



Aged Care Worker Wage Increase

Questions and Answers from
webinar on 15 June 2023

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Scope of award wage increase

Q1. Which aged care workers will benefit from the 15% wage rise?

A: The Fair Work Commission (FWC) decision focused on providing wage increases for direct aged care workers under the Aged Care Award, Nurses Award and Schedule E of the *Social, Community, Home Care and Disability Services (SCHADS) Award*. The workers in-scope include personal care workers, home care workers, recreational activities officers, head chefs and cooks (one FTE per service), assistants in nursing, enrolled nurses and registered nurses (including nurse practitioners).

The FWC has updated the [Pay and Conditions Tool](#) with the new award wage rates from 1 July 2023.

Q2. What about ancillary workers such as administrative and support staff?

A: The Aged Care Work Value Case is continuing. The FWC is considering further increases to direct care workers in the sector and whether wage increases should also be applied to non-direct aged care workers including ancillary staff such as administration and support workers.

Q3. Does the 15% wage increase apply to allied health employees?

A: Other aged care workers who are paid under other awards, such as allied health professionals and allied health assistants, are not in-scope for the 15% award wage increase. The FWC decision in relation to the Work Value Case relates only to the three awards listed above.

Q4: We increased wages above award in anticipation of the Work Value Case being approved and to incentivise staff to stay in aged care. This had a huge impact on our finances, but we felt it was needed to retain staff in our small community. If we now have to pass on the full amount of the increase, it will put a huge strain on our financial position and I am concerned it won't be sustainable.

A: If you have already increased your wages in anticipation of the FWC increase, we encourage you to look at the department's [guidance document](#). Consider whether the steps you have taken meet the expectations of the Australian Government as set out in the guidance. We are not asking providers to pay for the same increase twice. We want to avoid providers substituting Government funding to pay for increases that they had already planned to pay out of existing funding/revenue streams. We encourage providers to work with employee representatives including unions on these matters.

Providers must also consider increases to worker wages from 1 July 2023, given the Annual Wage Review. The FWC has updated the [Pay and Conditions Tool](#) with the new award wage rates from 1 July 2023.

Q5: Will the wage increase apply to casual and part-time aged care workers?

A: The award wage increase applies to the weekly base salary for full-time and part-time employees. It also adjusts casual rates and allowances. The FWC has updated the [Pay and Conditions Tool](#) with the new award wage rates from 1 July 2023.

Q6. Is the 15% increase on the current EBA or on the Award rate?

A: The 15% is applied to the award rate. However, there is sufficient funding available for residential aged care providers and Home Care Package providers to pass on wage increases to those paid above award. Providers should build this additional funding into enterprise bargaining or interim agreements, in accordance with the department's [guidance document](#).

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. This must be pursuant to the provisions of the Fair Work Act. We encourage providers to work with employee representatives including unions on these matters.

Q7. Is 15% the only increase in the awards or are mileage, break allowance, uniforms, etc also increasing? Is the 15% only being applied to ordinary rates?

A: The award rate increase determined by the FWC increases the weekly base salary for full-time and part-time employees. It also adjusts casual rates and allowances. The funding provided by the Government covers the pay rise and includes provisions for on-costs such as allowances.

Q8. Is there any increase in state and territory, or local council aged care sector wages and how do these providers fund the aged care wage increase?

A: State governments and local councils may operate under broad state awards or enterprise agreements that cover more than just aged care. They may also pay their workers under the Fair Work system. State government and local council providers may be subject to annual wage increases within their jurisdiction.

The FWC decision will increase awards within the federal system only. However, if state and territory or local council aged care providers operate residential aged care and/or home care, those services will receive funding that will cover wage increases.

For residential aged care providers, additional funding to address the wage increase will be provided through an increase to the Australian National Aged Care Classification (AN-ACC) price. For the Home Care Packages (HCP) Program, we are increasing the home care subsidy by 11.9% to cover award wages for in-scope workers. These providers are expected to pass on all additional funding received in accordance with the department's [guidance document](#).

For Commonwealth Home Support Programme providers, a new grant opportunity will become available in late 2023. Providers will receive a 6-months payment in advance in July 2023 to avoid any shortfall.

Q9: I work in a public aged care facility which is not attached to a hospital. I am a cook in the facility – will I receive the 15% pay rise?

