s22

From: PERVAN, Michael
Sent: Friday, 26 May 2023 1:36 PM
To: HARTLAND, Nicholas; RICHARDSON, Mark
Cc: DONNELLY, Genevieve; s47E(c), s47F; s47E(c), s47F; s47E(c), s47F
Subject: RE: Payroll Tax [SEC=OFFICIAL]

Follow Up Flag: Follow up
Flag Status: Flagged

Thanks Nick and yes it does and we will follow that position, possibly with some evolution as we develop the 24/25 price.

Michael

Prof. Michael Pervan
Chief Executive OfficerA
Independent HealthAand Aged CareAPricing AuthorityA

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s47F @ihacpa.gov.au
www.ihacpa.gov.au
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1 Oxford Street, Sydney, NSW, 2000
PO Box 483, Darlinghurst, NSW, 1300

I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

From: HARTLAND, Nicholas s47F @health.gov.au>
Sent: Friday, 26 May 2023 1:34 PM
To: PERVAN, Michae s47F @ihacpa.gov.au>; RICHARDSON, Mark s47F @Health.gov.au>
Cc: DONNELLY, Genevieve s47F @ihacpa.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F @health.gov.au>
Subject: RE: Payroll Tax [SEC=OFFICIAL]

Thanks Mike

Just checking. My statements to providers has been that the commonwealth's policy has been that it does not provide funding specifically to compensate providers for state payroll taxes, but that either ACFI amounts or the AN-ACC price are adequate for them to meet their obligations to pay payroll tax if they have those obligations.

Does that make sense in your framework?

N

From: PERVAN, Michael s47F @ihacpa.gov.au>
Sent: Thursday, 25 May 2023 8:01 AM
To: HARTLAND, Nicholas s47F @health.gov.au>; RICHARDSON, Mark s47F @Health.gov.au>
Cc: DONNELLY, Genevieve s47F @ihacpa.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F @health.gov.au>
Subject: RE: Payroll Tax [SEC=OFFICIAL]

Thanks Nick

We are very happy with that being the Commonwealth position and we are equally happy to add that to our narrative.

It was raised first by s47F but as I understand it, has been a point of ongoing discussion by providers and peaks with the Department.

If you are happy with is adopting that position, the need for legal advice is spent.

Michael

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Chief Executive Officer
Independent Health and Aged Care Pricing Authority

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From: HARTLAND, Nicholas s47F @health.gov.au>
Sent: Thursday, 25 May 2023 7:57 AM
To: PERVAN, Michael s47F @ihacpa.gov.au>; RICHARDSON, Mark s47F @Health.gov.au>
Cc: DONNELLY, Genevieve s47F @ihacpa.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F @health.gov.au>; s47E(c), s47F

s47E(c), s47F [redacted]@health.gov.au>
Subject: RE: Payroll Tax [SEC=OFFICIAL]

s42 [redacted]. The Commonwealth's policy (admittedly expressed indirectly by the abolition of compensation payments for payroll tax) is that it will not pay providers for the effect of state payroll taxes.

From: PERVAN, Michael s47F [redacted]@ihacpa.gov.au>
Sent: Thursday, 25 May 2023 7:56 AM
To: RICHARDSON, Mark s47F [redacted]@Health.gov.au>
Cc: HARTLAND, Nicholas s47F [redacted]@health.gov.au>; DONNELLY, Genevieve s47F [redacted]@ihacpa.gov.au>; s47E(c), s47F [redacted]@health.gov.au>; s47E(c), s47F [redacted]@health.gov.au>; s47E(c), s47F [redacted]@health.gov.au>
Subject: RE: Payroll Tax [SEC=OFFICIAL]

s22 [redacted] Mark but I am very grateful for your offer of support.

s42 [redacted]

Prof. Michael Pervan
Chief Executive Officer
Independent Health and Aged Care Pricing Authority

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I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

From: RICHARDSON, Mark s47F [redacted]@Health.gov.au>
Sent: Thursday, 25 May 2023 7:47 AM
To: PERVAN, Michael s47F [redacted]@ihacpa.gov.au>
Cc: HARTLAND, Nicholas s47F [redacted]@health.gov.au>; DONNELLY, Genevieve s47F [redacted]@ihacpa.gov.au>; s47E(c), s47F [redacted]@health.gov.au>; s47E(c), s47F [redacted]@health.gov.au>; s47E(c), s47F [redacted]@health.gov.au>
Subject: RE: Payroll Tax [SEC=OFFICIAL]

Hi Michael,

s42 [redacted]

s22 [redacted]

Regards,

Mark Richardson

Assistant Secretary
Residential Care Funding Reform

Home and Residential Division | Ageing and Aged Care Group
Australian Government Department of Health and Aged Care
P | 02 6289 s47F [redacted] **M |** s47F [redacted]

From: PERVAN, Michael s47F [redacted]@ihacpa.gov.au>
Sent: Thursday, 25 May 2023 7:18 AM
To: RICHARDSON, Mark s47F [redacted]@Health.gov.au>
Subject: Payroll Tax [SEC=OFFICIAL]

Hi Mark

s42 [redacted]

There are many reasons for not including PRT in the price. It is a state-based levy and applies variably across employers and jurisdictions. In some jurisdictions, "small" employers who are also PBIs do not pay the tax such that they would receive an unfair financial advantage over the large national providers.

The legal issue was put forward s47F [redacted] that under the Constitution, the Commonwealth can no pay a State tax. s47F [redacted] is currently overseas on holiday and not contactable so I cant follow up with him as to the precise section of the Con he was referring to, s47F [redacted] I am confident that he knows what he is talking about.

s42 [redacted]

Michael

Prof. Michael Pervan

Chief Executive OfficerA

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I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

s22

From: s47F
Sent: Thursday, 15 June 2023 10:40 AM
To: s47E(c), s47F; VAN GOOL, Kees
Cc: s47E(c), s47F; RICHARDSON, Mark; s47E(c), s47F
Subject: RE: URGENT ADVICE required: Payroll tax [SEC=OFFICIAL]

Hi s47E(c), s47F

The snip you sent covers what is reported in the ACFR against 'direct care expenses'. The 243.10 was calculated as an uplift on the starting price which was implemented in October 2022 – so if payroll tax was not included in the October 2022 price, then neither is it included in the July 23 price. If it was in the October 22 price, then it would also be in the July 23 price. That is, we did not specifically add or remove any component to the price related to payroll tax. Apologies for the confusion.

Cheers,
s47F

s47F **(he/him)**
Director, Pricing Development
Independent Health and Aged Care Pricing Authority

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IHACPA

I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

From: s47E(c), s47F
Sent: Thursday, 15 June 2023 10:31 AM
To: VAN GOOL, Kees ; s47F
Cc: s47E(c), s47F ; RICHARDSON, Mark ; s47E(c), s47F
Subject: URGENT ADVICE required: Payroll tax [SEC=OFFICIAL]
Importance: High

Hi Kees, s47F
Mark has a webinar today on the FWC funding increases and we have received a number of questions seeking clarification on whether payroll tax was included in the AN-ACC price increase.

From emails between Michael P and Nick H (attached), it seems like it was not however your technical paper (snip attached) contradicts this.

Can you please confirm by 2pm if payroll tax was included in the AN-ACC price increase.

Thanks s47E(c), s47F

s47E(c), s47F

Director– Funding Reform Section

Home and Residential Division
Residential Care Funding Reform Branch
Data and Analysis Section
Australian Government Department of Health
T: 02 6289 s47E(c), s47 | E: s47E(c), s47F@health.gov.au
Location: Sirius Building 4.S.317
PO Box 9848, Canberra ACT 2601, Australia

The Department of Health acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

s22

From: s47E(c), s47F
Sent: Tuesday, 17 October 2023 8:24 AM
To: s47F
Cc: s47F; s47E(c), s47F
Subject: RE: Interest and payroll tax [SEC=OFFICIAL]
Attachments: RE: Payroll Tax [SEC=OFFICIAL]

Hi s47F
My understanding is AN-ACC does not fund payroll tax.
I've attached an email referencing this statement.
Regards s47E(c), s47F

From: s47F
Sent: Tuesday, 17 October 2023 8:16 AM
To: s47E(c), s47F
Cc: s47F
Subject: Interest and payroll tax [SEC=OFFICIAL]

Hi s47E(c), s47F

We're currently working with the QFR to build out cost model for RACPA24 – we're just finalising our definition of costs that are in-scope for AN-ACC funding. The QFR includes expenses related to interest payments and payroll tax. I gut feel is that these are probably not in-scope for AN-ACC funding, although I am aware there used to be a subsidy to providers for payroll tax. Do you know if payroll tax and/or interest payments are strictly in or out of scope for government funding?

Cheers,
s47F

s47F (he/him)
Director, Pricing Development
Independent Health and Aged Care Pricing Authority

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I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

Stage 3 Aged Care Wage Rise Implementation Considerations for Providers – Webinar

Monday 18 Nov 2024 2:00 pm to 3:00pm AEDT

Opening visual of slide with text saying 'Australian Government with Crest (logo)', 'Department of Health and Aged Care', 'Stage 3 Aged care award wage rise implementation considerations for providers', 'Stephanie Kaiser, Assistant Secretary, Aged Care Workforce Branch', 'Christopher Crisafi, Director, Office of the Fair Work Ombudsman', 'Mark Richardson, Assistant Secretary, Residential Care Funding Reform Branch', 'Rachel Blackwood, Assistant Secretary, Home Support Operations Branch', 'Mitch Docking, Director, Aged Care Workforce Branch', 'health.gov.au/aged-care-workforce', '18 November 2024']

[The visuals during this webinar are of each speaker presenting in turn via video, with reference to the content of a PowerPoint presentation being played on screen]

Stephanie Kaiser:

Good afternoon everyone and thank you all for attending today's webinar. I'm Stephanie Kaiser, Assistant Secretary, Aged Care Workforce Branch at the Department of Health and Aged Care and I'll be co-hosting this event with my colleagues Mark Richardson, Assistant Secretary, Residential Care Funding Reform Branch, Rachel Blackwood, Assistant Secretary, Home Support Operations Branch, and Mitch Docking, Director, Aged Care Workforce Branch. We'll also have a presentation from Chris Crisafi from the Office of the Fair Work Ombudsman.

