A and 4.11 of the *National Health Reform Act 2011* (NHR Act) respectively.

Other advisory committees and working groups have been established to assist IHACPA in the performance of its functions, pursuant to Part 4.12 of the NHR Act. These include:

- » Activity Based Funding Technical Advisory Committee
- » Classifications Clinical Advisory Group
- » Diagnosis Related Groups (DRG) Technical Group
- » Emergency Care Advisory Working Group
- » International Classification of Diseases (ICD) Technical Group
- » Mental Health Working Group
- » National Hospital Cost Data Collection (NHCDC) Advisory Committee
- » Non-Admitted Care Advisory Working Group
- » Private Sector NHCDC Working Group
- » Program Management Board
- » Small Rural Hospitals Working Group
- » Stakeholder Advisory Committee
- » Subacute Care Working Group
- » Teaching, Training and Research Working Group.

Committees and working groups are structured in a way that enhances delivery of IHACPA's statutory functions. Some committees and working groups may also have sub-committees to assist in the delivery of IHACPA's work program.

All committees and working groups have terms of reference setting out their role, function, membership and reporting relationship.

The CEO has also established various internal committees to assist in management of IHACPA and its staff. These include the:

- » Audit, Risk and Compliance Committee
- » Executive Committee
- » Data Governance Steering Committee
- » Workplace Health and Safety Committee.

Jurisdictional Advisory Committee

The JAC was established under section 195 of the NHR Act. It consists of a Chair, appointed by the Pricing Authority, and 9 other members. Members represent each state and territory and the Australian Government Department of Health, Disability and Ageing.

Committee members are appointed by the head of the health department of the jurisdiction they represent.

The JAC met on 7 occasions between 1 July 2024 and 30 June 2025.

As of 30 June 2025, members of the JAC comprised:

- » Prof Michael Pervan (Chair)
- » Ms Ffine Cahill (Australian Government)
- » Ms Elizabeth Wood (New South Wales)
- » Dr Andrew Haywood (Victoria)
- » Ms Alisha Lucas (Queensland)
- » Ms Julianne TePohe (South Australia)
- » Mr Michael Moltoni (Western Australia)
- » Mr Kyle Lowe (Tasmania)
- » Mr Stathi Tsangaris (Northern Territory)
- » Ms Skye Jacobi (Australian Capital Territory).

During the reporting period, there were changes to the Australian Capital Territory, New South Wales and Tasmanian memberships.

3.3 Clinical Advisory Committee

Letter from the Chair

As the Chair of the Clinical Advisory Committee (CAC), it is a privilege to reflect on the significant milestones we have achieved in 2024–25.

Over the last 3 years, the CAC has played an instrumental role in the refinement and finalisation of the 2 major classification systems used for admitted patient care.

That is, the:

- » International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), Australian Classification of Health Interventions (ACHI) and Australian Coding Standards (ACS) Thirteenth Edition, and
- » Australian Refined Diagnosis Related Group (AR-DRG) Version 12.0.

The CAC provided invaluable clinical input on classification refinements to organ, tissue and cell procurement and transplantation, vaping and voluntary assisted dying as well as a review of Major Diagnostic Category (MDC) 14 *Pregnancy, childbirth and the puerperium* to improve the clinical meaningfulness and resource homogeneity within this MDC.

Additionally, the CAC provided advice to ensure national definitions and data collection reflected changes in clinical care. This included informing the development of a national definition of mother and baby units. We also provided advice on the appropriateness of current reporting requirements for unqualified newborns, to progress IHACPA's work to ensure data collection that underpins pricing decisions, reflects contemporary clinical practice.

In 2024–25, the CAC also worked closely with IHACPA on the review of Intensive Care Unit (ICU) eligibility criteria and associated pricing adjustment. Discussions focused on whether data beyond mechanical ventilation hours could better represent ICU complexity and whether ICU eligibility should be expanded to reflect patient and provider characteristics that drive cost variation.

I would like to take this opportunity to thank my fellow committee members for their time, expertise and thoughtful input throughout the year. This year we welcomed Professor Susan Kurrle, Dr Nhi Nguyen, Dr Lisa Kelly, Mr Andric Lu, Mr Sandeep Gupta and Associate Professor Sharon Carey as new appointees to the committee.

We also farewelled Ms Elizabeth Prowse and Professor Karrie Long. I would like to thank them for their greatly valued expertise and contributions.

I also wish to thank the Pricing Authority, IHACPA's CEO and IHACPA staff for their commitment to collaboration and the delivery of a robust program of work in 2024–25.

It is an honour to serve as Chair of the CAC and I look forward to continuing our shared work to support a healthcare system that is clinically appropriate, efficient and sustainable for all Australians.

A handwritten signature in black ink, reading "Susan Moloney". The signature is fluid and cursive, with a small flourish at the end.

Professor Susan Moloney

Chair of the Clinical Advisory Committee

About the Clinical Advisory Committee

The IHACPA CAC is a statutory committee established under section 176 of the NHR Act. Under section 177 of the NHR Act, the committee's functions are to:

- » advise the Pricing Authority in relation to developing and specifying classification systems for health care and other services provided by public hospitals
- » advise the Pricing Authority on matters that relate to the functions of the Pricing Authority or are referred to the CAC by the Pricing Authority
- » do anything incidental to, or conducive to, the performance of the above functions.

CAC members provide high-level technical and clinical advice to the Pricing Authority on a range of issues, such as activity based funding, classification development and policy development. This advice informs the annual determination of the national efficient price and national efficient cost.

As at 30 June 2025, the CAC consisted of 20 members. Details of the committee's membership and meetings are shown in Table 4. The CAC is required to report on its work annually.

Membership

CAC members are appointed by the Minister for Health and Ageing. Members are drawn from a range of clinical specialties and backgrounds to ensure the committee adequately represents a wide range of clinical expertise.

Table 4: Membership and meetings of the Clinical Advisory Committee in 2024–25

Name	Position	Specialty	Meetings eligible	Meetings attended
Prof Susan Moloney	Chair	Paediatrics	4	4
Ms Nicole Carter (Nee Harwood)	Member	Nursing	4	0
Mr Christopher O'Donnell	Member	Nursing	4	0
A/Prof Nicole Phillips	Member	Administration/anaesthesia and pain management	4	3
A/Prof Virginia Plummer	Member	Nursing	4	4
Ms Amber Polles	Member	Pharmacy	4	3
Ms Elizabeth Prowse	Member	Mental health	2	0
Dr Tracy Smith	Member	Respiratory and palliative care	4	3
Dr Jo Wright	Member	Rural medical practice	4	2
Dr Kathryn Zeitz	Member	Nursing	4	0
Clinical Prof Jenny Deague	Member	Cardiology	4	4
Dr Richard Phoon	Member	Nephrology	4	3
Dr Amith Shetty	Member	Emergency care	4	1
Ms Karrie Long	Member	Nursing	2	0
Dr Marco Briceno	Member	Indigenous health	4	2
Dr Didier Palmer	Member	Emergency care	4	1
Prof Susan Kurrle	Member	Gerontology	4	3
Dr Nhi Nguyen	Member	Intensive Care	4	3
Dr Lisa Kelly	Member	Geriatric medicine	4	3
Mr Andric Lu	Member	Allied Health	4	3
Mr Sandeep Gupta	Member	Allied Health	4	2
A/Prof Sharon Carey	Member	Allied Health	4	3

Clinical Advisory Committee meetings 2024–25

31 July 2024

23 October 2024

27 February 2025

10 April 2025

3.4 Aged Care Advisory Committee

Letter from the Chair

As Deputy Chair, Aged Care Pricing, of the Pricing Authority and Chair of the Aged Care Advisory Committee (ACAC), it is an honour to write this letter highlighting the contributions of the ACAC for the financial year which ended on 30 June 2025.

During 2024–25, committee members provided input into the Residential Aged Care Pricing Advice 2025–26. This advice is one of the key elements that informs the Australian National Aged Care Classification (AN-ACC) residential aged care funding model, which is administered by the Australian Government Department of Health, Disability and Ageing.

I am also pleased to note the committee's input into IHACPA's inaugural Pricing Advice for the Support at Home service list. As part of the Australian Government's reforms to in-home aged care, the Support at Home program will combine existing in-home aged care programs in the sector to promote access to care and sector sustainability. Providing input into the first pricing advice for this new program is the first of many steps the committee will take with IHACPA, with the aim of making a more equitable system for older people that helps them stay at home for longer.

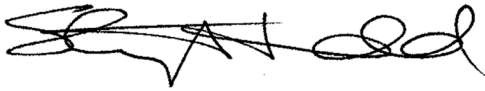
An essential component of developing pricing advice is conducting cost collections. This includes the identification of existing cost structures and changes to those costs over time, as well as specific variances within the sector that impact on cost. The committee was pleased to give its advice on the approach for the Residential Aged Care Cost Collection 2024–25 and the Support at Home Cost Collection 2024.

Each year, these cost collections continue to build in depth and representation and inform the development of costing frameworks and collection methods. The committee is keen to continue providing input on these matters.

I thank my fellow committee members for their enthusiasm and high degree of engagement in our deliberations this year.

I believe I also speak for all committee members in expressing our gratitude of the expertise and effort of all the IHACPA staff with whom we have worked.

I look forward to the year ahead and the invaluable contribution that committee members make to the Pricing Authority's aged care advice.

A handwritten signature in black ink, appearing to read 'Stephen Judd', with a stylized, cursive script.

Dr Stephen Judd AM

Deputy Chair, Aged Care of the Pricing Authority
and Chair of the Aged Care Advisory Committee

About the Aged Care Advisory Committee

The IHACPA ACAC is a statutory committee established under section 204A of the NHR Act. Under section 204B of the NHR Act, the committee's functions are to:

- » advise the Pricing Authority in relation to the development of aged care pricing or costing advice
- » advise the Pricing Authority on matters that relate to the functions of the Pricing Authority or are referred to the ACAC by the Pricing Authority
- » do anything incidental to, or conducive to, the performance of the above functions.

The ACAC informs the Pricing Authority's decision making. This includes advice on the relevant factors associated with the delivery of care and services in residential aged care, residential respite care and in-home aged care. The committee also provides advice on the inputs to the development of pricing advice.

As at 30 June 2025, the ACAC consisted of 7 members. Details of the committee's membership and meetings are shown in Table 5.

The ACAC is required to report on its work annually.

Membership

ACAC members are appointed by the Minister for Health and Ageing. Members are from a range of specialties and backgrounds to ensure the committee represents a wide range of aged care expertise.

Table 5: Membership and meetings of the Aged Care Advisory Committee in 2024–25

Name	Position	Meetings eligible	Meetings attended
Dr Stephen Judd	Chair	5	5
Ms Rowan Cockerell	Member	5	5
Ms Prudence Ford ⁴	Member	5	5
Dr Martin Laverty	Member	5	5
Mr Nicolas Mersiades	Member	5	5
Professor Julie Ratcliffe	Member	5	4
Professor Michael Woods	Member	5	5

Aged Care Advisory Committee meetings 2024–25

2 July 2024

8 August 2024

5 November 2024

5 March 2025

21 May 2025

⁴ Ms Prudence Ford resigned from the Aged Care Advisory Committee on 4 June 2025.

3.5 Key corporate governance practices

Audit, Risk and Compliance Committee

The IHACPA Audit, Risk and Compliance Committee (ARCC) provides independent advice to the CEO on managing IHACPA's financial and business risk.

The ARCC Charter is available at ihacpa.gov.au/audit-risk-and-compliance-committee.

The ARCC met on 4 occasions between 1 July 2024 and 30 June 2025. IHACPA's CEO Prof Michael Pervan attended 3 meetings.

During the reporting period, members of the ARCC comprised:

- » Ms Angela Diamond, Chair and independent member
- » Mr Glenn Appleyard, member, Pricing Authority
- » Mr John Lenarduzzi, independent member
- » Ms Joanna Stone, independent member
- » Ms Yaso Arumugam, independent member.

Table 6: Details of Audit, Risk and Compliance Committee during the reporting period (2024–25)

Member name	Details
Ms Angela Diamond	Qualifications, knowledge, skills and experience Ms Angela Diamond has held several senior finance positions within the public service and is currently the Chief Financial Officer at Services Australia. Angela has a Bachelor of Commerce from the Australian National University and is a Certified Practising Accountant. Number of meetings attended/ total number of meetings eligible 4/4 Total annual remuneration Nil — employed by a Commonwealth entity Additional information Chair and independent member
Mr Glenn Appleyard	Qualifications, knowledge, skills and experience Mr Glenn Appleyard has been a member of the Pricing Authority since 2011. He was a member of the Australian Accounting Standards Board from 1 January 2003 to 31 December 2011. Glenn has held several senior positions within the public service including Deputy Secretary in the Tasmanian and Victorian Departments of Treasury and Finance, and Regional Director for the Australian Bureau of Statistics in Tasmania. He was a member of the Commonwealth Grants Commission for 11 years and was Chair of the Tasmanian Economic Regulator. Number of meetings attended/ total number of meetings eligible 3/4 Total annual remuneration Nil — Pricing Authority member Additional information Pricing Authority member

Member name	Details
Mr John Lenarduzzi	Qualifications, knowledge, skills and experience John Lenarduzzi is the Executive Director of Global and Commercial Operations of CyberCX's Managed Security Services practice. John has over 20 years' experience working in technology and security environments and spent 7 years as a senior executive in Australia's National Intelligence Community. John has a Bachelor of Electrical and Electronic Engineering (Flinders University) and a Master of Business Administration (Deakin). He completed the Senior Executives in National Security Program at Harvard Kennedy School in 2017 and has also served as an independent member on multiple audit, risk and compliance committees. Number of meetings attended/ total number of meetings eligible 4/4 Total annual remuneration \$8,920 Additional information Independent member
Ms Joanna Stone	Qualifications, knowledge, skills and experience Ms Joanna Stone has substantial public and private sector management experience and extensive experience across several audit committees as a member and previously as a Chair. Joanna holds formal qualifications in finance. Ms Stone's appointment expired on 23 May 2025. Number of meetings attended/ total number of meetings eligible 3/3 Total annual remuneration Nil — employed by a Commonwealth entity Additional information Independent member

Member name	Details
Ms Yaso Arumugam	Qualifications, knowledge, skills and experience Ms Arumugam has extensive experience working as a senior executive public servant and in the private sector leading agencies, leading transformational digital, data and cyber security programs, policies and strategies. She currently works for Bluerydge as a Senior Cyber Security Consultant and Career Manager. Ms Arumugam also works for the Department of Finance as an Independent Assurance Review team member. She has participated in a number of assurance activities to support Senior Responsible Officers of large complex government programs and projects. Ms Arumugam holds a BSc in Electronics Engineering and has completed the Advanced Management and Leadership Program at the University of Oxford. Number of meetings attended/ total number of meetings eligible 3/3 Total annual remuneration \$9,199 Additional information Independent member

Risk management

IHACPA's enterprise-wide approach to risk management remains at the forefront of all its activities. It administers its risks using tools that address the strategic and tactical risks of all significant decisions. IHACPA's risk management framework, which includes a risk appetite statement and risk register, is reviewed regularly.

