



Aged Care Worker Wage Increase – Stage 3

Questions and Answers

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Scope of award wage increase

Q1. Which aged care workers will benefit from the Stage 3 decision?

A: The Fair Work Commission (FWC) decision provided award wage increases for many aged care workers under the Aged Care Award and Schedule F of 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.

Q2. Why are the Stage 3 increases being phased-in?

A: The FWC has decided that larger increases for direct care workers will be phased-in over two tranches. The first tranche will commence on 1 January 2025 and the second on 1 October 2025. Ancillary aged care workers will receive the full award wage increase from 1 January 2025.

The government is committed to funding the Stage 3 increases consistent with the Stage 3 decision. This will have the effect of retaining and growing the aged care workforce, to ensure a higher standard of care for older people in Australia.

Phasing of these increases will allow for a smoother transition for business and the labour market. This approach is consistent with other agreements by the FWC in respect of similar large increases across other awards.

Q3. What about aged care nurses?

A: In the 2023-24 Budget, the government invested \$11.3 billion over four years to support a 15% increase to award wages for aged care nurses, which commenced from 1 July 2023. The FWC's Stage 3 decision does not include further increases for aged care nurses at this point. However, the FWC is still considering increasing minimum award wages for all aged care nurses as part of Stage 3. The government supports increases in award wages decided by the FWC in the Aged Care Work Value Case.

Q4. How are chefs, cooks, and food services assistants treated by the Stage 3 decision?

A: Head chefs and cooks (one FTE per service) received the 15% interim increase determined by the FWC and funded by government from 1 July 2023. The FWC did not further increase award wages for these workers for Stage 3.

Award wages for food services assistants who did not receive the 15% increase will increase by between 3% and 6.96% from 1 January 2025.

Q5. Does the Aged Care Work Value Case apply to allied health employees?

A: Other aged care workers who are paid under other awards, such as allied health professionals, are not in-scope for the Aged Care Work Value Case. The FWC has initiated a Priority Awards Review to address gender undervaluation. The Health Professionals and Support Services Award, which covers many allied health workers, is in-scope for this review.

Q6: Will the wage increase apply to casual and part-time aged care workers?

A: The award wage increase applies to the weekly base salary for full-time and part-time employees. It also adjusts casual rates and allowances. More information on current rates can be found on the Fair Work Ombudsman's the [Pay and Conditions Tool](#). The Pay and Conditions Tool will be updated with the Stage 3 changes closer to commencement on 1 January 2025.

Q7. Are the Stage 3 increases the only increases in the awards or will allowances also increase?

A: The award wage increase determined by the FWC increases the weekly base salary for full-time and part-time employees. It also adjusts casual rates and allowances that scale with wages. The funding provided by the government covers the wage increase and includes provision for on-costs such as allowances.

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

A: The FWC decision will increase awards within the Fair Work system only. State governments and local councils may operate under state awards or enterprise agreements that cover more than just aged care. They may also pay their workers under the Fair Work system.

Any state and territory or local council aged care providers that delivers services in residential aged care and/or through the Home Care Packages (HCP) Program, will receive an increase in subsidies and supplements that will cover wage increases regardless of which award or agreement their workers are employed under.

As the Commonwealth Home Support Programme (CHSP) is a grant-based program, CHSP providers will have an opportunity to apply for additional funding relating to staff affected by the FWC's decision. As the increases are being phased-in over two tranches, there will be two Grant Opportunities made available on GrantConnect for the 1 January 2025 and the 1 October 2025 commencements.

There will be no change to subsidy rates for state government Multi-Purpose Service (MPS) providers.

Regional Councils delivering aged care services under the National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) Program will receive an increase to their dedicated funding based on the proportion of workforce in each eligible position, and the cost of wages as reported by providers in Service Activity Reports.

Q9. Are agency staff eligible for the wage increase?

A: Government funding does not directly fund agencies as they have financial arrangements in place with providers. Agency organisations are encouraged to speak with their providers about the award wage increases and impact to business.

The Guidance provided in relation to the Government funding sets out the expectation that providers pass on all additional funding for the benefit of workers covered by the Fair Work Commission's decision, and that providers are expected to work closely with employees and their representatives, including unions, to implement these changes in a cooperative way.