I'd like to begin by acknowledging the traditional owners and custodians of the lands on which we are virtually meeting today. My colleagues and I are based in Canberra on the lands of the Ngunnawal and Ngambri people. I would like to pay my respects to Elders past, present and emerging and I'd also like to extend that acknowledgment and respect to any Aboriginal or Torres Strait Islander people who are here with us today.

There will be a Q&A session at the end of the webinar. You can lodge your questions in the Slido box on the right hand side of your screen. We'll attempt to respond to as many questions as possible at the end of the webinar. All questions and answers including ones that we may not get to will be available after the webinar and emailed to you. Questions submitted during the registration process have also been considered for the Q&A session.

There is no option for attendees to turn on their video or microphone during the webinar including during the Q&A session however this webinar will be recorded and uploaded onto our website along with the slides.

[*Visual of slide with text saying 'Overview', 'Stephanie Kaiser', 'Assistant Secretary', 'Aged Care Workforce Branch'*]

Today's webinar will provide an opportunity to go into more detail about implementation arrangements for the award wage increases occurring on 1 January 2025. We'll also cover the release of the latest Aged Care Worker Wages Guidance.

At the outset this presentation does not include information on aged care registered and enrolled nurses. The Fair Work Commission is still considering award wage increases for aged care nurses. Funding to support any increases for these workers will be subject to a future decision of Government.

Some of you will already have attended webinars or seen information on program specific changes that will be occurring following the Fair Work Commission's decision to increase award wages for many aged care workers from 1 January 2025.

As a result we don't propose to repeat in detail information already provided through other webinars.

So just some background on the Fair Work Commission decision. As you are no doubt aware by now the Fair Work Commission has decided to make classification changes and increase award wages for many aged care workers. These changes are on top of the 15% wage increases introduced from 30 January 2023. These increases and classification changes will take effect from an employee's first full pay period on or after 1 January 2025. Some employees will also receive further award wage increases on 1 October 2025.

As set out on the screen these workers are covered by the Aged Care Award 2010, the Social, Community, Home Care and Disability Services Industry Award 2010 and the Nurses Award 2020. Workers included under the Aged Care Award are known as either general employees which covers administration staff, maintenance staff, laundry hands and others – note that some workers, laundry hands, cleaners and food services assistants are being reclassified from general level 2 to general level 3 which means that evidence from a small number of indirect care employees that they sometimes undertake direct care work – or direct care employees which covers workers employed under the direct care category are receiving increases to their award wages and many will also have classification changes.

Assistants in nursing working in residential aged care will also be reclassified to this award as direct care employees.

Under the Social, Community, Home Care and Disability Services Industry Award the classifications for home care employees will be separated from disability care workers under the new Schedule F created for home care employees providing services to aged care clients. Home care workers are being reclassified to ensure there is a contemporary classification structure that supports progression based on worker qualifications and the employer's operational requirements. Most home care workers will also receive an award wage increase. Assistants in nursing working in home care will also be reclassified to this award under Schedule F. Chris from the Fair Work Ombudsman will talk more about classification changes shortly.

On 17 September Minister Wells announced $3.8 billion in Government funding to support the award wage increases for aged care workers that will apply from 1 January 2025. As you can see this slide provides an overview of the Government's $3.8 billion investment in aged care wages which is made up of $3.3 billion in funding for residential aged care, $356.4 million for Home Care Packages Program, $39.8 million in additional grant funding for the Commonwealth Home Support Program, and $52.4 million for providers of specialist aged care programs including NATSIFAC, Indigenous Employment Initiative, Short Term Restorative Care and select providers of multipurpose services as well as the Transition Care Program.

There is also $19.6 million for the Veterans Home Care and Community Nursing Programs and $40.5 million for historical leave liabilities.

The Government funding to support award wage increases will be delivered over two phases to match the timing of changes in award wage pay rates. Many direct care workers in residential aged care and home care will receive wage increases over two tranches with the first tranche commencing on 1 January 2025 and the second tranche on 1 October 2025. General workers in residential aged care will receive the full award wage increase from 1 January 2025.

I will now hand over to my colleague Chris to discuss the classification changes that the Fair Work Commission has made as part of their stage 3 decision.

Christopher Crisafi:

[*Visual of slide with text saying 'Classification changes for aged care workers', 'Christopher Crisafi', 'Director', 'Office of the Fair Work Ombudsman'*]

Thank you Stephanie. Hello everybody. My name is Chris Crisafi and I'm a Director of Policy at the Office of the Fair Work Ombudsman. Great to be with you all here today and thank you to my Departmental colleagues for having me along.

The new classification structures that have been introduced into the Aged Care Award and the Social, Community, Home Care and Disability Services Award – which I'll refer to hereon as SCHADS which I'm sure you're all familiar with - for aged care employees which required some employees to be reclassified. Employers need to ensure that they're using the right classification for each staff member from 1 January 2025.

The Fair Work Commission has provided a translation schedule in each determination on how employees are to be translated into the new classification structure for each relevant award. Providers are required to ensure employees are classified correctly under the new award classification structures when passing on the related pay increases. This also includes employers who have an Enterprise Agreement in place as they need to ensure that the minimum hourly rates of pay in their agreement are at least in line with the new minimum rates in the relevant award.

I will talk through two classification change examples in a moment but I would note that for detailed advice about translating specific employees I'd encourage you to please contact the Fair Work Infoline on 13 13 94. That's the Fair Work Ombudsman's Helpline if you're unfamiliar with that. As I can't speak to specific examples or complex matters today. I also would note that the Fair Work Ombudsman's online pay calculator which you may have seen before includes the new rates of pay and the new classification descriptions for both SCHADS and the Aged Care Award and you can access those rates from 1 January next year by entering a calculation date on or after 1 January 2025.

So firstly for an example from the SCHADS Award. So the updated classifications in the SCHADS Award mean that from 1 January 2025 a home care worker in the aged care sector with three months' experience will be reclassified as home care employee level 2. Currently these employees can be classified as home care employee level 1. Employees who are reclassified from home care employee level 1 to home care employee level 2 pay point 1 will see their hourly rate increase from $28.94 per hour to $31.64 per hour from the first full pay period on or after 1 January 2025 which amounts to an increase of $2.70 per hour.

The next is an example from the Aged Care Award.

From 1 January 2025 workers who were previously classified as aged care employee direct care worker level 4 will be reclassified as aged care employee direct care level 3 qualified. This will result in the hourly wage of reclassified workers increasing from $31.24 to $32.14 from the first full pay period on or after 1 January 2025 which amounts to an increase of 90 cents per hour.

As I mentioned earlier if you need tailored assistance I would encourage you firstly to contact our Fair Work Infoline on 13 13 94. Employers may also have access to advice from their employer association or industry peak body. So that's another great place to get information and advice as well. If you are seeking general information you can consult our dedicated web page at fairwork.gov.au entitled the 'Aged Care Work Value Case: Changes to awards' for further information. This page will also link to our Fair Work Ombudsman pay calculator which we call the pay and conditions tool. And you can also from that web page find a link to our downloadable pay guides that apply from 1 January 2025. So those are a static downloadable guide that you can access as well.

I will now hand back to the Department of Health and Aged Care to discuss the wage increase in the context of residential aged care funding.

Mark Richardson:

[*Visual of slide with text saying 'Residential aged care funding', 'Mark Richardson', 'Assistant Secretary', 'Residential Care Funding Reform Branch'*]

Great. Thanks Chris. Good afternoon everyone. As Steph mentioned at the start my name is Mark Richardson and I am the Assistant Secretary of the Residential Care Funding Reform Branch.

As an overview the Government has provided an additional $3.3 billion to fund the Fair Work Commission Aged Care Workers Value Case Stage 3 decision for hotelling and residential aged care. This was delivered in September and October this year respectively for an increase in the hotelling supplement to $12.55 and an increase in the AN-ACC price to $280.01. New rates are smooth to account for delivering this funding before the award wage increases on 1 January 2025.

This funding is to support the increase in award wages for direct care workers which will be phased in over two tranches with the first tranche commencing on 1 January 2025 and the second tranche on 1 October 2025, and ancillary aged care workers who will receive the full award wage increase from 1 January 2025. The in scope workers include personal care workers, assistants in nursing, recreational activity officers and ancillary workers including administration staff, laundry hands, cleaners and food service assistants.

For more information on these changes use the QR code on this slide to see our recent webinar on residential aged care funding. This web page includes a recording of the webinar as well as the slides and script. The page also has a questions and answers document the Department has prepared to answer questions raised before and during that webinar.

I'll now hand over to my colleague to discuss the award wage increases in the context of Home Care Packages.

Rachel Blackwood:

[*Visual of slide with text saying 'Home care funding', 'Rachel Blackwood', 'Assistant Secretary', 'Home Support Operations'*]

Thanks Mark and good afternoon everybody. My name is Rachel Blackwood and I'm Assistant Secretary of the Home Support Operations Branch. I will be taking you through the processes we have developed to give effect to the wage increases for providers of Home Care Packages and then for providers of Commonwealth Home Support Program services.

Firstly on Home Care Packages the Government has allocated $356.4 million to increase the Home Care Package subsidy. This subsidy increase will support providers to pass on the wage increase without reducing services to care recipients so that care recipients continue to receive the same care and services they have previously been provided.

The subsidy increase will be implemented in two stages, a 0.93% increase starting from the 1st of January 2025 and then a 0.44% increase from 1 October 2025 subject to the passage of the new Aged Care Act and the Support at Home Program. Further advice on the implementation of the 1st October wage increase will be provided next year. Some workers may be paid above the award wage already but if not they will need to be paid the new award rates commencing on the 1st of January 2025.

We know that some providers may need to review their pricing models and increase charges for care and services delivered by workers receiving the wage increase. To assist you with reviewing your pricing models the daily subsidy rate from the 1st of January 2025 has been published on our website. When prices for care and services are increasing because of these wage increases providers are responsible for discussing the increased pricing changes with care recipients. These discussions should include an explanation of the changes being made, what the increased price includes and when the new pricing will start. Care recipients must consent to any reasonable pricing changes and consent to these pricing changes being updated in Home Care Agreements before the 1st of January 2025.

