



# Aged care worker wage rise – Home Care Packages Program

## Provider fact sheet

This fact sheet is to assist Home Care Packages (HCP) Program providers to prepare for the increase to award wages from 30 June 2023.

## Background

The Fair Work Commission’s decision on the Aged Care Work Value case of a 15% increase to the award wage for many aged care workers, including home care workers, will take effect from 30 June 2023 (from the first full pay period on or after 30 June 2023).

The Australian Government is investing \$11.3 billion in funding to support wages including:

- A \$2.2 billion increase in funding for home care providers to cover the wage increase
- \$98.7 million for historical leave liabilities for aged care providers.

This is the largest ever wage increase for the sector and signifies real progress towards valuing our critical aged care workers.

## Contents

<a href="#">What is the Fair Work Commission decision?</a>	2
<a href="#">Who will receive the increase?</a>	2
<a href="#">How will the increase be implemented?</a>	2
<a href="#">When will the wage rise be implemented?</a>	4
<a href="#">What will providers need to do?</a>	4
<a href="#">Compliance</a>	6
<a href="#">Questions and answers</a>	7
<a href="#">Care recipients</a>	10
<a href="#">Where can providers find out more information?</a>	10

## What is the Fair Work Commission decision?

The Australian Government is funding the Fair Work Commission's decision on the Aged Care Work Value case. This means a 15% award wage increase for eligible aged care workers.

The Government expects that all funding for the wage increase is passed on for the full benefit of workers. Where you have been paying your workers according to the award wage, you will now need to pay your workers in accordance with the new award rate from the start of the worker's first full pay period on or after 30 June 2023.

The wage increase is expected to benefit 250,000 registered nurses, enrolled nurses, assistants in nursing, personal care workers, head chefs and cooks, recreational activities officers (lifestyle workers) and home care workers.

A more skilled and diverse workforce will deliver safe, consistent, high-quality aged care services for in-home care recipients. This starts with fair wages for workers, a supportive workplace and recognition of the complex, often undervalued work involved.

Fair Work Commission is also considering further increases for aged care workers in the sector and considering increases for other workers in the aged care sector, including administrative and support staff.

## Who will receive the increase?

The wage increase is for workers subject to the following modern awards:

- **Aged Care Award 2010:** personal care workers and recreation/lifestyle activities officers and head chefs/cooks (aged care employee level 4-7 provided the employee is the most senior chef or cook engaged in a facility)
- **Nurses Award 2020:** nursing assistants, enrolled nurses, registered nurses, nurse practitioners working in aged care
- **Social, Community, Home Care and Disability Services Industry Award (SCHADS) 2010:** home care workers working in aged care.

## How will the increase be implemented?

From 1 July 2023, funding will be provided through an increase to the Home Care Package subsidy amount. This will allow your business to fund the wage increase without reducing services for care recipients.

Home Care Package subsidy rates will increase by 11.9%. This includes standard cost indexation plus an increase for the impact of the Fair Work Commission on the in-scope wages.

- Annual indexation is 3.3% and the Fair Work Commission increase is 8.3%
- The method used to increase package amounts was to increase rates by 3.3% and then increase that amount by 8.3% (3.3% increased by 8.3% is 11.9 %).

The basic subsidy and supplements with a workforce component will be increased by 11.9%. This increase includes annual indexation.

The supplements that are increasing are:

- Viability supplement
- Dementia and cognition supplement
- Veterans supplement
- Top-up supplement

The wage increase will be available from the July 2023 claim.

The basic subsidy rates will increase as follows:

HCP Level	Current Daily Subsidy (1 July 2022)*	From 1 July 2023 Subsidy
Level 1	\$25.15	\$28.14
Level 2	\$44.24	\$49.49
Level 3	\$96.27	\$107.70
Level 4	\$145.94	\$163.27

Supplements such as oxygen and enteral feeding supplements will increase by annual indexation only, as these supplements do not have a workforce component.

\*The Government contribution changes on 1 July every year with indexation.

For more detail, refer to the [HCP subsidy and supplement rates update fact sheet](#).

