



The Hon Anika Wells MP
Minister for Aged Care
Minister for Sport

Dear aged care provider

The Australian Government is investing \$11.3 billion to provide the biggest ever wage rise for the aged care workforce as part of the commitment to fund providers for the outcome of the Fair Work Commission's (FWC) Aged Care Work Value Case. A valued workforce with the right skills and knowledge is critical to reform the aged care system so older Australians are front and centre. This starts with fair wages for workers, a supportive workplace and recognition of the complex and often undervalued work involved.

On 21 February 2023, the FWC made a decision in Stage 2 of the Work Value Case for an interim increase of 15 per cent to award wages for many aged care workers, to take effect from 30 June 2023. I strongly encourage you to engage with your workers regarding these changes.

This decision covers registered nurses, enrolled nurses, assistants in nursing, personal care workers, home care workers, recreational activities officers, and head chefs/head cooks (the most senior chef or cook at the facility on levels 4-7 of the Aged Care Award 2010). The relevant awards include the Nurses Award 2020, Aged Care Award 2010, and Social, Community, Home Care and Disability Services Industry Award 2010. Further information on the decision can be found at <https://www.fwc.gov.au/hearings-decisions/major-cases/work-value-case-aged-care-industry/decisions-statements-work-value>.

The FWC is considering further increases for these workers and increases for other workers in the aged care sector, including administrative and support staff in Stage 3 of the Work Value Case.

Providers will receive the additional funding through each aged care program to support paying higher wages for their workers from 1 July 2023. Providers are expected to pass on all additional funding to workers covered by the FWC's decision. The Department of Health and Aged Care has developed Guidance (attached) that sets out the additional dollar amount that providers of residential aged care and home care packages should pass onto their workers across each of the eligible classifications.

The Department encourages providers to understand the amount of their funding that should be allocated to the wage increase, including on-costs. Residential aged care providers can use the Department's [AN-ACC funding estimation tool](#) and by using the tables included in the attached Guidance. Should providers be unable to determine the funding that should be allocated to the wage increase, they can contact the Department for assistance. Further detail on how the additional funding is being administered can be found at <https://www.health.gov.au/topics/aged-care-workforce/what-were-doing/better-and-fairer-wages>.

To monitor providers passing on higher wages to workers, the Department will collect additional information on aged care wages and labour costs from Quarter 4 2023-24, through the Quarterly Financial Report (QFR) (for providers that report through the QFR). This includes additional data points on the minimum and maximum hourly wage rates paid to direct care workers. Providers will also need to attest to the use of the additional funding through the QFR for residential care and home care package providers and through the grant acquittal process for providers delivering services through grant programs.

The additional Government funding includes provisions for on-costs and leave liabilities. The Government will also fund a proportion of providers' leave liabilities accrued prior to 2023-2024. This will be administered through a Grant Opportunity, with further details to be released shortly. I encourage you to subscribe to www.grants.gov.au to ensure you receive notifications when this grant round opens.

Yours sincerely



Anika Wells

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Attachment: Aged Care Wage Increase Guidance



Aged Care Worker Wages

Guidance for aged care providers on the provision of funding relating to Stage 2 of the Fair Work Commission Aged Care Work Value Case

Better and fairer wages for aged care workers

With the Australian Government's commitment of \$11.3 billion to support increased wages to the aged care sector, it is vitally important that the aged care workers covered by the Stage 2 Decision of the Work Value Case receive the full benefit of this funding and the aged care sector can attract and retain a skilled workforce.

A valued workforce with the right skills and knowledge is critical to reform the aged care system so older Australians are front and centre. This starts with fair wages for workers, a supportive workplace and recognition of the complex, often undervalued work involved.

A more skilled and diverse workforce will deliver safe, consistent, high-quality aged care services, for in-home care recipients and aged care residents. Building our aged care workforce will help the sector deliver 24/7 registered nurse care, increased care minutes for residents, culturally safe practices and increased system transparency.

In addition, a valued and happy workforce means workers are more likely to stay in their workplace for longer, in turn improving compliance outcomes and (for residential aged care providers) star ratings, and ultimately provide better outcomes for the older people at the centre of aged care.