Letters are currently being sent to all care recipients about the subsidy increase and the changes that may need to be made to their Home Care Agreements. These letters include a fact sheet and copies of the letters were published on our website on the 13th of November. Information for providers on setting, publishing or changing prices and updating Home Care Agreements is also available on the Department's website. A fact sheet for providers on the subsidy increase which includes the daily subsidy rate from the 1st of January is also available on the Department's website.

Now turning to the Commonwealth Home Support Program funding. For CHSP we intend to run a grant opportunity for providers that are affected by the Fair Work Commission's decision. The process will be like previous Fair Work Commission CHSP grants with funding being available from the 1st of January 2025. The Grant Opportunity Guidelines will outline what's required for providers to apply for this funding.

As part of the application process the Department will be seeking evidence of staffing against funding claims. Evidence will also be required for providers who have subcontracting arrangements and are planning on claiming these on behalf of subcontracting providers. Unlike the last Fair Work Commission CHSP grant round we will not be releasing early payments for CHSP providers under their base agreement during 2024-25 unless a provider is significantly impacted by the increased costs.

I will now hand over to my colleague to discuss the wage increase in the context of the historical leave liabilities funding.

Mitch Docking:

[*Visual of slide with text saying 'Historical Leave Liabilities', 'Mitch Docking', 'Director', 'Aged Care Workforce Branch'*]

Thanks Rachel. My name is Mitch Docking. I am the Director in the Aged Care Workforce Branch in the Department. Today I would like to take you through the approach to funding historical leave liabilities followed by accountability measures for the wages funding.

So like last year we established a historical leave liabilities grant to fund eligible providers in support of the increased cost in historical leave liabilities resulting from the Fair Work Commission Stage 2 decision. So like in Stage 2 we will be running another grant opportunity to support providers in paying eligible aged care workers to take their leave entitlements at the new higher rates of pay resulting from the Stage 3 decision.

So eligible leave for this grant will include recreation leave, long service leave and personal leave.

This grant opportunity will operate over two tranches. Tranche one will fund the impact of the 1 January 2025 award increases and tranche two will fund the impact of the 1 October 2025 award increases.

This grant opportunity recognises that accumulated leave liabilities for aged care workers can increase when award wages increase and also in response to program funding to support higher wages.

For Stage 3 the Government has decided to fund the increased cost of historical leave liabilities in the following way. 25% for residential aged care providers and 50% for all other eligible aged care providers.

This decision means a change to the level of funding that residential aged care providers will be eligible to apply for compared with Stage 2. The AN-ACC price and hotelling supplement incorporate the costs of labour that provides funding for wages and on costs including leave and leave provisions. The Government has still decided to fund a proportion of these increased costs in leave liabilities to ensure these providers are not disadvantaged due to the impact of the Stage 3 decision. We note there will be a variation between providers on the relative size of their liabilities and we want to ensure that these providers have funding to support their workers to take leave.

And now onto the application process. We will be improving the application process for the Stage 3 grant opportunity.

The tranche one grant opportunity is currently planned to open in early 2025 and we'll include a workforce capture template to support providers to provide the correct data for assessment.

The workforce capture template will support applicants to provide HR and financial information at the employee level to demonstrate the increased costs of historical leave liabilities for eligible workers whose wages increased due to the Stage 3 decision.

This includes information around the eligible aged care workers whose wages have increased as a result of the tranche one increase, the relevant eligible award under which they are employed and the classification level which the increases apply to, the value of the eligible leave liabilities from 31 December 2024 and the new value of the eligible leave liabilities from the date the increase took effect. And then finally the total amount of funding that is being claimed under the application.

Once your application for the historical leave liabilities grant is completed we expect providers to retain HR and financial reports used to complete the workforce capture template for two years. This is an important point as we will be undertaking an audit process on a sample of providers to ensure that information provided in the workforce capture template and applications accurately reflects the HR and financial reports utilised to determine the grant funding.

Further information on the grant opportunity including how to apply will be available shortly. I encourage you to keep an eye on GrantConnect.

[*Visual of slide with text saying 'Accountability on aged care wages', 'Mitch Docking', 'Director', 'Aged Care Workforce Branch'*]

I'll now move on to the accountability arrangements for aged care workers.

So similar to the approach for the Stage 2 15% increase in awards we have developed a guidance document to support providers in passing on wage increases to their workers. This guidance has been developed in consultation with the Australian Nursing and Midwifery Federation, the Health Services Union, the United Workers Union and the Aged and Community Care Providers Association. This guidance document was only published on the Department's website late on Friday the 15th of November. So I encourage you to visit our website to access the guidance. Dedicated communications for the sector to support the release of the guidance will commence this week.

So the guidance sets out the Government's key expectations on the treatment of the Government's Stage 3 funding intended for workers including that the Government's wages funding is to be passed on to the benefit of workers and on costs by increasing employees' wages by at least the amount set out in the pay tables, that the usual enterprise bargaining should continue to occur with periodic wage increases drawn from the provider's revenue, and engagement between unions and employees to negotiate the wage increases and translation to the new classifications and for providers to communicate these changes to the affected workforce.

To support the Government's expectation on funding the guidance includes pay tables that set out the new award rates and the difference in dollar terms between the current award rate and the new award rate by classification that will commence on 1 January 2025.

The Government expects providers to pass on at least these amounts to the eligible workers.

These pay tables also deal with the classification changes by mapping the old classification structures to the new classification structures that will commence from 1 January 2025.

Providers should not be limited to these increases and can pay over and above the amount set out in the guidance.

The Government also expects the usual enterprise bargaining to occur with any negotiated or scheduled increases agreed in existing EBAs to be passed on.

The guidance document applies to providers of residential aged care and home care packages due to the funding mechanisms of uplifting subsidies and supplements to fund the Stage 3 decision.

So further on accountability we have retained the existing accountability mechanisms from Stage 2 that will now support the implementation of funding for Stage 3.

Providers of residential aged care and Home Care Packages will continue to attest in the Quarterly Financial Report that all funding provided to implement the Stage 3 wage increase is passed on to workers and on costs.

We will continue to closely monitor providers' attestation responses and publish these responses in the Quarterly Report. It's important to note in Quarter 3 2024-25 the attestation question will now apply to the increased funding for the Stage 3 increase. The attestation question will no longer apply to the past year of funding for the Stage 2 increase.

Providers may attest yes if they pass on all funding allocated for the Stage 3 wage increase consistent with the guidance and the pay tables. We expect providers to attest no if they have not passed on the funding and increased wages as per the guidance.

For providers receiving funding through grant processes they will be required to complete a financial declaration to confirm that funding has been used to pay increased wages including the amount of funding expended.

Further on accountability since Quarter 4 2022-23 the Quarterly Financial Report has collected information on hourly wage rates including the lowest, average and highest wage rates for direct care workers. This information will continue to be collected for personal care workers and home care workers. Additional reporting for general aged care workers such as laundry workers, cleaners and food services assistants in residential aged care will not be required at this stage.

We will continue to refer providers to the Fair Work Ombudsman for review when they report hourly wage rates that fall below the national minimum award rates.

We will also continue to monitor providers' expenditure on labour costs and identify trends in spending over time. Sector trend will be published through the Quarterly Financial Snapshot. And finally service level expenditure on labour and wages will continue to be published as part of the broad suite of expenditure reporting on My Aged Care.

I will now hand back to Steph.

Stephanie Kaiser:

[*Visual of slide with text saying 'Questions'*]

Thank you Mitch for your presentation. We'll move onto Q&A now. So people will see on the right hand side of the screen we have the Slido. So if you have any questions that you haven't put in there yet please do so now. We will commence with the first question for Rachel.

Q: *Rachel when will the Minister's letter to Home Care Package clients go out?*

Rachel Blackwood:

Thanks Steph. I'm pleased to advise that the mailout is happening as we speak. This time it's a letter from Michael Lye to all 289,000 care recipients. So the letter has been published on our website last week and it's being mailed out right now. Obviously with that volume it takes a little bit of time to get all the letters dispatched but they are on their way. Thank you.

Stephanie Kaiser:

Thanks Rachel. And while we've got you I think this is another question for you.

Q: *Can you apply for funding increase for staff under CHSP too?*

Rachel Blackwood:

Thanks Steph. I'm assuming that question might have predated my presentation. So the answer is yes that CHSP providers can apply for funding through the upcoming grant opportunity that we are aiming to make available before Christmas with decisions to be made early in the new year. Thank you.

Stephanie Kaiser:

And this was in your presentation as well but:

Q: *When will the CHSP grant open?*

Rachel Blackwood:

Yep. So we're aiming for before the end of the calendar year as I just said. Thanks Steph.

Stephanie Kaiser:

Great. Okay.

Sorry. Just taking a look to see what other questions we have.

Mitch I think this one's for you.

Q: *Could you please clarify what exactly is the meaning of effective first full pay period?*

Mitch Docking:

Yeah. Sure Steph. And Chris might want to add to this as well. But the Fair Work Commission decision in the Aged Care Work Value Case, they are increasing award wages for the eligible workers that we've worked through today. They've set a date for the 1st of January 2025 but the technicality of that is that it doesn't apply until the first full pay period from that date that applies to the different workers. Chris is that sort of a good summary of that or would you like to add?

Sorry Chris. We can't hear you.

Christopher Crisafi:

Sorry. There we go. Just found the mute button. Yeah Mitch. You've explained that correctly. All I would add, for people who are familiar with Fair Work Commission decisions and the yearly wage increase this is generally how they apply. So they only take effect from the first full pay period after the effective date. So that means if you have a pay period that spans that effective date you don't apply the increase until the first full pay period following the effective date.

Stephanie Kaiser:

Thanks. So we have a comment here saying that it would be useful to have the Q&As captured and published too. So yes it's our intention to have a list on the website of all the questions and the answers that we answer today as well as answers to some of the questions that we received before today's webinar. And this webinar will also be recorded and put on our website.

Okay. I think Mitch this might be another question for you.

Q: What if we're already paying above award rates? Do we increase by a percentage or meet the market?