Strategic risks are identified with reference to current business and environmental issues facing IHACPA. These risks fall into 3 major risk categories:

- » reputational risks
- » data and information governance risks
- » corporate risks.

IHACPA's strategic risks are actively managed through audits, assurance and internal control processes. Where new risks emerge, resources are assigned to understand and manage those risks. Potential risks are reviewed biannually or more frequently, as required. Tactical risks are managed through a decision-based risk management tool, which requires recording of the risk and a formal decision on the managed likelihood and consequence of the risk.

The assessment tool forms part of any major decision, ensuring that the final decision-maker is fully informed and aware of managed risk outcomes during the decision-making process. IHACPA's privacy threshold assessment tool allows IHACPA to determine whether there is a risk to personal information, and therefore a need to undertake a privacy impact assessment. As with the tactical risk tool, the privacy threshold assessment tool forms part of any decision that may impact privacy.

IHACPA has a mature enterprise risk management framework in place. Risk management is considered a business-as-usual activity for all IHACPA staff.

Additionally, IHACPA continues to maintain a shared Strategic Risk Register with the National Health Funding Body, which has identified joint risks that the agencies manage together. Currently those risks are:

- » incorrect calculation of Commonwealth funding entitlements
- » changes to models that have not been effectively modelled or implemented.

IHACPA is also currently developing a joint risk register with the Australian Government Department of Health, Disability and Aged Care in relation to IHACPA's accommodation functions.

Compliance

IHACPA has a broad range of compliance obligations, including key statutory obligations set out in the NHR Act, the *Aged Care Act 1997*, the National Health Reform Agreement, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

Other legal and compliance obligations include work health and safety, privacy, freedom of information, intellectual property, public interest disclosure, the Protective Security Policy Framework, website accessibility and records management.

As the accountable authority, IHACPA's CEO receives management assurances on IHACPA's compliance obligations through an organised system of controls and special exercises. This includes substantive testing, monthly reports, exception notifications and compliance audits undertaken by an independent internal auditor and reviewed by IHACPA's ARCC.

Compliance and assurance

IHACPA's internal audit program in 2024–25 supported compliance and provided assurance in relation to the agency's key delivery objectives and effectiveness of its control frameworks.

Information and communication technology systems were independently assessed as meeting relevant standards.

During the 2024–25 financial year, no compliance issues arose from IHACPA's administration of relevant sections of the NHR Act.

Financial authorisation

As a corporate Commonwealth agency, IHACPA adheres to the PGPA Act, the PGPA Rule and is subject to the Commonwealth Procurement Rules. Line managers have value and purchase class limits, in accordance with the delegation of financial authorities that are approved and reviewed regularly by the accountable authority.

Fraud and corruption control plan

IHACPA's fraud and corruption control plan is recognised as a critical internal tool used to mitigate the act and consequences of unauthorised use of IHACPA data and financial resources. The plan encourages ethical behaviour by using business processes designed to prevent deceptive activities. These processes are supported by monitoring controls to detect fraud and corruption and deter offending behaviour. Processes are reviewed regularly.

Inter-agency financial activity

During the 2024–25 financial year, IHACPA received shared services resourcing from the Australian Government Department of Health, Disability and Ageing. The department charged IHACPA \$1,054,000 to provide these services, covering treasury, processing of financial transactions, information and communication desktop services and parliamentary support.

Ecologically sustainable development and environmental performance

IHACPA does not undertake any substantive work that is covered by section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Australian Public Service Net Zero 2030

As part of the reporting requirements under section 516A of the EPBC Act, and in line with the government's Australian Public Service Net Zero 2030 policy, all non-corporate Commonwealth entities and corporate Commonwealth entities are required to publicly report on the emissions from its operations.

The greenhouse gas emissions inventory tables present greenhouse gas emissions over the 2024–25 period. Results are presented on the basis of carbon dioxide equivalent (CO₂-e) emissions. Greenhouse gas emissions reporting has been developed with methodology that is consistent with the whole of government approach as part of the Australian Public Service Net Zero 2030 policy.

**Table 7: Greenhouse gas emissions inventory – location-based method
2024–25**

Emission source	Scope 1 t CO₂-e	Scope 2 t CO₂-e	Scope 3 t CO₂-e	Total t CO₂-e
Electricity (location-based approach)	N/A	30.80	1.87	32.67
Natural gas	-	N/A	-	-
Solid waste	-	N/A	-	-
Refrigerants	-	N/A	N/A	-
Fleet and other vehicles	-	N/A	-	-
Domestic commercial flights	-	N/A	20.86	20.86
Domestic hire car	N/A	N/A	-	-
Domestic travel accommodation	N/A	N/A	2.94	2.94
Other energy	-	N/A	-	-
Total t CO₂-e	-	30.80	25.67	56.47

Table 7 presents emissions related to electricity usage using the location-based accounting method. CO₂-e = Carbon Dioxide Equivalent. Solid waste data was unable to be separated from Landlord data and has not been included.

Table 8: Electricity greenhouse gas emissions 2024–25

Emission source	Scope 2 t CO ₂ -e	Scope 3 t CO ₂ -e	Total t CO ₂ -e	Electricity kWh
Electricity (location-based approach)	30.80	1.87	32.67	46,668.80
Market-based electricity emissions	30.92	4.20	35.12	38,177.41
Total renewable electricity consumed	N/A	N/A	N/A	8,491.39
Renewable Power Percentage ⁵	N/A	N/A	N/A	8.491.39
Jurisdictional Renewable Power Percentage ^{6,7}	N/A	N/A	N/A	-
GreenPower ⁶	N/A	N/A	N/A	-
Large-scale generation certificates ⁶	N/A	N/A	N/A	-
Behind the meter solar ⁸	N/A	N/A	N/A	-
Total renewable electricity produced	N/A	N/A	N/A	-
Large-scale generation certificates ⁶	N/A	N/A	N/A	-
Behind the meter solar ⁸	N/A	N/A	N/A	-

Table 8 presents emissions related to electricity usage using both the location-based and the market-based accounting methods. CO₂-e = Carbon Dioxide Equivalent. Electricity usage is measured in kilowatt hours (kWh).

5 Listed as Mandatory renewables in 2023–24 Annual Reports. The renewable power percentage (RPP) accounts for the portion of electricity used, from the grid, that falls within the Renewable Energy Target (RET).

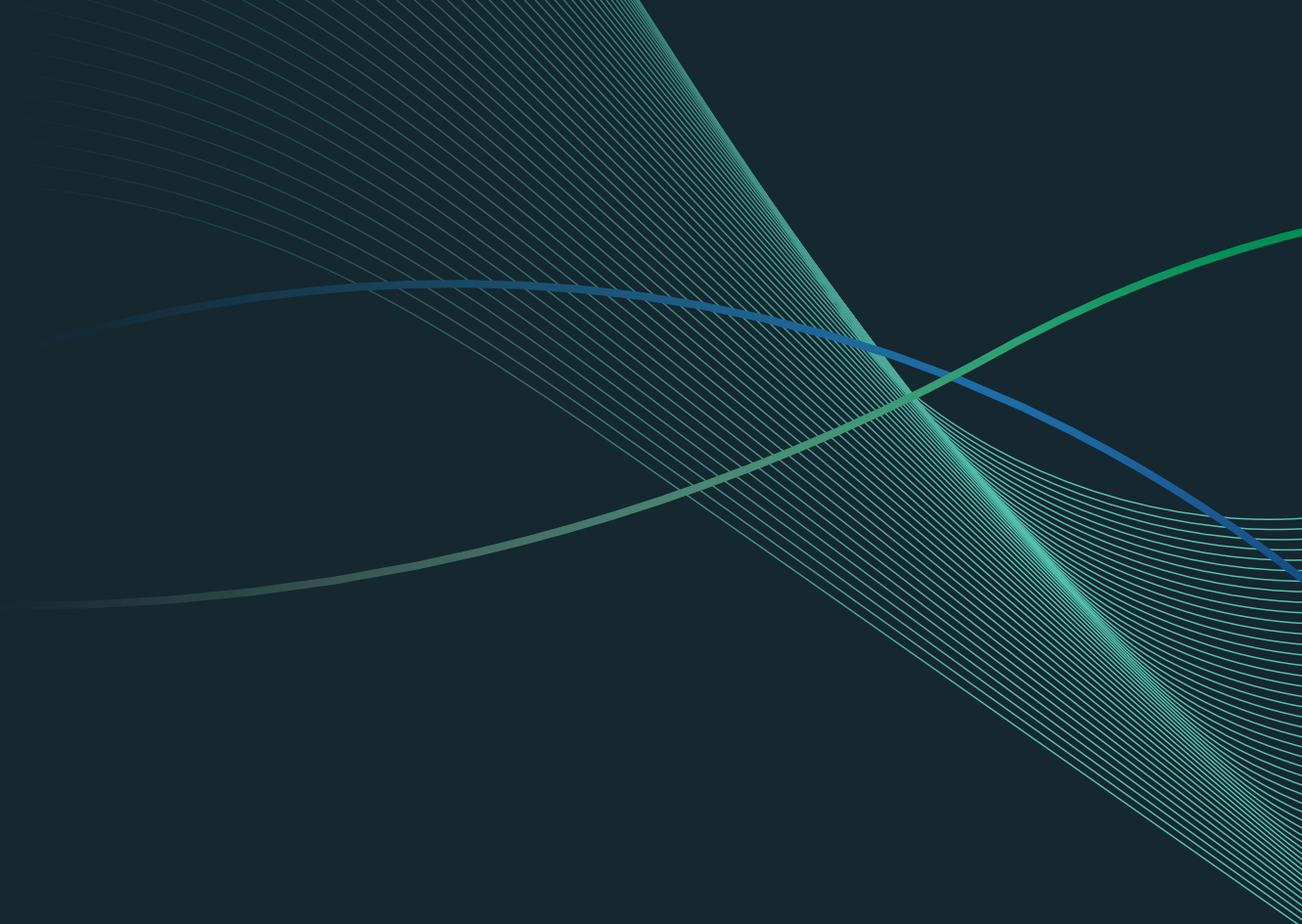
6 Listed as Voluntary renewables in 2023–24 Annual Reports.

7 The Australian Capital Territory is currently the only state with a jurisdictional renewable power percentage (JRPP).

8 Reporting behind the meter solar consumption and/or production is optional. The quality of data is expected to improve over time as emissions reporting matures.

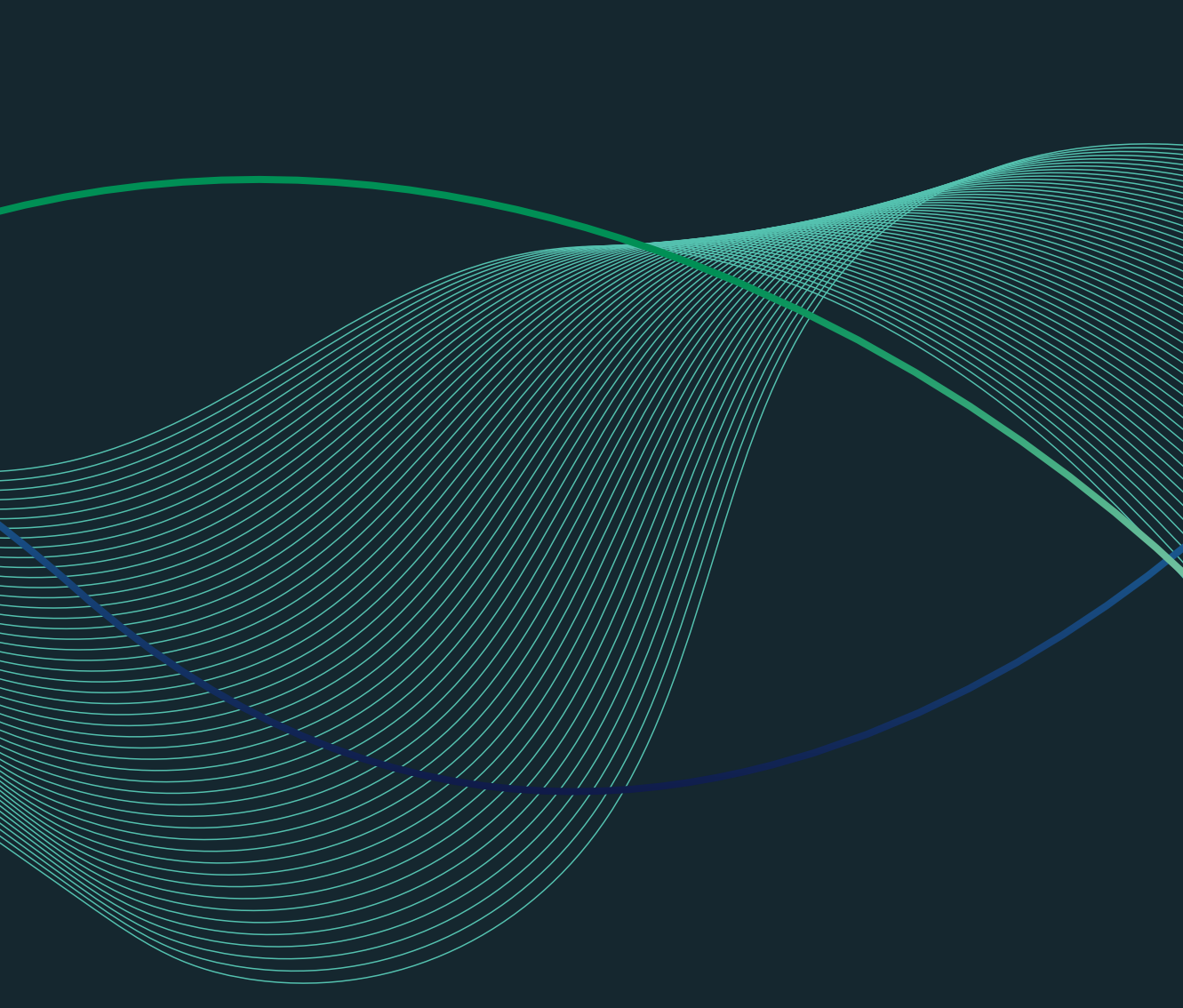
Notes on scopes:

- » Scope 1 emissions are emissions from direct consumption of fuels or refrigerants (for example, running a fleet of vehicles). IHACPA had no scope 1 emissions.
- » Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider and relate to electricity usage at IHACPA's office space. Electricity transmission and distribution losses are included in scope 3.
- » Scope 3 emissions are all indirect emissions not included in scope 2 that occur in the value chain including both upstream and downstream emissions. IHACPA's scope 3 emissions primarily represent domestic flight emissions relating to the IHACPA CEO and Pricing Authority. Domestic flight emissions relating to staff seconded to IHACPA from the Department of Health, Disability and Ageing are included in the department's emissions disclosure.



04

Annual performance statements



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4.1 Introductory statement

I, Professor Michael Pervan, as the accountable authority of the Independent Health and Aged Care Pricing Authority (IHACPA), present the 2024–25 annual performance statements of IHACPA, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity and comply with sub-section 39(2) of the PGPA Act (section 16F of the PGPA Rule).

4.2 Performance in 2024–25 – Portfolio Budget Statements

In 2024–25, IHACPA achieved its deliverables in line with the Health and Aged Care Portfolio Budget Statements 2024–25 and the IHACPA Work Program and Corporate Plan 2024–25.

