



Australian Government

Department of Health and Aged Care

Dear CHSP provider

RE: INCREASE IN AWARD WAGES FOR AGED CARE WORKERS

We are writing to provide your organisation with an important program update following the Fair Work Commission (FWC) aged care wages determination and what this means for Commonwealth Home Support Programme (CHSP) providers and aged care workers.

As you would be aware, on 4 May 2023, the Australian Government announced an investment of \$11.3 billion to fund the FWC's decision for a 15 per cent increase to award wages in the Aged Care Work Value case. The Government recognises that aged care workers are fundamental to delivering the care all Australians expect for older people. Aged care workers who are expected to benefit from the wage increase are:

- registered nurses
- enrolled nurses
- assistants in nursing
- personal care workers
- home care workers
- head chefs and head cooks
- recreational activities officers (lifestyle workers).

Aged care workers delivering CHSP services and employed under one of the in-scope awards will be impacted. However, as the CHSP workforce is underpinned by a wide array of award wages and enterprise agreements, the impact of the FWC decision may vary significantly from organisation to organisation.

The awards covered by the FWC's decision are the *Aged Care Award 2010, Social, Community, Home Care and Disability Services Industry (SCHADS) Award 2010 (Schedule E)*, and the *Nurses Award 2020*, with the award rate changes taking effect from the employee's first full pay period that starts on or after 30 June 2023. In relation to the SCHADS award, the increase specifically relates to home care employees (as classified under Schedule E of the Award), who are providing services to an aged person.

An additional \$105.1 million is being made available in 2023-24 for new grant funding for CHSP providers to manage increased wage costs and associated on-costs from 1 July 2023. While the Department of Health and Aged Care (department) is currently finalising details of the new grant funding opportunity, the application process is expected to commence by early August 2023. In the meantime, the department can provide the following advice:

- **Eligibility for the grant is for workers employed on the in-scope awards only**, including those on enterprise agreements underpinned by these awards.
- Grant funding will be equal to the cost of increasing wages, and associated on-costs, to **the new minimum award rate prior to the application of the Annual Wage Review**.

The department recognises that the grant process will take some time to administer before funding becomes available. To ensure that no CHSP providers will encounter cashflow challenges in the meantime, all CHSP providers will receive a one-off early grant payment in July 2023 that covers a six-month period from July 2023 to December 2023. This will ensure providers have sufficient funding to pay increased wage costs from 30 June 2023.

CHSP providers will be expected to manage this funding sustainably until monthly payments re-commence in January 2024. The department notes that while CHSP funding arrangements are being amended, monthly reporting into DEX over the period July 2023 to December 2023 is still required.

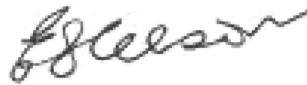
More detail on the new grant funding opportunity is outlined in **Frequently Asked Questions** attached to this letter. Otherwise, further information about this new grant opportunity will be available in the coming weeks on Grant Connect at www.grants.gov.au and on the department's website at www.health.gov.au by searching for 'CHSP News' or 'Better and Fairer Wages for Aged Care Workers'.

If you need further information or are concerned about the sustainability of your grant funding, we encourage you to contact your Funding Arrangement Manager in the Community Grants Hub.

Yours sincerely



Russell Herald
Assistant Secretary
Home Support Operations Branch
15 June 2023



Emma Gleeson
Assistant Secretary
Workforce Branch
15 June 2023

FREQUENTLY ASKED QUESTIONS

Q1. My workers are on a state-based award, or local government (Council) award. Is my organisation eligible for additional funding?

A. Only workers on the in-scope awards under the Fair Work Decision are in-scope for additional CHSP grant funding. For CHSP, the relevant in-scope awards at the SCHADS Award for home care workers and the Nurses Award for registered and enrolled nurses and assistants in nursing.

Q2. My workers are employed under in-scope awards, however, under our Enterprise Bargaining Agreement we already pay these workers above the new award rate. Is my organisation eligible for additional funding?