Mitch Docking:

Thanks Steph. This is another one for me. And this really goes back to the guidance. So I guess going back to the funding mechanisms for residential aged care and home care packages the way that we fund them through supplements and subsidies, we're not able to really just zero in on and fund the gap to the new award rates. So effectively they're increased on averages. So that's why we have now published a guidance document to support providers and set the expectation that wages funding for those providers of residential aged care and Home Care Packages increase their worker wages in line with the pay tables that are enclosed in that guidance. So if you are already paying above the award we do expect that providers do increase their worker wages by the dollar amount that the award actually does increase by. That is the expectation set by the guidance.

Stephanie Kaiser:

Thanks Mitch. We have a question here on on costs so I might let both Rachel and Mark talk about this one.

Q: Can you tell us a little bit more detail about the on costs?

This question has an example here about:

Q: What about on costs in terms of superannuation, payroll tax and WorkCover premium?

Mark I'll go to you first.

Mark Richardson:

Sure. Okay. Thanks Steph. Look that's a good question. I think I saw something pop up before as well in relation to that. So look in short what happens – and not to go into too much detail – IHACPA takes the Aged Care Financial Report, they take the labour costs that include on costs. So that's wages and on costs. On costs include things like leave liabilities. When I say leave liabilities I mean annual leave, sick leave, long service leave. It even goes into – without I guess recalling all the detail in the ACFR and QFR, it even goes down into the detail of uniform costs, training costs and all those sorts of things. So wages and on costs are then indexed and a part of the AN-ACC price so that you have funding to I guess pay those things.

In terms of superannuation, superannuation is indexed I guess after wages are increased in accordance with Fair Work Commission decisions and they're indexed in alignment with the superannuation guarantee. So they're also indexed. Insurance premiums. I don't specifically recall what's in the ACFR but I'm sure we can take that offline and answer in our Q&As. In terms of payroll tax Governments have not funded payroll tax for some time now. Given that payroll tax is a state-based tax the Federal Government or governments for some period now have had a policy in place that does not include funding for payroll tax.

Stephanie Kaiser:

Thanks Mark. Rachel anything you'd like to add from a home care or CHSP perspective in relation to on costs?

Rachel Blackwood:

Thanks Steph. So firstly with respect to the Home Care Package subsidy increase I can confirm that that is inclusive of on costs. The subsidy increases have been calculated by analysing what providers spent on aged care workers including on costs in the 2022-23 financial year. With respect to the CHSP grant opportunity again I can confirm that providers will be able to seek funding to assist them with the costs of both wages and associated on costs and further guidance on that will be provided in the Grant Opportunity Guidelines when they're released before the end of the year. Thank you.

Stephanie Kaiser:

Thanks.

We've got a few questions here Chris which I think might be for you about part time employees and progression. I don't know if that's too detailed or if that's something that you can talk about today. So one example is:

Q: When measuring time in industry for classification progression what is taken to be one year? Is it full time equivalent or just a calendar 12 months irrespective of hours worked?

Christopher Crisafi:

Thanks Stephanie. That is a really good question and that is something you'll be able to find on the website or by contacting our Infoline. That's an issue that will come up in various awards so there is a way of approaching that. But it might be best to speak to someone on the

Infoline about that one, about that specific question, in case there are any circumstances related to an employee's particular personal circumstances that need to be factored in.

Stephanie Kaiser:

Thanks. Mitch I don't know if you want to have a go at this question. You might have to hand to someone else.

Q: If an entity is on an Enterprise Bargaining Agreement and not one of these three awards does this mean that the new rates apply to this organisation?

Mitch Docking:

Yeah. Interesting question. I mean really I think it goes back to the Aged Care Work Value Case and the awards in scope for the Aged Care Work Value Case. So they are the Aged Care Award, both direct and indirect care workers now, Schedule E of the SCHADS Award which will be moving to Schedule F from 1 January, and then the Nurses Award 2020. So registered nurses and enrolled nurses received an increase in the middle of last year and assistants in nursing will be receiving this next round of increase from 1 January when they move into the Aged Care Award and Residential Aged Care Award. So I think that that's really the key point, that the award wages are for those workers employed under those awards, and if the EBA is underpinned by those awards those increases should apply. I think there's probably some workers that are in scope in terms of the award but may fall under different employment arrangements. So I'm sort of a little bit top of head but say some gardening or landscaping may fall under the Aged Care Award or they may be sort of covered under a different industrial instrument that may actually be out of scope. So there's a little bit of technicality there, whether the actual EBA is underpinned by the in scope awards or whether there are different employment arrangements in place that aren't underpinned by the awards increase in the Aged Care Work Value Case.

Stephanie Kaiser:

Thanks Mitch. Mitch another question for you on leave liabilities. So this provider has residential home care and CHSP.

Q: Can you clarify if the 50% is for home care and CHSP?

Mitch Docking:

Yeah. That's correct Steph. So similar to the Stage 2 leave liabilities grant that opened last year and providers would have been funded earlier this year 50% of the increased costs in the leave liabilities providers were able to claim. So that was for all eligible providers at that time. So there has been the change just for residential aged care to a reduced proportion of 25% but 50% still applies to the other providers in the other programs. So if a provider is delivering services for in scope workers across residential aged care, Home Care Packages and CHSP they will be able to apply for 25% of the increased cost in leave liabilities for residential aged care and 50% for the other programs.

Stephanie Kaiser:

Thanks Mitch. We've got two questions here that are quite similar.

Q: Do these requirements apply to state Government operated facilities as well as local Government facilities? Do they need to pass on additional funding in the same way?

Mitch?

Mitch Docking:

I'm getting picked on a little bit here Steph. I think it's probably another one for me but happy for maybe Mark to jump in. Yeah. So I think it sort of goes back to our arrangements in terms of funding the increase. So certainly in residential aged care the subsidies through the AN-ACC price do fund some state-based providers through the AN-ACC funding. So with that funding flowing through to those state-based or local Government providers the guidance does apply to those providers. So we would expect even if they are under a state-based industrial arrangement that that funding is being received and is passed onto the relevant workers.

Stephanie Kaiser:

Thanks Mitch.

Mitch Docking:

I don't know if you wanted to add to that Mark or Rachel.

Mark Richardson:

No. I think you summarised it well Mitch. I mean Government facilities, state-based Government facilities if they're an approved provider are funded under AN-ACC the same as any other provider type. And all providers as far as I'm aware are expected to meet the guidance material published.

Mitch Docking:

Steph I think it's probably worth noting quickly for Stage 2 – I think this is a bit of a question for Stage 2 as well, the 15% increase from the middle of last year. There were just some ancillary documents I guess to our guidance material that didn't fully cover off on the state-based issue. So they were sort of covered off in a separate fact sheet and some further arrangements and a Q&A document that we sort of pointed back to. We have sort of pulled that issue into our guidance material that's now available. So the expectation for those providers receiving that funding does now sit inside the published guidance document.

Stephanie Kaiser:

Thanks Mitch. Rachel.

Q: Will home care providers still need to seek consent from each client to increase prices under Support at Home?

Rachel Blackwood:

Thanks Stephanie. I think that's probably a question for some of my colleagues who aren't in the webinar today. But I can confirm that as we prepare for the commencement of the Support at Home arrangements we will be providing further information to providers about how to best implement things post 1 July next year assuming the legislation passes the Parliament. Thank you.

Stephanie Kaiser:

Thanks Rachel.

So we've got a question here and Mitch I think this is probably covered in the guidance document.

Q: Can you outline accountability arrangements and provider responsibilities in a document? Can we find this on the website?

Mitch Docking:

Yeah. Thanks Steph. We do have a section in the guidance that sets out our accountability arrangements around this finding. So I did already sort of cover them off in the presentation so you can refer to that. But we've got a few things in place. We've got the guidance document that I've been talking about a bit today. We've got the attestation question of the QFR. And we've got the hourly wage rates as well that's reported through the QFR. And of course that is all underpinned by the minimum award rates. That's the legal mechanism that really underpins all of this that providers must at least fund that. So I guess reflecting on that there are a few sort of places that you can sort of refer to what we mean by accountability. Probably the key one being the guidance document. But we might look to sort of pull that into the follow up Q&A document for this webinar so it is all in one place.

Stephanie Kaiser:

Thanks Mitch. Chris a question for you.

Q: If you have a mix of home care clients for aged care and disability care would the classification for employees always then need to be under the Aged Care Award given that this has higher rates?

Christopher Crisafi:

Yeah. That is a really good question. It is a complex question. So generally speaking you apply the award based on the nature of the business. So I suppose that would be a question of award coverage. That is something that I would suggest if you haven't already spoken to the Fair Work Infoline speaking to them about it to determine which award covers you and what the classification of your employees should be. Because they are questions for which we need to do consideration of the nature of the business and the classification of the employees and that can be quite a detailed consideration. So I think that's something perfect for a call to the Fair Work Infoline which is again 13 13 94 if you need that number.

Stephanie Kaiser:

Thank you. We've got a couple of questions asking for a link to the guidance document so we'll make sure that goes into the chat.

So a question here. I think Mitch this one's for you as well.

Q: Does this mean we have to retroactively update carers' pay by January 2025?

Mitch Docking:

I thought that might have been one for you Chris. Had you prepared something in answer to that?

Christopher Crisafi:

Yes. Yes. I have Mitch. Thanks for that one. So the increase takes effect as we might have mentioned earlier from the first full pay period on or after 1 January 2025. So it is a prospective pay increase from that date. It's not a retrospective pay increase. So effective workers' current award rates and classifications apply until determination start on 1 January. The changes don't start for an employer until the start of that first full pay period on or after 1 July 2025. Again I might give our website another plug on that point. If you go to fairwork.gov.au and go to the search bar and include aged care and hit 'Search' you'll find a link to our Aged Care Work Value Case page on the changes to the awards. This information will be set out there. And again 13 13 94 is the Fair Work Infoline number if you still have any questions after looking at the web material.

Stephanie Kaiser:

Thanks Chris.

Chris this is another one for you.

Q: Will the wage rise cover community care workers?