The Health and Aged Care Portfolio Budget Statements 2024–25 provides performance information for programs of work undertaken by Commonwealth entities for 2024–25.

The IHACPA Work Program and Corporate Plan is the primary planning document for IHACPA. It sets out the processes and key activities that IHACPA will undertake to achieve the purpose and programs of work set out in the Portfolio Budget Statements. The [IHACPA Work Program and Corporate Plan 2024–25](#) was developed through a consultative process with government and health and aged care sector stakeholders. The relationship between the Health and Aged Care Portfolio Budget Statements, the IHACPA Work Program and Corporate Plan and IHACPA's Annual performance statements for 2024–25 is demonstrated in Figure 6.

Figure 6: Relationship between Portfolio Budget Statements, Work Program and Corporate Plan and Annual performance statements



4.3 Strategic Objective One: Perform pricing functions

IHACPA's primary functions are to determine the national efficient price (NEP) and the national efficient cost (NEC) for Australian public hospital services and to provide pricing advice for aged care services each year. Detailed information about the methodology used to develop IHACPA's pricing determinations, pricing advice and their underpinning policy basis is published on the IHACPA website.

Public hospital services

To support the refinement of the NEP and NEC determinations and the development and refinement of the national activity based funding (ABF) system for public hospital services, IHACPA consulted with the healthcare community and the general public. The outcomes of the public consultation informed the development of the [Pricing Framework for Australian Public Hospital Services 2025–26](#) which was published on 4 December 2025. The Pricing Framework includes IHACPA's policy basis, principles and scope for the [NEP Determination 2025–26 \(NEP25\)](#) and [NEC Determination 2025–26 \(NEC25\)](#), published on 19 March 2025.

For NEP25, IHACPA transitioned the pricing of community mental health care services from block funding to ABF. This milestone represents the first patient service category transitioned from block funding to ABF since IHACPA's inception. IHACPA worked closely with jurisdictions through bilateral meetings, working groups and advisory committees and the National Health Funding Body to mitigate potential funding risks associated with the transition of community mental health care to ABF. This included the implementation of transitional arrangements to support year-on-year funding stability, such as extended block funding for rural local hospital networks delivering a low volume of community mental health services and specialised forensic establishments.

In 2024–25, IHACPA made significant progress on the review of the Intensive Care Unit (ICU) adjustment. Building on the foundational work from 2023, IHACPA analysed stakeholder recommendations around the use of data variables in addition to mechanical ventilation hours to determine ICU complexity, and resulting eligibility. IHACPA also analysed recommendations for the potential extension of the ICU eligibility criteria to recognise cost variation through patient and provider characteristics. The outcome of the review is likely to inform the NEP Determination 2026–27, and the subsequent review of the paediatric adjustment.

Aged care services

The Australian Parliament passed the [Aged Care Act 2024](#) as the new law for government-funded aged care in Australia on 25 November 2024. The new Aged Care Act 2024 will commence on 1 November 2025 and replaces the *Aged Care Act 1997*, the *Aged Care (Transitional Provisions) Act 1997* and the *Aged Care Quality and Safety Commission Act 2018*.

The aged care work program across the 2024–25 financial year built upon IHACPA's existing legislated functions and included work to support the transition to the Aged Care Act 2024, including:

- » development of the inaugural Support at Home Pricing Advice 2025–26 provided to the Minister for Health and Ageing in February 2025
- » assessment of applications to charge a higher maximum accommodation amount above \$750,000 from 1 January 2025.

Other aged care functions impacted by the new Act's commencement from 1 November 2025 will be reported on in IHACPA's Annual Report 2025–2026.

Residential aged care

IHACPA is responsible for the provision of residential aged care and residential respite care pricing and costing advice. This informs Australian Government decisions on the Australian National Aged Care Classification (AN-ACC) funding model and, where requested, other related elements of residential aged care pricing and costing.

In July 2024, IHACPA provided its [Residential Aged Care Pricing Advice 2024–25](#) to the Minister for Health and Ageing. This marked the second year of IHACPA delivering pricing advice for residential aged care and residential respite care, and the first advice based on the cost data from the Residential Aged Care Cost Collection 2024. The advice also considered input from aged care stakeholders through public consultation. The pricing advice included:

- » the recommended AN-ACC price
- » the recommended AN-ACC price weights
- » recommended adjustments to the base care tariff categories
- » information on the gap between the costs of delivering required hotel services and specific types of revenue received.

IHACPA published the [Residential Aged Care Supplementary Pricing Advice 2024–25](#) in March 2025. It updated the recommended AN-ACC price to incorporate the impact of the Fair Work Commission’s determination on the award wage increase for registered and enrolled nurses employed under the *Nurses Award 2020* as part of the Work value case – Nurses and midwives.

In May 2025, IHACPA published the [Pricing Framework for Australian Residential Aged Care Services 2025–26](#), which was developed based on stakeholder responses to the public consultation. This work will inform the development of the Residential Aged Care Pricing Advice 2025–26. The draft Residential Aged Care Pricing Advice 2025–26 was provided to the Minister for Health and Ageing in April 2025.

Support at Home aged care

The Support at Home service list specifies the range of government funded services participants can access under the Support at Home program. On 23 September 2024, IHACPA published the inaugural consultation paper for Support at Home, requesting feedback from stakeholders on the development of IHACPA’s approach, methodologies and principles in developing pricing advice to government for the Support at Home service list 2025–26.

In February 2025, following extensive stakeholder consultation, IHACPA delivered its first Support at Home Pricing Advice 2025–26, the Pricing Framework for Australian Support at Home Aged Care Services 2025–26 and accompanying consultation report to the Minister for Health and Ageing. The advice included information on the following:

- » average unit prices for services on the Support at Home service list
- » unit prices differentiated by time of delivery (during normal working hours and outside normal working hours) and day of delivery (weekdays, Saturdays, Sundays or public holidays)
- » delineation of unit prices for care management into clinical and non-clinical care management, as well as a separate combined price for team-based care management.

This advice is evidence-based, developed transparently and is based on services meeting the standard of care required in government policy and legislation.

On 11 June 2025, IHACPA released the [Consultation Paper on the Pricing Framework for Australian Support at Home Aged Care Services 2026–27](#). The consultation paper will inform the development of the principles, scope and methodology IHACPA uses in developing the Support at Home Pricing Advice 2026–27.

Refundable accommodation deposits

IHACPA is also responsible for approving accommodation payment amounts higher than the maximum determined by the Minister for Health and Ageing as part of the functions conferred by the *Aged Care Act 1997*.

On 1 January 2025, the maximum accommodation payment amount that residents can be charged as a refundable accommodation deposit (RAD) without approval from IHACPA increased from \$550,000 to \$750,000. This amount is indexed to the Consumer Price Index (CPI) annually from 1 July 2025.

All decisions made by IHACPA for increases to the accommodation payment amount have been completed within legislated timeframes.

IHACPA's assessment of RADs and extra service fees in 2024–25 are outlined in section 4.9.

National Disability Insurance Scheme

In June 2024, the Minister for Health and Ageing requested that IHACPA undertake initial work to identify opportunities for future reforms to National Disability Insurance Scheme (NDIS) pricing. This included reviewing existing pricing approaches and developing a pricing data strategy. IHACPA conducted extensive consultation with the disability community, expert advisors and providers to:

- » identify principles to guide a new NDIS pricing framework
- » explore pricing model options to improve NDIS pricing
- » look for opportunities for pricing harmonisation across the care and support sector.
- » undertake public engagement.

During the consultation period, IHACPA:

- » heard from over 750 members of the disability community
- » engaged in more than 35 online and face-to-face consultations in over 11 locations
- » received more than 455 submissions and responses to our online questionnaire.

Based on these consultations, IHACPA provided the requested advice to the Australian Government in December 2024. This advice is with the Australian Government for its consideration.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective One: Perform pricing functions in the IHACPA Work Program and Corporate Plan 2024–25 and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 9.

Table 9: Summary of performance for Strategic Objective One: Perform pricing functions in 2024–25.

Deliverables	Timeframe	Outcome	Analysis
1. Complete the public consultation process for the Pricing Framework for Australian Public Hospital Services 2025–26.	July 2024	Delivered	The Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2025–26 was released for public consultation on 8 May 2024, with the public consultation period closing on 5 June 2024.
2. Provide the draft Pricing Framework for Australian Public Hospital Services 2025–26 to health ministers for a 45-day comment period.	September 2024	Delivered	The draft Pricing Framework for Australian Public Hospital Services 2025–26 was released to health ministers on 11 September 2024.
3. Publish the final Pricing Framework for Australian Public Hospital Services 2025–26 on the IHACPA website.	December 2024	Delivered	The final Pricing Framework for Australian Public Hospital Services 2025–26 was published on 4 December 2024.
4. Finalise decisions on the General List of In-Scope Public Hospital Services for additional or altered in-scope services for 2025–26.	December 2024	Delivered	IHACPA assessed requests for in-scope public hospital services as per the annual General List of In-Scope Public Hospital Services process. The outcome was published in the draft National Efficient Price Determination 2025–26, and released to health ministers on 4 December 2024.

Deliverables	Timeframe	Outcome	Analysis
5. Finalise decisions on jurisdictional submissions for legitimate and unavoidable cost variations to determine whether adjustments are required for the National Efficient Price Determination 2025–26.	December 2024	Delivered	IHACPA assessed requests for adjustments to the national pricing model and the outcome was published in the draft National Efficient Price Determination 2025–26, and released to health ministers on 4 December 2024.
6. Provide the draft National Efficient Price and National Efficient Cost Determinations 2025–26 to health ministers for a 45-day comment period.	December 2024	Delivered	The draft National Efficient Price Determination 2025–26 and National Efficient Cost Determination 2025–26 were provided to health ministers on 4 December 2024.
7. Publish the National Efficient Price and National Efficient Cost Determinations 2025–26 on the IHACPA website.	March 2025	Delivered	The National Efficient Price Determination 2025–26 and National Efficient Cost Determination 2025–26 were published on 19 March 2025.
8. Incorporate safety and quality reforms into the pricing and funding of public hospital services.	Ongoing	Ongoing	IHACPA continues to incorporate approaches for sentinel events, hospital acquired complications and avoidable hospital readmissions into the pricing and funding of public hospital services. During 2024–25, the safety and quality models for hospital acquired complications and avoidable hospital readmissions received technical updates in consultation with clinical and jurisdictional stakeholders to ensure they are based on the most contemporary classification data.
9. Provide confidential national efficient price forecast for future years to jurisdictions.	March 2025	Delivered	The confidential NEP forecast was provided to the Prime Minister, premiers and chief ministers on 3 December 2024.

Deliverables	Timeframe	Outcome	Analysis
10. Publish the Supplementary Block Funding Advice to the Administrator of the National Health Funding Pool for 2024–25.	June 2025	Delivered	The Supplementary Block Funding Advice was provided to the Administrator of the National Health Funding Pool 2024–25 and was published on 13 June 2025.
11. Develop and commence a work plan for the review of all adjustments to the national pricing model.	June 2025	Ongoing	IHACPA has developed a high-level prioritisation of these reviews. The ICU adjustment review is in progress and a draft work plan relating to reviews of the Indigenous and remoteness adjustments has been developed and will be refined in consultation with jurisdictions.
12. Review recommendations from the Indexation Review.	March 2025	Ongoing	The remaining recommendations relate to undertaking additional modelling on new data, as it becomes available and is intended for completion in 2025–26.
13. Continue the review of the funding methodology for unqualified newborns.	December 2024	Ongoing	Preliminary analysis has not indicated a clear evidence base to change the funding methodology for unqualified newborns in the short term. IHACPA is undertaking further analysis to identify any policy basis and data requirements to support any longer-term changes and will continue to consult with its advisory committees on this work.
14. Review the appropriateness of price harmonisation of admitted and non admitted chemotherapy and dialysis.	June 2025	Ongoing	IHACPA undertook analysis to assess the reasonableness of price harmonisation during the development of the NEP25. A number of technical challenges have been highlighted and work continues into the development of the NEP Determination 2026–27.
15. Complete the public consultation process for the Pricing Framework for Australian Residential Aged Care Services 2025–26.	September 2024	Delivered	The public consultation process for the Pricing Framework for Australian Residential Aged Care Services 2025–26 commenced on 14 August 2024 and closed on 20 September 2024.

Deliverables	Timeframe	Outcome	Analysis
16. Provide the draft Pricing Framework for Australian Residential Aged Care Services 2025–26 to the Australian Government Minister for Health and Ageing.	March 2025	Delivered	The draft Pricing Framework for Australian Residential Aged Care Services 2025–26 was provided to the Minister for Health and Ageing in February 2025.
17. Publish the final Pricing Framework for Australian Residential Aged Care Services 2025–26 on the IHACPA website.	August 2025	Delivered	The Pricing Framework for Australian Residential Aged Care Services 2025–26 was published in May 2025.
18. Provide pricing advice to inform Australian Government decisions on residential aged care and respite care funding for 2025–26.	July 2025	Delivered	The draft Residential Aged Care Pricing Advice 2025–26 was provided to the Minister for Health and Ageing in April 2025.
19. Assess applications for increases to extra service fees under section 35-1(2) of the <i>Aged Care Act 1997</i> .	Ongoing	Delivered	IHACPA continues to assess applications for extra service fees in line with its legislative responsibility.
20. Assess applications for refundable accommodation deposit amounts above the Australian Government Minister for Health and Ageing’s maximum under section 52G-4(5) of the <i>Aged Care Act 1997</i> .	Ongoing	Delivered	IHACPA continues to assess applications for refundable accommodation deposits above the minister’s maximum in line with its legislative responsibility.
21. Provide advice, as requested, to the Australian Government Department of Health, Disability and Ageing to support the Prescribed List reforms.	Ongoing	Delivered	IHACPA provided the Australian Government Department of Health, Disability and Ageing with updated saving estimates associated with the Prescribed List reforms in September 2024 and January 2025.

Deliverables	Timeframe	Outcome	Analysis
22. Commence work to reform the National Disability Insurance Scheme pricing arrangements.	July 2025	Delivered	IHACPA provided the Minister for Health and Ageing with advice regarding potential reforms to the National Disability Insurance Scheme pricing arrangements in December 2024.

4.4 Strategic Objective Two: Refine and develop hospital and aged care activity classification systems

Public hospital services

Classifications for the health care sector provide a nationally consistent method of classifying all types of patients, their treatment and associated costs. This provides better management, measurement and funding of high-quality and efficient health care services.

IHACPA develops the national classification systems for admitted acute care, admitted subacute and non-acute care, emergency care, non-admitted patient care, mental health care and teaching and training services.

Classifications are reviewed regularly and updated periodically. This ensures that episodes are classified into clinically coherent groups with similar costs. Classification refinement is based on robust statistical analysis in consultation with clinical, technical and other key stakeholders.

The Australian Refined Diagnosis Related Group (AR-DRG) classification is used to price admitted acute patient services. AR-DRGs are underpinned by a set of classifications and standards used to collect activity data for admitted care, which include the:

- » International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM)
- » Australian Classification of Health Interventions (ACHI)
- » Australian Coding Standards (ACS).