A: The 15% increase applies to the most senior food service employee (Levels 4 – 7) which is the head chef or head cook under the Aged Care Award. The Government funding is calculated based on one FTE employee per service. This does not cover chefs and cooks who are not the most senior food service employee working at a particular aged care service. The FWC will consider whether further increases to direct care workers in the sector are warranted on work value grounds. There will also be consideration of wage increases for food service employees who are not the head chef or head cook and who are paid under the Aged Care Award.

Q10: Will Registered Nurses in management roles receive the 15% wage increase?

A: The wage increase relates to the award the employee is engaged under. If a registered nurse in a management role is employed under the Nurses Award, they would be eligible for a 15% increase. If the registered nurse is already paid above award rates, their employer is expected to follow the department's [guidance document](#).

If you need further information about the award your workers are employed under, contact the Fair Work Ombudsman for tailored advice and assistance. Call the Fair Work Infoline on 13 13 94 between 8am – 5:30pm Monday to Friday, or send an [online enquiry](#).

Q11: Why are other areas like cleaning and laundry staff not covered in the 15% wage increase?

A: The Aged Care Work Value Case is continuing. The FWC is considering further increases for direct care workers and whether wage increases should also be applied to ancillary staff, including administration, support workers and cleaning staff. The Government has also committed to fund the FWC's decision in relation to this case following the outcome of the next stage of deliberations.

Accountability

Q12. Why aren't you asking state governments or local councils to attest?

A: Given the complexity of industrial arrangements under which state and territory governments and local councils operate, we are not asking them to attest. As with other providers, we will analyse their spend on wages over time and work with our state and territory counterparts to ensure additional funding is being passed onto workers.

Q13A: What is the requirement (not expectation) for employers to pass on the full 15% to those who are already paid at above the award rate? / Q13B. I note in the IHACPA technical papers (page 15) it states that funding has not been provided to cover 23.43% of nurses that are currently paid at 15% over the award. As it is not funded, does this mean that we are not expected to pass on any wage outcome to those nurses?

A: It is incorrect to say that 23.43% of nurses will miss out on a pay rise. This is a misunderstanding of the Independent Health and Aged Care Pricing Authority (IHACPA) approach to advising on the 2023 aged care price.

The indexation factor of 11.5% in the [IHACPA advice](#) is the cost of the FWC decision for the sector average expenditure on registered nurses and enrolled nurses, including those on award wages and above and including on-costs (such as leave and superannuation). It is also in addition to indexation for other costs, including other wage cost impacts.

The AN-ACC price increase from July 2023 increases funding to all providers, regardless of whether a provider pays at or above award rates. This is sufficient for aged care providers to pass on a 15% increase to award wages for aged care workers covered by the Nurses Award, Aged Care Award or SCHADS Award Schedule E. The funding boost will also cover an increase in wages for workers not on these awards or those currently being paid above the award wage. Further information on how to apply the funding increase is available in the department's [guidance document](#).

Q14: How will transparency measures ensure employers pass on the full amount of Government funding to workers?

A: We will closely monitor providers' expenditure on labour costs and identify trends in this spending over time to ensure aged care providers pass on all the funding provided for higher worker wages.

We will follow up with a provider where it is identified that funding has not been passed in full to the relevant employees.

Providers of residential care and HCPs will need to attest in the Quarterly Financial Report that all funding for wages is passed to workers. Providers are required by law to provide accurate information to the Commonwealth.

From Quarter 4 2022-23, the Quarterly Financial Report will collect additional information regarding wages, including minimum and maximum wage rates by occupation.

Providers delivering services through grant programs will need to attest through the grant acquittal process that funding has been passed on.

Sector trends will also be monitored and published through the Quarterly Financial Snapshot. Service level expenditure on labour will be published from January 2024 as part of a suite of expenditure reporting on My Aged Care.

Annual Wage Review and Indexation

Q15. Will aged care workers be paid the 5.75% increase to minimum award wages (Annual Wage Review) in addition to the 15% wage rise?

A: On 2 June 2023, the FWC announced the Annual Wage Review decision that minimum award rates will increase by 5.75%. This increase is in addition to the 15% increase. All workers covered by the Fair Work system, including aged care workers, will receive a 5.75% increase to the award wage rates.

The FWC has published the [determinations for each Award](#), which reflect the wage increases as a result of the 15% increase and Annual Wage Review increase. The FWC has also updated the [Pay and Conditions Tool](#) with the new award wage rates from 1 July 2023.

Q16A. What is happening to indexation of AN-ACC Fixed and AN-ACC Adjustment payments? / Q16B. The government contribution is great, unfortunately the CPI and Super rise wasn't included. Any reason for this?