Christopher Crisafi:

Yeah. Absolutely. So going back to just the principle of it it applies based on the classifications in the award. So community care worker as we understand at the Fair Work Ombudsman is a job title that could apply to a variety of different duties and environments. So whether or not a particular community care worker is entitled to a rate increase depends on which award and classification applies to their work which depends on their duties and the industry of the employer.

So putting aside the job title the award wage increases will apply to employees – going to our earlier point, home care employees under the SCHADS Award, direct care and general employees under the Aged Care Award and assistants in nursing in the aged care sector currently under the Nurses Award. So again going back to the award and looking at the classifications term and considering the employees' duties and the environment they work in and trying to find them in that classification schedule, irrespective of what their job title might be in their contract or through the practices of the workplace.

Stephanie Kaiser:

Thanks Chris. We've just had another question here about whether we'll share the answers today in a Q&A document and I just want to confirm that yes we will be putting that onto our website along with a recording of today's webinar.

Okay. I think we have covered most of the questions. There are a few questions there that we've already covered through others.

We are getting close to finish through all the questions so I might give people another minute. If you've got any more questions please get them through now. So we have a question here.

I think this one might be for you Chris as well.

Q: Do we still have to pass the wage increases on if our workers are under a common law contract and the award rate is higher?

Christopher Crisafi:

Thanks Steph. So a situation where an employee is on a common law contract and the award rate is higher. So if the employee is covered by the award then you are unable to contract out of those rates generally. That's the rate you have to apply. So I suppose the question I would have or the way I'd look at it is if one of those awards that are affected applies to the employee and the employee is in one of the classifications that's affected then they will get the increase.

Stephanie Kaiser:

Okay. We've got another question here Chris. It might be another one for the Infoline.

Q: If the carer role has over four years' experience only starting to be counted from the 1st of January 2025 so not for those who already have four years' experience?

Christopher Crisafi:

So as I understand it the question is whether the changes mean that you kind of restart the clock on someone's time served. Generally speaking that wouldn't be the case under kind of general principles that we would apply but it's worthwhile I think Steph as you've flagged just giving the Fair Work Infoline a call. Employees in those circumstances, it might be best just to run that by Infoline to make sure that those four years are definitely counted. And that will be the best approach there.

Stephanie Kaiser:

Great. Thanks. Mitch you've covered this a little bit in your presentation and one of the previous responses but:

Q: What reporting or formal compliance mechanisms will be in place to monitor that the correct wage rates and increases are passed on by the provider?

Mitch Docking:

Yeah. So I think I've really covered off on that. So again the legal mechanism there is the increase in the awards. We've got the overlaying guidance document and there's the expectation that wages increase at least consistent in the dollar amounts that are set out in the pay tables. Then when providers of residential aged care and Home Care Packages submit their Quarterly Financial Reports there is an attestation question. So that attestation from Quarter 3 2024-25 will be – I guess the definition around that will sort of be about whether the funding is being passed on for the Stage 3 increases to the eligible workers. So that's just as yes/no question when submitting the QFR. And those responses are published in a report on a quarterly basis. So we do track it through that. We do have some of the workers eligible for the Stage 3 increases that we do collect the hourly wage rate data for so we will be continuing to monitor the increase for those workers through the hourly wage rates data. And then of course there's more data around labour costs and hours. So we'll be looking at the whole mix of those to ensure that we're monitoring and the pass through is happening. We also have a good relationship with ACCPA and the unions so if there's any issues there they may also come to us and we'll do some follow up. So some sort of tips from the sector as well.

Stephanie Kaiser:

Thanks Mitch. Okay. So we have answered most of the questions today. Just a reminder that all of the questions, the Q&A document as well as a recording of today's session will be available on our website.

And I just want to remind everyone that before you go that once the webinar finishes there will be a short survey that will pop up on your screen. It takes around one minute to answer the three questions and we'd really appreciate it if you could take a moment to complete it. It helps us to improve our webinars. And thank you from us and thank you to all of the presenters. Bye bye.

[End of Transcript]

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health and Aged Care

Senate Standing Committee on Community Affairs Legislation Committee

Inquiry into the Aged Care Bill 2024 (Provisions)

21 October 2024

PDR Number: IQ24-000177

IHACPA payroll tax

Spoken

Hansard page number: 20

Senator: Marielle Smith

Question:

How does IHACPA treat payroll tax in determination of pricing

Answer:

In May 2023, IHACPA received advice from the Department of Health and Aged Care that the Commonwealth will not pay providers specifically for the effect of state payroll taxes. This aligns with the Commonwealth of Australia Constitution Act 1900, which states that the legislative powers of the Parliament cannot discriminate between States or parts of States, with respect to taxation.

As payroll tax is a state-based levy and applies variably across providers and jurisdictions, it is currently out-of-scope for IHACPA's pricing advice for residential aged care and the Support at Home service list. Payroll tax is removed from the datasets used by IHACPA to develop its pricing advice, including, but not limited to, the Aged Care Financial Report and the Residential Aged Care and Support at Home Cost Collections.

Questions and answers: Residential aged care funding reform update webinar, 18 September 2024

Overview

The Department of Health and Aged Care (the department) holds regular webinars about residential aged care funding reforms, including the Australian National Aged Care Classification (AN-ACC) funding model, care minutes, the 24/7 registered nurse (RN) responsibility and care time reporting assessments.

This document contains answers to some questions received prior to and during a webinar held on 18 September 2024 on residential aged care funding reform.

Where appropriate, the department has simplified and consolidated similar questions to provide succinct responses. All residential aged care funding questions from the webinar will inform ongoing updates to our resources.

Questions on topics outside the scope of the webinar have been provided to appropriate areas in the department to inform further stakeholder engagement activities, including information on the department's website.

For more information see the department's website:

- Australian National Aged Care Classification (AN-ACC) funding guide
- Care minutes responsibility guide
- 24/7 registered nurse responsibility guide
- AN-ACC resources
- Care minutes and 24/7 registered nurse responsibility resources
- My Aged Care service and support portal
- Aged care workforce

For information on topics asked about in the webinar but out of scope of the webinar:

- Aged Care Taskforce
- Aged Care Taskforce resources
- New Aged Care Act
- Support at Home program
- Support at Home program resources
- Support at Home program – Frequently asked questions – November 2024
- Support at Home program handbook
- Digital Transformation Tech Talk – 9 October 2024
- Digital Transformation Tech Talk – 13 November 2024

- Ensuring the future of quality aged care – Webinar, held on 13 September 2024 which covered the Aged Care bill 2024, the Government's response to the Aged Care Taskforce final report, and the Support at Home program
- Home Care Packages Program
- Responsibilities of Home Care Package providers
- Multi-Purpose Services.
- Aged Care Quality and Safety Commission

Register here to receive aged care sector newsletters, which contain regular updates on changes to aged care, open consultations, news and resources.

Contents

1. AN-ACC funding

Does the new AN-ACC price from 1 October 2024 retroactively cover the period from 1 July to 30 September 2024?

Yes. The Independent Health and Aged Care Pricing Authority's (IHACPA) advice for the AN-ACC price that came into effect on 1 October 2024 includes an adjustment to cover the 1 July to 30 September 2024 period, specifically, the Annual Wage Review.

More information is available in IHACPA's Residential Aged Care Pricing Advice 2024–25.

If the AN-ACC price is $280.01, why is the variable AN-ACC funding per resident per day less than the full price?

The AN-ACC price represents the subsidy of a standard day of care, or 1.00 National Weighted Activity Unit (weighting or NWAU).

The AN-ACC funding model works by applying weightings to the AN-ACC price. The weightings for AN-ACC classes reflect variations in the costs of providing care, based on the characteristics and care needs of individual residents. AN-ACC class funding is only one component of AN-ACC. In addition to variable AN-ACC class funding, services receive fixed Base Care Tariff funding, as well as the one-off entry adjustment payment. None of these components of AN-ACC funding are intended to be equivalent to the AN-ACC price.

As of 1 October 2024, no AN-ACC class weighting is equivalent to the AN-ACC price (or a standard day of care). These changes are based on IHACPA's pricing advice, which in turn were based on the cost, time and activity evidence collected in their Residential Aged Care Costing Study 2023 for each class and other data sources.

IHACPA will continue to review the weightings as part of their annual costing studies.

For more information on weightings, see the AN-ACC funding guide. For more information on IHACPA's costing studies, see their Aged care costing webpage and resources.

Will there be further changes to AN-ACC before 1 October 2025?

There are no planned changes for the AN-ACC price before 1 October 2025. However, depending on the Fair Work Commission (FWC) Aged Care Work Value Case Stage 3 decision on nurses there may be a need to revisit this.

The Government is engaged in this process, and we note that the FWC has set aside time for submissions to be considered.

The Government will be guided by IHACPA's independent analysis, and the operational conditions reported by providers through the Aged Care Financial Report (ACFR) and Quarterly Financial Report (QFR).

We will update key stakeholders, including providers, peak bodies and consumers more generally as the process develops.

For more information on FWC award wage increases, see Better and fairer wages for aged care workers.

When will the AN-ACC price be adjusted in the future? Is it annually on 1 October?

The Government has announced that it will set the new AN-ACC price from 1 October each year (instead of 1 July as occurred in 2023) as this timing will enable IHACPA to account for any cost increases from 1 July in its advice (see Section 10 of the AN-ACC guide). This includes any minimum wage increases from the FWC Annual Wage Review.

Will an interim AN-ACC price adjustment for July-September be considered in future years?

No. IHACPA's pricing advice, that comes into effect on 1 October of each year, includes an adjustment to cover the 1 July to 30 September period. Previously, this adjustment was made from 1 July the following financial year. A new AN-ACC price from 1 October each year brings this adjustment forward by 9 months improving the financial viability of the sector.

Will AN-ACC funding in 2024-25 cover the FWC Stage 3 decision?

Yes. AN-ACC funding from 1 October 2024 includes additional wage costs resulting from the FWC Aged Care Work Value Case Stage 3 decision that takes effect from 1 January 2025, in addition to:

- impacts of the FWC Annual Wage Review (AWR) decision that took effect from 1 July 2024
- the superannuation increase that took effect from 1 July 2024
- an adjustment to cover the 1 July-30 September period
- non-labour cost inflation
- additional funding to cover the 15 minutes increase for the mandatory care minutes responsibility (from 200 minutes to 215 minutes).