A. Grant funding is only available to meet the cost of increasing wages to the new award level. If your organisation is already paying at, or above, the new award rate, then your organisation would not be eligible for additional funding.

Q3. My workers are employed under in-scope awards, however, under our Enterprise Bargaining Agreement we pay above the current award, but below the new award. Is my organisation eligible for additional funding?

A. Yes, funding is available to meet the cost of increasing wages to the new award level, even if wages are above the current award rate. If your organisation currently pays 5 per cent above the current award rate, grant funding will be available to fund the remaining 10 per cent.

Q4. My workers deliver services under multiple aged care programs or the NDIS, and not just CHSP. How will this work for the grant?

A. Your organisation will need to estimate the proportion of time each in-scope worker spends undertaking CHSP functions. Under your CHSP agreement, you are required to separately account for all expenditure on CHSP activities as part of financial accountability and acquittal processes.

Your grant application will also need to separate costs between CHSP service types. This will allow the grant funding to be rolled into base agreements from 1 July 2024.

Q5. Will the grant cover on-costs associated with wage increases?

A. Yes. Once associated wage impacts are determined, your organisation can apply for associated on-costs. This including superannuation and other costs that increase as a direct result of an increases in wages. However, the grant application process is expected to separately account for the impact of wage increases on accumulated leave liabilities to 30 June 2023. Additional information on how to present this information will be provided as part of the grant application process.

Q6. Will the grant cover an increase in subcontracting costs arising from the FWC decision?

A. If your organisation can provide supporting documentation that subcontractors are employed under in-scope awards, additional funding is available on the same basis as if the worker was employed by your organisation. However, your organisation would also need to demonstrate that your subcontract has increased by the commensurate amount.

Q7. The FWC Annual Wage Review increased all federal awards by a minimum of 5.75 per cent on top of the 15% increase to Aged Care Awards. Will additional funding be made available to meet this cost?

A. CHSP providers have received, on average, a funding increase of around 6.35 per cent in 2023-24 through standard indexation processes. As a result, an additional grant funding opportunity to meet the impact of the Annual Wage Review is not anticipated.

However, if a CHSP provider is heavily exposed to increased wage costs and other inflationary impacts, and current service delivery levels cannot be maintained, providers can apply for ad-hoc grant funding to ensure continuity of service. This is in line with arrangements in place for the 2022-23 financial year.

Q8. When calculating the value of our grant application, do we apply the 15 per cent increase first, and then the Annual Wage Review increase? Or the other way around?

A. The Department understands that workers on in-scope awards may receive a cumulative wage increase of up to 21.6 per cent. Additional grant funding for the impact of the FWC decision is for the cost of the 15 per cent increase in wage costs before the application of the 5.75 per cent increase. This is because the FWC decisions on the 15 per cent takes effect prior to the Annual Wage Review increase. Additional information to support the calculation process will be provided as part of the grant application process.

Q9. Where can I find the new wage rates?

Information about the new award rates for both the 15% increase and the annual wage review increase will be in updated pay and conditions tables to be released shortly by the Fair Work Ombudsmen. Providers can subscribe to receive updates via fairwork.gov.au.

Q10. When calculating the value of our grant application, at what point do we determine what the value of wages in-scope is?

A. The wage increase takes effect from the first pay period commencing on or after 30 June 2023. The grant application is based on the annualised value of wages for workers on in-scope awards immediately prior to the wage increase.

Grant funding is also available to cover positions that are currently vacant and expected to be filled in the 2023-24 financial year, subject to sufficient documentation being provided to demonstrate recruitment processes or strategies. Additional information to support the calculation process will be provided as part of the grant application process.

Q11. How will the Department ensure new grant funding is spent on wages?

A. The grant will require providers to provide all additional funding to increase wages and associated on-costs. At the end of the 2023-24, providers will need to provide an acquittal and additional supporting information to demonstrate that all funding was spent on increased wages for those employed under in-scope awards. Any funding not spent on wages will be recovered.