Agencies employing eligible aged care workers under the *Aged Care Award 2010*, *Nurses Award 2020* and the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award) are legally required to meet the relevant award rates.

Annual Wage Review and indexation

Q10. Will aged care workers be paid the 3.75% increase to minimum award wages (Annual Wage Review) in addition to the Stage 3 decision?

A: On 3 June 2024, the FWC announced the 2024 Annual Wage Review decision that minimum award wages will increase by 3.75%. All workers covered by the Fair Work system, including many aged care workers, will receive a 3.75% increase to the award wages.

The FWC has published the [determinations for each Award](#), which reflect the wage increases as a result of the 2024 Annual Wage Review increase. The FWC has also updated the [Pay and Conditions Tool](#) with the new award wage rates applicable from 1 July 2024. For the Stage 3 decision, [revised determinations](#) have also been published incorporating the Annual Wage Review and the Pay and Conditions Tool will be further updated closer to the 1 January 2025 commencement date.

Residential Aged Care and AN-ACC funding

Q11. Does the 2024 AN-ACC price cover the costs of the Stage 3 decision and the Annual Wage Review?

A: The AN-ACC price will increase to \$280.01 from 1 October 2024. The increase reflects 2024-25 pricing advice from the Independent Health and Aged Care Pricing Authority (IHACPA).

This increase provides funding to support residential aged care providers meet the increased costs of wages for in-scope care workers in residential aged care. This price also includes funding to support the increased costs of labour costs for all workers funded by AN-ACC.

Q12. How are ancillary workers – such as laundry hands, gardeners, and food services assistants – being funded?

A: Most ancillary workers are being funded through an increase to the Hotelling Supplement. From 20 September 2024, this supplement will increase to \$12.55 per resident per day to support providers to meet the increased costs in resulting from higher award wages in the Stage 3 decision.

Q13: Why is the Stage 3 decision being funded from 1 October 2024 when the award wages do not increase until 1 January 2025?

A: The government has committed to annual adjustments to the Australian National Aged Care Classification (AN-ACC) price effective on 1 October each year. The 1 October 2024 AN-ACC price includes an adjustment for the FWC Stage 3 decision that takes effect on 1 January 2025. This will ensure providers have sufficient funding to pass on the FWC Stage 3 wage increases on 1 January 2025, with no other price adjustments required until the FWC's decision affecting registered and enrolled nurses is finalised.

Home Care Packages (HCP)

Q14. How will the Stage 3 decision be implemented in the HCP Program?

A: To support the Stage 3 decision, the government is increasing the value of HCPs by 0.93% from 1 January 2025 and 0.44% on 1 October 2025 (subject to the passage of the proposed New Aged Care Act and the Support at Home program that is expected to replace the HCP Program on 1 July 2025). These increases will ensure providers continue to support home care workers and ensure older people continue to receive the same level of care and services.

We are developing a HCP provider fact sheet and care recipient fact sheet to explain what providers need to do, including Frequently Asked Questions.

A letter will be sent to all care recipients and their representatives to inform them of the changes associated with the Stage 3 decision.

Q15. How were the HCP daily subsidies calculated?

A: The 0.93% and 0.44% increases to the [Home Care Package subsidy rate](#) and some supplements have been calculated to fund the average expected cost for providers of paying aged care workers (both employees and subcontracted workers) at least at the increased award rates based on provider expenses on labour in 2022-23. These increases will be sufficient to ensure care recipients continue to receive the same hours of care.

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

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

Q16. What is the process for increasing prices and consent requirements?

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

A reasonable and justifiable price increase for care and services must be:

- value for money and reflect the resources it takes to provide the care or service
- clear, understandable and transparent
- in the best interests of care recipients
- in line with program requirements and legislation
- directly related to coordinating allowable care or services or purchasing goods to meet the care recipient's assessed needs and goals.

Any changes to prices must be agreed by care recipients. Where prices increase to account for the increased wages, providers must renegotiate Home Care Agreements with their care recipients and gain mutual consent. This ensures care recipients are adequately informed and understand all the changes and the terms of the proposed agreement.

Note: we do not consider a notice of changes to be discussion and mutual agreement with the care recipient. Care recipients should be given a minimum of 14 days to respond, or other timeframe as agreed in the Home Care Agreement, to proposed changes unless they are urgently required by the care recipient.