The Government is funding the outcome of the Fair Work Commission (FWC) Aged Care Work Value Case, including the FWC Stages 1 and 2 decisions to provide a 15% interim increase to the minimum award wages for the following classifications: registered nurses (including nurse practitioners), enrolled nurses (including student enrolled nurses), assistants in nursing, personal care workers, head chefs/head cooks, recreational activities officers (lifestyle workers) and home care workers. This represents the highest ever wage increase for the sector supported by Government.

Awards being increased

From the first full pay period on or after 30 June 2023, minimum award wages will increase by 15% in residential aged care for workers who are paid under the Aged Care Award and the Nurses Award in relation to the following occupations - personal care workers, recreational activities officers, head chefs and cooks (one FTE per service), assistants in nursing, enrolled nurses, registered nurses (including nurse practitioners).

From the first full pay period on or after 30 June 2023, minimum award wages will increase by 15% for home care employees working in aged care, classified under Schedule E of the *Social, Community, Home Care and Disability Services (SCHADS) Award 2010*.

Employers are legally obliged to comply with the new minimum award rates from the first full pay period on or after the 30 June 2023 under the Fair Work Act.

Utilisation of additional funding

Providers must pass on all the additional funding allocated to wage increases to their workers in the form of an increase in wages. Where a provider pays above the minimum award rates, the additional funding should be passed on in line with the guidance in the Tables below.

Funding should not be used for short-term localised incentives which apply to only some staff in a particular area/s of labour shortage. Any short-term incentives should be funded from the provider's own resources.

The Government's investment in wages must be passed on for the full benefit of workers, noting the funding includes provision for on-costs.

The Department of Health and Aged Care (department) encourages providers to understand the amount of their funding that should be allocated to the wage increase, by using the department's AN-ACC funding estimation tool (for residential providers) and by using the Tables included in this guidance. Should providers be unable to determine the funding that should be allocated to the wage increase, they can contact the department for assistance.

Residential aged care providers

For residential aged care providers this consists of \$22.76 (or about 63% of the increase) of the \$36.30 increase in the AN-ACC price for 2023-24 as recommended by the Independent Health and Aged Care Pricing Authority. This funding increase supports higher wages for registered nurses, enrolled nurses, personal care workers and lifestyle workers (including on-costs).

The new hotelling supplement includes \$0.36 per resident per day to support higher wages for head chefs and cooks (including on-costs).

Providers can estimate their AN-ACC funding increase, and associated care minutes targets for 1 October 2023, using the online AN-ACC funding and care minutes estimator.

Further information is provided on the department's website at the 'Funding higher wages in residential aged care' page.

Home care providers

For home care providers, the Home Care Package subsidy and some supplements will be increased by 11.9% (including annual indexation) to support home care providers to pay higher wages to their workers¹.

Further information is provided on the department's website at the 'Wage subsidy increase in the Home Care Packages Program' page.

Guidance for aged care providers

This guidance has been developed by the department in consultation with unions and the Aged & Community Care Providers Association (ACCPA) and guides how much providers who currently pay above minimum award wages should increase wages by for those workers based on their award classification or equivalent Enterprise Agreement classification.

This guidance relates to mainstream residential aged care and the Home Care Packages Program.

The Tables below provide the difference in dollar terms between the current award rate and the new award rate for the worker's award classification (see the last column 'Additional amount payable'). This additional amount payable is what the Government expects providers to pass on to workers where those workers are already paid above minimum award rates.

A standardised approach via this guidance provides a reference for enterprise agreement negotiations.

Providers can pay over and above the amounts set out in this guidance and the Government expects the usual enterprise bargaining to occur, with periodic wage increases drawn from the provider's funding as in past years.

Accountability for passing on funding

For profit and not-for-profit providers of residential care and home care packages will need to attest in the Quarterly Financial Report that all funding provided to implement the 15% wage increase is passed through to workers.

¹ The 2023 indexation of the Home Care Packages program is made up of the standard cost indexation plus an increase for the impact of the FWC on the in-scope wages. The standard indexation was 3.3% and the FWC increase 8.3% of the total cost base (15% of the in-scope wages). This 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 attestation will seek confirmation from providers that they have passed on all funding that is identified as being for the purposes of the wage increase to workers as increases in their wages, taking into consideration this guidance.