These are collectively known as ICD-10-AM/ACHI/ACS. In April 2025, IHACPA released ICD-10-AM/ACHI/ACS Thirteenth Edition, which was implemented on 1 July 2025 following a 3-year refinement and development process. ICD-10-AM/ACHI/ACS Thirteenth Edition includes the implementation of cluster coding using a diagnosis cluster identifier (metadata that indicates the relationship between codes) and a major review of the ACS to streamline and reduce ambiguity in the existing guidelines by applying a standardised format.

It also contains review of procedural complications, addition of codes for new or missing concepts, including new codes for use of vaping device and voluntary assisted dying, further refinements to the classification of social factors and revised classification for organ donation, procurement and transplantation.

In July 2025, IHACPA also released AR-DRG Version 12.0. The new version of AR-DRGs includes:

- » a review of interventions that inform grouping to the intervention partition (known as general interventions) through development of guiding principles for consistent application
- » a major review of Adjacent Diagnosis Related Group (ADRG) within Major Diagnostic Category 14 Pregnancy, Childbirth and the Puerperium to better support clinical coherence and cost homogeneity
- » the introduction of an ADRG for posthumous organ procurement.

In May 2025, IHACPA released a self-paced online educational program on IHACPA Learn to assist users in understanding the key changes implemented for ICD-10-AM/ACHI/ACS Thirteenth Edition. An online education program will also be released for AR-DRG Version 12.0 on IHACPA Learn in September 2025 to assist users in understanding the key changes for the new version.

Additionally, in May 2025, IHACPA also released the Emergency Care ICD-10-AM Thirteenth Edition Principal Diagnosis Short List (EPD Short List (ICD-10-AM Thirteenth Edition)). The EPD Short List supports a nationally consistent approach to reporting emergency care principal diagnoses and underpins the Australian Emergency Care Classification (AECC) that supports ABF for Australian public hospitals.

The AECC Version 1.1 was released in August 2024 and used to price emergency department activities from 1 July 2025. IHACPA developed the AECC Version 1.1 through detailed statistical analysis of national public hospital activity and cost data. It included a recalibration of the complexity model based on the most recent activity and cost data.

In 2024–25, IHACPA updated the Tier 2 Non-Admitted Services Classification (Tier 2) to improve data capture for nurse-led rheumatology services, and to better reflect modern clinical practice and the complexity of care provided in radiation therapy clinics. Tier 2 Version 9.1 was used to price non-admitted care services from 1 July 2025.

Aged care services

Within the residential aged care sector, the AN-ACC funding model provides approved aged care providers with subsidies at a level that reflects service location, specialisation and each resident’s care needs. The AN-ACC funding model relates resident care need characteristics to the resources required to deliver their care. The refinement of AN-ACC classes and branching structure is the responsibility of the department. Where requested by the Australian Government, IHACPA may recommend evidence-based areas of refinement to the classification system utilised by the AN-ACC funding model.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective Two: Refine and develop hospital and aged care activity classification systems in the IHACPA Work Program and Corporate Plan 2024–25 and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 10.

Table 10: Summary of performance for Strategic Objective Two: Refine and develop hospital and aged care activity classification systems in 2024–25

Deliverables	Timeframe	Outcome	Analysis
1. Implement ICD-10-AM/ACHI/ACS Thirteenth Edition.	July 2025	Delivered	IHACPA released ICD-10-AM/ACHI/ACS Thirteenth Edition in April 2025, for implementation from 1 July 2025.
2. Release AR-DRG Version 12.0.	July 2025	Delivered	IHACPA released AR-DRG Version 12.0 in July 2025 for implementation from 1 July 2026.
3. Refine the Australian National Subacute and Non-Acute Patient Classification.	Ongoing	Ongoing	In 2024–25, IHACPA continued exploring a range of refinement areas for the Australian National Subacute and Non-Acute Patient Classification based on stakeholder feedback or identified from the analysis of recent data sets. IHACPA will continue to explore further refinements through its working groups and advisory committees.
4. Release the Australian Emergency Care Classification Version 1.1.	September 2024	Delivered	IHACPA released AECC Version 1.1 in August 2024 for implementation from 1 July 2025.

Deliverables	Timeframe	Outcome	Analysis
5. Implement the EPD Short List (ICD-10-AM Thirteenth Edition).	July 2025	Delivered	IHACPA released the EPD Short List (ICD-10-AM Thirteenth Edition) in May 2025, for implementation from 1 July 2025 to coincide with the implementation of ICD-10-AM Thirteenth Edition.
6. Refine the data request specifications for emergency virtual care.	Ongoing	Ongoing	IHACPA has continued to collect data through the emergency virtual care data submission project and refine the data request specifications for emergency virtual care in consultation with its working groups and advisory committees.
7. Continue to refine the Tier 2 Non-Admitted Services Classification.	Ongoing	Ongoing	In 2024, IHACPA consulted with its advisory committees and the Non-Admitted Care Advisory Working Group on refinements which resulted in a new version of Tier 2, Version 9.1, which was used to price non-admitted services from 1 July 2025. IHACPA will continue to explore further refinements to Tier 2 through its working groups and advisory committees.
8. Undertake a multi-stage project to support the development of a new patient level non-admitted care classification.	June 2025	Ongoing	IHACPA is currently in the second stage of the Australian Non-Admitted Patient Classification Project that focuses on the development of a data model and methodological processes to test whether the data extracted from state and territory electronic medical record systems can be transformed into a useful format for classification development. The outcomes from Stage 2 will inform how later stages are undertaken, including classification development.
9. Commence development of the Australian Mental Health Care Classification (AMHCC) Version 2.0.	July 2024	Ongoing	IHACPA commenced the work program for the development of AMHCC Version 2.0 in 2024–25. IHACPA will continue to explore refinements through its working groups and advisory committees.

Deliverables	Timeframe	Outcome	Analysis
10. Continue to work with jurisdictions to implement the Australian Teaching and Training Classification.	Ongoing	Ongoing	Due to challenges with capturing teaching and training data, IHACPA expects teaching and training activities to continue being block-funded. IHACPA will work with its advisory committees on a longer-term work plan to gain a clearer understanding of the composition of existing block-funded amounts for teaching and training, and how this funding is distributed across the states and territories.
11. Manage the international sales of ICD-10-AM/ACHI/ACS and AR-DRG Classification Systems.	Ongoing	Ongoing	IHACPA continues to publish products for the ICD-10-AM/ACHI/ACS and AR-DRG classifications that are sold internationally.
12. Certify AR-DRG groupers of licensed software vendors.	Ongoing	Ongoing	IHACPA continues to certify AR-DRG groupers of licensed software vendors.
13. Assess submissions for new health technologies in order to ensure they are adequately accounted for in the pricing of public hospital services.	Ongoing	Ongoing	IHACPA continues to refine classification systems to ensure new health technologies are adequately accounted for in the pricing framework. In 2025, IHACPA has developed resources to assist stakeholders to understand and use existing mechanisms and processes for assessing new health technologies. The factsheets and guidelines were published on the IHACPA website in July 2025.
14. Recommend refinements to the Australian National Aged Care Classification.	Ongoing	Ongoing	Where requested by government, IHACPA will provide evidence-based advice on potential refinements to the AN-ACC funding model, including the classification system. This will be done in consultation with the department, and IHACPA's working groups, advisory committees and broader sector stakeholders.

4.5 Strategic Objective Three: Refine and improve hospital and aged care costing

Costing focuses on the cost and mix of resources used to deliver care and plays a vital role in benchmarking, classification and price development.

Public hospital services

A key output for IHACPA is to coordinate the annual National Hospital Cost Data Collection (NHCDC). The NHCDC plays a vital role in activity based funding (ABF) as one of the primary inputs into the determination of the NEP and informs the development and refinement of ABF classification systems.

To ensure the collection is consistent and robust, IHACPA developed the Australian Hospital Patient Costing Standards (AHPCS) to provide standardised guidance for hospital costing. IHACPA manages the development and refinement of these standards to ensure in-scope costs are allocated to hospital activity and appropriately reflect resource utilisation.

IHACPA released the NHCDC Public Sector Report 2022–23 in May 2025. This included the collection and analysis of submitted cost data from 738 unique Australian health service providers. The report was supplemented by the release of associated infographics, combining and streamlining content for stakeholders.

IHACPA undertook a review of the public sector cost data provided by state and territory governments, with a specific focus on hospitals' financial reconciliations and consistent application of the AHPCS. The NHCDC Public Sector Review Report 2022–23 was published in March 2025.

In July 2024, IHACPA commenced a review of cost centres and line items reported in the NHCDC. The objective of the Cost Bucket Review was to identify and assess inconsistencies in the use of cost centres and line items across jurisdictions by analysing their impact and materiality within the NHCDC. IHACPA has reviewed cost centre grouping, and the draft report includes a number of recommendations for improvements which would result in consistency in reporting. The report on this project was published in August 2025.

In December 2024, IHACPA finalised the development of an NHCDC quality assurance report dashboard and a new data portal to provide streamlined, flexible and timely data insights to state and territory governments regarding their NHCDC submission. IHACPA is revising the data quality framework to enable the quality of data to be assessed, understood, communicated and managed consistently.

IHACPA has also completed collection of the NHCDC 2022–23 from participating private hospital groups. The data from this collection is being used to prepare the 2022–23 private sector report, published in August 2025.

Aged care services

IHACPA is conducting annual cost collections to underpin the evidence base that IHACPA uses in delivering residential and in-home aged care pricing advice to the Minister for Health and Ageing. IHACPA is also developing costing standards, which describe consistent and best practice allocation of costs to aged care residents and participants.

The Residential Aged Care Cost Collection 2024–25 involves collecting activity and financial information from 200 residential aged care services. The project is targeting participation from underrepresented and specialist cohorts. This includes providers operating in Modified Monash Model 6-7 areas, specialised homelessness providers, those providing care to Aboriginal and Torres Strait Islander peoples, and residential aged care services providing specialised dementia care. Data from the first phase of the Residential Aged Care Cost Collection 2024–25 will be used to inform the Residential Aged Care Pricing Advice 2025.

The Support at Home Cost Collection 2024 was finalised in December 2024. The cost collection was designed to develop IHACPA's understanding of the sector's existing cost structures, to expand on the representative sample following the previous costing studies, to gain knowledge of the cost drivers of in-home care programs and to collect and report cost and activity data from the providers in the sector. The ongoing annual data collection is set to ensure future pricing advice is reflective of the costs associated with ongoing service delivery.

The Support at Home Cost Collection 2024 received 75 completed data submissions. This represents over 56,000 clients serviced by participating providers from a total client population of approximately 285,513 people, representing coverage of approximately 20% of all support at home package recipients. The cost collection has produced a costed data set utilised for the development of the Support at Home Pricing Advice 2025–26.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective Three: Refine and improve hospital and aged care costing in the IHACPA Work Program and Corporate Plan 2024–25 and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 11.

Table 11: Summary of performance for Strategic Objective Three: Refine and improve hospital and aged care costing in 2024–25

Deliverables	Timeframe	Outcome	Analysis
1. Promote ongoing improvement and consistency in cost data submissions through refinement of the Australian Hospital Patient Costing Standards, Business Rules and Costing Guidelines.	Ongoing	Ongoing	IHACPA continued to update the AHPCS through consultation with jurisdictions to identify and prioritise target areas for review.
2. Release the 2022–23 National Hospital Cost Data Collection Public Sector Report.	January 2025	Delivered	The NHCDC Public Sector Report 2022–23 was published in May 2025.
3. Release the 2022–23 National Hospital Cost Data Collection Private Sector Report.	January 2025	Ongoing	The NHCDC Private Sector Report 2022–23 was published in August 2025.
4. Collect the 2023–24 National Hospital Cost Data Collection for public and private hospitals.	June 2025	Ongoing	IHACPA commenced the collection of the 2023–24 NHCDC public sector data in February 2025 and the 2023–24 NHCDC private sector data in March 2025. IHACPA continues to work with jurisdictions to receive this data.
5. Release an assessment of the 2022–23 National Hospital Cost Data Collection.	January 2025	Delivered	The NHCDC Public Sector Review Report 2022–23 was released in March 2025.

Deliverables	Timeframe	Outcome	Analysis
6. Develop a data quality framework to support National Hospital Cost Data Collection submissions.	June 2025	Ongoing	The data quality framework will be published in September 2025.
7. Investigate phasing out the private patient correction factor.	June 2025	Ongoing	No changes were made to the private patient correction factor in 2024–25. It continued to be performed for a small number of states due to incomplete reporting of cost data.
8. Collect Residential Aged Care Cost Collection 2024 data.	December 2024	Ongoing	The Residential Aged Care Cost Collection 2024–25 interim data set was received by IHACPA in December 2024 and used to inform the Residential Aged Care Pricing Advice 2025. The Residential Aged Care Cost Collection 2024–25 will be finalised in December 2025.
9. Undertake the Residential Aged Care Specialised Services Costing Study.	December 2024	Ongoing	The Residential Aged Care Cost Collection 2024–25 was expanded in December 2024 to include specialised services. The Residential Aged Care Cost Collection 2024–25 will be finalised in December 2025 to accommodate the expansion of the collection.
10. Release the Residential Aged Care Cost Collection 2024 Report.	February 2025	Ongoing	The Residential Aged Care Cost Collection 2024–25 Report will be provided to the Minister for Health and Ageing in April 2026 following the completion of data collection.
11. Release the Residential Aged Care Specialised Services Costing Study Report.	February 2025	Ongoing	The Residential Aged Care Specialised Services Costing Study Report will be incorporated in the Residential Aged Care Cost Collection 2024–25 Report.
12. Collect Support at Home Aged Care Costing Study data.	December 2024	Delivered	The Support at Home Cost Collection 2024 was finalised in December 2024 and provided to the Minister for Health and Ageing.

Deliverables	Timeframe	Outcome	Analysis
13. Release the Support at Home Cost Collection 2024 Report.	February 2025	Ongoing	IHACPA continues to work with the Minister for Health and Ageing to release the Support at Home Cost Collection 2024 Report.
14. Continue the development of the Australian Aged Care Costing Standards.	June 2025	Ongoing	IHACPA will continue to develop the aged care costing standards based on the outcomes of the Residential Aged Care Cost Collection 2024–25 and the Support at Home Cost Collection 2024.
15. Continue the investigation of organ donation, retrieval and transplantation costs.	Ongoing	Ongoing	In 2024–25, IHACPA commenced a project to develop a schema to facilitate gap analysis and provide an overview of the entire organ procurement journey from initial potential donor screening through to post-transplantation care. This work aims to improve the identification and categorisation of organ and tissue and donation transplantation services and pathways, from a data capture, costing and funding perspective.

4.6 Strategic Objective Four: Determine data requirements and collect data

Timely, accurate and reliable data is vital for IHACPA to undertake functions as detailed in the *National Health Reform Act 2011* (NHR Act).

Throughout 2024–25, IHACPA continued to work with jurisdictions and national bodies to ensure cost and activity data was received in a timely manner, and adhered to data standards, to support IHACPA in undertaking its core determinative functions.