### **Will the subsidy increase be sufficient?**

The subsidy increase has been calculated based on what providers spent in 2021-22 on aged care workers and will be sufficient to ensure almost every care recipient continues to receive the same hours of care from 1 July 2023. All care recipients' HCPs will increase by 11.9% to cover the cost of the wage rise for aged care workers, as well as other increases in prices. This increase is less than 15% is to account for the fact that many care recipients use their home care package to access goods, equipment, allied health and home modifications, which are not impacted by the wage increase, alongside their direct nursing and personal care services.

A grant opportunity will open to provide additional support to providers of the small proportion of care recipients whose packages are fully expensed on nursing and personal care each month and whose providers may therefore have a small shortfall.

### **Care and package management caps**

Care and package management caps that were implemented on 1 January 2023 will increase on 1 July 2023 with indexation.

## Maximum daily prices for care management and package management from 1 July 2023

HCP level	basic subsidy	care management x 20%	package management x 15%
Level 1	\$28.14	\$5.63	\$4.22
Level 2	\$49.49	\$9.90	\$7.42
Level 3	\$107.70	\$21.54	\$16.16
Level 4	\$163.27	\$32.65	\$24.49

## When will the wage rise be implemented?

The changes will take effect from the start of the worker's first full pay period that starts on or after 30 June 2023.

Information about the 15% increase for the aged care sector and the annual wage review is available on the Fair Work Ombudsman's [annual wage review](#).

## What will providers need to do?

Providers will need to:

- communicate and implement these changes for their workers affected by the relevant awards
- consult with and gain the consent of care recipients to any changes that may affect them.

Providers cannot make changes to home care agreements without informed consent and agreement from care recipients.

## Enterprise agreements

Some providers have a separate arrangement for paying their workers known as an Enterprise Agreement. This arrangement should mean that their workers are already being paid at least the base pay rate in the applicable award wage. If this rate is not at least the new base pay rate, these providers will have to increase those workers' base pay rate to at least meet the new base pay rate.

More information on [Enterprise Agreements](#) is available on the Fair Work Ombudsman website.

## Communicate with care recipients

You may need to adjust your pricing models. This may require reasonable increases in charges for care and services delivered by workers receiving the wage increase.

A reasonable and justifiable price increase for care and services must be:

- value for money and reflect the resources it takes to provide the care or service
- clear, understandable and transparent

- in the best interests of care recipients
- in line with program requirements and legislation
- directly related to coordinating allowable care or services or purchasing goods to meet the care recipient's assessed needs and goals.

Any changes to prices must be agreed by care recipients. Where a care recipients' prices increase to account for the increased wages, providers must renegotiate home care agreements with their care recipients and gain mutual consent. This ensures care recipients are adequately informed and understand all the changes and the terms of the proposed agreement.

It is the provider's responsibility to ensure care recipients understand any changes to prices and why these changes are being made.

This will involve:

- Providing a copy of the [department's letter to care recipients](#), in case they have not yet received it in their mail.
- Discussing with care recipients how prices for care and services delivered by some workers may need to change, including:
  - what prices are changing
  - why the prices need to change
  - what those prices include
  - when the new prices will start.
- Renegotiating prices with care recipients.
- Updating home care agreements.
- Updating pricing schedules.
- Publishing up-to-date prices on My Aged Care. For support with this process, refer to [My Age Care's tips for HCP providers](#).

We do not consider a notice of changes to be discussion and mutual agreement with the care recipient. Care recipients should be given a minimum of 14 days to respond, or other timeframe as agreed in the home care agreement, to proposed changes unless they are urgently required by the care recipient.

For further guidance on [setting](#), [publishing](#) or [charging](#) prices and updating [home care agreements](#), visit the department's website.

## Compliance

### Fair Work Ombudsman

The [Fair Work Ombudsman](#) is responsible for ensuring compliance with Australian workplace laws and providing education about rights and responsibilities at work.

The Fair Work Ombudsman can also help to resolve workplace issues including by using a range of compliance powers.

Visit their website for more information on the Fair Work Ombudsman's approach to [resolving workplace disputes](#) at the workplace level compared to [compliance and enforcement](#).

