

# Support at Home Pricing Advice 2026–27

Technical Specifications



## Support at Home Pricing Advice 2026–27 Technical Specifications – December 2025

© Independent Health and Aged Care Pricing Authority 2025

This publication is available for your use under a [Creative Commons Attribution 4.0 International licence](#), with the exception of the Independent Health and Aged Care Pricing Authority logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from the Creative Commons website.



Use of Independent Health and Aged Care Pricing Authority material under a Creative Commons Attribution 4.0 International licence requires you to attribute the work (but not in any way that suggests that the Independent Health and Aged Care Pricing Authority endorses you or your use of the work).

Independent Health and Aged Care Pricing Authority material used 'as supplied'.

Provided you have not modified or transformed Independent Health and Aged Care Pricing Authority material in any way including, for example, by changing Independent Health and Aged Care Pricing Authority text – then the Independent Health and Aged Care Pricing Authority prefers the following attribution:

Source: The Independent Health and Aged Care Pricing Authority

# Contents

<b>Abbreviations .....</b>	<b>5</b>
<b>1 Overview .....</b>	<b>6</b>
1.1 Purpose .....	6
1.2 Background .....	6
1.3 The scope of IHACPA's Support at Home Pricing Advice 2026–27 .....	6
1.4 Support at Home pricing advice process.....	7
1.4.1 Data sources .....	7
1.4.2 Methodology overview .....	7
<b>2 Data preparation .....</b>	<b>8</b>
2.1 Overview .....	8
2.2 Support at Home Cost Collections .....	8
2.2.1 Indexation and adjustments .....	8
2.2.2 Trimming .....	9
2.2.3 Sample weighting .....	9
2.2.4 In-scope unit costs.....	13
2.3 Aged Care Financial Report 2023–24 .....	13
2.3.1 Trimming .....	13
2.3.2 In-scope costs .....	14
<b>3 Pricing model .....</b>	<b>15</b>
3.1 Overview .....	15
3.2 Calculation of unit costs.....	15
3.2.1 Grouping of services.....	15
3.2.2 Calculation of base unit costs .....	16
3.2.3 Delineation of base unit costs by time and day of delivery .....	16
3.2.4 Confidence intervals and quantiles .....	20
<b>4 Indexation.....</b>	<b>21</b>
4.1 Overview .....	21
4.2 Labour cost indexation and adjustments.....	21
4.2.1 Overview .....	21
4.2.2 Impact of Fair Work Commission work value case decisions on labour costs .....	23
4.2.3 Wage Price Index adjustment.....	24

4.2.4 Step 1: indexation and adjustments to SAHCC 2024 to estimate costs in 2023–24 ... 33

4.2.5 Step 2: indexation and adjustments from 2023–24 to 2026–27 ..... 34

4.3 Non-labour indexation..... 37

4.3.1 Non-labour indexation rates..... 37

4.3.2 Indexation..... 39

4.4 Application of indexation and adjustments ..... 40

# Abbreviations

Abbreviation	Description
ABS	Australian Bureau of Statistics
ACFR	Aged Care Financial Report
ACQSC	Aged Care Quality and Safety Commission
Aged Care Act	<i>Aged Care Act 2024</i>
Aged Care Award	<i>Aged Care Award 2010</i>
Aged Care Work Value Case	Fair Work Commission Work value case – Aged care industry
AIN	Assistant in nursing
ANZSCO	Australian and New Zealand Classification of Occupations
ANZSIC	Australian and New Zealand Industrial Classification
AWR	Annual Wage Review
CHSP	Commonwealth Home Support Program
CPI	Consumer Price Index
EBA	Enterprise bargaining agreement
ECEC	Early Childhood Education and Care
EN	Enrolled nurse
FTE	Full-time equivalent
HCP	Home Care Package
HCW	Home care worker
HPSS Award	<i>Health Professionals and Support Services Award 2020</i>
IHACPA	Independent Health and Aged Care Pricing Authority
MM	Modified Monash
Nurses Award	<i>Nurses Award 2020</i>
NHR Act	<i>National Health Reform Act 2011</i>
Nurses and Midwives Work Value Case	Fair Work Commission Work value case – Nurses and midwives
Pricing Authority	The governing body of IHACPA established under the <i>National Health Reform Act 2011</i> (Cth)
QFR	Quarterly Financial Report
RBA	Reserve Bank of Australia
RN	Registered nurse
SAHCC	Support at Home Cost Collection
SAHPA26	Support at Home Pricing Advice 2026–27
SCHADS Award	<i>Social, Community, Home Care and Disability Services Industry Award 2010</i>
STRC	Short-Term Restorative Care
The department	Department of Health, Disability and Ageing
The government	The Australian government
WPI	Wage Price Index

# 1 Overview

## 1.1 Purpose

This document has been produced as an accompaniment to the Support at Home Pricing Advice 2026–27 (SAHPA26). It provides the technical specifications for how the Independent Health and Aged Care Pricing Authority (IHACPA) developed the pricing advice provided to the Australian Government (the government).

## 1.2 Background

IHACPA is established under the [National Health Reform Act 2011](#) (the NHR Act) and by virtue of Section 131A(1) of the NHR Act is invested with the following functions relevant to SAHPA26:

- a) to provide advice to each relevant Commonwealth Minister in relation to one or more aged care pricing or costing matters, including in relation to methods for calculating amounts of subsidies to be paid under the [Aged Care Act 2024](#) (Aged Care Act);
- b) such functions relating to aged care (if any) as are specified in regulations made for the purposes of this paragraph;
- c) to conduct, or arrange for the conduct of, one or more of the following activities for the purpose of performing a function mentioned in paragraph (a) or (b):
  - i) the collection and review of data;
  - ii) costing and other studies;
  - iii) consultations;
- d) to do anything incidental to or conducive to the performance of the above functions.

SAHPA26 is an output to the performance of those functions by the Pricing Authority.

## 1.3 The scope of IHACPA's Support at Home Pricing Advice 2026–27

IHACPA has been requested by the Minister for Health and Ageing to provide advice to the Australian Government on the following:

- unit prices for each service on the [Support at Home service list](#)
- for each service, 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.

SAHPA26:

- is evidence-based, developed transparently

- is based on services meeting the standard of care required in government policy and legislation
- aims to account for all costs and revenue for items in Chapter 1, Part 3, Division 2 of the [Aged Care Rules 2025](#) under the Aged Care Act.

## 1.4 Support at Home pricing advice process

### 1.4.1 Data sources

SAHPA26 was informed by a number of different data sources including the following collected by or provided to IHACPA:

- Support at Home Cost Collection (SAHCC) 2025
- SAHCC 2024
- [Aged Care Financial Report](#) (ACFR), 2023–24
- [Quarterly Financial Report](#) (QFR), 2022–23 and 2023–24
- Aged Care Wage Estimation Tool
- [Aged Care Provider Workforce Survey](#), 2023
- Government Provider Management System extracts.

In addition, IHACPA relied on other publicly available data sources, including:

- Aged Care Quality and Safety Commission (ACQSC) [non-compliance decision log](#), 2022–23 and 2023–24
- Australian Institute of Health and Welfare GEN [Aged care service lists](#), 30 June 2023 and 30 June 2024
- Australian Bureau of Statistics (ABS) [Consumer Price Index](#) (CPI) series, June 2025
- ABS [Annual weight update of the CPI and Living Cost Indexes](#)
- ABS CPI: [Concepts, Sources and Methods](#)
- ABS [Wage Price Index](#) (WPI) series, June 2025
- ABS [Employee Earnings and Hours](#), 2021
- ABS [Income and Work: Census](#), 2021
- Reserve Bank of Australia (RBA) [Statement on Monetary Policy](#), August 2025
- Fair Work Ombudsman [minimum award wages](#)
- Fair Work Commission [Annual Wage Review](#) (AWR) decisions, 2019–20 to 2024–25
- Fair Work Commission Work value case – [Aged care industry](#) decisions
- Fair Work Commission Work value case – [Nurses and midwives](#) decisions
- Department of Health, Disability and Ageing (the department) [Summary of indicative Support at Home prices](#), October 2025
- StewartBrown [Support at Home Pricing Survey Sector Report](#), August 2025.

### 1.4.2 Methodology overview

In SAHPA26, the unit prices for each service are based on the average units observed in the SAHCC 2025 and SAHCC 2024, adjusted to account for known cost increases, then indexed to estimate the cost of delivering in-home aged care services from 1 July 2026 to 30 June 2027.

# 2 Data preparation

## 2.1 Overview

IHACPA has relied on 3 main sources of cost data in preparing SAHPA26:

- SAHCC 2025 and SAHCC 2024, to understand the average unit costs for services on the Support at Home service list
- ACFR 2023–24, for population-level cost data.

The methodology used to prepare each of those data sources for modelling is described in the relevant sections below.

## 2.2 Support at Home Cost Collections

The SAHCC 2025 and SAHCC 2024 datasets reported the labour, non-labour and administrative costs and activity volumes for each participating branch (for SAHCC 2025) or provider (for SAHCC 2024), disaggregated by service type and service on the Support at Home service list. IHACPA applied a series of adjustment, indexation and trimming steps to ensure that the two datasets were comparable and that the data was fit for purpose before using it for modelling.

### 2.2.1 Indexation and adjustments

The SAHCC 2025 collected cost and activity data from participating Home Care Package (HCP) Program and Short-Term Restorative Care (STRC) Program participants from 2023–24, whereas the SAHCC 2024 collected cost and activity data from 2022–23. As the two datasets reported costs from different financial years, IHACPA applied indexation and adjustments to align costs in the SAHCC 2024 to 2023–24. This is summarised in Table 1.

Table 1: Indexation and adjustments applied to SAHCC 2024

Cost category	Stage 2 decision adjustment*	Superannuation guarantee adjustment*	Indexation rate^
<b>Labour costs</b>			
Registered nurses (RNs), enrolled nurses (ENs)	6.21%	0.45%	3.65%
Care management	4.29%	0.45%	3.65%
Home care workers (HCWs)	15.00%	0.45%	3.65%
Allied health, other staff, administration labour	-	0.45%	3.65%
<b>Non-labour costs</b>			
All non-labour costs	-	-	4.44%

\* Refer to section 4.2.4 for derivation of Stage 2 decision adjustment, superannuation guarantee adjustment and labour cost indexation rate.

