

## ITEM NUMBER: 8.1

### CONFIDENTIAL REPORT

#### ALWYNDOR - SUPPORT AT HOME PROGRAM REVISED PRICING

*Pursuant to Section 83(5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:*

- d. commercial information of a confidential nature (not being a trade secret) the disclosure of which –
  - i. could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - ii. would, on balance, be contrary to the public interest.

**Recommendation – Exclusion of the Public – Section 90 (3) Order**

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Council hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 335/25 Alwyndor Support at Home Revised Pricing in confidence.
  2. That in accordance with Section 90(3) of the *Local Government Act 1999* Council is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 335/25 Alwyndor Support at Home Revised Pricing on the following grounds:
    - d. pursuant to section 90(3) (d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party given the commercial nature of the items in the competitive environment in which we work.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.
  3. The Council is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
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**Item No:** 8.1

**Subject:** ALWYNDOR SUPPORT AT HOME REVISED PRICING

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## Summary

This report provides an update on the financial modelling for the new Support at Home program which was deferred from 1 July 2025 and is now scheduled to commence on 1 November 2025, consistent with revised national aged care reform timelines and the commencement of the new *Aged Care Act 2024* and associated Rules.

The 2025-26 Alwyndor budget included a 35% increase to service charges consistent with the new service model. Since budget adoption and the deferral of the Support at Home program implementation, the budget assumptions regarding this program have been reassessed. As an outcome, an increased uplift in service fees from 35% to 38% has been recommended for approval by the Alwyndor Management Committee.

This matter has been considered by the Alwyndor Management Committee and recommended for approval by Council. It is being presented as a separate matter given the tight timelines to finalise engagement and communication to each of our clients and implement the new model by 1 November 2025.

This report is confidential given the commercial nature of the items in the competitive environment in which we work.

This report also seeks Council approval of the new pricing model.

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## Recommendation

1. That Council approves increasing the Support at Home service pricing model by 38% above June 2025 pricing, an increase from the previously approved 35%.

### RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Agenda Item 8.1: 335/25 Alwyndor Support at Home Revised Pricing in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, attachment and minutes be retained in confidence and the Chief Executive Officer is authorised to release the documents when the revised pricing comes into effect on 1 November 2025.
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## Background

This report provides an update on the financial modelling for the new Support at Home program which was deferred from 1 July 2025 and is now scheduled to commence on 1 November 2025, consistent with revised national aged care reform timelines and the commencement of the new *Aged Care Act 2024* and associated Rules.

The approved 2025-26 Alwyndor budget included a 35% increase to fixed service charges, noting the complexity of the new model which includes a decrease in fixed income via management fees in addition to a range of other impacts as outlined in this report.

This increase was foreshadowed with Council as a part of the Alwyndor budget workshop presentation on 13 May 2025. It was also noted at this workshop that Stewart Brown estimated service charge increases across the sector were anticipated to be 40% at that time.

Since budget adoption and the deferral of the Support at Home program implementation, the budget assumptions regarding this program have been reassessed. As an outcome, an increased uplift in service fees from 35% to 38% has been recommended for Council approval by the Alwyndor Management Committee.

## Report

The aged care reform includes a complete review of the Support at Home program requiring a restructure of our service delivery model. Alwyndor, along with the sector nationally, has undertaken a detailed review of our program design, service models, financial modelling and management, and compliance requirements.

By way of context a simplified outline of the *Aged Care Act 2024* forms Attachment 1 to this report. This was also included in the May budget workshop with Elected Members.