For providers who are actively working with the department on financial viability matters, please contact the department for advice via ACFM@health.gov.au.

Providers are required by law to provide accurate information to the Commonwealth.

From Quarter 4 2023-24, the Quarterly Financial Report will also collect additional information regarding wages, including the minimum and maximum wage rates for direct care workers as well as information on the primary way workers are being paid (i.e. Award, Enterprise Agreement, Individual Agreement)

Sector trends will be monitored and published through the Quarterly Financial Snapshot. The department will closely monitor providers' expenditure on labour costs and identify trends in this spending over time.

Service level expenditure on labour and wages will be published from January 2024, as part of a broad suite of expenditure reporting on My Aged Care.

The department will work with the employer peaks and unions to follow up worker complaints.

Annual Wage Review increases to minimum wages

The Annual Wage Review Decision was announced on 2 June 2023, with the FWC announcing that minimum award rates will be increased by 5.75%. This AWR increase is in addition to the 15% interim increase.

For residential aged care, the price of \$243.10 includes an estimate of wage indexation for 2023-24 for all workers funded through AN-ACC. For the home care packages program, the 11.9% subsidy increase includes indexation for all workers. The Tables below relate to the 15% increase only. The dollar gap is calculated on the difference between the current minimum award rate and the 15% increase to those rates.

Next steps

The Government expects that providers will engage with workers and employee representatives as a matter of priority to communicate the amount of funding received and the proposed allocation to wages and on costs, based on information given to them by the department.

Providers will need to communicate to individual workers regarding their individual wage increases. This should include a letter or email setting out their old rate and the new rate resulting from the application of the funding.

The Government also urges providers, as far as possible, to undertake workforce communications in consultation with unions and other employee representatives. Where appropriate this should involve joint communications, including paid workplace meetings. Some aged care workers may have expectations that will receive a full 15% on top of enterprise agreement rates, this is not the case and this will need effective management in the workplace.

Providers should build in these additional increases into enterprise bargaining or interim agreements such as a Memorandum of Understanding as soon as practicable. Providers with existing enterprise agreements that do not expire in the near future (and after agreeing a new wage schedule with unions) are encouraged to propose a variation of the agreement to their workers pursuant to the provisions of the Fair Work Act.

Table 1: New minimum award rates – residential aged care

[Fair Work Commission Determination – PR751293 – Aged Care Award](#)

[Fair Work Commission Determination – PR751294 – Nurses Award](#)

Classification under the <i>Aged Care Award 2010</i>	Current hourly award rate (From the first full pay period on or after 1 July 2022)	New hourly award rate (From the first full pay period on or after 30 June 2023)	Additional amount payable from the first full pay period on or after 30 June 2023 (Difference between the current and new hourly award rates)
Aged care employee – direct care – level 1	\$22.67	\$26.07	\$3.40
Aged care employee – direct care – level 2	\$23.57	\$27.10	\$3.53
Aged care employee – direct care – level 3	\$24.47	\$28.14	\$3.67
Aged care employee – direct care – level 4	\$24.76	\$28.47	\$3.71
Aged care employee – direct care – level 5	\$25.60	\$29.44	\$3.84
Aged care employee – direct care – level 6	\$26.98	\$31.03	\$4.05
Aged care employee – direct care – level 7	\$27.46	\$31.58	\$4.12
Head chefs/Head cooks*			

Aged care employee – general – level 4	\$24.76	\$28.47	\$3.71
Aged care employee – general – level 5	\$25.60	\$29.44	\$3.84
Aged care employee – general – level 6	\$26.98	\$31.03	\$4.05
Aged care employee – general – level 7	\$27.46	\$31.58	\$4.12

*Applies to the most senior chef or cook engaged in a facility

Table 2: Nursing classifications – aged care employees

Classification under the <i>Nurses Award 2020</i>	Current hourly award rate (From the first full pay period on or after 1 July 2022)	New hourly award rate (From the first full pay period on or after 30 June 2023)	Additional amount payable from the first full pay period on or after 30 June 2023 (Difference between the current and new hourly award rates)
Nursing Assistant /Assistant in Nursing			
1st year	\$23.25	\$26.73	\$3.48
2nd year	\$23.61	\$27.15	\$3.54
3rd year and thereafter	\$23.99	\$27.59	\$3.60