This was done through the rolling Three Year Data Plan 2025–26 to 2027–28, which was published in June 2025. The Three Year Data Plan specifies the data requirements and timelines that IHACPA will use to collect data over the following 3 years, and the reporting commitments from the Australian Government, state and territory governments. This includes information about the aged care data that IHACPA will need to collect to facilitate providing advice to the Australian Government on aged care pricing and costing matters.

In 2024–25, IHACPA worked closely with jurisdictions and key stakeholders to implement cluster coding from 1 July 2025. Cluster coding is a mechanism of linking related diagnosis codes using ICD-10-AM, through use of a diagnosis cluster identifier that will enhance the value of coded data. Clustering increases the understanding of activity data and provides more powerful information for end users by:

- » identifying relationships between codes
- » enhancing safety and quality reporting and reporting of chronic conditions
- » reducing assumptions when interpreting data
- » supporting future funding models and preparing for a potential future implementation of the International Classification of Diseases 11th Revision (ICD-11), where clustering is a feature.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective Four: Determine data requirements and collect data in the IHACPA Work Program and Corporate Plan 2024–25, and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 12.

Table 12: Summary of performance for Strategic Objective Four: Determine data requirements and collect data in 2024–25

Deliverables	Timeframe	Outcome	Analysis
1. Publish the Three Year Data Plan 2025–26 to 2027–28.	June 2025	Delivered	The Three Year Data Plan 2025–26 to 2027–28 was published on 23 June 2025.
2. Complete the annual review of activity based funding national best endeavours data sets and national minimum data sets.	December 2024	Delivered	The national best endeavours data sets and the national minimum data sets for the 2025–26 reporting period were finalised in December 2024 and published in January 2025.
3. Investigate development of a Data Request Specification for collection of organ procurement activity data.	June 2025	Ongoing	IHACPA commenced work to review of the entire organ procurement journey from a data capture, costing and funding perspective, which will form the basis and recommendations for any future Data Request Specification or alternative data collection refinements.
4. Implement cluster coding into admitted patient care data sets.	July 2025	Delivered	IHACPA implemented cluster coding into admitted patient care data sets from 1 July 2025.
5. Further develop the Secure Data Management System functionality.	Ongoing	Ongoing	IHACPA will continue to develop the Secure Data Management System to support its core technical functions.

Deliverables	Timeframe	Outcome	Analysis
6. Maintain the security of the Secure Data Management System.	Ongoing	Ongoing	IHACPA will continue to ensure the security of the Secure Data Management System by ensuring that current Australian Government requirements related to data security are implemented.
7. Collect jurisdictional submissions for March quarter 2024 activity based funding activity data.	June 2024	Delivered	IHACPA collected ABF activity data for March quarter 2024 in line with the Three Year Data Plan 2023–24 to 2025–26.
8. Collect jurisdictional submissions for June quarter 2024 ABF activity data.	September 2024	Delivered	IHACPA collected ABF activity data for June quarter 2024 in line with the Three Year Data Plan 2023–24 to 2025–26.
9. Collect jurisdictional submissions for September quarter 2024 ABF activity data.	December 2024	Delivered	IHACPA collected ABF activity data for September quarter 2024 in line with the Three Year Data Plan 2024–25 to 2026–27.
10. Collect jurisdictional submissions for December quarter 2024 ABF activity data.	March 2025	Delivered	IHACPA collected ABF activity data for December quarter 2024 in line with the Three Year Data Plan 2024–25 to 2026–27.
11. Publish data compliance report for March quarter 2024.	September 2024	Delivered	Data compliance reports were published for the March quarter 2024 in September 2024.
12. Publish data compliance report for June quarter 2024.	December 2024	Delivered	Data compliance reports were published for the June quarter 2024 in December 2024.
13. Publish data compliance report for September quarter 2024.	March 2025	Delivered	Data compliance reports were published for the September quarter 2024 in March 2025.
14. Publish data compliance report for December quarter 2024.	June 2025	Ongoing	Data compliance reports were published for the December quarter 2024 in June 2025.
15. Continue to promote access to data through the National Benchmarking Portal.	Ongoing	Ongoing	In 2024–25, IHACPA updated the existing dashboards to include data for 2021–22. The National Benchmarking Portal is updated annually with the most recently available cost data.

4.7 Strategic Objective Five: Investigate and make recommendations concerning cost-shifting and cross-border disputes

Under the NHR Act, IHACPA has a role to investigate and make recommendations concerning cross-border disputes between states and territories and to assess cost-shifting disputes.

During 2024–25, IHACPA did not receive any cost-shifting or cross-border disputes.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective Five: Investigate and make recommendations concerning cost-shifting and cross-border disputes in the IHACPA Work Program and Corporate Plan 2024–25 and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 13.

Table 13: Summary of performance for Strategic Objective Five: Investigate and make recommendations concerning cost-shifting and cross-border disputes in 2024–25

Deliverables	Timeframe	Outcome	Analysis
1. Investigate and make recommendations on cross-border disputes.	Ongoing	Not required	IHACPA did not receive submissions to investigate cross-border disputes in 2024–25.
2. Investigate and make an assessment on cost-shifting disputes.	Ongoing	Not required	IHACPA did not receive submissions to investigate cost-shifting disputes in 2024–25.

4.8 Strategic Objective Six: Conduct independent and transparent decision-making and engage with stakeholders

IHACPA conducts its work independently, which allows the agency to deliver impartial, evidence-based decisions and advice. IHACPA is transparent in its decision making processes and consults extensively with the Australian Government, state and territory governments, aged care sector and other stakeholders to inform the methodology that underpins IHACPA's decisions and work program.

IHACPA has formal consultation processes in place to ensure that it draws on an extensive range of expertise in undertaking its functions. Stakeholder input from IHACPA's advisory committees and working groups ensures that IHACPA's work is informed by expert advice, which helps to establish and uphold IHACPA's credibility throughout the health and aged care industries.

In 2024–25, IHACPA continued to provide a transparent account of its decision-making through its committees and working groups, public consultations and the updates to its detailed policies. This included the release of a consultation report alongside its key strategic policy documents, the Pricing Framework for Australian Public Hospital Services 2025–26 and the Pricing Framework for Australian Residential Aged Care Services 2025–26. These consultation reports detail feedback received during public consultations and IHACPA's rationale behind its policy decisions and pricing advice.

On 3 July 2024, IHACPA hosted the Evolution of the Care Economy Summit in partnership with the Leeder Centre for Health Policy, Economics and Data at the University of Sydney. The summit brought together over 400 thought leaders, policy makers, and industry professionals from the care economy across the health, aged care and disability sectors. Delegates explored the future of Australia's care economy, with discussions centred on innovative approaches to aged care, health service delivery, and sustainable care.

In addition, during 2024–25, IHACPA continued to provide accessible education to support stakeholders with building on their understanding of IHACPA's work program. This included webinars and fact sheets.

Results

The reporting of key activities in this annual report refers to the deliverables of Strategic Objective Six: Conduct independent and transparent decision-making and engage with stakeholders in the IHACPA Work Program and Corporate Plan 2024–25, and Section 1.1 of the Portfolio Budget Statements. A summary of each deliverable and the analysis of our performance against the deliverables is outlined in Table 14.

Table 14: Summary of Performance for Strategic Objective Six: Conduct independent and transparent decision-making and engage with stakeholders in 2024–25

Deliverables	Timeframe	Outcome	Analysis
1. Provide quarterly activity based funding activity data reports to the Pricing Authority and Jurisdictional Advisory Committee.	Ongoing	Ongoing	IHACPA provided quarterly activity based funding activity data reports to the Pricing Authority, and its Jurisdictional Advisory Committee and Technical Advisory Committee.
2. Publish evidence-based activity based funding related research and analysis.	Ongoing	Ongoing	As required, IHACPA has conducted activity based funding-related research that furthers the understanding and implementation of activity based funding, particularly in relation to classifications, coding standards and pricing methodologies. In 2024–25, IHACPA received 9 requests for data, which were processed in accordance with the Data Access and Release Policy.
3. Provide advice to states and territories on proposals for the trial of innovative funding models and models of care.	Ongoing	Ongoing	IHACPA continued to work with the Australian Government and New South Wales to facilitate the trialling of innovative models through a bilateral agreement under clauses A97-A101 and Schedule C of the Addendum to the National Health Reform Agreement 2020–26. IHACPA has also provided advice to other jurisdictions considering such trials.

Deliverables	Timeframe	Outcome	Analysis
4. Undertake a horizon scan of Australian and international virtual models of service delivery and care, and associated funding arrangements.	September 2024	Delivered	IHACPA published the Virtual Care Project – Final Report in February 2025. It outlines the current challenges in capturing virtual care activity and cost data and provides a roadmap for future action.
5. Investigate issues relating to the impact of activity based funding on small jurisdictions.	June 2025	Ongoing	In 2024–25, IHACPA commenced work with jurisdictions and key stakeholders to better understand the underlying cost drivers in smaller jurisdictions. IHACPA will continue to work with all jurisdictions to determine possible opportunities to address the cost variations between smaller and larger states and territories within IHACPA’s legislated remit, and to identify the data required to implement a refinement to the national pricing model, if required.
6. Investigate the impact and occurrence of long-stay patients in public hospitals.	June 2025	Ongoing	IHACPA commenced exploratory work to investigate the occurrence of long-stay patients in public hospitals as part of the 2024–25 work program. IHACPA will continue to progress this work through its advisory committees and working groups in 2025–26.
7. Implement strategies, tools and working papers to ensure that IHACPA is providing information that will support its advisory committees, working groups and jurisdictions.	Ongoing	Ongoing	IHACPA continued to prepare committee papers, policy documents and technical specifications to support communication of the work program to stakeholders.
8. Deliver the IHACPA Summit 2024.	July 2024	Delivered	IHACPA delivered the Evolution of the Care Economy Summit on Wednesday 3 July 2024. A copy of the communiqué from the summit is published on IHACPA’s website.

Deliverables	Timeframe	Outcome	Analysis
9. Develop and promote educational materials and resources to educate, inform and engage stakeholders about IHACPA's work program and the health care system.	Ongoing	Ongoing	In 2024–25, IHACPA developed a comprehensive suite of educational materials and resources to educate, inform and engage stakeholders. Key activities included the delivery of: » one seminar » 2 webinars » 20 online learning modules » 5 written public consultations » 8 community discussions » 9 provider and stakeholder forums » 9 stakeholder workshops. IHACPA staff also presented at several externally hosted webinars, conferences and events, including with Ageing Australia and the Health Information Management Association of Australia.

4.9 IHACPA’s assessment of refundable accommodation deposits and extra service fees

IHACPA assesses applications from approved providers seeking:

- » approval to charge a refundable accommodation deposit (RAD) higher than the maximum as determined by the Minister for Health and Ageing
- » approval to charge an increase to the extra service fee.

On 1 January 2025, the maximum accommodation payment amount that residents can be charged as a RAD without approval from IHACPA was increased from \$550,000 to \$750,000. This amount is indexed to the CPI annually from 1 July 2025.

In compliance with section 211D(2)(b) of the NHR Act, IHACPA provides the following information in relation to its *Aged Care Act 1997* functions.

Refundable accommodation deposit

Table 15: Refundable accommodation deposit data for financial year 2024–25

Time period	Received	Approved	Revised*	Withdrawn	Refused	In progress
Financial year 2024–25	568	506	46	51	0	111

*Revised applications are those that have been ‘approved with revised RAD prices’ following feedback from IHACPA during the assessment process.

Table 15 outlines the number of accommodation groups that were assessed by IHACPA in 2024–25.

An accommodation group is a group of rooms with similar offerings at the same price point. A single submission by a provider will generally have between one and 10 accommodation groups. An accommodation group may have from one to all of the rooms in a service included within it.

During 2024–25, IHACPA received applications for 568 accommodation groups. 506 accommodation groups were approved, and of these, 46 accommodation groups were approved with revised RAD prices. The number of approved accommodation groups in 2024–25 includes those within applications that may have been received prior to 2024–25.

During 2024–25, 51 accommodation groups that were applied for, were then withdrawn. Applications may be withdrawn by the provider if IHACPA determines that insufficient information was received, or for reasons specific to the approved provider. A withdrawn application may be resubmitted with amendments by the provider at any time.

IHACPA completed all decisions within the legislated 60-day period as outlined within the Fees and Payments Principles 2014 (No. 2). This timeframe does not include any period during which IHACPA formally requested further information to assess the application.

Table 16: Number of unique residential aged care providers, homes, and rooms with approved applications for the financial year 2024–25

Financial year 2024–25	
Residential aged care providers	95
Residential aged care homes	185
Residential aged care rooms	12,213

Table 16 outlines the number of residential aged care providers, homes, and rooms that were approved for a RAD higher than the maximum accommodation payment amount, in the 2024–25 financial year.

Extra service fees

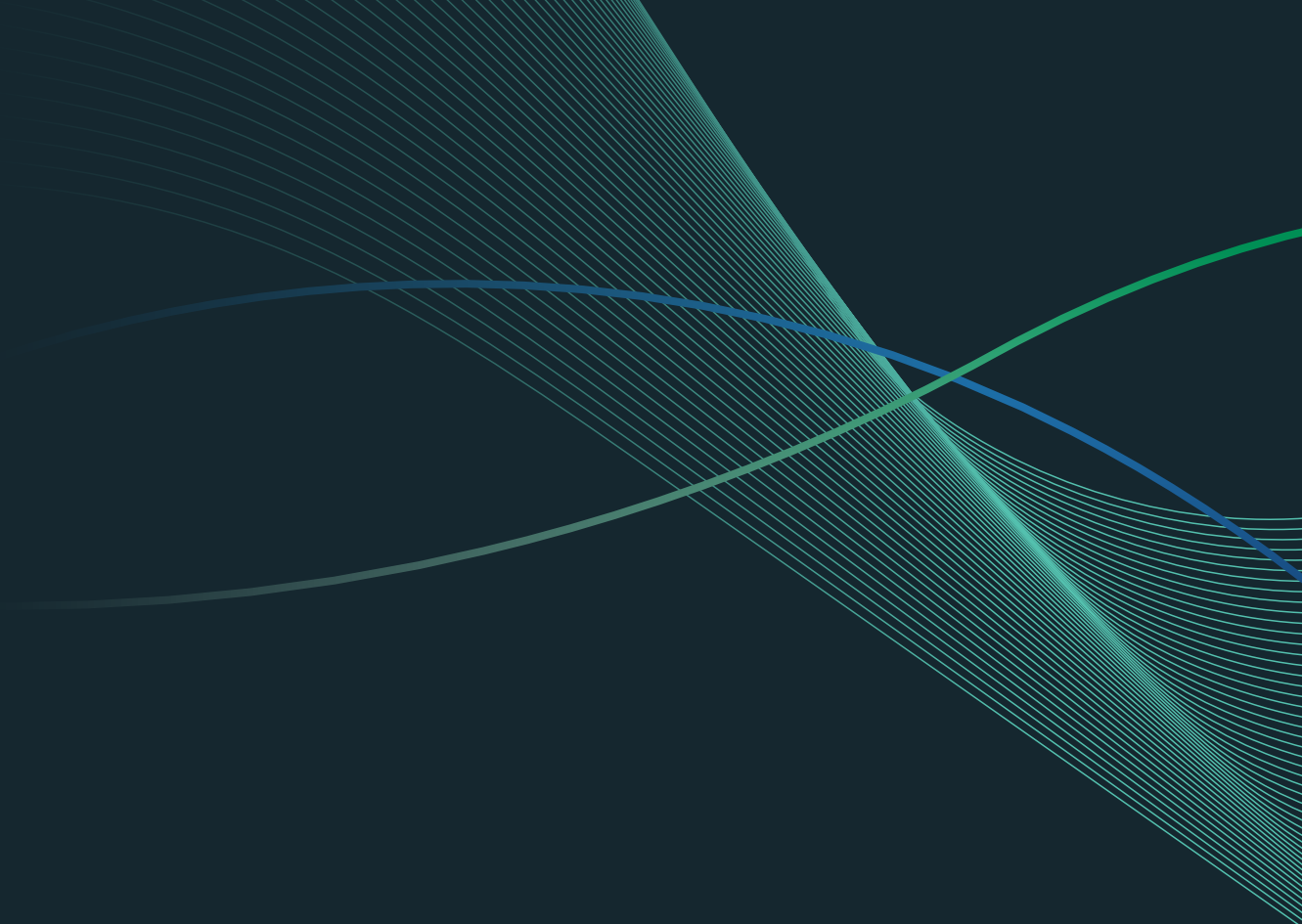
Table 17: Extra service fee data for financial year 2024–25

Time period	Received	Approved	Withdrawn	Refused	In progress
Financial year 2024–25	5	11	2	0	0

As outlined in Table 17, IHACPA received 5 applications to increase extra service fees and approved 11 in 2024–25. This includes applications completed during this period but received prior to 2024–25.