As answered above, there may also be changes to AN-ACC to account for the FWC Stage 3 decision on nurses. The Government is engaged in this process.

On the first slide of the webinar presentation, there was additional funding from 1 January 2025. Is this already incorporated into the AN-ACC price of $280.01?

Yes. The first tranche of the FWC award wage increase for direct care workers (personal care workers, assistants in nursing, and recreational activities officers) from 1 January 2025 is already included in the AN-ACC price of $280.01.

The second tranche will be included in the AN-ACC price for 1 October 2025.

Why has funding for AN-ACC classes 10-13 decreased while average care minutes have increased?

The casemix classification weight changes that came into effect on 1 October 2024 better align care funding to the actual costs of delivering care in each AN-ACC class. While the weightings have reduced for the higher-care needs classes, care minutes allocations for these classes have also decreased. Across all classes, the new class weightings have incorporated additional funding needed to cover the new sector-wide average of 215 care minutes.

These changes are based on IHACPA's Residential Aged Care Pricing Advice 2024–25. The technical specifications explain how IHACPA developed this pricing advice.

How do AN-ACC class weighting changes consider costs and outcomes for residents with cognitive impairment?

The care minutes associated with each AN-ACC class have been adjusted to account for changes to AN-ACC classification funding, ensuring there will be no disincentive for providers to accept high care needs residents.

The casemix classification weight changes better align care funding to the actual costs of delivering care in each AN-ACC class. While IHACPA's recommended weighting changes have reduced care funding for residents in higher care classes, they also increase funding for residents in lower care classes, which includes many residents with low or medium cognition scores, but with independent or assisted mobility.

Are there any changes to the factors in AN-ACC classes?

No. There have been no changes to the factors.

Will this funding decision protect profit margins for already struggling providers?

IHACPA's role in providing independent aged care pricing advice aims to ensure that aged care funding is directly informed by the actual costs of delivering care. From 1 October 2024, average care funding is around 58% higher than it was in September 2022.

Will there be additional funding to increase staffing in residential aged care?

Yes, the AN-ACC price of $280.01 includes funding to support the increase in care minutes to 215 care minutes per resident per day.

AN-ACC funding is calculated to match care costs. IHACPA provide advice to Government on what funding is needed to match actual costs of delivering care. IHACPA collect cost data through their annual costing studies and via the financial information reported by providers in their annual Aged Care Financial Reports. This means IHACPA capture the actual costs, including staffing, of delivering care to ensure AN-ACC funding matches costs.

The 1 October 2024 changes to AN-ACC represent an estimated 13% increase in average care funding per resident per day. This does not include any additional funding provided through the 24/7 registered nurse (RN) supplement for eligible services.

The hotelling supplement also increased on 20 September 2024 to $12.55 per resident per day to support aged care providers meet the hotelling staff costs of the FWC [Aged Care Work Value Case] Stage 3 decision and to account for regular indexation. The hotelling supplement will increase by a further $1.89 from 1 July 2025, to cover additional hotelling costs noting that the hoteling supplement also increases each year with the regular annual March and September indexation increases.

What is the split in the $2.5 billion of funding (for other cost increases not including the FWC stage 3 decision) between the care minutes increase, award wage increases, inflation and superannuation guarantee increase?

The $2.5 billion for other cost increases (not including the FWC stage 3 decision) is additional funding above what is already included in the Government's budget over the forward estimates. This is for all the changes, including weightings, and the budget is not broken down to individual components.

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Slide 6 of the webinar's presentation and IHACPA's pricing advice shows how the AN-ACC price is made up and would be more helpful for budgeting purposes.

Are there any plans to distribute the subsidy values in formats other than PDF and word?

Not at this time.

Are there any changes specific to remote Aboriginal & Torres Strait Islander aged care to be aware of?

No. IHACPA's 2024-25 pricing advice recommended BCT weighting reductions for all non-specialised services in remote MM 6 and very remote MM 7 locations, specialised homeless and specialised Aboriginal and Torres Strait Islander services. The Government has acknowledged this recommendation and the drivers behind it but has instead asked the department to review policy settings to ensure that the additional funding provided is spent as intended.

More information will be provided as this work progresses.

What are the day-to-day impacts going to be for those already in residential care?

The changes in AN-ACC funding will not affect the care received by residents, noting these changes better align funding with care currently being delivered to residents.

The main impact for residents will be an increase in their care minutes, which has already been factored in AN-ACC funding changes.

Will the pricing modelling tool be updated to reflect the variation in labour costs providers face depending on their charitable status (such as payroll tax)?

AN-ACC funding from 1 October 2024 includes:

- impacts of the FWC Annual Wage Review decision that took effect from 1 July 2024
- the superannuation increase that took effect from 1 July 2024
- an adjustment to cover the 1 July-30 September period
- additional wage costs resulting from the FWC Stage 3 decision that takes effect from 1 January 2025
- non-labour cost inflation
- additional funding to cover the 15 minutes increase for the mandatory care minutes responsibility (from 200 minutes to 215 minutes).

AN-ACC funding does not include funding to support payroll tax.

Government has not funded payroll tax since 2014. The decision to not fund payroll tax was made based on the Federal Government's Commission of Audit's recommendation which found that funding payroll tax was 'effectively shifting the payment of state tax to the Commonwealth'.

For more information, see The Economics of Aged Care, Speech to the Committee for Economic Development (CEDA), Four Seasons Sydney.

The slides include two figures for funding towards FWC Stage 3 – $3.3bn and $2.7bn. Which figure is correct?

Both figures are correct. The $3.3 billion is the total funding for the FWC Aged Care Workers Value Case (ACWVC) Stage 3 decision over four years for Residential Aged Care including through AN-ACC and the hotelling supplement. The $2.7 billion only reflects the increase to care funding through the AN-ACC funding model.

Is there a change to the one-off adjustment payment when a resident enters care?

There are no changes to the AN-ACC one-off adjustment payment and it remains at 5.28 weighting.

However, in line with the AN-ACC price increase of $280.01, the value of the AN-ACC one-off adjustment payment has increased to $1,478.45 from 1 October 2024.

What do you class as a very remote location?

A very remote location is identified as MM 7 under the Modified Monash (MM) Model.

The MM is a measure of remoteness and population size used by the department to define whether a location is a city, regional, rural, remote, or very remote. Locations are categorised from MM 1 – MM 7, with MM 1 denoting a major city and MM 7 a very remote location. AN-ACC uses the latest MM categories which is 2019.

How can I check the Modified Monash category for my facilities?

You can find your Modified Monash classification via the Health Workforce Locator tool on the department's website. Select MMM 2019 from the dropdown select list to get the right list with the Modified Monash classes.

The Modified Monash Model is reviewed after each census.

My service is in Modified Monash 3 – do I need to do anything to get the new Base Care Tariff funding, or does it happen automatically?

You don't need to do anything - services have been automatically moved into the new Base Care Tariff (BCT) categories in time for them to lodge their October 2024 claims.

When will the remote and specialised services review start and will services be able to participate?

The review work has started. Relevant services should have received an email from the department providing information on the scope and timeframes of these projects and inviting them to be involved.

2. Hotelling funding

How does the hotelling supplement account for the $4.30 funding gap identified by IHACPA?

The Government reviewed the sufficiency of the hotelling supplement informed by the Independent Health and Aged Care Pricing Authority's (IHACPA) Residential Aged Care Pricing Advice 2024–25.

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IHACPA's Residential Aged Care Pricing Advice 2024–25 informed the Government's decision to fund the Fair Work Commission Aged Care Value Case Stage 3 decision, with a $1.09 increase in the hotelling supplement rate on 20 September 2024 to support higher award wages for hotelling staff from 1 January 2025. The Government also decided to increase the supplement by a further $1.89 on 1 July 2025 to fund higher hotelling costs. These decisions provide an additional $0.9 billion over 4 years for hotelling services, increasing to $1.1 billion once consumer contributions from means testing are included. This new funding is on top of regular indexation of the hotelling supplement on 20 September and 20 March each year.

Has the hotelling supplement been reviewed by IHACPA?

IHACPA does not review the rate of the hotelling supplement specifically. It advises on the gap between the costs of delivering hotelling services, and specific types of hotelling revenue, including the hotelling supplement.

Government reviewed the sufficiency of the hotelling supplement informed by IHACPA's Residential Aged Care Pricing Advice 2024–25, which considered the hotelling supplement as a type of revenue.

Will the hotelling supplement be reduced by the amount of the resident contribution?

Yes, once the new means testing arrangements are in place, the government will only provide the amount of hotelling supplement services are eligible to receive for each resident after the application of the means test. This reduces the administrative burden on services who would otherwise have to repay the Commonwealth once consumer contributions are received.

For 1st of July changes, will the hoteling supplement be included in the Non-Clinical Care cost which will be paid by residents?

The hotelling supplement funds hotelling services such as catering, cleaning, and gardening.

The Non-Clinical Care Fee is for means-tested care costs.

Hotelling and care costs are separate costs and so funded by different mechanisms. This means the hotelling supplement will not be included in the Non-Clinical Care Fee.

3. Care minutes

Will the government be lenient if providers are unable to increase their staffing to meet care minute targets given that they were only communicated to the sector 2 weeks prior to their commencement?

We acknowledge that the timing of changes to the minutes associated with AN-ACC class may impact the ability of some providers to immediately meet their care minutes targets, for the very small proportion of services that have had larger than expected increases in their targets.

The Aged Care Quality and Safety Commission is responsible for regulating the care minutes responsibility. Information on their approach to regulating care minutes is outlined in their Regulatory Bulletin.

Why are providers required to calculate their own targets when the department publishes this information?

Section 10 of the Quality of Care Principles 2014 requires an approved provider to work out the average direct care time they must deliver to residents each day in accordance with the method set out in Section 9 of the Quality of Care Principles, based on the information notified to the department on the 15th day of the month prior to the start of the performance quarter.