^ Refer to section 4.3 for derivation of non-labour indexation rate.

## 2.2.2 Trimming

IHACPA applied additional trimming rules to the combined SAHCC 2025 and SAHCC 2024 dataset to prepare the data for modelling. The list of rules and their impact on the SAHCC sample is summarised in Table 2.

Table 2: Summary of SAHCC trimming

Trimming rule	Number of records
<b>Untrimmed SAHCC dataset</b>	<b>2,492</b>
1. Provider received a sanction, notice of requirement to agree, non-compliance notice, or notice to remedy from ACQSC	0
2. More than 10% difference between SAHCC cost data and ACFR identified without any explanation or manual adjustment (SAHCC 2024 only)	-59
3. More than 25% of total costs unallocated to a service type without any explanation or manual adjustment (SAHCC 2024 only)	-47
4. Unit cost is less than the lower bound for the service*	-12
5. Unit cost is more than the upper bound for the service^	-45
6. Costs not allocated to a distinct service	-144
7. Record in SAHCC 2024 where provider also reported data for the same service in SAHCC 2025 (SAHCC 2024 only)	-96
8. Provider reported the same unit costs for services where those services had a difference in median price of more than \$50 in the StewartBrown survey <sup>†</sup> and the department survey <sup>#</sup>	-5
9. Relative unit costs for RN, EN and Assistant in Nursing (AIN) services were not in line with the relative minimum award rates the <i>Nurses Award 2020</i> (Nurses Award)	-18
10. No client characteristic data available as required for sample weighting	-28
<b>Trimmed SAHCC dataset</b>	<b>2,038</b>

\* For services priced per hour, the lower bound was calculated using the minimum award rate for the relevant staff type in 2023–24, plus 11.00% superannuation and 20% on-costs.

^ Upper bounds were selected based on inspection of the range of unit costs for each service.

† StewartBrown Support at Home Pricing Survey Sector Report, August 2025.

# Department of Health, Disability and Ageing Summary of indicative Support at Home prices, October 2025.

## 2.2.3 Sample weighting

The sample of participating providers in SAHCC represented 12.5% of HCP and STRC service providers, and 38.2% of all recipients of HCP or STRC. To account for potential sample selection issues and ensure the sample was representative of all service providers providing in-home aged care services, IHACPA applied sample to population weights. Weights were calculated to align the representativeness of the sample across several categories: program (HCP or STRC), client Modified Monash (MM) location, provider size (small or large) and provider type (for profit, not for profit or government).

Sample weights were calculated using the steps outlined below.

### Population dataset

IHACPA constructed a reference dataset containing a list of all HCP and STRC providers that were operational during 2023–24 along with characteristics of those services. The list of data sources used to construct this dataset and the relevant variables are shown in Table 3.

Table 3: Data sources used to construct population dataset

Source	Variables used
HCP and STRC ACFR 2023–24	Provider ID, provider name, program
Aged Care Data Warehouse extracts	Provider ID, provider name, service ID, service name, program, total clients, proportion of clients by MM
GEN Aged care service list	Provider name, program, provider type

The ACFR 2023–24 was used to identify providers that were operational during 2023–24. Providers that submitted an ACFR but reported zero labour, non-labour or administration costs were removed.

The number of clients serviced by each provider and program was used to define the provider size. Small providers were defined as those with less than 400 clients and large as those with 400 or more clients.

### Iterative proportional fitting

IHACPA used an iterative proportional fitting (also known as raking) method to weight each record in the SAHCC dataset to reflect the true characteristics of providers of in-home aged care and their clients across Australia. A list of characteristics used to calculate the sample weights is presented in Table 4.

Table 4: Provider characteristics

Characteristic	Levels of variable used for weighting
Program	HCP, STRC
Client MMM	1, 2, 3, 4, 5, 6/7
Size	Small (<400 total clients), large (≥400 total clients)
Provider type	Government, not for profit, for profit

Sample to population weights were calculated by comparing the number of clients in SAHCC to the total number of clients in the population with any given level of a characteristic. Sample weights were adjusted iteratively until the sum of sample weights matched the population distribution, with a tolerance of 1 client for any given level of a characteristic.

For services with sufficient sample size, this method was applied at the service level. In cases of limited data, services with similar unit costs and performed by similarly qualified staff were grouped and weights were calculated at the service grouping level before being allocated between the relevant services proportional to their activity volumes. The groupings of services are described in Table 5, with further detail about the methodology for grouping and treatment of services with no cost or activity data provided in section 3.2.1.

Table 5: Grouping of services for iterative proportional fitting and unit pricing

Service Type	Service	Grouping (A)	Award (B)
<b>Grouped services</b>			
Allied health and other therapeutic services	Music therapist	Group 1	<i>Health Professionals and Support Services Award 2020 (HPSS Award)</i>
Therapeutic services for independent living	Diversional therapist Art therapist		
Care management	Clinical care management	Group 2	Nurses Award
Restorative care management	Home support restorative care management		
Nursing care	Nursing assistant	Group 3	Nurses/ <i>Social, Community, Home Care and Disability Services Industry Award 2010 (SCHADS Award)*</i>
Personal care	-		
Social support and community engagement	Individual social support	Group 4	SCHADS Award
	Digital education and support		
	Assistance to maintain personal affairs		
Therapeutic services for independent living	Acupuncturist	Group 5	HPSS Award
	Remedial masseuse		
<b>Ungrouped services</b>			
Nursing care	Registered nurse	N/A	Nurses Award
	Enrolled nurse		
Allied health and other therapeutic services	Allied health therapy assistant	N/A	HPSS Award
	Counsellor or psychotherapist		
	Dietitian or nutritionist		
	Exercise physiologist		
	Occupational therapist		
	Physiotherapist		
	Podiatrist		
	Psychologist		
	Social Worker		
Speech Pathologist			
Care management	Non-clinical care management	N/A	SCHADS Award
Social support and community engagement	Group social support	N/A	SCHADS Award
Therapeutic services for independent living	Chiropractor	N/A	HPSS Award
	Osteopath		
Respite care	Respite care	N/A	SCHADS Award
Transport	Direct transport (driver and car provided)	N/A	SCHADS Award

Service Type	Service	Grouping (A)	Award (B)
Domestic assistance	-	N/A	SCHADS Award
Home maintenance and repairs	Gardening	N/A	SCHADS Award
	Assistance with home maintenance and repairs		
Meals	Meal preparation	N/A	SCHADS Award
	Meal delivery		
<b>Services with no cost data</b>			
Allied health and other therapeutic services	Aboriginal and Torres Strait Islander health practitioner	N/A	N/A
	Aboriginal and Torres Strait Islander health worker		
Personal care	Assistance with self-care and activities of daily living	Group 3	SCHADS Award
	Assistance with self-administration of medication		
	Continence management (non-clinical)		
Social support and community engagement	Accompanied activities	Individual social support	SCHADS Award
	Cultural support		
Domestic assistance	General house cleaning	Domestic assistance	SCHADS Award
	Laundry services		
	Shopping assistance		

\* Nursing assistants were covered by the Nurses Award at the time of cost collections. From 1 January 2025, nursing assistants are covered by the SCHADS award.

Note that some services or service groupings had insufficient sample sizes within one or more levels of a characteristic to allow for convergence using the iterative proportional fitting method. In these cases, IHACPA excluded the relevant characteristic when determining sample to population weights. Refer to Table 6 for the list of exclusions.

**Table 6: Services or service groupings with a provider characteristic removed for iterative proportional fitting**

Service or service grouping	Provider characteristic excluded
Group 2 (Clinical care management, Home support restorative management)	Program
Counsellor or psychotherapist	Provider type
Non-clinical care management	Program
Group social support	Program
Chiropractor	Program
Osteopath	Program

IHACPA then scaled the sample to population weights according to the proportion of total activity attributable to each service or service grouping. For example, if a given service A had twice the total activity as another service B, the sum of sample weights for service A would be double the sum of sample weights for service B.

### 2.2.4 In-scope unit costs

All internal direct service costs, external direct service costs, care management costs and administration and support expenses in the SAHCC dataset except payroll tax, home modifications and client capital purchases were considered in-scope for IHACPA's advice on unit prices for services on the Support at Home service list.

The in-scope unit cost for each provider and service was calculated as the total in-scope cost, divided by the total activity.

## 2.3 Aged Care Financial Report 2023–24

At the time of modelling, the HCP ACFR 2023–24 was the most recent source of cost data for the full population capturing all relevant cost categories<sup>1</sup>.

### 2.3.1 Trimming

IHACPA identified several anomalies in the HCP ACFR 2023–24 dataset and applied a series of trimming rules to ensure the data was fit for purpose. The list of rules and their impacts on the ACFR sample is summarised in Table 7.

---

<sup>1</sup> The STRC ACFR 2023–24 was used to identify operational providers as described in section 2.2.3 above, but was not used for cost analysis as it does not capture the full range of relevant cost categories that are collected from in the HCP ACFR.

Table 7: Summary of HCP ACFR 2023–24 trimming

Trimming rule	Records
<b>Untrimmed HCP ACFR 2023–24 dataset</b>	<b>1,438</b>
1. No labour, no non-labour or no administration costs reported	-649
2. Provider had a sanction imposed by the ACQSC in 2023–24	-0
3. Provider received a notice of requirement to agree from the ACQSC in 2023–24	-1
4. Provider received a non-compliance notice from the ACQSC in 2023–24	-0
5. Provider received a notice to remedy from the ACQSC in 2023–24	-10
6. RN cost per hour of labour is less than the minimum award rate for an RN plus 11.0% superannuation and 20% on-costs	-32
7. EN cost per hour of labour is less than the minimum award rate for an EN plus 11.0% superannuation and 20% on-costs	-37
8. HCW cost per hour of labour is less than the minimum award rate for a HCW plus 11.0% superannuation and 20% on-costs	-75
9. Allied health cost per hour of labour is less than the minimum award rate for an allied health worker plus 11.0% superannuation and 20% on-costs	-5
10. Other labour cost per hour of labour is less than the minimum award rate for a HCW plus 11.0% superannuation and 20% on-costs	-48
11. Care management cost per hour of labour is less than the minimum award rate for a HCW plus 11.0% superannuation and 20% on-costs	-42
12. RN cost per hour is more than 3 times the median RN cost per hour	-8
13. EN cost per hour is more than 3 times the median EN cost per hour	-3
14. HCW cost per hour is more than 3 times the median HCW cost per hour	-3
15. AH cost per hour is more than 3 times the median AH cost per hour	-6
16. Other labour cost per hour is more than 3 times the median OTH cost per hour	-19
17. CM cost per hour is more than 3 times the median CM cost per hour	-8
18. Administration cost per hour of direct care is more than 3 times the median administration cost per hour of direct care	-11
19. Non-labour cost per hour of direct care is more than 3 times the median non-labour cost per hour of direct care	-36
<b>Trimmed ACFR dataset</b>	<b>445</b>

Note: median costs were calculated excluding providers that met conditions 1-5, or had labour costs less than the minimum award rate plus superannuation and on-costs for the relevant cost category.