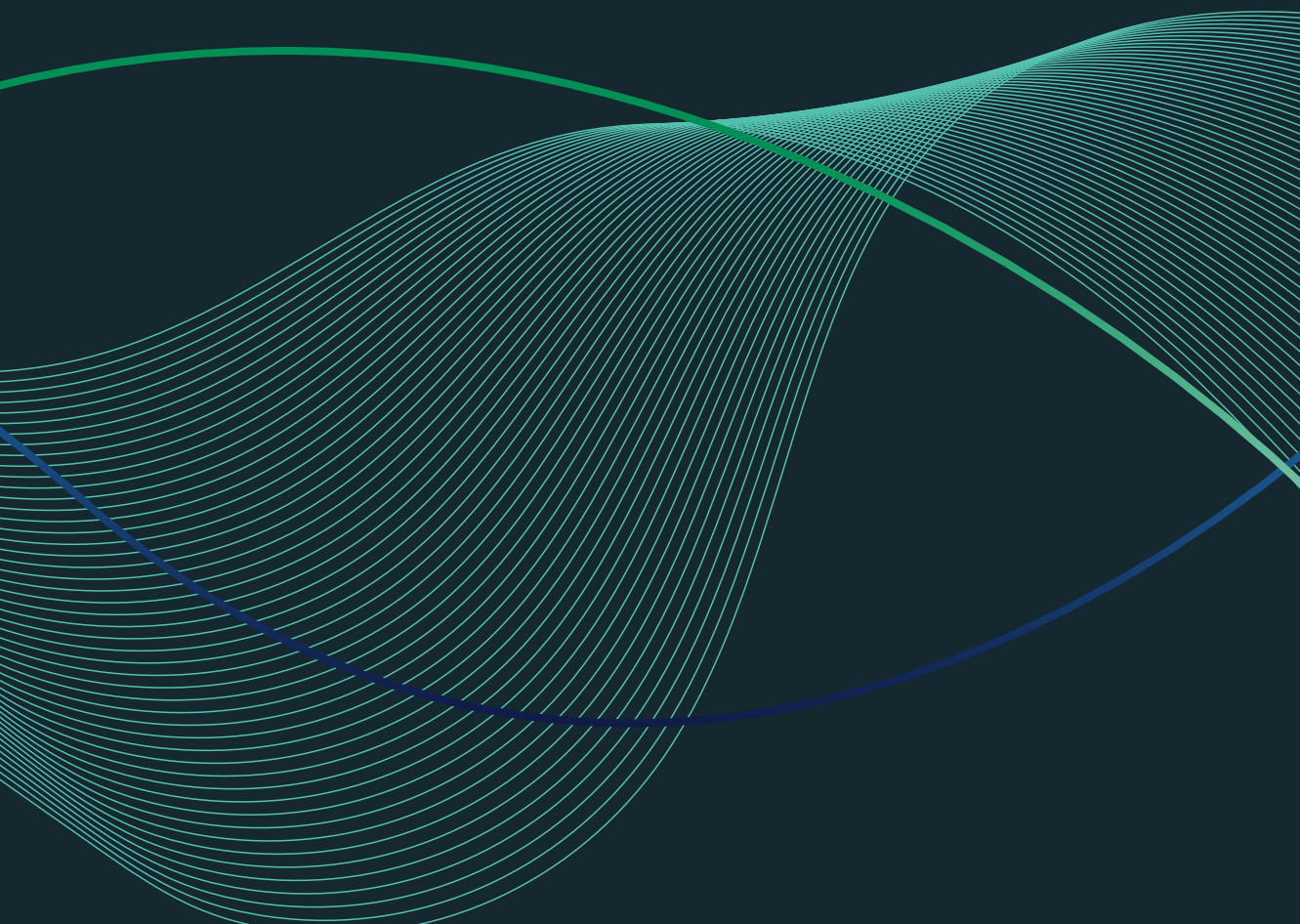
Extra service fees relate to a provider that has been granted extra service status by the Australian Government. Approved providers may seek to charge a fee for significantly higher standards of accommodation, food, entertainment options and personal services on offer to care recipients.

The Australian Government is replacing the Extra Service Fee and Additional Service Fee with the Higher Everyday Living Fee from 1 November 2025. Once implemented, IHACPA will no longer have a role in receiving and assessing applications for Extra Service Fee increases.



05

Financial management



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5.1 Financial statements

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5.2 Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Health and Ageing

Opinion

In my opinion, the financial statements of the Independent Health and Aged Care Pricing Authority (the Entity) for the year ended 30 June 2025:

- (a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2025 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2025 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and their delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

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Phone (02) 6203 7300

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Ann MacNeill
Acting Executive Director
Delegate of the Auditor-General

Canberra
4 September 2025

5.3 Statement by the Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2025 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Independent Health and Aged Care Pricing Authority will be able to pay its debts as and when they fall due.



Professor Michael Pervan

Chief Executive Officer
04 September 2025



Chris Miljak

Chief Financial Officer
04 September 2025

5.4 Primary financial statements

Statement of comprehensive income

for the period ended 30 June 2025

		2025	2024	Original Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICE EXPENSES				
Employee benefits	1.1A	22,447	17,048	20,510
Suppliers	1.1B	30,270	26,602	45,957
Depreciation and amortisation	2.2A	2,001	1,935	1,809
Finance costs	1.1C	150	163	149
Total expenses		54,868	45,748	68,425
OWN-SOURCE INCOME				
Own-source revenue				
Revenue from contracts with customers	1.2A	433	995	700
Resources received free of charge	1.2B	22,823	17,348	20,004
Interest		2,377	1,583	1,500
Total own-source revenue		25,633	19,926	22,204
Total gains		-	-	-
Total own-source income		25,633	19,926	22,204
Net cost of services		29,235	25,822	46,221
Revenue from Government	1.2C	57,414	42,869	45,899
Surplus / (Deficit)		28,179	17,047	(322)
Surplus / (deficit) on continuing operations		28,179	17,047	(322)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		221	-	-
Total other comprehensive income		221	-	-
Total comprehensive income/(loss)		28,400	17,047	(322)

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary

Statement of comprehensive income

Total expenses of \$54.868m were \$13.557m less than budget primarily due to lower supplier expenses of \$15.687m which were partially offset by higher employee benefits expense of \$1.937m.

Supplier expenses were lower than planned, primarily due to the rephasing of expenditure for the in-home support aged care program, noting that the policy implementation date being rescheduled. Employee benefits expenses were greater than budget due to the expansion of IHACPA functions.

Total own source income of \$25.633m was \$3.429m greater than budget primarily due to higher levels of resources received free of charge. Interest was also greater than budget due to larger cash holdings than budgeted.

Revenue from Government was \$11.515m higher than budget, representing additional Government funding received later in the financial year, predominantly to advise on pricing for residential aged care programs and thin markets.

Statement of financial position

as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	74,160	46,356	31,288
Trade and other receivables	2.1B	1,078	1,048	1,139
Total financial assets		75,238	47,404	32,427
Non-financial assets				
Buildings (right-of-use assets)	2.2A	8,534	9,815	8,533
Leasehold improvement	2.2A	2,048	2,100	1,676
Computer software	2.2A	1,845	2,292	1,124
Other - prepayments		817	220	405
Total non-financial assets		13,244	14,427	11,738
Total assets		88,482	61,831	44,165
LIABILITIES				
Payables				
Suppliers	2.3A	2,435	3,292	4,324
Other payables	2.3B	17	15	20
Total payables		2,452	3,307	4,344
Interest bearing liabilities				
Lease liabilities	2.4A	9,845	10,803	9,846
Total interest bearing liabilities		9,845	10,803	9,846
Provisions				
Employee provisions	3.1A	145	81	90
Total provisions		145	81	90
Total liabilities		12,442	14,191	14,280
Net assets		76,040	47,640	29,885
EQUITY				
Contributed equity		400	400	400
Asset revaluation reserve		221	-	-
Retained surplus		75,419	47,240	29,485
Total equity		76,040	47,640	29,885

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary

Statement of financial position

Total assets of \$88.482m were \$44.317m higher than budget primarily due to the increase in cash holdings from retained surpluses.

Total liabilities of \$12.442m were \$1.838m lower than budget primarily due to lower supplier payables.

Total equity of \$76.040m was \$46.155m higher than the budget primarily due to retained surpluses noting that the budget is derived on a break-even assumption.

Statement of changes in equity

for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening balance				
Balance carried forward from previous period		400	400	400
Closing balance as at 30 June		400	400	400
ASSET REVALUATION RESERVE				
Opening balance				
Balance carried forward from previous period		-	-	-
Other comprehensive income		221	-	-
Closing balance as at 30 June		221	-	-
RETAINED EARNINGS				
Opening balance				
Balance carried forward from previous period		47,240	30,193	29,807
Comprehensive income				
Surplus / (deficit) for the period		28,179	17,047	(322)
Closing balance as at 30 June		75,419	47,240	29,485
TOTAL EQUITY				
Opening balance				
Balance carried forward from previous period		47,640	30,593	30,207
Equity movements during the period				
Surplus / (deficit) for the period		28,179	17,047	(322)
Other comprehensive income		221	-	-
Closing balance as at 30 June		76,040	47,640	29,885

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary

Statement of changes in equity

Total equity of \$76.040m was \$46.155m higher than the budget amount primarily due to retained surpluses noting that the budget is derived on a break-even assumption.

Cash flow statement

for the period ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Receipts from government		57,414	42,869	45,899
Sale of goods and rendering of services		410	1,120	760
Interest		2,317	1,522	1,500
Net GST received		3,088	2,688	3,468
Total cash received		63,229	48,199	51,627
Cash used				
Employees		(1,177)	(982)	(1,363)
Suppliers		(33,141)	(28,073)	(48,732)
Interest payments on lease liabilities		(150)	(163)	(149)
Total cash used		(34,468)	(29,218)	(50,244)
Net cash from operating activities		28,761	18,981	1,383
INVESTING ACTIVITIES				
Cash used				
Purchase of computer software		-	(2,291)	-
Purchase of leasehold improvements		-	(181)	-
Total cash used		-	(2,472)	-
Net cash used by investing activities		-	(2,472)	-
FINANCING ACTIVITIES				
Cash used				
Principal payments of lease liabilities		(958)	(895)	(958)
Total cash used		(958)	(895)	(958)
Net cash used by financing activities		(958)	(895)	(958)
Net increase in cash held		27,803	15,614	425
Cash and cash equivalents at the beginning of the reporting period		46,356	30,742	30,863
Cash and cash equivalents at the end of the reporting period	2.1A	74,160	46,356	31,288

The above statement should be read in conjunction with the accompanying notes.

Budget variances commentary

Statement of changes in cash flow

The closing cash balance of \$74.160m was \$42.872m higher than the budget due to retained surpluses noting that the budget is derived on a break-even assumption.

Overview

Objectives of the Independent Health and Aged Care Pricing Authority

The Independent Health and Aged Care Pricing Authority (IHACPA) is a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) with its principal place of business located at Level 12, 1 Oxford Street, Sydney NSW.

IHACPA's role and functions are set out in the *National Health Reform Act 2011*, the *Aged Care Act 1997* and the *Aged Care Quality and Safety Commission Act 2018*. IHACPA's role and functions include the:

- » determination of the national efficient price and national efficient cost for public hospital services
- » development of national classifications for activity based funding
- » resolution of disputes on cost-shifting and cross-border issues
- » provision of advice on healthcare pricing and costing matters
- » provision of advice on aged care pricing and costing matters
- » performance of certain functions conferred by the *Aged Care Act 1997*.

The continued existence of the entity in its present form, and with its present programs, is dependent on government policy and on continuing funding by parliament for the entity's administration and programs.

The basis of preparation

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with the:

- a. Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)
- b. Australian Accounting Standards and Interpretations - including simplified disclosures for Tier 2 Entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars, unless otherwise specified.

Significant changes affecting IHACPA during 2024–25

No significant changes affecting IHACPA functions have occurred in this reporting.

New accounting standards

IHACPA has adopted all new, revised and amending standards and interpretations that were issued by the Australian Accounting Standards Board (AASB) prior to the sign-off date and are applicable to the current reporting period. The adoption of these standards and interpretations did not have a material effect, and are not expected to have a future material effect on IHACPA's financial statements.

No accounting standard has been adopted earlier than the application date as stated in the standard.

Significant accounting judgements and estimates

Except where specifically identified and disclosed, IHACPA has determined that no accounting assumptions and estimates have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Taxation

IHACPA is exempt from all forms of taxation, except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events after the reporting period

No events have occurred since the reporting date which have had a material impact on the financial statements.

Notes to the financial statements

Financial performance

This section analyses the financial performance of IHACPA for the year ended 30 June 2025.

Note 1.1 Expenses

	2025 \$'000	2024 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	799	655
Superannuation - Defined contribution plans	101	78
Leave and other entitlements	343	307
Wages and salaries for staff provided by Department of Health, Disability and Ageing	21,204	16,008
Total employee benefits	22,447	17,048

Accounting policy

Employee benefits

Accounting policies for employee benefits is contained in the people and relationships section.

	2025 \$'000	2024 \$'000
Note 1.1B: Suppliers		
Goods and services supplied or rendered		
Consultants	13,066	13,367
Contractors	8,727	5,017
IT services	5,948	5,107
Travel	457	479
Training	113	227
Publishing materials	533	441
Legal and audit expenses	484	438
Conferences and seminars	283	904
Other	655	620
Total goods and services supplied or rendered	30,266	26,600
Goods supplied	608	489
Services rendered	29,658	26,111
Total goods and services supplied or rendered	30,266	26,600
Other suppliers		
Workers' compensation expenses	4	2
Total other suppliers	4	2
Total suppliers	30,270	26,602
Note 1.1C: Finance Costs		
Interest on lease liabilities (office space lease)	150	163
Total finance costs	150	163

The above lease disclosure should be read in conjunction with the accompanying notes 2.2A and 2.4A.