To assist you in checking the accuracy of your care minutes targets, the department publishes its own calculation of each service's care minute targets in the Government Provider Management System (GPMS) using the same method set out in the legislation. A consolidated list is also published on the department's website. As previously communicated via the department's regular channels, we implemented additional quality assurance steps earlier this year to check the accuracy of the targets before they are published. This is why the targets are now published slightly later than they previously were.

The department has made available a calculator to help you calculate your targets before we publish them (or check the targets we publish). This will help you plan your staffing before the start of the quarter. You can also use the calculator to verify our calculation of your targets against your own records to ensure accuracy.

How does care time from an enrolled nurse (EN) count towards the RN target and total care minutes target for a service? Can ENs count towards 10% of the RN minutes and still be included in the EN and PCW minutes?

There are no specific EN or PCW minutes. Each service has a total care minutes requirement, which can be delivered by RNs, ENs and PCWs/AINs, and an RN minutes requirement. All delivered EN minutes (alongside all RN minutes) count towards the total care minutes requirement. Some of these minutes will also count towards your RN minutes requirement.

For example, if a service has a target of 210 minutes per resident per day (including an RN specific target of 42 minutes) and they delivered an average of 215 total care minutes per resident per day, comprising of:

- 20 minutes from an EN per resident per day
- 38 minutes from an RN per resident per day (which *falls short* of the target of 42 RN minutes)
- 157 minutes from a PCW/AIN.

The department's system will automatically calculate, and attributes 4.2 minutes delivered by an EN (equal to the maximum 10% of the RN target of 42 minutes) towards the service's performance against its RN care minutes target.

The RN care minutes delivered by the service is now taken to be 42.2 minutes (38 minutes from an RN plus 4.2 minutes from an EN).

All reported care time are included in the service's overall care minutes performance of 215 total care minutes.

It is also important to note that this adjustment does not impact the responsibilities of nurses delivering care in residential aged care services.

Additional scenarios regarding the inclusion or EN minutes in RN care minutes targets are included in the Care minutes responsibility guide.

Will the EN time that counts towards the RN targets also be counted for the purposes of calculating the Staffing Star Rating? And will the EN minutes still count if we are already exceeding our RN targets with actual RNs?

Yes.

Care time delivered by an EN that count towards a service's performance against its RN care minutes target will also contribute to the RN minutes for Star Ratings. This will be reflected in the Staffing Star Ratings from April/May 2025 (which is when the Staffing Star Rating from the December quarter of 2024 will be published).

This includes where the service is already exceeding their RN minutes with actual RNs.

Is there consideration for endorsed ENs to count for more than 10% of RN minutes given their higher level of training? Will the government also consider increasing the percentage of the RN target that can be met by ENs to more than 10%.

There are currently no plans to increase the percentage of time that an EN (or endorsed EN) can be counted towards a service's performance against its RN care minutes target.

Should we submit residents for reclassification and how will this impact our care minutes targets?

Yes, providers should request reclassifications if their residents' needs change to ensure they are funded to deliver the care they need. Providers can, but are not obliged to, request an AN-ACC reclassification if a resident's care needs have reduced.

Why do AN-ACC Class 11 and 12 have the same funding, but Class 11 requires one minute more of RN time?

Yes, Class 11 and Class 12 both have the same funding, but Class 11 has one additional RN minute more than Class 12. The AN-ACC funding is not only intended to cover the costs of delivering care minutes, it also covers other care costs such as allied health, lifestyle services and medical and personal care consumables. These costs vary for each class. For this reason, the class minutes and class funding do not always perfectly align.

4. Care minutes reporting and what counts as care minutes

How often do we need to report care time?

Approved providers of residential aged care services are required to report care time delivered at the service level in the Quarterly Financial Report (QFR). The QFR is used to assess each service's performance against their care minutes targets and supplements the annual Aged Care Financial Report (ACFR).

Approved providers have a legislated responsibility to submit the QFR by the due date for each quarter. The department publishes the QFR reporting deadline for each quarter on its website.

Providers are also required to report their RN coverage in relation to the 24/7 RN responsibility through the Government Provider Management System (GPMS) portal every month.

Is a lunch break during a shift included in care minutes?

No. Only worked hours can be counted towards care minutes.

Can staff working remotely offsite on activities like Care Plan Reviews count towards the care minutes for a service?

No. Only direct care activities provided onsite by RNs, ENs, and PCWs/AINs can count towards care minutes.

Will the virtual care provided under the new pilot being tendered by the Department be included as part of the care minutes?

No. Only direct care activities provided onsite by RNs, ENs, and PCWs/AINs can count towards a service's care minutes targets.

This means support provided through on-call and virtual telehealth arrangements, including through the virtual care pilot, cannot be counted for the purpose of care minutes.

What's the rationale behind splitting the care minutes for RNs into Morning, Afternoon and Night shifts in the QFR reporting?

It allows checking for consistency with the 24/7 RN reporting. The collection of this data will be considered as part of the upcoming reporting review.

5. Care time reporting assessments

How long after information is provided to the department for a care time assessment request can providers expect to receive an outcome of the review?

Timeframes for receiving an outcome of a reporting assessment can vary significantly depending on the complexity of each case. We are also working on streamlining our procedures, which makes it difficult to provide specific timelines. The length of a reporting assessment relies on the timeliness of providing the requested information and documents but may also involve additional requests for information.

We are dedicated to working with providers to ensure they are supported throughout the process and encourage them to contact the relevant assessor should they have any questions.

What is the model pack and do we have to use it?

The model pack is a tool which supports providers in responding to a care time reporting assessment. The department strongly encourages its use, but it is not mandated. Using the model pack will make the reporting assessment process simpler for services and the department because it efficiently and effectively captures the information necessary for care minutes assurance reviews.

Will we move to twice yearly reporting instead of the current quarterly cycle?

Currently there are no plans to change the quarterly reporting cycle to twice-yearly.

Should we extrapolate labour hours for the pay period that does not align with the quarter?

Yes, we expect providers to prepare accurate information for submission through the QFR and as part of a reporting assessment. While we have received feedback about difficulties some providers have in aligning their payroll periods to the reporting periods, it is important that reported information only includes actual days and hours worked within the specified QFR reporting period. We have developed tools to support providers in responding to a care time reporting, including the model pack and the 24/7 RN coverage tool.

Will there be any detailed updates to the care minute guidance based on Care Time Reporting Assessment findings?

Yes, care time reporting assessments help inform guidance and the department's policy decisions. Updates to guidance are ongoing, please refer to the Care minutes and 24/7 RN responsibility guides, as well as the QFR FAQs – Residential labour hours and costs.

We also encourage that you stay up to date with the care time reporting assessments webpage.

6. Allied Health

How will allied health services be financially incentivised and are you considering implementing allied health minutes?

The Government recognises the important role of allied health, leisure and lifestyle services in addressing residents' social, cultural, spiritual, cognitive, emotional, physical and religious needs in residential aged care. While they do not count towards care minutes, providers are funded to deliver allied health services under the Australian National Aged Care Classification (AN-ACC) funding model. Providers must deliver these services appropriate to each person's individual care needs and preferences to meet their responsibilities under the Aged Care Act 1997, including Schedule 1 of the Quality of Care Principles 2014 and the Aged Care Quality Standards.

Allied health service delivery is monitored via the Quarterly Financial Report and service-level spending on allied health and lifestyle is published on the My Aged Care Find a Provider Tool to provide more transparency and allow residents and their family members to compare services.

From July 2025, the Government is expanding the National Quality Indicator Program (QI program) to include a range of staffing measures, including allied health and lifestyle, to recognise the importance of these staff in supporting and improving quality in residential aged care. The QI Program requires residential aged care providers to report quarterly on critical areas of care impacting the health and wellbeing of older people. This responds to feedback from older people around the importance of staffing and continuity for the provision of high-quality care.

There are no current plans for allied health to be included in care minutes targets. While the Royal Commission recommended care minutes targets for direct care from RNs, ENs and PCWs, they were not recommended for allied health care or lifestyle and recreational activities under the care minutes responsibility.

Will there be any further funding for allied health service provision?

Residential aged care providers are already funded to deliver allied health services through the Australian National Aged Care Classification (AN-ACC) funding model. Providers are required to deliver allied health services appropriate to each person's needs and preferences to meet their

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responsibilities under the Aged Care Act 1997, including Schedule 1 of the Quality of Care Principles 2014 and the Aged Care Quality Standards.

7. Workforce

Are there any accountability requirements for the Fair Work Commission Stage 3 funding for residential aged care providers?

Aged care providers are legally required to pay workers at least the minimum award wage under the relevant awards. In the Quarterly Financial Report, providers reporting hourly wages below the national minimum award rates will be referred to the Fair Work Ombudsman.

Since Q1 2023-24, providers have also been required to attest in the Quarterly Financial Report that all funding for wages is passed on to workers. This requirement will continue to support implementation of the Stage 3 funding.

The Department will continue to work with the sector on how to best support providers to implement the Stage 3 decision.

If we are paying above award rates do we have to pass on the increase even if our current rates are above the new rates?

The Fair Work Commission has determined increases to award wages for many aged care workers in the Aged Care Work Value Case. The new rates will commence from the first full pay period on or after 1 January 2025.

Aged care providers are legally required to pay workers at least the minimum award wages under the relevant awards. This means that if award wages become higher than current EBA pay rates, workers must be paid at least the new award rates. Residential aged care and Home Care Packages providers reporting hourly wages below the national minimum award wages will be referred to the Fair Work Ombudsman.

Which aged care workers will benefit from the Stage 3 decision?

The Fair Work Commission (FWC) Stage 3 decision provided award wage increases for many aged care workers under the Aged Care Award and the Social, Community, Home Care and Disability Services (SCHADS) Award from 1 January 2025. The workers in-scope include personal care workers, assistants in nursing, home care workers, recreational activities officers, and ancillary workers including administration staff, drivers, maintenance staff, gardeners, laundry hands, cleaners, and food services assistants. The Stage 3 decision is expected to benefit around 340,000 aged care workers.

Nurses, recreational activity officers and head chefs and cooks (as well as personal care workers and home care aged care workers) received a 15% increase in award wages in 2023.

Is there going to be a leave liability grant?