### 2.3.2 In-scope costs

Analogous to the SAHCC, all internal direct service costs, external direct service costs, care management costs and administration and support expenses except payroll tax, home modifications and client capital purchases were considered in-scope for modelling.

# 3 Pricing model

## 3.1 Overview

The SAHPA26 pricing model is based on cost and activity data from the SAHCC 2025 and SAHCC 2024.

The pricing model consists of the following steps:

- base cost model, to determine the average unit cost for each service on the Support at Home service list
- delineation of average unit costs into unit costs for services delivered on weekdays during normal working hours, on weekdays outside normal working hours, on Saturdays, Sundays, and public holidays
- indexation, to inflate the modelled costs to a level reflective of the estimated cost of delivering in-home aged care services in 2026–27.

## 3.2 Calculation of unit costs

### 3.2.1 Grouping of services

A number of services on the Support at Home service list had limited or no data in the combined SAHCC dataset.

To control for variance due to small sample sizes and reduce the uncertainty in cost estimates, IHACPA grouped services that had limited data with other services with similar unit costs and performed by similarly qualified staff (for example, personal care and assistant in nursing services), as listed in column A of Table 5. IHACPA determined that these services could plausibly be grouped as the difference in unit costs was either not significant at the 5% level or the differences may be attributable to uncertainty in the sample rather than a true difference in the underlying cost of those services.

IHACPA applied the following business rules to deal with services with no data:

- where cost and activity data were collected at the service type level (rather than service level) for all services within the service type, IHACPA applied the same unit cost for all services within the service type (applies to services within the personal care and domestic assistance service types)
- where data was collected at the service level for other comparable services within the same service type, the unit cost was pegged to a similar service as identified using the StewartBrown survey and department survey (applies to some services within the social support and community engagement service type)
- where a similar service could not be identified within the same service type, pricing advice was not provided for SAHPA26 (applies to Aboriginal and Torres Strait Islander health practitioner and Aboriginal and Torres Strait Islander health worker services).

### 3.2.2 Calculation of base unit costs

For each service or service grouping  $x$ , IHACPA calculated the weighted average unit cost, using the sample weights described in section 2.2.3. That is:

$$\alpha_x = \frac{\sum_{i \in x} \sum_s u_{i,s} w_{i,s}}{\sum_{i \in x} \sum_s w_{i,s}}$$

where:

- $\alpha_x$  is the weighted average unit cost for service or service grouping  $x$  (modelled unit cost)
- $u_{i,s}$  is the average unit cost for service  $i$  within service grouping  $x$  in branch (SAHCC 2025) or provider (SAHCC 2024)  $s$
- $w_{i,s}$  is the sample to population weight for service  $i$  within service grouping  $x$  in branch (SAHCC 2025) or provider (SAHCC 2024)  $s$ .

All services within each service grouping attract the same base unit cost.

IHACPA similarly calculated the care labour, care non-labour, administration labour and non-labour components of each unit cost using the same methodology.

### 3.2.3 Delineation of base unit costs by time and day of delivery

Following the calculation of a base unit cost for each service or grouping of services on the Support at Home service list, IHACPA delineated the labour component of each unit cost to differentiate between services delivered on weekdays during normal working hours, weekdays outside normal working hours, on Saturdays, Sundays, and public holidays.

The proportion of total activity delivered for each service or service grouping and time period in SAHCC 2025<sup>2</sup> is presented in Table 8.

---

<sup>2</sup> Data on the time and day of delivery was not collected at the service level in SAHCC 2024.

Table 8: Breakdown of activity hours by service or service grouping

Service type	Service	Grouping	Weekday normal working hours	Weekday outside normal working hours	Saturday	Sunday	Public holiday
<b>Grouped services</b>							
Allied health and other therapeutic services	Music therapist	Group 1	99.04%	0.00%	0.00%	0.00%	0.96%
Therapeutic services for independent living	Diversional therapist						
	Art therapist						
Care management	Clinical care management	Group 2	98.52%	0.13%	0.67%	0.56%	0.11%
Restorative care management	Home support restorative care management						
Nursing care	Nursing assistant	Group 3	76.09%	2.87%	9.95%	7.13%	3.96%
Personal care	-						
Social support and community engagement	Individual social support	Group 4	94.40%	0.76%	2.41%	1.43%	1.00%
	Digital education and support						
	Assistance to maintain personal affairs						
Therapeutic services for independent living	Acupuncturist	Group 5	88.98%	1.09%	7.39%	1.25%	1.29%
	Remedial masseuse						
<b>Ungrouped services</b>							
Nursing care	Registered nurse	N/A	91.99%	1.89%	3.21%	2.37%	0.54%
	Enrolled nurse		90.07%	4.00%	2.87%	2.34%	0.72%
Allied health and other therapeutic services	Allied health therapy assistant	N/A	94.41%	4.97%	0.17%	0.02%	0.43%
	Counsellor or psychotherapist		76.94%	13.21%	6.89%	1.72%	1.24%
	Dietitian or nutritionist		98.13%	1.04%	0.62%	0.05%	0.17%
	Exercise physiologist		94.20%	0.93%	3.15%	0.63%	1.08%
	Occupational therapist		98.78%	0.66%	0.41%	0.09%	0.06%
	Physiotherapist		95.54%	1.78%	1.98%	0.38%	0.33%
	Podiatrist		91.02%	2.70%	3.83%	0.86%	1.59%
	Psychologist		94.36%	3.47%	1.73%	0.00%	0.43%
	Social Worker		91.05%	0.02%	2.66%	5.35%	0.92%
	Speech Pathologist		95.26%	0.33%	3.66%	0.28%	0.47%

Service type	Service	Grouping	Weekday normal working hours	Weekday outside normal working hours	Saturday	Sunday	Public holiday
Care management	Non-clinical care management	N/A	99.85%	0.02%	0.07%	0.05%	0.01%
Social support and community engagement	Group social support	N/A	99.05%	0.09%	0.80%	0.02%	0.03%
Therapeutic services for independent living	Chiropractor	N/A	90.13%	4.54%	3.48%	0.78%	1.06%
	Osteopath		92.19%	7.02%	0.39%	0.13%	0.26%
Respite care	Respite care	N/A	90.71%	3.09%	2.96%	1.93%	1.30%
Transport	Direct transport (driver and car provided)	N/A	94.98%	0.91%	1.94%	1.25%	0.92%
Domestic assistance	-	N/A	91.79%	0.47%	3.53%	2.41%	1.80%
Home maintenance and repairs	Gardening	N/A	89.12%	3.74%	3.72%	2.03%	1.40%
	Assistance with home maintenance and repairs		90.92%	0.31%	4.32%	2.34%	2.12%
Meals	Meal preparation	N/A	87.42%	1.54%	5.12%	4.49%	1.43%
	Meal delivery		98.50%	0.00%	0.42%	0.73%	0.36%

IHACPA calculated the average penalty loading for each service or service grouping based on the relevant awards as given in column B of Table 5<sup>3</sup> and award penalty loadings as given in Table 9.

Table 9: Award penalty loadings

Award	Standard	Afternoon	Evening	Sunday	Saturday	Public Holiday
SCHADS Award	1.000	1.125	1.150	1.500	2.000	2.500
Nurses Award					1.750	2.000
HPSS Award		1.150			1.500	2.500

Average penalty loadings were calculated as follows:

$$\text{average penalty loading}_x = \frac{\sum_{i \in x} (\sum_t (\sum_s A_{i,t,s} \times L_{i,t}))}{\sum_{i \in x} \sum_t \sum_s A_{i,t,s}}$$

where:

- average penalty loading<sub>x</sub> is the average penalty loading for service or service grouping x
- A<sub>i,t,s</sub> is the reported activity in SAHCC 2025 for service i within service grouping x in time period t (weekdays during normal working hours, weekdays outside normal working hours, Saturdays, Sundays or public holidays) in branch s

<sup>3</sup> The average penalty rate for nursing assistants was calculated based on the Nurses Award to reflect the applicable penalty loadings in 2023–24.

- $L_{i,t}$  is the relevant penalty loading<sup>4</sup> for service  $i$  in time period  $t$ .

The resulting average penalty loadings are presented in Table 10.

Table 10: Average penalty loadings by service or service grouping

Service type	Service	Grouping	Average penalty loading
<b>Grouped services</b>			
Allied health and other therapeutic services	Music therapist	Group 1	1.0144
Therapeutic services for independent living	Diversional therapist		
	Art therapist		
Care management	Clinical care management	Group 2	1.0089
Restorative care management	Home support restorative care management		
Nursing care	Nursing assistant	Group 3	1.1844
Personal care	-		
Social support and community engagement	Individual social support	Group 4	1.0425
	Digital education and support		
	Assistance to maintain personal affairs		
Therapeutic services for independent living	Acupuncturist	Group 5	1.0642
	Remedial masseuse		
<b>Ungrouped services</b>			
Nursing care	Registered nurse	N/A	1.0418
	Enrolled nurse		1.0446
Allied health and other therapeutic services	Allied health therapy assistant	N/A	1.0149
	Counsellor or psychotherapist		1.0815
	Dietitian or nutritionist		1.0074
	Exercise physiologist		1.0366
	Occupational therapist		1.0044
	Physiotherapist		1.0194
	Podiatrist		1.0514
	Psychologist		1.0204
	Social Worker		1.0539
	Speech Pathologist		1.0272
Care management	Non-clinical care management	N/A	1.0011
Social support and community engagement	Group social support	N/A	1.0048
Therapeutic services for independent living	Chiropractor	N/A	1.0440
	Osteopath		1.0171
Respite care	Respite care	N/A	1.0580
Transport	Direct transport (driver and car provided)	N/A	1.0372

<sup>4</sup> SAHCC 2025 did not differentiate between activity delivered during afternoon and evening shifts. IHACPA therefore used the average of the afternoon and evening penalty loadings for activity delivered on weekdays outside normal working hours.