Note 1.2 Own-source revenue and gains

	2025 \$'000	2024 \$'000
OWN-SOURCE REVENUE		
Note 1.2A: Revenue from contracts with customers		
Sale of goods	433	723
Rendering of services	-	272
Total revenue from contracts with customers	433	995

Sales of goods are from sales of intellectual property relating to the Australian Refined Diagnosis Related Groups (AR-DRG) classification systems. Rendering of services represent conference revenue.

Accounting policy

Revenue from contracts with customers

Revenue from the sale of goods and rendering of services is recognised when control has been transferred to the buyer.

In relation to AASB 15, IHACPA has considered each revenue stream to identify the existence of an enforceable contract that requires the completion of sufficiently specific performance obligations in exchange for relevant consideration. Revenue is recognised either over time or at a point in time as performance obligations are completed and IHACPA has an enforceable right to payment for the performance completed to date.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer considered probable.

	2025 \$'000	2024 \$'000
Note 1.2B: Resources received free of charge		
Departmental contribution received free of charge	22,758	17,283
Resources received free of charge - Remuneration of auditors	65	65
Total other revenue	22,823	17,348

Accounting policy

Resources received free of charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as revenue.

	2025 \$'000	2024 \$'000
Note 1.2C: Revenue from Government		
Amounts from Department of Health, Disability and Ageing	57,414	42,869
Total revenue from Government	57,414	42,869

Accounting policy

Revenue from government

Funding received or receivable from non-corporate Commonwealth entities is recognised as Revenue from Government by IHACPA unless the funding is in the nature of an equity injection or a loan.

Financial position

This section analyses the IHACPA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee-related information is disclosed in the people and relationships section.

Note 2.1 Financial assets

	2025 \$'000	2024 \$'000
Note 2.1A: Cash and cash equivalents		
Cash on deposit	74,160	46,356
Total cash and cash equivalents	74,160	46,356

Accounting policy

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a. cash on hand, and
- b. demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

	2025 \$'000	2024 \$'000
Note 2.1B: Trade and other receivables		
Other receivables		
GST receivable from the Australian Taxation Office	704	863
Other amounts receivable	374	185
Total other receivables	1,078	1,048
Total trade and other receivables (gross)	1,078	1,048
 Less expected credit loss allowance	 -	 -
 Total trade and other receivables (net)	 1,078	 1,048

No amounts in receivables are overdue.

Accounting policy

Trade and other receivables

IHACPA's financial assets are comprised of trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows. All of IHACPA's financial assets are measured, and carried, at amortised cost.

Impairment

All assets were assessed for impairment as at 30 June 2025. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

Note 2.2 Non-financial assets

Note 2.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment, and Intangibles

	Buildings	Leasehold improvement	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2024				
Gross book value	12,802	2,688	2,679	18,169
Accumulated depreciation, amortisation and impairment	(2,987)	(588)	(387)	(3,962)
Total as at 1 July 2024	9,815	2,100	2,292	14,207
Depreciation and amortisation	-	(274)	(447)	(721)
Depreciation on right-of-use assets	(1,281)	-	-	(1,281)
Revaluations				
Writeback of accumulated depreciation at revaluation	-	862	-	862
Adjustment of gross book value at revaluation		(640)		(640)
Total as at 30 June 2025	8,534	2,048	1,845	12,427
Total as at 30 June 2025 represented by				
Gross book value	12,802	2,048	2,679	17,529
Accumulated depreciation, amortisation and impairment	(4,268)	-	(834)	(5,101)
Total as at 30 June 2025 represented by	8,534	2,048	1,845	12,427
Carrying amount of right-of-use assets	8,534	-	-	8,534

No indicators of impairment were found for property, plant and equipment or intangibles.

The balances detailed above are rounded which may result in discrepancies between totals and the sum of components.

Summary of asset movements:

An independent revaluation was conducted at 30 June 2025 in accordance with the revaluation policies stated at Note 4.3. As a result the fair value for leasehold improvement assets were estimated at \$2.048m with the increase in fair value of \$0.221m recognised through changes in asset revaluation reserve in other comprehensive income. There were no asset additions or disposals during the period.

Accounting policy

Property, plant and equipment, and intangibles

Assets are recorded at cost on acquisition except as stated below. The cost on acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$10,000 (2024: \$10,000), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Lease right-of-use (ROU) assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned. Lease ROU assets continue to be measured at cost after initial recognition.

Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation. Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2025	2024
Leasehold improvements	Lease terms	Lease terms
Plant and equipment	3 to 6 years	3 to 6 years

Impairment

All assets were assessed for impairment at 30 June 2025. Where indications of impairment exist, the assets recoverable amount is estimated and an impairment adjustment made if the asset’s recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset’s ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The entity's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software are 1 to 6 years (2024: 1 to 6 years). All software assets were assessed for indications of impairment as at 30 June 2025.

Note 2.3 Payables

	2025 \$'000	2024 \$'000
Note 2.3A: Suppliers		
Trade creditors and accruals	2,337	3,292
Contract liabilities from contracts with customers	98	-
Total suppliers	2,435	3,292

Trade creditors settlement terms are 30 days.

The contract liabilities from contracts with customers are associated with prepaid conference revenue.

Note 2.3B: Other Payables

Salaries and wages	17	15
Total other payables	17	15

Note 2.4 Interest bearing liabilities

	2025 \$'000	2024 \$'000
Note 2.4A: Lease liabilities		
Lease liability (office space)	9,845	10,803
Total lease liabilities	9,845	10,803

Total cash outflow for leases for the year ended 30 June 2025 was \$1.108m (2024: \$1.058m)

Maturity analysis - contractual undiscounted cash flows

Within 1 year	1,159	1,108
Between 1 to 5 years	6,252	5,710
More than 5 years	2,961	4,662
Total undiscounted leases	10,372	11,480

The lease for IHACPA's office space at Level 12, 1 Oxford Street Sydney commenced on 1 March 2022 for a term of 5 years (with a 5 year extension option).

People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

Note 3.1 Employee provisions

	2025 \$'000	2024 \$'000
Note 3.1A: Employee provisions		
Leave	145	81
Total employee provisions	145	81

Accounting policy

Employee provisions

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period, minus the fair value at the end of the reporting period of plan assets (if any), out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The estimate of the present value of the liability takes into account attrition rates, and pay increases through promotion and inflation.

Superannuation

The entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance’s administered schedules and notes.

The entity makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Australian Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

Note 3.2 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Pricing Authority member. The entity has determined the key management personnel to be the Chief Executive Officer and the Pricing Authority members.

Key management personnel remuneration is reported in the table below:

	2025 \$'000	2024 \$'000
Short-term employee benefits	1,097	955
Post-employment benefits	92	75
Other long-term benefits	12	9
Termination benefits	-	-
Total key management personnel remuneration expenses	1,201	1,039

The total number of key management personnel that are included in the above table is 10 (2024: 9).

The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Ministers whose remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

Note 3.3 Related party disclosures

Related party relationships

IHACPA is an Australian Government controlled entity. Related parties to this entity are the key management personnel (as per Note 3.2) and other Australian Government entities.

Transactions with related parties:

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by IHACPA, it has been determined that there are no related party transactions to be separately disclosed.

Managing uncertainties

This section analyses how IHACPA manages financial risks within its operating environment.

Note 4.1 Contingent assets and liabilities

Quantifiable contingencies

There were no quantifiable contingent assets or liabilities in this reporting period (2024: nil).

Unquantifiable contingencies

There were no unquantifiable contingent assets or liabilities in this reporting period (2024: nil).

Significant remote contingencies

There were no significant remote contingent assets or liabilities in this reporting period (2024: nil).

Accounting policy

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset, or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when settlement is greater than remote.

Note 4.2 Financial instruments

	2025 \$'000	2024 \$'000
Note 4.2A: Financial instruments (assets)		
Financial assets at amortised cost		
Cash and cash equivalents	74,160	46,356
Trade and other receivables	374	185
Total financial assets at amortised cost	74,534	46,541
Note 4.2B: Financial instruments (liabilities)		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	2,337	3,292
Contract liabilities from contracts with customers	98	-
Total financial liabilities measured at amortised cost	2,435	3,292

Accounting policy

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- cash on hand, and
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Classification and measurement

The classification and measurement of IHACPA's financial assets under AASB 9 is determined by its business model for managing its financial assets and the contractual cash flow characteristics of those assets.

Financial assets

IHACPA's financial assets are comprised of trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows. All of IHACPA's financial assets are measured, and carried, at amortised cost.

Financial liabilities

IHACPA's financial liabilities are measured, and carried, at amortised cost. Supplier and other payables are recognised to the extent that the goods or services have been received, irrespective of having been invoiced. Lease liabilities are measured using the effective interest method.

Impairment

AASB 9 requires IHACPA to impair its financial assets by applying the 'expected credit losses' (ECL) model. IHACPA has taken advantage of the practical expedient which allows the use of a Provision Matrix to calculate expected credit losses on trade receivables. IHACPA has assessed the loss allowance for its financial assets at an amount equal to lifetime expected credit losses.

Due to the nature of IHACPA's receivables, a nil loss allowance has been calculated. There is no impairment of IHACPA's financial assets as at 30 June 2025.

Note 4.3 Fair value measurement

Accounting policy

As allowed for by AASB 13 Fair Value Measurement, quantitative information on significant unobservable inputs used in determining fair value is not disclosed.

Assets held at fair value include leasehold improvements and property, plant and equipment. Assets not held at fair value include computer software and ROU assets.

IHACPA tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). An independent revaluation was undertaken by Jones Lang LaSalle Public Sector Valuations Pty Ltd in June 2025 consistent with the valuation methodologies described below which resulted in a fair value adjustment to leasehold improvement assets (refer to note 2.2A for details).

If a particular asset class experiences significant and volatile changes in fair value (that is, where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

The categories of fair value measurement are:

- a. Level 1: quoted prices (unadjusted) in active markets for identical assets that the entity can access at measurement date.
- b. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- c. Level 3: unobservable inputs.

IHACPA's assets are held at fair value and are measured at category Levels 2 or 3 with no fair values measured at category Level 1.

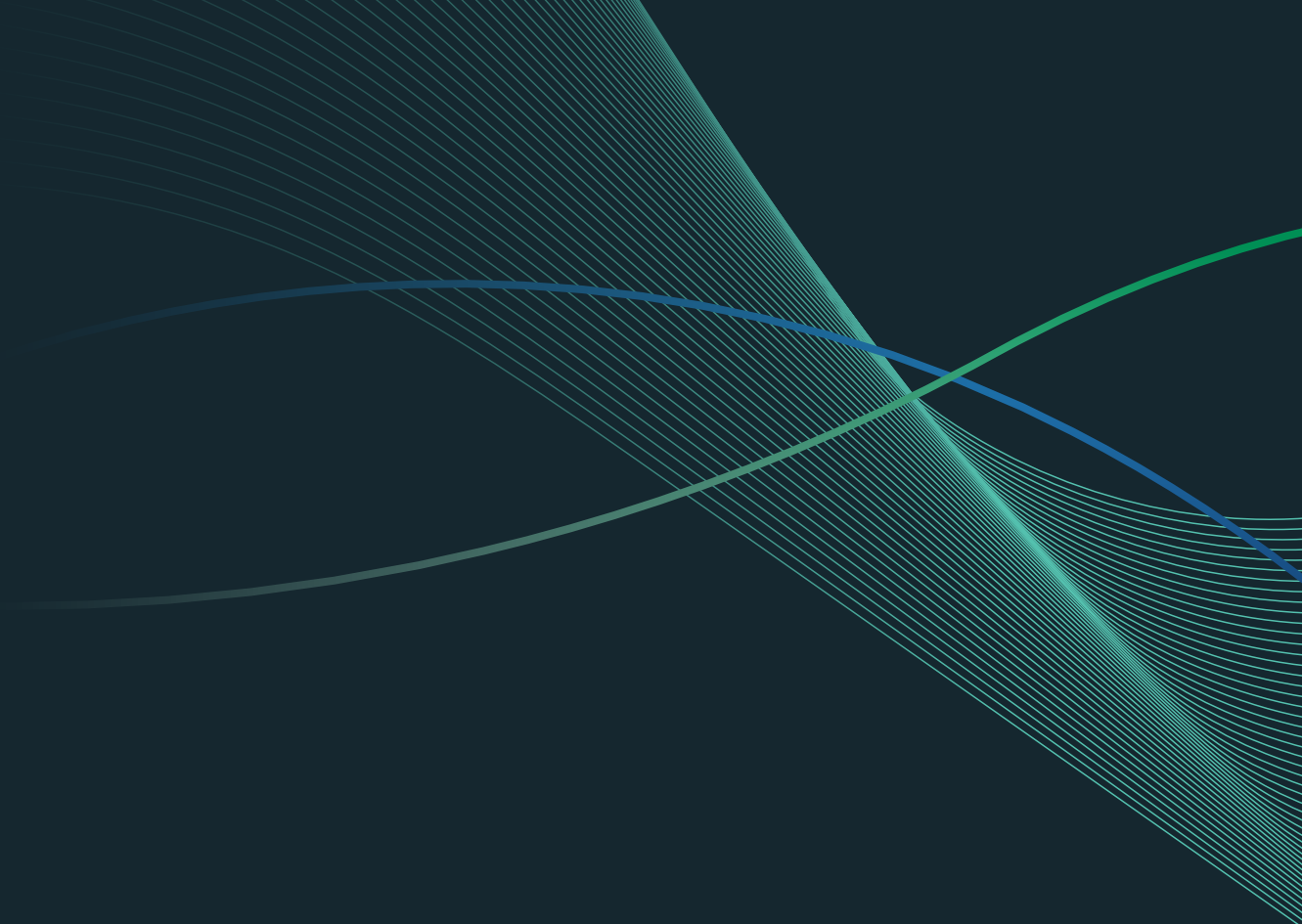
Leasehold improvements are measured at category Level 3 and the valuation methodology used is Current Replacement Cost (CRC). Under CRC the estimated cost to replace the asset is calculated, with reference to new replacement price per square metre, and then adjusted to take into account its consumed economic benefit (accumulated depreciation). The consumed economic benefit has been determined based on the professional judgement with regard to physical, economic and external obsolescence factors.

Property, plant and equipment is measured at either category Level 2 or 3. The valuation methodology is either market approach or CRC, based on replacement cost for a new equivalent asset. The significant unobservable inputs used in the fair value measurement of property, plant and equipment assets are the market demand and professional judgement.