*Refer Attachment 1*

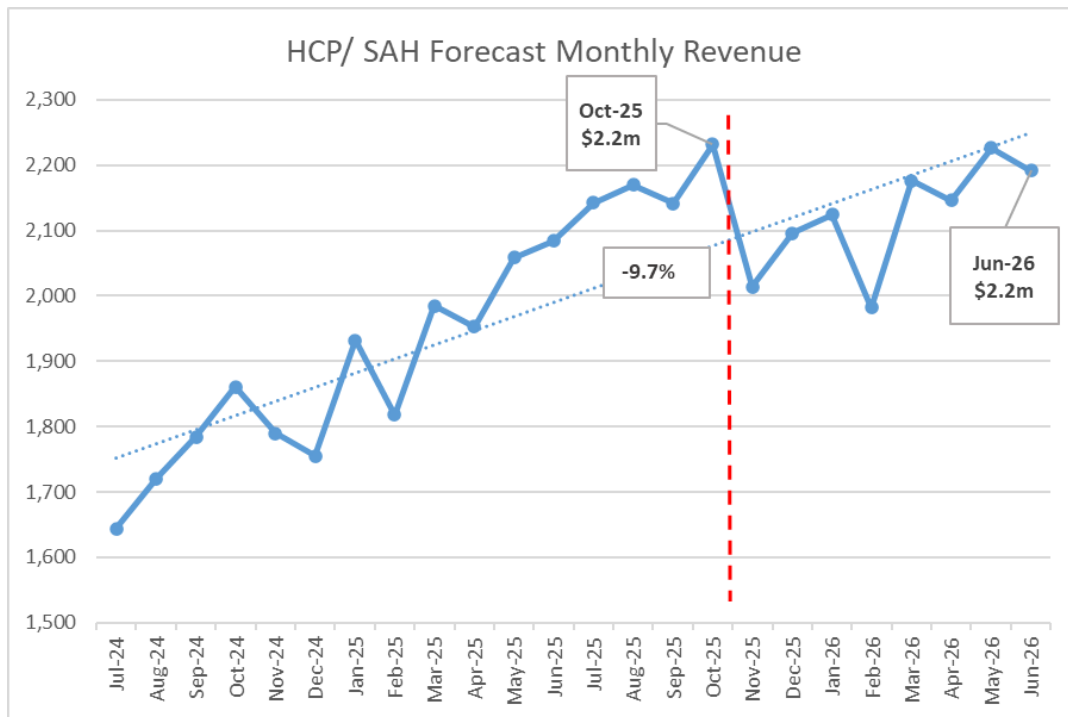
Although the Support at Home operations manual remains under review by the Department of Health, Disability and Ageing (DoHDA), the delay in implementation has provided us with the opportunity to refine and embed systems and processes and to enable identification of continued operational efficiencies. The extended timeline has also allowed us to conduct a thorough analysis of our pricing model, ensuring our cost structures align with the upcoming reforms and support our sustainability.

The approved 2025-26 budget included a 35% increase in fixed service fees for the Support at Home program to offset the significant financial impacts of the new model, following further analysis and review an increase of 38% is considered appropriate. This impact is the result of the new *Aged Care Act 2024*, the *Rules* (finalised 23 September) and the *Support at Home Guidelines* (which continue to be in a draft form) along with the mandatory compliance with the new *Aged Care Quality and Safety Commission (ACQSC) Standards*.

The major impacts on pricing are:

- loss of fixed income ie up to 30% of Home Care Package (HCP) funding in the current model of which only a maximum of 10% can be recouped in the new model;
- increased administrative costs and overheads due to new systems and payment-in-arrears models; and
- new pricing strategies and a focus on higher service margins to maintain profitability under the new bundled pricing ie basic nursing consumables, wound care and travel are all now included in the pricing.

The analysis is summarised below and is illustrated in the following graph:



- Under a service price increase of 38%, the reduction in forecast monthly revenue from October to November 2025 is 9.7% (noting the reduction with a 35% increase is 11.1%).
- By June 2026 monthly revenue returns to a similar level to that observed in October 2025 driven by the forecast growth to 802 Support at Home Packages and the recommended price uplift.
- Assuming a consistent client service mix, forecast revenue utilisation (ie the percentage of revenue accounted for in direct service delivery) drops from 82% in July to October to 75% for the remainder of the year. We anticipate this will increase as we scale through further growth and continuously refine our systems and processes.

Our analysis also includes an assessment of potential client impact, noting there are many variables in the modelling including the new levels, variable client needs and acuity, and the introduction of mandated client contributions which correspond to client income, ie full/part pensioner, self-funded retiree etc.

The potential impact of the modelled increases on clients has been assessed based on the current client profile, noting a 38% increase impacts 24% or 163 clients with an average deficit of \$725 per month.

Clients who are consistently in deficit in response to care needs will be eligible for reassessment with the aim of an upgraded package to support client needs and any associated budget shortfall. The new Support at Home model extends to eight levels of package vs the current four levels which does offer increased funding opportunities as client acuity increases.

Based on our current understanding of the positioning of other providers (noting this is commercial information in an increasingly competitive environment) a 38% uplift in service

pricing is comparable within the sector and is the recommended position which enables Alwyndor to remain price competitive and supports our sustainability.

## Budget

As noted above the adopted 2025-26 budget assumed a 35% increase in service fees in an uncertain and not yet fully defined model of care. Our enhanced modelling indicates a 38% increase will offer greater surety to Alwyndor for a sustainability Support at Home model, again noting variables remain and the modelling is supporting by continued projected growth.

## Statutory Provisions

*Aged Care Act 2024* (effective 1 November 2025), and is enabled by the *Aged Care Rules* (597 in total - effective 23 September 2025) and the relevant *Support at Home Program Model Manual* (yet to be finalised).

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**Written By:** General Manager, Alwyndor

**General Manager:** Alwyndor, Ms B Davidson-Park

# Attachment 1

# AGED CARE ACT | SIMPLIFIED OUTLINE