Service type	Service	Grouping	Average penalty loading
Domestic assistance	-	N/A	1.0694
Home maintenance and repairs	Gardening	N/A	1.0650
	Assistance with home maintenance and repairs		1.0772
Meals	Meal preparation	N/A	1.0941
	Meal delivery		1.0147

### Calculation of unit costs

Following the calculation of average penalty loadings for each service or service grouping, IHACPA adjusted the care labour component of each unit cost as follows:

$$\text{care labour unit cost}_{x,t} = \frac{\text{care labour unit cost}_x}{\text{average penalty loading}_x} \times L_{x,t}$$

where:

- care labour unit cost<sub>x,t</sub> is the care labour component of the unit cost for service grouping *x* in time period *t*
- care labour unit cost<sub>x</sub> is the care labour component of the base unit cost for service grouping *x*, as described in section 3.2.2
- *L<sub>x,t</sub>* is the relevant penalty loading<sup>5</sup> for service grouping *x* in time period *t*.

IHACPA assumed that administration labour and non-labour costs would be the same regardless of the time and day of service delivery. Thus, the unit cost for each service or service grouping and time and day of delivery was calculated as the sum of the relevant care labour unit cost plus the administration labour and non-labour components.

### 3.2.4 Confidence intervals and quantiles

For each service or service grouping, IHACPA calculated a 95% confidence interval around the weekday normal hours unit cost using a weighted grouped regression. This method was selected to account for services or service groupings with multiple data points from the same provider<sup>6</sup> that were not independent. IHACPA also calculated the weighted 10<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup> and 90<sup>th</sup> quantiles for each service or service grouping. The confidence interval and quantile calculations were weighted using the sample to population weights from section 2.2.3.

<sup>5</sup> The average penalty loading for nursing assistants was calculated based on the SCHADS Award to reflect the applicable penalty rates in 2026–27. Penalty rates for all other services are the same as in 2023–24.

<sup>6</sup> This occurred when a provider reported data for multiple branches in SAHCC 2025, or where a provider reported cost and activity data for multiple services within a service grouping.

# 4 Indexation

## 4.1 Overview

The SAHCC 2025 collected cost and activity data from participating HCP and STRC providers in 2023–24, whereas the SAHCC 2024 collected cost and activity data from 2022–23. Thus, indexation and adjustments were applied in two stages to determine the recommended prices for services on the Support at Home service list in 2026–27:

1. indexation and adjustments to the SAHCC 2024 data to estimate costs in 2023–24 dollars in line with SAHCC 2025
2. following the calculation of unit prices in 2023–24 dollars, indexation and adjustments to estimate the cost of delivering Support at Home services in 2026–27.

The key aspects considered by IHACPA in the indexation methodology included:

- Fair Work Commission Work Value Case – Aged Care Industry (subsequently referred to as the Aged Care Work Value Case) Stage 2 decision to increase wages for aged care nurses and home care workers
- Aged Care Work Value Case Stage 3 decision to further increase wages for home care workers and adjust the classification structure
- Fair Work Commission Work Value Case – Nurses and Midwives (subsequently referred to as the Nurses and Midwives Work Value Case) decision to increase wages for aged care nurses and adjust the classification structure
- superannuation guarantee increases
- indexation of historical cost data to account for underlying price inflation.

IHACPA separately indexed labour and non-labour costs as discussed in the relevant sections below.

## 4.2 Labour cost indexation and adjustments

### 4.2.1 Overview

To account for the compounding impact of various factors, IHACPA applied the following labour cost adjustments:

1. indexation and adjustments to SAHCC 2024 to estimate costs in 2023–24
  - a. adjust for Aged Care Work Value Case Stage 2 decision
  - b. adjust for superannuation guarantee increase from 2022–23 to 2023–24
  - c. indexation from 2022–23 to 2023–24
2. indexation and adjustments from 2023–24 to 2026–27
  - a. adjust for Aged Care Work Value Case Stage 3 decision (tranche 1 & 2)
  - b. adjust for Nurses and Midwives Work Value Case decision (tranche 1, 2 and 3)
  - c. adjust for superannuation guarantee increases from 2023–24 to 2025–26

d. indexation from 2023–24 to 2026–27.

### Impact of Fair Work Commission work value case decisions on labour costs

The Aged Care Work Value Case and Nurses and Midwives Work Value Case related to applications to vary the minimum wages for aged care employees in 3 Awards:

- *Aged Care Award 2010* (Aged Care Award)
- *Nurses Award 2020* (Nurses Award)
- *Social Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award).

The [Commonwealth's submission to the Aged Care Work Value Case](#) states that most of the aged care workforce covered by the Aged Care Award are covered by enterprise bargaining agreements (EBAs), but that these workers are only marginally better off than aged care workers who are award reliant. Conversely, a significant proportion of aged care nurses covered by the Nurses Award are on active EBAs and are broadly paid 15% above awards.

IHACPA undertook analysis of labour costs and hours for RNs, ENs and care management staff from the QFR to assess the impact of the Aged Care Work Value Case Stage 2 decision which increased minimum award wages for relevant workers by 15% on labour costs for aged care nurses.

At the time of analysis, the QFR data was available up to June 2025, and thus did not capture the full impacts of the Aged Care Work Value Case Stage 3 decision or Nurses and Midwives Work Value Case decision. Therefore, IHACPA's analysis was restricted to the Stage 2 decision.

### Wage Price Index

To determine the underlying growth rate for labour cost, IHACPA used quarterly index numbers from the ABS index series *6345.0 Wage Price Index, Australia*, June 2025.

As approximately 90% of aged care providers are private entities, it is reasonable to expect that public providers are competitive with private wages. Therefore, IHACPA selected the index series *Quarterly Index; Total hourly rates of pay excluding bonuses; Australia; Private; Health care and social assistance* (Series ID A2602929A) to determine wage price growth.

All earnings statistics published by the ABS, including the WPI, exclude employers' social contributions such as superannuation<sup>7</sup>, and therefore the superannuation increase will not be double counted through this indexation process.

Due to the composition of the *Quarterly Index; Total hourly rates of pay excluding bonuses; Australia; Private; Health care and social assistance* WPI, aged care workers eligible for the Aged Care Work Value Case Stage 2 decision minimum wage increase only represent a minority of the sample. Therefore, the impact of this decision on the labour cost in aged care was only partially reflected in the index.

As separate adjustments are applied for the Stage 2, Stage 3 and Nurses and Midwives decisions, IHACPA deflated the WPI series to remove the impact of the wage increases for aged care workers, to avoid double counting when adjusting for underlying inflation. IHACPA also adjusted the series to

<sup>7</sup> <https://www.abs.gov.au/statistics/understanding-statistics/guide-labour-statistics/earnings-guide>

remove the impact of the government’s [Early Childhood Education and Care \(ECEC\) worker retention payments](#), which began in December 2024 to fund a 15% award wage increase for eligible ECEC workers.

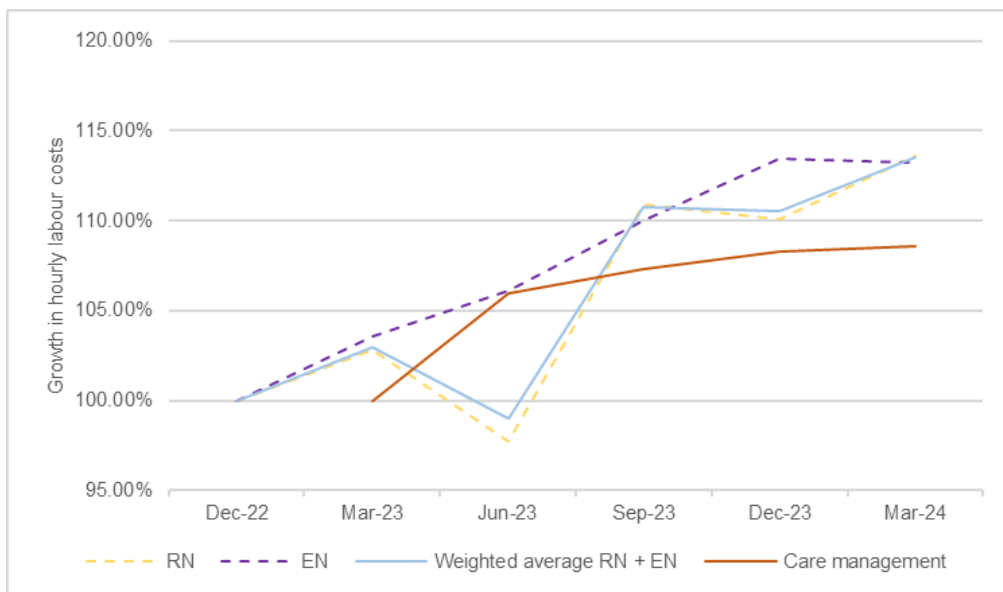
IHACPA applied a similar adjustment to the *Quarterly Index; Total hourly rates of pay excluding bonuses; Australia; Private and Public; All industries* (Series A2603609J) (“headline WPI”).

#### 4.2.2 Impact of Fair Work Commission work value case decisions on labour costs

To assess the impact of the Aged Care Work Value Case Stage 2 decision on labour costs for aged care nurses and care management staff, IHACPA calculated the increase in hourly labour costs between the QFR 2022–23 quarter 2 (December 2022) and the QFR 2023–24 quarter 2 (December 2023) for RNs and ENs, and between the QFR 2022–23 quarter 3 (March 2023) and the QFR 2023–24 quarter 3 (March 2024) for care management staff<sup>8</sup>.