A grant program is being established in recognition of the increased cost of accrued leave liabilities resulting from the Stage 3 decision. Residential aged care providers will be able to apply for 25% of the increased leave liabilities for in-scope workers covered by the Stage 3 decision. These liabilities relate to long service, recreation (annual) leave, and personal leave that present as a liability on a provider's balance sheet. More information on this grant will be available shortly.

When will the Commonwealth release the increases for the Stage 3 ACWVC by award role and dollars per hour?

On 11 September 2024, the Fair Work Commission released its determinations for the Aged Care Award (Determination) and the Social, Community, Home Care and Disability Services Industry (SCHADS) Award (Determination). These determinations include the new award wages that will commence for many aged care workers on 1 January 2025. As part of the Stage 3 decision, further increases will apply for some aged care workers on 1 October 2025.

Further information to support aged care providers and workers can be found on the Fair Work Ombudsman's website: Aged Care Work Value Case: Changes to awards - Fair Work Ombudsman

8. IHACPA pricing advice

Will this be the regular pricing review approach moving forward?

The Government has announced it will set the new AN-ACC price from 1 October each year (instead of 1 July as occurred in 2023). This timing enables IHACPA to account for any cost increases from 1 July in its advice, including any minimum wage increases from the FWC AWR.

Currently IHACPA collects and analyses a range of data from cost collections, including ACFR and QFR, as well as feedback from public consultations, which is then developed into a pricing framework and pricing advice that is provided to government.

The department is currently looking into options to improve processes moving forward offering greater transparency to aged care sector on AN-ACC funding changes.

Does the re-weighting of AN-ACC classes mean residents on Class 2-8 have been underfunded?

No, AN-ACC is a dynamic funding model that reflects actual costs of delivering care across a range of residents' needs and locations and is reviewed annually.

Specifically, the weighting adjustments of AN-ACC casemix classes has been considered based on IHACPA's 2024-25 Residential Aged Care Pricing Advice, that analysed resident-level cost data from IHACPA's Residential Aged Care Costing Study, supplemented with other relevant evidence and indexed to account for inflation costs up to 2024-25, reflecting changes to costs of care as reported by providers.

If IHACPA reviews are based on actual costs incurred, how does this value the cost of services residents want, rather than what they are getting?

Under AN-ACC providers are funded to deliver care in line with the Quality of Care Principles 2014. AN-ACC funding is designed to reflect the efficient costs of delivering care. Adjustments to AN-ACC pricing and weightings are based on IHACPA's pricing advice. This advice is partly informed by Aged Care Financial Report (ACFR) data that captures the actual costs of delivering care as reported by providers. IHACPA adjust the ACFR data to ensure the data accurately reflects costs to meet care standards. This includes increasing the reported labour expenses for providers that did not meet their care minutes targets, to reflect costs as if they had met requirements. This means providers are funded adequately for the full delivery of care they are required to provide under the principles.

When will the Pricing Framework for Australian Residential Aged Care Services 2024–25 be published?

IHACPA's Pricing Framework for Australian Residential Aged Care Services 2024–25 was released on 18 September 2024 alongside the Pricing Framework for Australian Residential Aged Care Services 2024–25 Consultation Report and Residential Aged Care Pricing Advice 2024–25 (see: Pricing Framework for Australian Residential Aged Care Services 2024–25).

The pricing framework outlines the methods used by IHACPA to develop annual residential aged care pricing and costing advice to the Australian Government. It supports transparency and accountability by making publicly available the approach IHACPA uses to inform its pricing advice. The pricing framework is refined annually and includes public consultation with stakeholders.

The weightings for AN-ACC classifications have shifted from their current setting, with some higher classifications decreasing significantly. What process and insights led to these changes?

IHACPA's pricing advice is based on data from the 2023 Residential Aged Care Costing Study. This study showed higher relative resource utilisation and costs for some AN-ACC classes and lower resource utilisation and costs for others compared to the existing price weights.

IHACPA is committed to providing transparent and evidence-based pricing and costing advice to the Australian Government. Recommendations are informed by the latest available cost and activity data and annual stakeholder consultation to ensure that prices reflect the cost of delivering care.

What evidence was gathered to adjust the weights for respite residents?

The recommended price weights for respite residents were based on the relative costs compared to permanent residents with similar mobility.

Refinements to the AN-ACC funding model for respite care will be further considered in the Consultation Paper on the Pricing Framework for Australian Residential Aged Care Services 2025-26. The Residential Aged Care Cost Collection 2024 will also look to capture additional cost data for residents in respite classifications.

How do you participate in the Residential Aged Care Cost Collection process?

IHACPA undertakes cost collections to gain a better understanding of the resources and costs associated with delivering residential and in-home aged care services. IHACPA encourages all aged care providers to be part of cost collections – you can register your interest through Aged care costing or email agedcarecosting@ihacpa.gov.au.

The 2023 costing study is available at 2023 Residential Aged Care Costing Study Final Report.

Did the residential sites that IHACPA based their prices on meet their care minute requirements?

IHACPA excluded sites that were rated as 1 or 2 stars by the Aged Care Quality and Safety Commission at the time of data collection when determining the recommended price weights for each AN-ACC class and BCT category. The AN-ACC price uses data from the 2021-22 ACFR, and labour costs for all services were adjusted to meet the cost of the mandatory care minute requirements.

Why is the $10.16 uplift amount (in the revised AN-ACC rate) for the increased care minutes only 4.98% (of the 2021-22 reference cost) when total care minute requirements have increased by 7.5%?

Sector average care minute targets were around 206 minutes per resident per day in the September 2024 quarter, and increased to around 215 minutes per resident per day from October 2024 (i.e. they increased by less than 5%).

In addition RN, EN and PCW/AIN labour costs are a component of the AN-ACC price, but it also includes costs such as allied health, care management, consumables and administration costs. These costs are not impacted by the uplift in mandatory care minutes.

s22

From: s47E(c), s47F
Sent: Friday, 7 June 2024 12:16 PM
To: Matthew.Grant
Cc: s47E(c), s47F
Subject: RE: Meeting - Matt Grant NT Health [SEC=OFFICIAL]

Hi Matt,

I am free at 3pm if that works for you, would you like to meet here at Jacana House (Woods street)?

I wont be available Tuesday but could make myself available on Friday.

Best regards,

s47E(c), s47F
Acting Director Aged Care
Northern Territory - Darwin Office

Service Delivery Division | Ageing and Aged Care Group
Australian Government, Department of Health and Aged Care
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GPO Box 9848, Brisbane QLD, 4000

The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.

From: Matthew Grant s47F @nt.gov.au>
Sent: Friday, June 7, 2024 11:24 AM
To: s47E(c), s47F @health.gov.au>
Subject: Meeting - Matt Grant NT Health

REMINDER: Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s47E(c), s47F

Thanks for reaching out. I recommend we catch up sooner rather than later, as a couple of matters are picking up momentum.

1. You mentioned the recent advice from the Commissioner of Territory Revenue that impacts Aged Care service providers payroll tax exemption. There are implications for NTH and the Cth as we are in multi-lateral agreements with RAC providers.

2. I am in a number of scheduled meetings with DIPL and contractors relating to the development of the RACF in the Palmerston Health Clinic. Nicole mentioned that early engagement with the Commonwealth would be advantageous. Those meetings start next week (Tues Project Control Group) (Fri Concept Design Group) and I would like to understand the Cth's interest in attending.

I can clear my diary this afternoon if you are available, with Monday being a public holiday.

Regards

Matthew Grant
Executive Director
System Planning and Commissioning
Commissioning and System Improvement
NT Health

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I acknowledge Aboriginal people as the Traditional Owners of the country I work on, and their connection to land and community. I pay my respect to all Traditional Owners, and to the Elders both past and present.

s22

From: s47E(c), s47F
Sent: Thursday, 13 June 2024 9:59 AM
To: s47E(c), s47F
Subject: FW: meeting with Matt Grant payroll tax and residential build. [SEC=OFFICIAL]
Attachments: Meeting - Matt Grant NT Health

Categories: File to Trim

FYI

s47E(c), s47F
Assistant Director Aged Care
Northern Territory Office
Mon, Tues, Thurs and Friday

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From: s47E(c), s47F @health.gov.au>
Sent: Friday, June 7, 2024 5:06 PM
To: s47E(c), s47F @Health.gov.au>
Cc: s47E(c), s47F @Health.gov.au>; s47E(c), s47F @health.gov.au>
Subject: meeting with Matt Grant payroll tax and residential build. [SEC=OFFICIAL]

Hi s47E(c), s47F

Matt advised that the payroll tax exemption is under the section 48c Legislation Database (nt.gov.au)

Part 4ExemptionsDivision 1Non-profit entities Payroll Tax Act 200936(3)
For subsection (2), giving money to another entity that carries out work of the kind mentioned in subsection (2) does not, by itself, constitute carrying on a charitable activity.
(4) An activity carried on by a non-profit entity is a commercial or competitive activity if the activity:
(a) is not related to the religious, charitable, benevolent, philanthropic or patriotic purposes of the entity; or(b) is a commercial activity; or
(c)is carried on in competition with a business carried on by another person

NT Health is making asking treasury to consider the impact of denying the exemption on the viability of the aged care sector and the flow on from that.

Matt also advised that NT Health are ready to apply for funding, have provisional costing and a business care well advanced. We may want to speak with NT Health further about what they have now and how we can work with them to be ready sooner than October.

Matt has invited s47E(c), s47 and I to attend meetings next week for he project control group and concept design group.

Best regards,

s47E(c), s47F
Acting Director Aged Care
Northern Territory - Darwin Office

Service Delivery Division | Ageing and Aged Care Group
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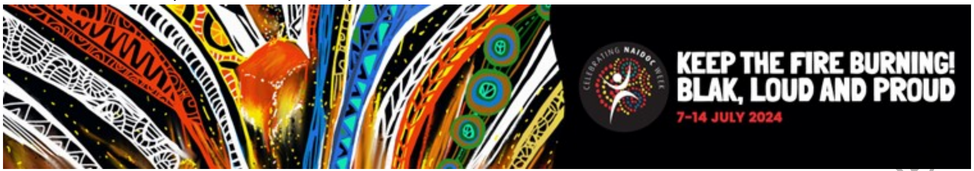

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