### Aged Care Quality and Safety Commission

The [Aged Care Quality and Safety Commission](#) uses a wide range of regulatory tools to monitor and assess the performance of aged care providers as well as ensuring providers comply with their provider responsibilities under the *Aged Care Act 1997*. This includes the legislative requirement to adequately consult and gain mutual consent of care recipients to make any changes to home care agreements and prices for the care and services they receive.

If the Commission finds a provider to be non-compliant with their responsibilities, they will progress further compliance or enforcement action.

In all circumstances, the Commission's response is informed by the risk posed to the safety, health, wellbeing and quality of life of care recipients.

For more information, read the Commission's guide on [home services pricing and agreements](#) and visit their [website](#).

### Australian Competition and Consumer Commission

The [Australian Competition and Consumer Commission](#) (ACCC) is an independent Commonwealth statutory authority. Its role is to:

- enforce the [Competition and Consumer Act 2010](#) and a range of additional legislation
- promote competition and fair trading
- regulate national infrastructure for the benefit of all Australians.

The ACCC can investigate and act:

- where businesses mislead care recipients about pricing
- on unfair business practices
- against businesses involved in price fixing and other anti-competitive behaviour.

More information on [your obligations to consumers, and how to meet them, as well as your business rights](#) is available on the ACCC website.

## Question and Answers

To assist providers, see below for answers to commonly asked questions.

### Home Care Packages Program Providers

#### 1. If I pay above the award, do I need to increase my staff's wages?

- The investment in wages must be passed on for the full benefit of workers.
- Higher wages for aged care workers mean providers can attract and retain staff to relieve workforce pressures.
- For providers who pay above award through Enterprise Agreements or individual contracts, they will continue to be required to pay their workers according to these arrangements.
- For further information on [safety net contractual arrangements](#), visit the Fair Work Ombudsman's website.

#### 2. Does the Government monitor what providers are paying their workers?

- It is a legal requirement for employers to fund the minimum pay rates as prescribed by the relevant [modern award](#) but we expect aged care providers to pass on all the additional wage related funding they will receive in this budget.
- The department will continue to monitor provider expenditure on wages through the Quarterly Financial Report and program assurance activities and will publish key financial trends from the sector as part of the Quarterly Financial Snapshot.
- From January 2024, the Government will be publishing service level data on what providers are paying their workers. It will be evident which providers are offering the best deal to their workers.

#### 3. Is this funding enough to fund the wage increase?

- Yes. Aged Care accounting firm StewartBrown recently estimated the Government needed to fund \$1.6b in 2023-24 to meet the Fair Work Commission's decision.

#### 4. Will the funding also cover leave liabilities?

- The Government's funding commitment includes \$98.7 million in 2023-24 for an additional one-off grant funding for historical leave liabilities.
- Historical leave liabilities will be funded according to aged care service type, including a grant opportunity for residential and home care aged care providers, and other aged care programs.
- Further information about this grant opportunity will be available later in 2023.

## **5. The outcome of the Annual Wage Review (AWR) will take effect from 1 July 2023, will workers receive another wage increase?**

- The Government has committed to funding \$2.2 billion to increase the home care subsidy by 11.9% (including annual indexation) from 1 July 2023.
- The Government is aware the [annual wage review](#) will likely increase award wages again from 1 July 2023.
- Annual wage review increases are considered as part of regular annual program indexation arrangements.
- Employers will therefore need to financially prepare for another wage increase as determined by the Fair Work Commission.
- It is expected that providers consider the timing of the 2 award wage increases when renegotiating enterprise agreements with their workers.
- Employers can sign up for [email updates](#) from the Fair Work Ombudsman on changes for the aged care sector pay rates and the annual wage review.

## **6. What does a 'reasonable' price increase mean?**

- Price increases must be reasonable and justifiable for care and services delivered by workers receiving the wage increase.
- A reasonable and justifiable price increase must be:
  - value for money and reflect the resources it takes to provide the care or service
  - clear, understandable and transparent, in the best interests of care recipients
  - in line with program requirements and legislation
  - directly related to coordinating allowable care or services
  - purchasing goods to meet the care recipient's assessed needs and goals.
- You should be able to explain your pricing methodology and provide evidence to inform the prices you charge.
- For more information, refer to the Aged Care Quality and Safety Commission's [Home Services Pricing and Agreements](#) brochure.