A: The costs of indexation for 2023-24 and the superannuation guarantee increase are included in the new AN-ACC price. The \$2.5 billion increase recommended by IHACPA to the AN-ACC accounts for changes in aged care costs including:

- wage indexation for the award wage increase on 1 July 2023
- forecast wage indexation for 2023-24
- superannuation increases
- inflation.

Q17. Was the AN-ACC starting price intended to cover the costs of the 15% increase on award for Care Workers, plus the 5.75% FWC Annual Wage Review pay rate increase on top?

A: The AN-ACC starting price of \$216.80 set at 1 October 2022 for the 2022-23 financial year did not include funding for the FWC decision of a 15% wage increase or the 5.75% increase for the Annual Wage Review. The current AN-ACC price (as at 1 July 2023) of \$243.10 was recommended by IHACPA in its [2023-24 pricing advice](#) to Government. It includes funding to support the FWC decision and an estimate of wage indexation for 2023-24.

Home Care Packages (HCP)

Q18. How will the 15% award wage increase be implemented in the HCP Program?

A: The Government is increasing the value of Home Care Packages by 11.9% (including annual indexation) from 1 July 2023 to support the wage increase and ensure older people continue to receive the same level of care and services.

We published a HCP [provider fact sheet](#) and [care recipient fact sheet](#) to explain what providers need to do, including Frequently Asked Questions.

We also sent a [letter](#) to all care recipients and their authorised representatives to notify them of this change.

Q19. Can you please explain the precise calculations for the 11.9% increase in HCP daily subsidies?

A: The 11.9% increase to the [home care subsidy rate](#) and some supplements includes 8.3% to cover the increase to aged care workers under in-scope awards and 3.3% to apply indexation, including the Annual Wage Review wage increase and other costs.

The subsidy increase was calculated based on what HCP providers spent in 2021-22 on aged care workers and will be sufficient to ensure care recipients continues to receive the same hours of care.

This increase is less than 15% to account for the fact that many care recipients use their HCPs to access goods, equipment and assistive technology, allied health and home modifications which are not impacted by the wage increase.

As per normal arrangements, annual indexation was calculated based on the Wage Price Index and Consumer Price Index (CPI).

Q20. Can you provide clarity on process for increasing prices and consent requirements?

A: Providers may need to adjust pricing models. This may require reasonable increases in charges for care and services delivered by workers receiving the award 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 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.

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.

More information is outlined in the [provider fact sheet](#) and [care recipient fact sheet](#) on the department's website.

Q21. What happens if a care recipient doesn't agree to price increases?

If a care recipient does not agree to the proposed changes:

- the provider should negotiate to reach agreement with the care recipient – provide a detailed rationale in a format that the care recipient will understand
- they may seek independent advice from consumer advocates, family members or legal advisers
- they may wish to change providers (My Aged Care provides a range of tools to support choice).

A provider should not use security of tenure provisions to cancel a home care agreement where a care recipient does not consent to a change. Cancelling an agreement on this basis should only be used as a last resort. If this provision is used, the provider will have to demonstrate sufficient grounds for terminating provision of care. Where service provision is no longer viable, providers are expected to assist care recipients to find a new provider that is local to the region.

[Guidance on Home Services and Pricing Agreements](#) is available on the Aged Care Quality and Safety Commission's website.

Q22. When will grants be available for those providers with care recipients who now exceed their package budget due to wage increases?

A: A grant opportunity will open for HCP providers who may have a small shortfall due to a small proportion of care recipients whose Level 4 packages are fully expensed on nursing and personal care each month.

HCP providers are encouraged to [register with GrantConnect](#) to receive a notification when the grant opportunity opens.

Q23. Can the home care subsidy be paid in advance?

A: The home care subsidy is paid in arrears. The 11.9% home care subsidy increase will take effect in the July 2023 claim. As per standard claiming arrangements, the provider can lodge the July claim from August 2023. There are no administrative or legal provisions to pay a subsidy in advance.

If a provider is behind on claiming, they can contact Services Australia for support via phone 1800 195 206 Monday to Friday, 8:30 am to 5:00 pm Australian Eastern Standard Time (AEST) or email aged.care.liaison@servicesaustralia.gov.au

Q24. What about employees working for both HCP care recipients and NDIS participants?

A: 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. 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 equivalent to level 2.3 (\$1,229.88 per week) or higher under Schedule B reflecting an equal remuneration order in 2012 which raised rates by 25%.

