



# Aged Care Wage Rise (Stage 3) – Home Care Packages Program subsidy increase

## Provider fact sheet

This fact sheet is to assist Home Care Package (HCP) providers to prepare for the increase to award wages from 1 January 2025.

## Background

From 1 January 2025, award wages will increase for many aged care workers, as a result of the Fair Work Commission’s [Aged Care Work Value Case](#) Stage 3 decision.

For some workers, award wages will increase in 2 phases, with the second increase occurring on 1 October 2025. The award wage increases will be between 2.3% and 13.5%.

The Australian Government is investing \$3.8 billion over four years to support the wage increase. This funding builds on the \$11.3 billion commitment in 2023 to fund the previous 15% award wage increase determined by the Fair Work Commission.

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## What is the Fair Work Commission decision?

The Australian Government is funding Stage 3 of the Fair Work Commission's decision on the Aged Care Work Value case. Award wage increases between 2.3% and 13.5% will be implemented for eligible aged care workers. Average wages for home care workers are expected to increase by 3.6%.

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 1 January 2025. A second wage increase will apply to some workers from 1 October 2025.

The wage increase is expected to benefit 340,000 aged care workers in residential and in-home aged care. A more skilled and diverse workforce will deliver safe, consistent, high-quality aged care services for care recipients. This starts with fair wages for workers, a supportive workplace and recognition of the complex, often undervalued work involved.

## Who will receive the increase?

These award wage increases apply to:

- assistants in nursing
- personal care workers
- home care workers
- recreational activities officers (lifestyle workers)
- ancillary staff – such as administration staff, drivers, maintenance staff, gardeners, laundry hands, cleaners and food service assistants.

These wage increases apply to workers on the:

- Aged Care Award 2010
- Social, Community, Home Care and Disability Services Industry (SCHADS) Award 2010.

## How will the increase be implemented?

To allow your business to fund the wage increase without reducing services for care recipients, the HCP subsidy will increase by:

- 0.93% from 1 January 2025
- 0.44% from 1 October 2025, subject to passage of the new Aged Care Act, the Support at Home program will replace the HCP Program on 1 July 2025.

The HCP subsidy increase will apply to the basic subsidy and supplements with a workforce component. The increase will be available from the January 2025 claim.

The supplements that are increasing are:

- Viability supplement
- Dementia and cognition supplement
- Veterans supplement
- EACH-D Top-up supplement.

From 1 January 2025, the basic subsidy rates will increase as follows:

Package Level	Current daily subsidy rate from 1 July 2024	Daily subsidy from 1 January 2025
Level 1	\$29.01	\$29.28
Level 2	\$51.02	\$51.49
Level 3	\$111.04	\$112.07
Level 4	\$168.33	\$169.90

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

### Will the subsidy increase be sufficient?

The subsidy increase has been calculated based on what providers spent in 2022-23 on aged care workers and will be sufficient to ensure almost every care recipient continues to receive the same hours of care from 1 January 2025.

All care recipients' packages will increase by 0.93% and a further 0.44% to cover the cost of the wage rise for aged care workers, as well as other increases in prices. These increases are less than the wage increase to account for the fact that many care recipients use their 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.

### Care and package management caps

Care and package management caps that were implemented on 1 January 2023 will increase with the subsidy on 1 January 2025.

### Maximum daily prices for care and package management from 1 January 2025

Package level	Daily subsidy	Care management x 20%	Package management x 15%
Level 1	\$29.28	\$5.86	\$4.39
Level 2	\$51.49	\$10.30	\$7.72
Level 3	\$112.07	\$22.41	\$16.81
Level 4	\$169.90	\$33.98	\$25.49

## 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 1 January 2025. Some workers will have a second increase from the start of their first full pay period starting on or after 1 October 2025.

More information on the [Aged Care Work Value Case](#) Stage 3 decision for the aged care sector is available on the Fair Work Commission website.

## 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.

## 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.

Providers cannot make changes to Home Care Agreements without informed consent and agreement from 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:

- 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.

## Frequently Asked Questions

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 is intended to be passed on for the 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](#).
- 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.

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

- A grant program is being established in recognition of the increased value of accrued leave liabilities resulting from the Stage 3 decision.

- This grant will include 2 rounds to align with each phase of the Stage 3 increase.
- Providers can apply for a proportion of the increased leave liabilities for in-scope workers covered by the Stage 3 decision.
- This includes personal care workers, assistants in nursing, home care workers, recreational activities officers, and ancillary workers including administration staff, gardeners, laundry hands, cleaners, and food services assistants.
- Further information about this grant opportunity will be available later in 2024.

#### **4. The outcome of the Annual Wage Review (AWR) will take effect from 1 July 2025, will workers receive another wage increase?**

- The Government has committed \$356.4 million over 4 years to fund the increase to the HCP subsidy by 0.93% from 1 January 2025, and 0.44% from 1 October 2025.
- The Government is aware the [annual wage review](#) may increase award wages again from 1 July 2025.
- 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 award wage increases when renegotiating enterprise agreements with their workers.

#### **5. 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](#)

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

- Yes, the subsidy increase was calculated by analysing what providers spent on aged care workers, including on-costs, in the 2022-23 financial year.

**7. 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.

**8. 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 sets price limits for some categories of support delivered by DSWs.
- 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.

**9. 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 1 January 2025.
- 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 1 January 2025 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**

- A care recipient fact sheet has been published with information about the Fair Work Commission Stage 3 decision.
- The department has also sent a letter to all care recipients and their representatives advising of the changes. Care recipients and their representatives can expect to receive the letter, provided their My Aged Care record contains their current postal address.

## **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](#)
- [Fair Work Commission - Aged Care Award decision](#)



- [Fair Work Ombudsman - Get help](#)
- [Aged Care Act 1997](#)
- [User Rights Principles 2014](#)
- [Subscribe to aged care sector newsletters and alerts](#)

## Contact

If you have further questions, you can contact:

- [agedcareenquiries@health.gov.au](mailto:agedcareenquiries@health.gov.au)