As illustrated in Figure 1, there was significant volatility in RN hourly labour costs between December 2022 and December 2023. To reduce the impact of this volatility, IHACPA considered the growth in hourly labour costs for RNs and ENs in aggregate, maintaining the ratio of costs between RNs and ENs from the QFR 2022–23 quarter 2 to ensure that the average growth rate was not impacted by changes in the staff mix over time. Care management costs were considered separately.

Figure 1: Growth in hourly labour costs



For RNs and ENs, IHACPA compared the change in hourly labour costs between December 2022 and December 2023 to the change in the adjusted value of the *Private; Health care and social assistance* index series between December 2022 and December 2023, combined with adjustments

<sup>8</sup> A different time period was selected for care management staff due to the introduction of the 20% cap on care management fees for HCP recipients on 1 January 2023.

for the 1 July 2023 superannuation guarantee increase and the Aged Care Work Value Case Stage 2 decision. The comparison was set up as follows:

$$\frac{\text{hourly labour cost}_{Dec-23}}{\text{hourly labour cost}_{Dec-22}} = \frac{\text{adjusted WPI}_{Dec-23}}{\text{adjusted WPI}_{Dec-22}} \times \frac{1 + sg_{Dec-23}}{1 + sg_{Dec-22}} \times (1 + \text{Stage 2 wage increase} \times \text{pass through rate}_{RN,EN})$$

where  $sg_{Dec-22}$  and  $sg_{Dec-23}$  are the superannuation guarantee rates in December 2022 and December 2023 respectively.

Similarly for care management, IHACPA compared the change in hourly labour costs between March 2023 and March 2024 with the change in the adjusted value of the *Private; Health care and social assistance* index series between March 2023 and March 2024, combined with adjustments for the 1 July 2023 superannuation guarantee increase and the Aged Care Work Value Case Stage 2 decision:

$$\frac{\text{hourly labour cost}_{Mar-24}}{\text{hourly labour cost}_{Mar-23}} = \frac{\text{adjusted WPI}_{Mar-24}}{\text{adjusted WPI}_{Mar-23}} \times \frac{1 + sg_{Mar-24}}{1 + sg_{Mar-23}} \times (1 + \text{Stage 2 wage increase} \times \text{pass through rate}_{CM}).$$

IHACPA solved for pass through rate $_{RN,EN}$  and pass through rate $_{CM}$ , representing the rate at which the Aged Care Work Value Case Stage 2 decision translated to wage increases for RNs and ENs and care management staff respectively. This was done by minimising the sum of squared errors to satisfy the following:

$$\text{RNs and ENs: } 110.57\% = \frac{\text{adjusted WPI}_{Dec-23}}{\text{adjusted WPI}_{Dec-22}} \times \frac{1 + 11.00\%}{1 + 10.50\%} \times (1 + 15.00\% \times \text{pass through rate}_{RN,EN})$$

$$\text{Care management: } 108.62\% = \frac{\text{adjusted WPI}_{Mar-24}}{\text{adjusted WPI}_{Mar-23}} \times \frac{1 + 11.00\%}{1 + 10.50\%} \times (1 + 15.00\% \times \text{pass through rate}_{CM}).$$

The results are summarised in Table 11.

Table 11: Fair Work Commission work value case pass-through rates

Labour cost component	Pass-through rate
RNs, ENs	41.41%
Care management	28.63%

IHACPA applied these pass-through rates when adjusting RN, EN and care management labour costs for the impact of the Aged Care Work Value Case Stage 2 and Stage 3 decisions and Nurses and Midwives Work Value Case decision.

IHACPA have assumed that all home care workers, AINs and non-clinical care management staff employed under the SCHADS award receive the full value of wage increases resulting from Fair Work Commission work value case decisions.

### 4.2.3 Wage Price Index adjustment

The WPI is weighted based on the weighted sum of weekly total cash earnings from the Survey of Employee Earnings and Hours. Through analysis of data accessed via [TableBuilder](#), earnings can be disaggregated into divisions, subdivisions, groups and classes of the [Australian and New Zealand Standard Industrial Classification](#) (ANZSIC) to determine the relative contributions of different industries to the WPI.

The *Private; Health care and social assistance* WPI index series corresponds to division Q *Health care and social assistance* in the ANZSIC classification. Aged care workers eligible for the Aged Care Work Value Case Stage 2 and Stage 3 decisions and Nurses and Midwives Work Value Case decision are classified under class *8601 Aged care residential services* and class *8790 Other social assistance services*. Childcare workers eligible for wage increases funded through the ECEC worker retention payments are classified under class *8710 Child Care Services*.

**Table 12: ANZSIC classification of workers eligible for relevant wage increases**

Division	Subdivision	Group	Class
Q – Health care and social assistance	86 - Residential care services	860 – Residential care services	8601 – Aged care residential services
	87 – Social assistance services	879 – Other social assistance services	8790 – Other social assistance services
		871 – Child Care services	8710 – Child Care services

Private sector employees in the health care and social assistance industry comprise 8.19% of the *Private and Public; All industries* (i.e., the industry classification grouping used for the headline WPI) weighted sum of weekly total cash earnings. Disaggregating further, private *86 Residential care services* and private *87 Social assistance services* comprise 19.68% and 31.31% of the private Q *Health care and social assistance* industry respectively. This is summarised in Table 13.

**Table 13: Weighted sum of weekly total cash earnings, ABS Employee Earnings and Hours, May 2021**

ANZSIC	Weighted sum of weekly total cash earnings	Proportion of <i>Private; Health care and social assistance</i>	Proportion of <i>Private and Public; All industries</i>
<i>86 Residential care services, private sector</i>	\$260.1m	19.68%	1.61%
<i>87 Social assistance services, private sector</i>	\$413.8m	31.31%	2.56%
<i>Q Health care and social assistance, private sector</i>	\$1,321.7m	100.00%	8.19%
<i>All industries, private and public</i>	\$16,143.1m	-	100.00%

### **86 Residential care services – residential aged care**

IHACPA estimated that 55.87%, 49.22% and 12.43% of weekly total cash earnings within the subdivision *86 Residential Care Services* are attributable to employees impacted by the Aged Care Work Value Case Stage 2 and Stage 3 and Nurses and Midwives Work Value Case decisions respectively. Refer to the Residential Aged Care Pricing Advice 2026–27 Technical specifications for the calculation of the number of residential aged care workers eligible for each wage increase.

### **87 Social assistance services – in home aged care**

In-home aged care employees are classified under subdivision *87 Social assistance services* under ANZSIC. Due to the broad nature of this classification which also includes disability, childcare and welfare services, IHACPA analysed data from the Aged Care Provider Workforce Survey 2023 to estimate the number of workers eligible for each Fair Work Commission work value case wage increase.

IHACPA first calculated the total number of RNs, ENs, personal care workers or home care workers (including assistants in nursing) and diversional therapists working in residential aged care, HCP and Commonwealth Home Support Program (CHSP), then determined the ratio of the number of employees between residential aged care and in-home aged care within each staff type. This is summarised in Table 14.

**Table 14: Number of employees reported in Aged Care Provider Workforce Survey 2023**

Staff type	CHSP	HCP	Residential aged care	Ratio of number of employees in CHSP & HCP to residential aged care
Registered nurses	3,275	4,758	36,216	22.18%
Enrolled nurses	1,175	1,463	17,921	14.72%
Personal care workers or home care workers	42,350	85,231	151,949	83.96%
Diversional therapists	111	56	1,211	13.79%

IHACPA then used occupation data from the 2021 Census based on the [Australian and New Zealand Standard Classification of Occupations](#) (ANZSCO) to estimate the number of workers in residential aged care in corresponding occupations. Refer to the Residential Aged Care Pricing Advice 2026–27 Technical Specifications for further details. IHACPA combined these estimates with the ratios given in Table 14 to estimate the number of in-home aged care workers in occupations that would be eligible for Fair Work Commission work value case wage increases.

Table 15: Estimated number of CHSP and HCP employees in occupations eligible for work value case wage increases

Occupation	ANZSCO Sub-Major Group	ANZSCO Unit Group / Occupation	Number of employees in 8601 Aged Care Residential Services	Ratio of number of employees in CHSP & HCP to residential aged care	Estimate of CHSP & HCP employees
Care management	25 Health Professionals	2543 Nurse Managers	2,081	22.18%	462
Registered nurses (including nurse practitioners)		2544 Registered Nurses	34,389	22.18%	7,628
Recreational activities/lifestyle officers	27 Legal, social and Welfare Professionals	272612 Recreation Officer	199	13.79%	27
Enrolled nurses	41 Health and Welfare Support Workers	411311 Diversional Therapist	3,479	13.79%	480
		4114 Enrolled and Mothercraft Nurses	10,042	14.72%	1,478
Personal care workers or home care workers	42 Carers and Aides	4231 Aged and Disabled Carers	94,651	83.96%	79,472
Assistants in nursing		423313 Personal Care Assistant			
		4230 Personal Carers and Assistants			
		4233 Nursing Support and Personal Care Workers not further defined			
	423312 Nursing Support Worker	25,579	83.96%	21,477	
<i>All other occupations</i>	-	-	87,854	-	-
<b>Total*</b>			<b>258,274</b>	<b>-</b>	<b>111,024</b>

\*Components may not add due to rounding.

For each ANZSCO sub-major group, IHACPA then calculated the number of in-home aged care employees eligible for the Aged Care Work Value Case Stage 2 and 3 and Nurses and Midwives Work Value Case wage increases, assuming that:

- all HCWs, AINs and diversional therapists, 41.41% of RNs and ENs and 28.63% of care management staff working in CHSP or HCP received the full increase from Stage 2
- all HCWs, AINs and diversional therapists received the relevant increases from Stage 3
- 41.41% of RNs and ENs and 28.63% of care management staff received wage increases from the Nurses and Midwives decision.

This is presented in columns D, E and F of Table 16. For example, IHACPA estimated that 41.41% of ENs are earning less than 15.00% above the award rate and assumed that all diversional therapists would receive the full wage increase, so the number of eligible employees for Stage 2 presented in column D under *41 Health and Welfare Support Workers* is  $1,478 \times 41.41\% + 480 \times 100\% = 894$ .