Experienced (the holder of a relevant certificate III qualification)	\$24.76	\$28.47	\$3.71
Student Enrolled Nurse			
Less than 21 years of age	\$21.60	\$24.84	\$3.24
21 years of age and over	\$22.67	\$26.07	\$3.40
Enrolled Nurses			
Pay point 1	\$25.22	\$29.00	\$3.78
Pay point 2	\$25.55	\$29.39	\$3.84
Pay point 3	\$25.89	\$29.78	\$3.89
Pay point 4	\$26.27	\$30.21	\$3.94
Pay point 5	\$26.53	\$30.51	\$3.98
Registered Nurse – Level 1			
Pay point 1	\$26.98	\$31.03	\$4.05
Pay point 2	\$27.53	\$31.66	\$4.13
Pay point 3	\$28.21	\$32.44	\$4.23
Pay point 4	\$28.96	\$33.30	\$4.34
Pay point 5	\$29.85	\$34.32	\$4.47

Pay point 6	\$30.71	\$35.32	\$4.61
Pay point 7	\$31.60	\$36.34	\$4.74
Pay point 8 and thereafter	\$32.42	\$37.28	\$4.86
Registered Nurse – Level 2			
Pay point 1	\$33.28	\$38.27	\$4.99
Pay point 2	\$33.81	\$38.88	\$5.07
Pay point 3	\$34.40	\$39.56	\$5.16
Pay point 4 and thereafter	\$34.96	\$40.21	\$5.25
Registered Nurse – Level 3			
Pay point 1	\$36.09	\$41.50	\$5.41
Pay point 2	\$36.75	\$42.26	\$5.51
Pay point 3	\$37.38	\$42.99	\$5.61
Pay point 4 and thereafter	\$38.06	\$43.76	\$5.70
Registered Nurse – Level 4			
Grade 1	\$41.19	\$47.37	\$6.18
Grade 2	\$44.14	\$50.76	\$6.62

Grade 3	\$46.71	\$53.72	\$7.01
Registered Nurse – Level 5			
Grade 1	\$41.56	\$47.80	\$6.24
Grade 2	\$43.77	\$50.33	\$6.56
Grade 3	\$46.71	\$53.72	\$7.01
Grade 4	\$49.63	\$57.07	\$7.44
Grade 5	\$54.73	\$62.94	\$8.21
Grade 6	\$59.89	\$68.87	\$8.98
Minimum entry rate			
4 year degree	\$28.17	\$32.40	\$4.23
Masters degree	\$29.14	\$33.51	\$4.37
Nurse practitioner			
1 st year	\$41.53	\$47.76	\$6.23
2 nd year	\$42.76	\$49.17	\$6.41

Table 3: New minimum award wage rates – Home Care Packages

[Fair Work Commission Determination – PR751296 – Schedule E of Social, Community, Home Care and Disability Services Award](#)

Classification under the <i>Social, Community, Home Care and Disability Industry Award 2010</i>	Current hourly award rate (From the first full pay period on or after 1 July 2022)	New hourly award rate (From the first full pay period on or after 30 June 2023)	Additional amount payable from the first full pay period on or after 30 June 2023 (difference between current and new hourly award rates)
Home care employee level 1—aged care	\$22.93	\$26.37	\$3.44
Home care employee level 2—aged care			
Pay point 1	\$24.26	\$27.90	\$3.64
Pay point 2	\$24.42	\$28.08	\$3.66
Home care employee level 3—aged care			
Pay point 1 (certificate III)	\$24.76	\$28.47	\$3.71
Pay point 2	\$25.52	\$29.35	\$3.83
Home care employee level 4—aged care			
Pay point 1	\$27.01	\$31.06	\$4.05

Pay point 2	\$27.55	\$31.68	\$4.13
Home care employee level 5—aged care			
Pay point 1 (degree or diploma)	\$28.96	\$33.30	\$4.34
Pay point 2	\$30.10	\$34.62	\$4.52

Note: Hourly rate calculations are based on the full-time weekly rates documented in the relevant awards divided by 38 hours and rounded to the nearest \$0.01.