## **7. How long do I have to update prices on My Aged Care?**

- Your business must update My Aged Care as soon as possible.
- Any updates to your pricing information should be applied consistently to your pricing schedule and full price list.
- When updating My Aged Care, you will need to use the [Find the Provider function](#) to ensure the changes you make are visible to the public for all your active outlets/services.



- This is also a good opportunity to review your outlets and deactivate any that are no longer in use or are duplicates.
- For more information on how to update My Aged Care, read the:
  - [service and support portal user guide](#)
  - [administrator functions guide](#)
  - [tips for HCP providers regarding costs](#)

#### **8. Are on-costs covered?**

- Yes, the subsidy increase was calculated by analysing what providers spent on aged care workers, including on-costs, in the 2021-22 financial year.

#### **9. My care recipient's package budget does not include care or services delivered by workers in aged care covered by the wage increase. Will their package subsidy still be increased?**

- Yes, base funding has been increased to ensure enough funds are available to cover wage increases.
- All care recipients must receive care management, which includes a workforce component.

#### **10. I have workers who work across multiple programs, including National Disability Insurance Scheme (NDIS), Department of Veteran Affairs (DVA) and HCP. What does this mean for these workers?**

- The Government is aware that Disability Support Workers (DSWs) can be employed as 'social and community services' workers under Schedule B or 'home care' workers under Schedule E of the SCHADS Award.
- However, the NDIS Disability Support Worker Cost Model (the Cost Model) sets price limits for some categories of support delivered by DSWs.
- The Cost Model is set equivalent to level 2.3 (\$1,229.88 per week), or higher, under Schedule B (social and community services) of the SCHADS Award.
- The social and community services stream of the SCHADS award was subject to an equal remuneration order in 2012 which raised award rates by 25%.
- A similarly qualified aged care worker (on Schedule E, pay point 4.2), with the 15% increase would be paid \$1,204.10 per week from 30 June 2023.
- It is our understanding that most DSWs delivering NDIS services are paid in accordance with Schedule B rates, but we note that providers may set their own wages independently of the NDIA price guide as long as this is done in a way that complies with Australian workplace laws.
- Where a provider delivers multiple programs, they should contact the Fair Work Ombudsman for specialised advice on which awards apply to their workforce.

- More information on [equal remuneration order in the SCHADS Award](#) is available on the Fair Work Ombudsman's website.

### **11. Is there a mandatory timeframe for providers to pass on the wage increase?**

- As per legislation providers must implement this pay increase and pay their workers according to the award from 30 June 2023.
- HCP providers should consult with their scheduling and billing software providers to ensure that their systems will be updated to take into account the wage increase.
- However, if providers do not have their systems in place in time for 30 June 2023 and there is a risk you won't be able to pay your workers on time contact the Fair Work Ombudsman for specialised advice.

## **Care recipients**

To explain the changes to care recipients, please refer to the [HCP resources on the department's website](#), including the [care recipient fact sheet](#) and [the letter to care recipients](#).

You can also refer to the Commission's [consumer guidance fact sheet](#).

## **Where can providers find out more information?**

For assistance navigating these changes, providers can go to the following links:

- [Home care agreements for Home Care Packages](#)
- [ACCC - Home care services – your business rights and obligation](#)
- [Fair Work Commission - Aged Care Award increase](#)
- [Fair Work Ombudsman - Get help](#)
- [Aged Care Act 1997](#)
- [User Rights Principles 2014](#)
- Review the [2022 SCHADS Award fact sheet](#)
- [Subscribe to aged care sector newsletters and alerts](#)

## **Contact**

If you have further questions, you can contact:

- [agedcareworkforcereform@health.gov.au](mailto:agedcareworkforcereform@health.gov.au) about aged care workforce reforms, or
- [hcpmanualsfeedback@health.gov.au](mailto:hcpmanualsfeedback@health.gov.au) about the subsidy increase in home care.