IHACPA used this to calculate the proportion of employees working in *87 Social assistance services* eligible for the Stage 2, Stage 3 and Nurses and Midwives wage increases by sub-major group (columns G, H and I).

These proportions were then multiplied by the weighted sum of weekly total cash earnings (column A) to calculate that 20.20%, 19.66% and 0.54% of total earnings within the subdivision *87 Social assistance services* are attributable to employees impacted by the Aged Care Work Value Case Stage 2, Aged Care Work Value Case Stage 3 and the Nurses and Midwives Work Value Case decisions respectively.

Table 16: Social assistance services employees eligible for minimum wage increases

ANZSCO Sub-Major Group	Weighted sum of 87 weekly total cash earnings (A)	Total employees in 87 (B)	Total employees in in-home aged care in relevant occupations % (C)	Number of in-home aged care employees eligible for wage increase			Proportion of 87 employees eligible for wage increase		
				Stage 2 (D)	Stage 3 (E)	Nurses and Midwives (F)	Stage 2 (G=D/B)	Stage 3 (H=E/B)	Nurses and Midwives (I=F/B)
25 Health Professionals	\$4.9m	9,542	8,089	3,291	-	3,291	34.49%	-	34.49%
27 Legal and Welfare Professionals	\$31.3m	34,127	27	27	27	-	0.08%	0.08%	-
41 Health and Welfare Support Workers	\$81.8m	32,317	1,958	1,092	480	612	3.38%	1.48%	1.89%
42 Carers and Aides	\$173.4m	218,458	100,949	100,949	100,949	-	46.21%	46.21%	-
Other	\$122.3m	102,662	-	-	-	-	-	-	-
<b>Total*</b>	<b>\$413.8m</b>	<b>397,106</b>	<b>111,024</b>	<b>105,359</b>	<b>101,456</b>	<b>3,903</b>	<b>20.45%^</b>	<b>19.66%^</b>	<b>0.79%^</b>

\* Components may not add due to rounding.

^ Weighted by weighed sum of weekly total cash earnings.

### 87 Social assistance services – childcare

IHACPA also adjusted the series to remove the impact of the government’s ECEC worker retention payments, which were introduced to fund a 10.00% wage increase for eligible workers from December 2024 with a further 5.00% increase from December 2025.

Within *87 Social assistance services*, there were 62,780 employees in the ANZSCO Unit group 4211 Child Carers in the 2021 census. IHACPA assumed that all of these employees would receive the full value of both ECEC wage increases.

In comparison, there were a total of 218,458 workers in *87 Social assistance services* classified under ANZSCO Sub-major group 42 Carers and Aides, with weekly total cash earnings of \$173.4m. Thus, IHACPA estimated that:

$$\frac{n_{4211}}{n_{42}} \times \frac{w_{42}}{w} = \frac{62,780}{218,458} \times \frac{\$173.4m}{\$413.8m} = 12.04\%$$

of weekly total cash earnings within *87 Social assistance services* are attributable to employees who were impacted by the ECEC worker retention payments, where:

- $n_{4211}$  is the number of employees in 4211 Child Carers within *87 Social assistance services*
- $n_{42}$  is the number of employees in 42 Carers and Aides within *87 Social assistance services*
- $w_{42}$  is the sum of weekly total cash earnings in 42 Carers and Aides within *87 Social assistance services*
- $w$  is the sum of weekly total cash earnings in *87 Social assistance services* across all occupations.

### **Application of WPI deflation**

Each of the adjustments applied to the WPI as well as their impact are summarised in Table 17.

Table 17: Summary of adjustments to WPI

Quarter	Adjustment	Weighted average wage increase (A)	Proportion of Sub-major group eligible for increase	Adjustment to <i>Private; Health care and social assistance</i> (B)	Adjustment to headline WPI (C)
<b>86 Residential care services</b>					
September 2023	Aged Care Work Value Case Stage 2 (effective 30 June 2023)	15.00%	55.87%	1.65%	0.14%
March 2025	Aged Care Work Value Case Stage 3 tranche 1 (effective 1 January 2025)	2.89%	49.22%	0.28%	0.02%
	Nurses and Midwives Work Value Case tranche 1 (effective 1 March 2025)	3.77%	12.43%	0.09%	0.01%
December 2025	Aged Care Work Value Case Stage 3 tranche 2 (effective 1 October 2025)	3.47%	49.22%	0.34%	0.03%
	Nurses and Midwives Work Value Case tranche 2 (effective 1 October 2025)	2.83%	12.43%	0.07%	0.01%
September 2026	Nurses and Midwives Work Value Case tranche 3 (effective 1 August 2026)	2.86%	12.43%	0.07%	0.01%
<b>87 Social assistance services</b>					
September 2023	Aged Care Work Value Case Stage 2 (effective 30 June 2023)	15.00%	20.45%	0.96%	0.08%
March 2025	ECEC worker wage increase tranche 1 (effective 2 December 2024)	10.00%	12.04%	0.38%	0.03%
	Aged Care Work Value Case Stage 3 tranche 1 (effective 1 January 2025)	2.24%	19.66%	0.14%	0.01%
	Nurses and Midwives Work Value Case tranche 1 (effective 1 March 2025)	3.90%	0.79%	0.01%	0.00%
December 2025	Aged Care Work Value Case Stage 3 tranche 2 (effective 1 October 2025)	0.85%	19.66%	0.05%	0.00%
	Nurses and Midwives Work Value Case tranche 2 (effective 1 October 2025)	3.23%	0.79%	0.01%	0.00%
March 2026	ECEC worker wage increase tranche 2 (effective 1 December 2025)	5.00%	12.04%	0.19%	0.02%
September 2026	Nurses and Midwives Work Value Case tranche 3 (effective 1 August 2026)	3.17%	0.79%	0.01%	0.00%

In Table 17, the increases in column A represent the weighted average wage increases amongst eligible workers. For example, the 3.90% wage increase for tranche 1 of the Nurse and Midwives work value case decision in *87 Social assistance services* is an average of the:

- 3.78% average wage increase for RNs multiplied by the 41.41% passthrough rate<sup>9</sup>

<sup>9</sup> Refer to Table 20.

- 4.36% increase for ENs multiplied by the 41.41% passthrough rate
- 4.74% increase for care management staff multiplied by the 28.63% passthrough rate

weighted by the number of employees in each category.

The adjustments in columns B and C represent the proportion of earnings in the *Private; Health care and social assistance* and *Australia; Private and Public; All industries* (headline WPI) index series respectively attributable to employees eligible for each wage increase. For example, the adjustment to the *Private; Health care and social assistance* index for employees in *87 Social assistance services* eligible for the Aged Care Work Value Case Stage 2 wage increase was calculated as:

$$15.00\% \times 20.45\% \times 31.31\% = 0.96\%$$

where 31.31% is the proportion of *Private; Health care and social assistance* comprised by *87 Social assistance services, private sector*, as given in Table 13.

IHACPA then adjusted the *Private; Health care and social assistance* and headline WPI values from September 2023 onwards to remove the impact of each relevant wage increase. Index values were adjusted as follows:

$$\text{adjusted index}_n = \frac{\text{index}_n}{\prod_{i=\text{Sep 2023}}^n (1 + \sum_j a_{i,j})}$$

where:

- $\text{index}_n$  is the value of the index series at time  $n$
- $\text{adjusted index}_n$  is the value of the index series at time  $n$  after adjusting to remove the impact of the relevant wage increases
- $a_{i,j}$  is the adjustment to the index applicable from quarter  $i$  (as given in columns B and C of Table 17 when adjusting the *Private; Health care and social assistance* and *Australia; Private and Public; All industries* index series respectively).

## WPI forecast

At the time of modelling, ABS WPI data was available up to the June 2025 quarter. IHAPCA used the RBA's headline WPI forecast from the Statement on Monetary Policy – August 2025 to forecast values of the *Private and Public; All industries* WPI from September 2025 to December 2027.

Following deflation of the headline WPI and *Private; Health care and social assistance* index series to remove the impact of each relevant wage increase, IHACPA undertook analysis of the relative growth rates of the 2 index series. Over the past 3 years, the *Private; Health care and social assistance* index has increased at an annual rate of approximately 0.03% higher than the headline WPI.

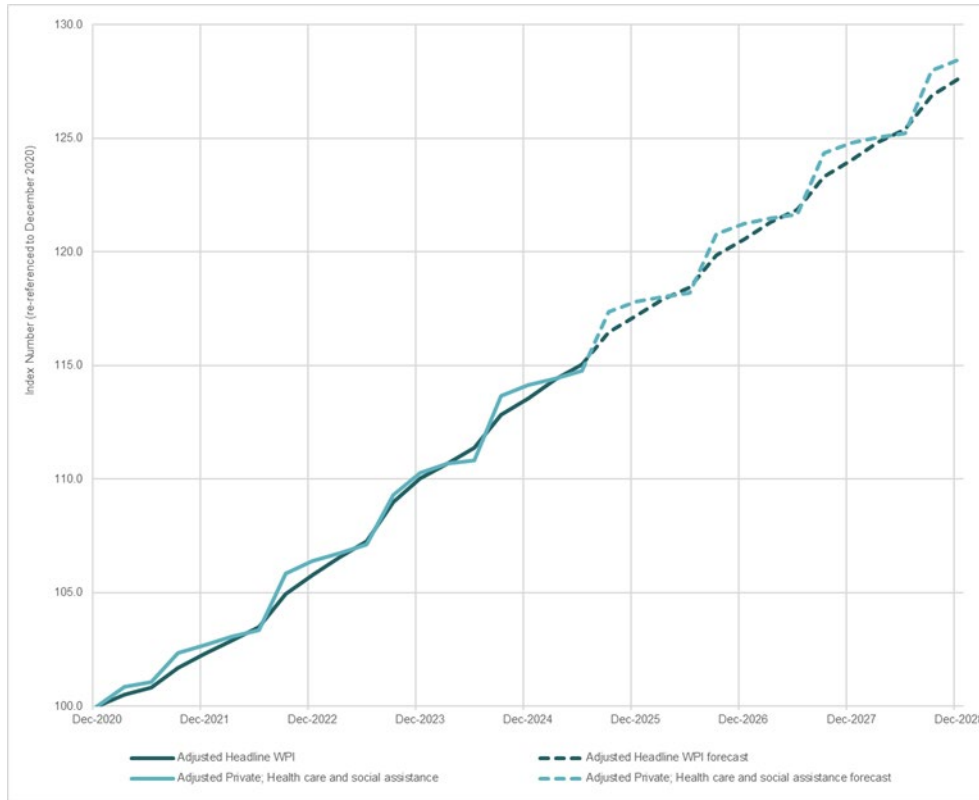
For each quarter  $n$ , IHACPA forecast the value of the *Private; Health care and social assistance* index based on growth in the headline WPI:

$$\begin{aligned} & \text{adjusted Private; Health care and social assistance index}_n \\ &= \text{adjusted Private; Health care and social assistance index}_{n-4} \times \frac{\text{adjusted WPI}_n}{\text{adjusted WPI}_{n-4}} \times 1.0003 \end{aligned}$$

where adjusted Private; Health care and social assistance index<sub>n</sub> and adjusted WPI index<sub>n</sub> are the values of the respective index series in quarter *n* after adjusting to remove the impact of the Stage 2 decision.