Other information

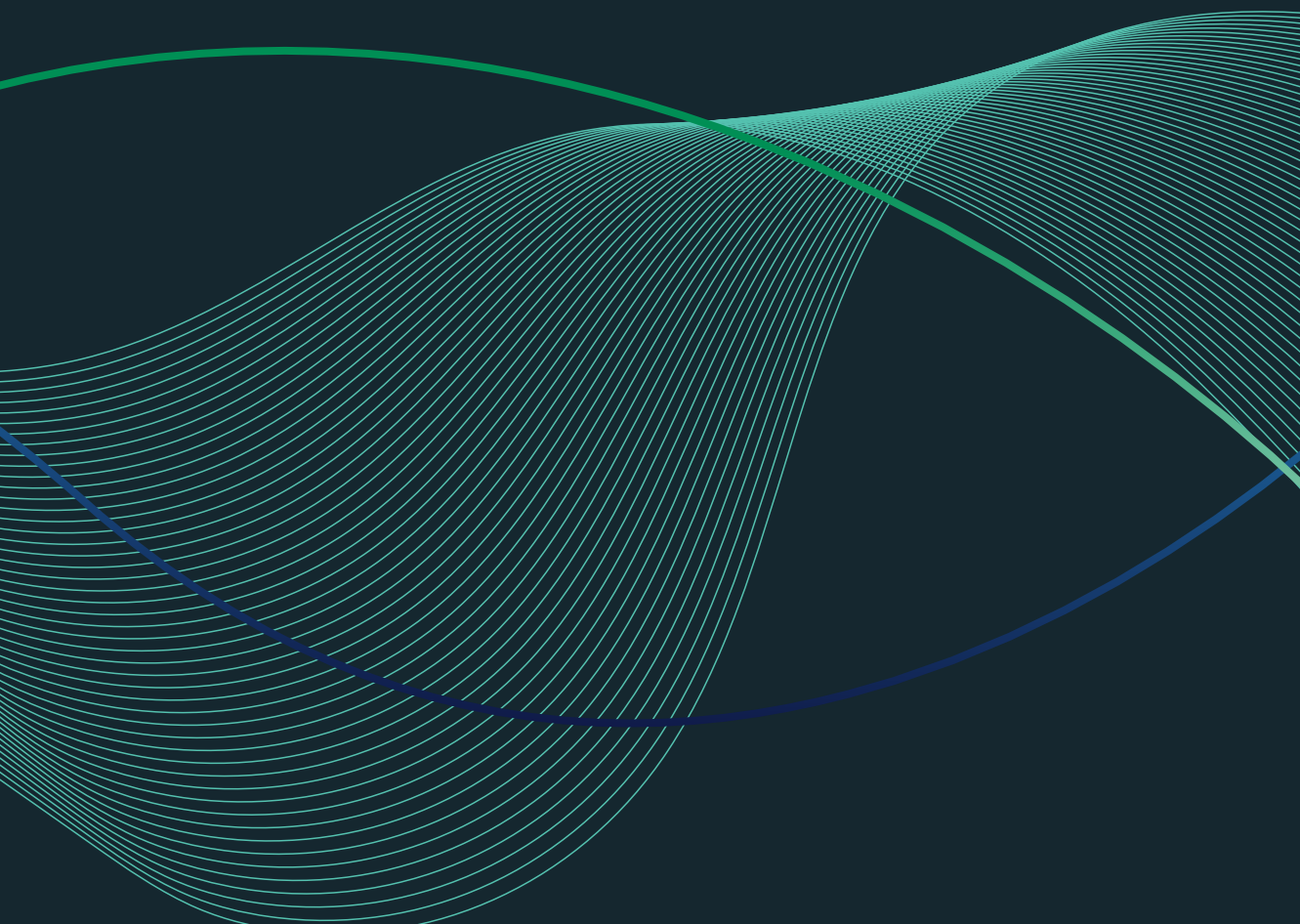
Note 5.1 Current/non-current distinction for assets and liabilities

	2025 \$'000	2024 \$'000
Note 5.1A Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	74,160	46,356
Trade and other receivables	1,078	1,048
Prepayments	817	220
Total no more than 12 months	76,055	47,624
More than 12 months		
Buildings	8,534	9,815
Leasehold improvements	2,048	2,100
Computer software	1,845	2,292
Total more than 12 months	12,427	14,207
Total assets	88,482	61,831
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	2,435	3,292
Leases	1,024	958
Other payables	17	15
Employee provisions	120	68
Total no more than 12 months	3,596	4,333
More than 12 months		
Leases	8,821	9,845
Employee provisions	25	13
Total more than 12 months	8,846	9,858
Total liabilities	12,442	14,191



06

Appendices



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Appendix B – Acronyms and abbreviations

ABF – Activity based funding

ACAC – Aged Care Advisory Committee

ACHI – Australian Classification of Health Interventions

ACS – Australian Coding Standards

AECC – Australian Emergency Care Classification

AMHCC – Australian Mental Health Care Classification

AN-ACC – Australian National Aged Care Classification

ANAO – Australian National Audit Office

ARCC – Audit Risk and Compliance Committee

ADRG – Adjacent Diagnosis Related Group

AR-DRG – Australian Refined Diagnosis Related Groups

CAC – Clinical Advisory Committee

CEO – Chief Executive Officer

CPI – Consumer Price Index

EPD Short List – Emergency Care ICD-10-AM Thirteenth Edition Principal Diagnosis Short List

ICD-10-AM – International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification

ICD-11 – International Classification of Diseases 11th Revision

ICU – Intensive care unit

IHACPA – Independent Health and Aged Care Pricing Authority

JAC – Jurisdictional Advisory Committee

JRPP – jurisdictional renewable power percentage

NEC – National Efficient Cost

NEP – National Efficient Price

NDIS – National Disability Insurance Scheme

NHCDC – National Hospital Cost Data Collection

NHRA – National Health Reform Agreement

NHR Act – *National Health Reform Act 2011*

PGPA – Public Governance, Performance and Accountability

RACPA – Residential Aged Care Pricing Advice

RAD – Refundable accommodation deposit

RET – Renewable Energy Target

RPP – renewable power percentage

Tier 2 – Tier 2 Non-Admitted Services Classification

Appendix C – IHACPA workforce statistics 2024–25

Ongoing and non-ongoing employees

The Australian Government Department of Health, Disability and Ageing includes IHACPA’s seconded staff in its workforce statistics tables. However, to provide transparency, IHACPA provides the following staffing tables for staff from the department working at IHACPA at the direction of the IHACPA CEO.

Table 18: Ongoing seconded employees at 30 June 2024

Classification	Man/Male			Woman/Female			Non-binary			Prefers not to answer		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Senior Executive Service	0	1	1	6	0	6	0	0	0	0	0	0
Executive Level 2	10	0	10	14	0	14	0	0	0	0	0	0
Executive Level 1	15	0	15	38	4	42	0	0	0	0	0	0
APS Level 6	7	0	7	12	1	13	0	0	0	0	0	0
APS Level 5	1	0	1	2	0	2	0	0	0	0	0	0
Total	33	1	34	72	5	77	0	0	0	0	0	0

Table 19: Non-ongoing seconded employees at 30 June 2024

Classification	Man/Male			Woman/Female			Non-binary			Prefers not to answer		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Senior Executive Service	0	0	0	0	0	0	0	0	0	0	0	0
Executive Level 2	0	0	0	1	0	1	0	0	0	0	0	1
Executive Level 1	1	0	1	3	0	3	0	0	0	0	0	4
APS Level 6	0	0	0	2	0	2	0	0	0	0	0	2
APS Level 5	0	0	0	0	0	0	0	0	0	0	0	0
Total	1	0	1	6	0	6	0	0	0	0	0	7

Table 20: Ongoing seconded employees at 30 June 2025

Classification	Man/Male			Woman/Female			Non-binary			Prefers not to answer		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Senior Executive Service	0	1	1	4	0	4	0	0	0	0	0	0
Executive Level 2	7	0	7	17	0	17	0	0	0	0	0	0
Executive Level 1	19	0	19	39	7	46	0	0	0	0	0	0
APS Level 6	7	0	7	17	2	19	0	0	0	0	0	0
APS Level 5	0	0	0	1	2	3	0	0	0	0	0	0
Total	33	1	34	78	11	89	0	0	0	0	0	0

Table 21: Non-ongoing seconded employees at 30 June 2025

Classification	Man/Male			Woman/Female			Non-binary			Prefers not to answer		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Senior Executive Service	0	0	0	0	0	0	0	0	0	0	0	0
Executive Level 2	0	0	0	0	0	0	0	0	0	0	0	0
Executive Level 1	0	0	0	3	0	3	0	0	0	0	0	3
APS Level 6	1	0	1	4	0	4	0	0	0	0	0	5
APS Level 5	0	0	0	1	0	1	0	0	0	0	0	1
Total	1	0	1	8	0	8	0	0	0	0	0	9

Appendix D – Glossary

Activity based funding

A system for funding public hospital services based on the actual number of services provided to patients and the efficient cost of delivering those services. Activity based funding (ABF) uses national classifications, cost weights and the NEP to determine the amount of funding for each activity or service.

Aged Care Act 1997

On 12 August 2022, the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* and the *Aged Care Legislation Amendment (Independent Health and Aged Care Pricing Authority) Instrument 2022* amended the *National Health Reform Act 2011* and the *Aged Care Act 1997* and in so doing expanded IHACPA's remit. The changes also transferred the functions of the former Office of the Aged Care Pricing Commissioner to IHACPA.

Aged Care Act 2024

The Australian Parliament passed the [Aged Care Act 2024](#) as the new law for government-funded aged care in Australia on 25 November 2024. The *Aged Care Act 2024* will commence on 1 November 2025 and replaces the *Aged Care Act 1997*, the *Aged Care (Transitional Provisions) Act 1997*, and the *Aged Care Quality and Safety Commission Act 2018*.

Block funding

A system of funding public hospital functions and services as a fixed amount based on population and previous funding.

Corporate plan

The primary strategic planning document of a Commonwealth Government entity. It sets out the objectives, capabilities and intended results over a 4-year period, in accordance with the entity's stated purposes. The corporate plan should provide a clear line of sight with the relevant annual performance statement, Portfolio Budget Statements and annual report.

National efficient cost

IHACPA determines a national efficient cost (NEC) for services that are not suitable for ABF, such as small rural hospitals. The NEC determines the Australian Government contribution to block funded hospitals.

National efficient price

A base price calculated by IHACPA as a benchmark to guide governments about the level of funding that would meet the average cost of providing acute care (admitted, emergency and outpatient) services in public hospitals across Australia. The national efficient price is based on the projected average cost of a national weighted activity unit after the deduction of specified Commonwealth Government-funded programs.

National Health Reform Act 2011

IHACPA was established under the *National Health Reform Act 2011*. The *National Health Reform Act 2011* gave effect to the National Health Reform Agreement signed by the Australian Government and all states and territories in August 2011.

National Health Reform Agreement

The National Health Reform Agreement outlines the funding, governance and performance arrangements for the delivery of public hospital services in Australia. The agreement was entered into by the Australian Government and all states and territories in August 2011.

On 29 May 2020, all Australian governments signed a new addendum. It amended the National Health Reform Agreement for the period from 1 July 2020 to 30 June 2025.

The Addendum to the National Health Reform Agreement 2020–25 was extended for 12 months to expire on 30 June 2026, to enable the continued negotiation of the next addendum from 1 July 2026 onwards.

Prescribed List

The Prescribed List (previously referred to as the Prostheses List) is a schedule of medical devices and benefits that defines the minimum amount private health insurers are required to pay hospitals that utilise these devices in the provision of care to privately insured individuals. The Prescribed List forms part of the Private Health Insurance (Prostheses) Rules, which is a legislative instrument made under the *Private Health Insurance Act 2007*.

Public Governance, Performance and Accountability Act 2013

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. The PGPA Act applies to all Commonwealth Government entities and companies.

Work program

Each year, IHACPA consults on and publishes a work program for the year ahead. As prescribed in section 225 of the *National Health Reform Act 2011*, the objectives of the IHACPA work program set out IHACPA's program of work for the coming year and invite interested persons (including states and territories) to make submissions to the Pricing Authority about the work program up to 30 days after publication. IHACPA work programs are available at ihacpa.gov.au/publications.

Appendix E – Compliance index

IHACPA, as a corporate Commonwealth entity, has prepared this annual report under section 17BE(u) of the Public Governance, Performance and Accountability Rule 2014 (the Rule), and section 46 of the PGPA Act.

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE	Contents of annual report			
17BE(a)	Introduction	7	Details of the legislation establishing the body.	Mandatory
17BE(b)(i)	What we do	9-13	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	What we do	9-13	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Mandatory
17BE(c)	Responsible minister	12	The names of the persons holding the position of responsible minister or responsible ministers during the reporting period, and the titles of those responsible ministers.	Mandatory
17BE(d)	Ministerial directions and government policy orders	12	Directions given to the entity by the minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	Ministerial directions and government policy orders	12	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the PGPA Act.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE(f)	Not applicable	-	Particulars of non-compliance with: a. a direction given to the entity by the minister under an Act or instrument during the reporting period; or b. a government policy order that applied in relation to the entity during the reporting period under section 22 of the PGPA Act.	If applicable, mandatory
17BE(g)	Annual performance statements	55-88	Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the rule.	Mandatory
17BE(h), 17BE(i)	Not applicable	-	A statement of significant issues reported to the minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
17BE(j)	Approval by accountable authority	iii	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Organisational structure	19-20	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE(ka)	Appendix C – IHACPA workforce statistics	128- 132	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: a. statistics on full-time employees b. statistics on part-time employees c. statistics on gender d. statistics on staff location.	Mandatory
17BE(l)	Organisational structure	19-20	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	Key corporate governance practices	45-54	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE(n), 17BE(o)	Not applicable	-	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): - the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company, and - the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions.	If applicable, mandatory
17BE(p)	Provision of advice to the Australian Government on other health care pricing or costing matters	11	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	If applicable, mandatory
17BE(q)	Not applicable	-	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE(r)	Not applicable	-	Particulars of any reports on the entity given by: a. the Auditor-General (other than a report under section 43 of the Act); or b. a Parliamentary Committee; or c. the Commonwealth Ombudsman; or d. the Office of the Australian Information Commissioner.	If applicable, mandatory
17BE(s)	Not applicable	-	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	If applicable, mandatory
17BE(t)	Not applicable	-	Details of any indemnity that applied during the reporting period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs).	If applicable, mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BE(taa)	Audit, Risk and Compliance Committee	45-48	The following information about the audit committee for the entity: a. a direct electronic address of the charter determining the functions of the audit committee b. the name of each member of the audit committee c. the qualifications, knowledge, skills or experience of each member of the audit committee d. information about each member's attendance at meetings of the audit committee e. the remuneration of each member of the audit committee.	Mandatory
17BE(ta)	Key management personnel	24-25	Information about executive remuneration.	Mandatory
17BF	<i>Disclosure requirements for government business enterprises</i>			
17BF(1)(a)(i)	Not applicable	-	An assessment of significant changes in the entity's overall financial structure and financial conditions.	If applicable, mandatory
17BF(1)(a)(ii)	Not applicable	-	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions.	If applicable, mandatory
17BF(1)(b)	Not applicable	-	Information on dividends paid or recommended.	If applicable, mandatory

PGPA Rule Reference	Part of Report	Page	Description	Requirement
17BF(1)(c)	Not applicable	-	Details of any community service obligations the government business enterprise has including: a. an outline of actions taken to fulfil those obligations; and b. an assessment of the cost of fulfilling those obligations.	If applicable, mandatory
17BF(2)	Not applicable	-	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	If applicable, mandatory

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