A similarly qualified aged care worker (on Schedule E, pay point 4.2) would be paid \$1,204.10 per week from 30 June 2023 with the 15% increase. We understand that most DSWs delivering NDIS services are paid in accordance with Schedule B rates. However, employers may set their own wages independently of the NDIA price guide, providing they comply 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.

Q25. Are all HCP workers eligible for the 15% increase, even managers, care and administrative staff?

A: The FWC decision applies to the SCHADS Award Schedule E for aged care home care workers. This means all aged care home care employees paid under SCHADS Award Schedule E are in scope, including care coordinators, supervisors and administrative workers.

Commonwealth Home Support Programme (CHSP)

Q26. Will the CHSP be extended?

A: The CHSP grants were extended from 1 July 2023 to 30 June 2024.

In the May 2023-24 Budget, the CHSP was further extended until 30 June 2025 to ensure continuity of care until the Support at Home program commences. We will commence the 2024-25 extension in the coming months.

More information on the [CHSP](#) is on the department's website.

Q27. How will the 15% wage rise be implemented in the CHSP?

A: We sent a [letter](#) to all CHSP providers on implementing the wage increase.

CHSP providers will be able to apply for a grant opportunity to receive the level of funding to cover increased award wages and leave liabilities for in-scope workers. We will provide further information when the grant opportunity opens later in 2023. CHSP providers are encouraged to register with [GrantConnect](#) to receive a notification when the grant opportunity opens.

In July 2023, CHSP providers will receive a one-off early grant payment that covers 6 months from July to December 2023. This will provide the necessary cashflow to ensure in-scope aged care workers can start to receive increases to award wages from 30 June 2023. Providers will be expected to manage this funding sustainably until monthly payments recommence in January 2024.

Q28. How will we fund the wages for new employees in CHSP who join after the assessment of wages on 1 July 2023?

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 annual value of wages 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. Sufficient documentation must be provided to demonstrate recruitment processes or strategies.

We will provide additional information to support the calculation process as part of the grant application process that will open later in 2023.

Q29. Will the grant cover an increase in subcontracting costs arising from the FWC decision?

A: Once supporting documentation that subcontractors are employed under in-scope awards is provided, additional funding will be available on the same basis as for employed workers. Providers will also need to demonstrate that a subcontract has increased by the commensurate amount.

Leave liabilities

Q30. How will the increase to the existing annual leave and liabilities be funded?

A: A grant program of \$98.7 million in 2023-24 is being established in recognition of the increased value of accrued leave liabilities. Providers can apply for a proportion of the increased leave liabilities for in-scope workers covered by the FWC decision. This includes personal care workers, home care workers, recreational activities officers, head chefs and cooks (one FTE per service), assistants in nursing, enrolled nurses and registered nurses (including nurse practitioners).

The one-off grant funding can be used to offset the cost of historical leave liabilities accrued prior to 30 June 2023. These liabilities relate to long service, recreation and personal leave (that presents as a liability on a provider's balance sheet). Providers can apply for a proportion of the increased leave liabilities that are attributable to the workers covered by the FWC 15% wage increase.

Providers are encouraged to register with [GrantConnect](#).

Q31. Are there any grants for impacts of the Aged Care Work Value Case on retirement villages who employ nurses and personal care workers? Elderly pensioner residents of these villages cannot afford to fund the wage increase through the monthly fees they pay fees without support for the increase and the impact on leave liabilities.

A: Private facilities, such as retirement villages, that are not funded by the Australian Government will not receive funding to meet the FWC decision of a 15% award wage increase. However, these private facilities will be legally required to meet the new FWC award rate.

Care minutes

Q32. What happens if the care minutes target is not met?

A: The Government understands that workforce shortages may affect a provider's ability to maintain an adequate number of staff to meet its workforce-related responsibilities, including care minutes targets. Providers unable to recruit the staff necessary to ensure the delivery of safe and quality care to their residents may choose to leave some of their beds empty.

The Aged Care Quality and Safety Commission has released [Regulatory Bulletin 2023-19](#) on regulating workforce-related responsibilities, including where workforce shortages limit a provider's ability to meet care minutes targets.

Other nursing workforce programs

Q33. Why has the Aged Care Registered Nurses' Bonus Payment not been paid until now, to many providers?

A: As of 30 May 2023, over 1,099 grants have been approved for providers with nurses eligible for the Aged Care Registered Nurses' Bonus Payment. Services waiting on an application outcome should email acrnpayment@health.gov.au

Find out about the Government's measures to [build the aged care nursing workforce](#) on the department's website.



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