The adjusted index, re-referenced to the December 2020 quarter, is shown in Figure 2.

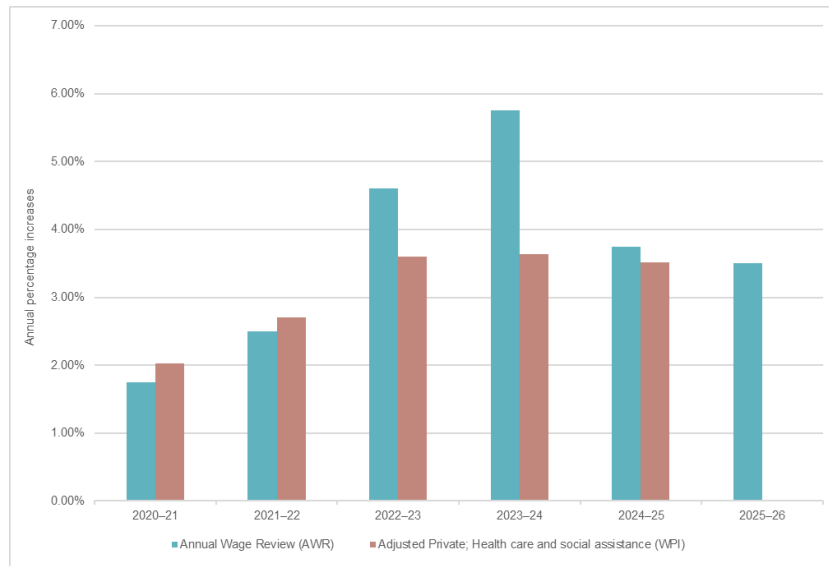
Figure 2: Adjusted headline WPI and adjusted *Private; Health care and social assistance* index series



### AWR impact

IHACPA undertook analysis of the impact of the Fair Work Commission’s AWR decisions on the *Private; Health care and social assistance* index series.

Figure 3: Comparison of Annual Wage Review decisions and annual Private; Health care and social assistance WPI growth



In Figure 3, the columns compare AWR decisions with the annual growth in the *Private; Health care and social assistance* index series to the December quarter. These two values being equal would indicate that the *Private; Health care and social assistance* index series increased at the same rate as the minimum wage as determined by the Fair Work Commission.

In 2020–21 to 2021–22, the annual growth in the *Private; Health care and social assistance* index series was higher than the AWR decisions, suggesting that workers on average received above award wage increases. This trend appears to have reversed from 2022–23 onwards, suggesting that workers on average received a lower wage increase relative to the award rate.

Over the 5 years from 2020–21 to 2024–25, there has been an average of 91.82% pass-through of AWR increase to the annual growth to the December quarter in the *Private; Health care and social assistance* WPI index series.

#### 4.2.4 Step 1: indexation and adjustments to SAHCC 2024 to estimate costs in 2023–24

The following indexation and adjustment steps were applied to the labour component of each unit cost in the SAHCC 2024 to inflate costs to 2023–24.

##### Aged Care Work Value Case Stage 2 decision

The Aged Care Work Value Case Stage 2 decision increased minimum wages for direct care workers by 15.00%, effective 30 June 2023.

IHACPA adjusted the various labour components of each unit cost as follows:

- RN and EN costs were inflated by  $15.00\% \times 41.41\% = 6.21\%$ , as per the calculated passthrough rate in Table 11
- care management costs were inflated by  $15.00\% \times 28.63\% = 4.29\%$
- HCW and AIN costs were inflated by 15.00%
- other labour costs were not inflated.

### Superannuation guarantee increase from 2022–23 to 2023–24

Section 19(2) of the Superannuation Guarantee (Administration) Act 1992 stipulates increases in the minimum amount of superannuation an employer pays (the guarantee rate) by 0.50% each year from 1 July 2021 until 1 July 2025.

IHACPA does not have data on which providers are paying superannuation at the guarantee rate and which are on EBAs paying above the guarantee rate.

In the absence of any data on superannuation contributions above the guarantee rate in the aged care workforce, IHACPA has assumed that the workforce is paid at the guaranteed rate. This implies that there will be a 0.50% increase in the superannuation component of labour costs between 2022–23 and 2023–24.

As increases to the superannuation guarantee are not captured in the WPI or AWR decisions, a separate adjustment is required. This adjustment was made by increasing the superannuation component of labour costs from 10.50% in 2022–23 to 11.00% for 2023–24, equivalent to inflating the labour component of each unit cost by  $\frac{1.110}{1.105} = 0.45\%$ .

### Indexation from 2022–23 to 2023–24

As previously discussed, most of the aged care workforce are paid at the award wage. IHACPA therefore assumed that aged care wages rise would increase on 1 July each year in line with Fair Commission AWR decisions, and that wages do not increase throughout the year outside of the cycle of reviews (except for wage increases as a result of Aged Care Work Value Case decisions).

The indexation rate applied to labour costs from 2022–23 to 2023–24 was calculated as the value of the adjusted *Private; Health care and social assistance* index series in December 2023 (mid-point of 2023–24) divided by the value of the actual index in December 2022 (mid-point of 2022–23).

Thus, IHACPA adjusted the labour component of each unit cost by 3.64%.

### 4.2.5 Step 2: indexation and adjustments from 2023–24 to 2026–27

Following the calculation of unit costs for each service on the Support at Home service list, IHACPA applied indexation and adjustments to estimate the cost of delivering in-home aged care services in 2026–27.

#### Aged Care Work Value Case Stage 3 decision

The Aged Care Work Value Case Stage 3 decision included wage adjustments for direct and indirect care employees and a new classification structure for HCWs and AINs. Increases for direct care workers were split over 2 tranches, effective 1 January 2025 (subsequently referred to as tranche 1) and 1 October 2025 (subsequently referred to as tranche 2).

IHACPA calculated the number of in-home aged care direct care full time equivalent (FTE) in 2024–25 at each HCW and AIN classification level using the Department of Health, Disability and Ageing's Aged Care Wage Estimation Tool and data from the Aged Care Provider Workforce Survey 2023 to estimate the proportion of HCWs holding a Certificate IV qualification.

IHACPA multiplied these FTE by the annualised pay rates from the Fair Work Ombudsman to estimate the proportion of total HCW and AIN labour costs attributable to each level of the awards,

and then by the tranche 1 and 2 percentage increases to get the weighted average increase for HCWs and AINs. In line with the retained rates of pay clause, IHACPA assumed that wages remained constant for impacted HCWs that were reclassified.

IHACPA applied adjustments to the care labour component of unit costs for nursing assistants, non-clinical care management, personal care, social support and community engagement, respite, transport, domestic assistance, home maintenance and repairs and meals. These adjustments are given in Table 18.

**Table 18: Aged Care Work Value Case Stage 3 decision (tranches 1 and 2)**

Staff type	1 January 2025 adjustment	1 October 2025 adjustment
HCWs, AINs	2.24%	0.85%
Other staff (including administration)	-	-

### **Nurses and Midwives Work Value Case decision**

The Nurses and Midwives Work Value Case decision included a new classification and pay structure for RNs, ENs and clinical care management staff in the aged care sector. Per this decision, pay increases are to be phased in in 3 tranches, effective:

- 1 March 2025 (subsequently referred to as tranche 1)
- 1 October 2025 (subsequently referred to as tranche 2)
- 1 August 2026 (subsequently referred to as tranche 3).

To determine the appropriate adjustment to the care labour component of unit costs for RNs, ENs and clinical care management, IHACPA calculated the weighted average increase relative to wages as at 1 July 2024 based on the number of FTE at each classification level.

Similar to the methodology applied for HCWs and AINs, IHACPA extracted the number of in-home aged care direct care FTE in 2024–25 at each RN and EN classification level from the department's Aged Care Wage Estimation Tool. IHACPA also adjusted care management labour costs for RNs working in care management role, using the residential aged care indirect care FTE from the Aged Care Wage Estimation Tool.

These FTE were multiplied by the annualised pay rates from the Fair Work Ombudsman to estimate the proportion of total nursing labour costs attributable to each level of the award, and then by the tranche 1, 2 and 3 percentage increases to get the weighted average increase for RNs, ENs and care management staff. Analogous to the treatment of HCWs and AINs, IHACPA retained the existing rates of pay for RNs that were reclassified to a lower pay point in the decision.

IHACPA multiplied the calculated wage increases for RNs and ENs and clinical care management staff by 41.41% and 28.63% respectively, reflecting the passthrough rate of Fair Work Commission work value case decisions as discussed in section 4.2.2.

The adjustments applied to the care labour component of impacted unit costs are summarised in Table 19.

Table 19: Nurses and Midwives Work Value Case decision (tranches 1, 2 and 3)

Staff type	1 March 2025 adjustment	1 October 2025 adjustment	1 August 2026 adjustment*
RNs	3.78%	3.30%	3.23%
ENs	4.36%	3.34%	3.24%
Clinical care management	4.74%	1.06%	1.41%
Other staff (including administration)	-	-	-

\* Adjustments for tranche 3 wage increases were multiplied by 364/265 when adjusting relevant labour costs to reflect the proportion of 2026–27 for which they are applicable.

### Superannuation guarantee increases from 2023–24 to 2025–26

IHACPA adjusted the superannuation component of labour costs to reflect the increases in the superannuation guarantee from 11.00% in 2023–24 to 12.00% in 2025–26. Analogous to the methodology in section 4.2.4, IHACPA inflated the labour component of each unit cost by  $\frac{1.120}{1.110} = 0.90\%$ .

### Indexation from 2023–24 to 2026–27

The indexation rate applied to labour costs from 2023–24 to 2026–27 compounds the impact of 3 years of wage increases on 1 July 2024, 1 July 2025, and 1 July 2026:

- the value of the adjusted *Private; Health care and social assistance* index series in December 2024 (mid-point of 2024–25) divided by the value of the adjusted index in December 2023 (mid-point of 2023–24)
- 2024–25 AWR, which increased minimum wages by 3.50% effective 1 July 2025, multiplied by the 91.82% pass-through rate
- the forecast value of the adjusted *Private; Health care and social assistance* index series in December 2026 (mid-point of 2026–27) divided by the forecast value of the adjusted index in December 2025 (mid-point of 2025–26).

The Aged Care Work Value Case Stage 3 decision and Nurses and Midwives Work Value Case decision included an updated classification structure, where some employees received a lower award rate under the new structure. These employees had their existing award rate of pay preserved but subsequently will not receive wage increases from the AWR until they transition to the new classification structure.

IHACPA therefore calculated the effective AWR increases for nurses and HCWs effective 1 July 2025 and 1 July 2026 assuming that these employees would retain their existing rates of pay until they were surpassed by their new classification.

The indexation rates for the care and administration labour components of each unit cost from 2023–24 to 2026–27 are provided in Table 20.

Table 20: Indexation from 2023–24 to 2026–27

Staff type	1 July 2024 indexation rate	1 July 2025 indexation rate	1 July 2026 indexation rate
RNs	3.52%	3.16%	2.89%
ENs	3.52%	3.21%	2.91%
Clinical care management	3.52%	2.82%	2.56%
HCWs, AINs	3.52%	2.96%	2.91%
Other staff (including administration)	3.52%	3.21%	2.91%

## 4.3 Non-labour indexation

### 4.3.1 Non-labour indexation rates

The non-labour component of each unit cost consists of:

- care expenses including consumables, agency (non-salary) fees, transport and motor vehicle expenses
- transport expenses, including all expenses related to the operation of motor vehicles and external client transport services
- administration expenses, including WorkCover expenses, quality and compliance and training, IT expenses and corporate recharge costs.

As there is no single index that reflects this mix of products, IHACPA constructed a composite index from CPI sub-groups and expenditure classes to measure inflation of input costs in in-home aged care. IHACPA has used the quarterly index numbers from ABS index series *6041.0 CPI, Australia*, June 2025. The sub-groups and expenditure classes were then weighted according to the proportions of total cost in the trimmed HCP ACFR. The composition of this index is summarised in Table 21.

Table 21: Summary of non-labour cost index

CPI Index subgroup or expenditure class	Series ID	Cost component	Total (ACFR)	Proportion
<i>Index Numbers; Audio, visual and computing equipment and services; Australia;</i>	A3604423X	IT and communication expenses	\$76.5m	4.44%
<i>Index Numbers; Communication; Australia;</i>	A2331201J			
<i>Index Numbers; Insurance; Australia;</i>	A3602833C	Insurance	\$93.1m	5.41%
<i>Index Numbers; Medical products, appliances and equipment; Australia;</i>	A3604438R	Care expenses	\$312.5m	18.14%
<i>Index Numbers; Other financial services; Australia;</i>	A2332776R	Other direct care expenses	\$1,029.2m	59.75%
<i>Index Numbers; Private motoring; Australia;</i>	A2326656J	Motor vehicle expenses	\$81.7m	4.74%
<i>Index Numbers; Rents; Australia;</i>	A2331876F	Rent, utilities and property outgoings	\$58.7m	3.41%
<i>Index Numbers; Utilities; Australia;</i>	A2326521X			
<i>Index Numbers; Urban transport fares; Australia;</i>	A2326701J	Transport	\$70.8m	4.11%
<b>Total*</b>			<b>\$1,722.5m</b>	<b>100.00%</b>

\*Components may not add due to rounding.

### Composing index series

The CPI series are generally referenced to 2011–12 financial year. That is, they are expressed such that the annual index for 2011–12 is equal to 100.0. For example, the index series A2332776R (*Other financial services; Australia*) index value for June 2025 is 135.2, indicating that the consumer price for that expenditure class is 35.20% higher in June 2025 than in the 2011–12 financial year.

If index series for sub-groups and expenditure classes published by ABS are combined directly, there is an implicit assumption that the relative cost for each group has been equal since the reference year in 2011–12. This in general is not the case, so each index series must be weighted before combining to reflect the cost proportions in the period of interest.

IHACPA has addressed this in 2 stages. Firstly, each index series was re-referenced to the latest available quarter. Then the re-referenced indexes series were weighted and combined.

### Example of re-referencing index

For example, the index series A3604438R (*Medical products, appliances and equipment; Australia*) used for resident non-labour expenses had a value of 114.2 in June 2024, and 114.5 in June 2025, giving a growth of 0.26% in that year. To re-reference this index to 100.0 in June 2025, all index numbers were divided by the June 2025 index value and multiplied by 100. Then the new June 2024 index value was 99.74, and the new June 2025 value was 100.0. The annual change is still 0.26%.

Then, each of the re-referenced index series were weighted according to the relative cost in each group, calculated using the trimmed, adjusted ACFR as summarised in Table 21.

### 4.3.2 Indexation

The average annual growth rate of the weighted index was determined by fitting an exponential regression model. The model takes the form:

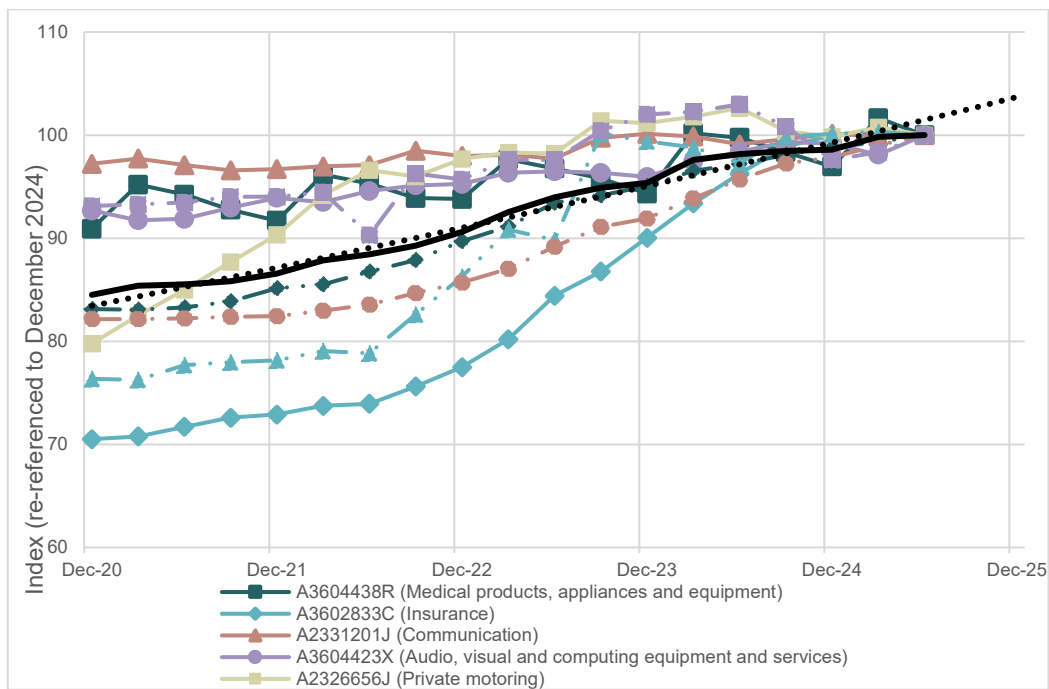
$$\text{index}_n = b \times (1 + i)^{n/4} + \epsilon_n$$

where:

- $\text{index}_n$  is the value of the underlying index series at time  $n$
- $n$  is the time unit, in this case the year and quarter for the index value
- $b$  is the estimated value of the index when  $n = 0$  (the intercept)
- $i$  is the growth rate per annum
- $\epsilon_n$  is the error term.

IHACPA fit an exponential growth curve to the non-labour composite index series to measure average annual growth. The non-labour direct care cost index series along with the contributing CPI sub-groups and expenditure classes is shown in Figure 4.

Figure 4: Index series used for non-labour cost growth



IHACPA have used the past 4 years of data when fitting the growth model to reflect the higher inflation rate observed in the Australian economy since 2020. This ensures that recent inflation is more accurately reflected when indexing costs from 2023–24 to 2026–27.

The dotted line shows the exponential regression curve fit to the non-labour direct care index as a best estimate of average annual non-labour direct care cost over that period.

The resulting model was:

$$\text{index}_n = 101.5 \times 1.0444^{n/4}.$$

Note that this expression may not evaluate exactly as written due to rounding. Thus, the annualised growth rate used to index the non-labour component of each unit cost is 4.44%. This rate was then used to index the non-labour direct care component of each service.

The total non-labour indexation rate for from 2023–24 to 2026–27 is therefore:

$$1.0444^3 - 1 = 13.94\%.$$

## 4.4 Application of indexation and adjustments

IHACPA applied the relevant adjustments and indexation rates to the care labour, administration labour and non-labour components of each unit price to determine the prices for each service on the Support at Home service list in 2026–27.



Independent Health and Aged Care Pricing Authority

Eora Nation, Level 12, 1 Oxford Street  
Sydney NSW 2000

Phone 02 8215 1100

Email [enquiries.ihacpa@ihacpa.gov.au](mailto:enquiries.ihacpa@ihacpa.gov.au)

[www.ihacpa.gov.au](http://www.ihacpa.gov.au)