Q17. What happens if a care recipient does not agree to price increases?

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

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

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

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

Q18. Can the Home Care Package subsidy be paid in advance?

A: The Home Care Package subsidy is paid in arrears. The Home Care Package subsidy increase will take effect in the January 2025 claim. As per standard claiming arrangements, the provider can lodge the January claim from February 2025. There are no administrative or legal provisions to pay a subsidy in advance.

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

Q19. Are all HCP workers eligible for the wage increase, even managers, care and administrative staff?

A: The FWC decision applies to the SCHADS Award Schedule E (moving to a new Schedule F from 1 January 2025) for aged care home care workers. This means all aged care home care workers employed under SCHADS Award Schedule E are in scope, including care coordinators, supervisors and administrative workers.

Commonwealth Home Support Programme (CHSP)

Q20. Will the CHSP be extended?

A: The CHSP grants were extended from 1 July 2024 to 30 June 2025.

In the May 2024 Budget, the CHSP was further extended until at least 30 June 2027 to have a staged approach to the implementation of the Support At Home program. The department is currently planning the 2025-27 CHSP contract and will be in contact with CHSP providers in the coming month.

Q21. How will the wage increase be implemented in the CHSP?

A: CHSP providers will be able to apply for grant opportunities to receive the level of funding to cover increased award wages and leave liabilities for in-scope workers. We will provide further information when the grant opportunities open later in 2024 and during 2025. CHSP providers are also encouraged to register with [GrantConnect](#) to receive a notification when the grant opportunity opens.

Q22. Will the grant cover an increase in subcontracting costs arising from the FWC decision?

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

Multi-Purpose Service (MPS) program

Q23. How will the Stage 3 decision be implemented in the MPS Program?

A: Non-state government MPS providers will receive an increase in subsidy payments from 1 January 2025, with the Aged Care Workers Supplement that they already receive to increase by 3.24% in 2024-25 and a further 2.45% in 2025-26.

Q24. What do these subsidy increases take into account?

A: These increases reflect revised award rates that will take effect from 1 January 2025 for many aged care workers, including personal care workers, home care workers, and first time increases for ancillary staff including, for example, laundry workers and food services assistants.

Q25. What about MPS providers?

A: Subsidy rates for other MPS providers will not be impacted. This is because the FWC's decision will increase the minimum award wages within the Aged Care and SCHADS awards as part of the federal system only. Workers who are employed under arrangements outside the Aged Care and SCHADS awards are out of scope for these increases.

National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) Program

Q26. How will the Stage 3 decision be implemented for the NATSIFAC Program?

A: NATSIFAC providers will receive an increase in grant funding from 1 January 2025 – to accommodate the Stage 3 decision. Additional grant funding will be provided through variations to existing multi-year agreements that facilitate delivery of culturally safe aged care services to older Aboriginal and Torres Strait Islander people.

Q27. What do these funding increases take into account?

A: This proposed increase will support increased award wages for direct care workers (personal care workers, assistants in nursing and recreational activities officers), and ancillary care workers (for example, laundry hands, cleaners, gardeners and food service assistants). Increases for each funded organisation were determined taking into account the proportion of workforce in each eligible position, and the cost of wages as reported by providers in Service Activity Reports.

Indigenous Employment Initiative

Q28. How will the Stage 3 decision be implemented for the Indigenous Employment Initiative (IEI)?

A: IEI grantees will receive an increase in grant funding from 1 January 2025 – to accommodate the Stage 3 decision. Additional grant funding will be provided through variations to the 2024-25 – 2025-26 grant agreements.

Leave liabilities

Q29. How will the increase to the existing annual leave and liabilities be funded?

A: A grant program is being established in recognition of the increased value of accrued leave liabilities resulting from the Stage 3 decision. This grant will include two rounds to align with each phase of the Stage 3 increase. Providers can apply for a proportion of the increased leave liabilities for in-scope workers covered by the

Stage 3 decision. This includes personal care workers, assistants in nursing, home care workers, recreational activities officers, and ancillary workers including administration staff, drivers, maintenance staff, gardeners, laundry hands, cleaners, and food services assistants.

The grant opportunity will be funded in the following way:

- 25% for residential aged care providers and
- 50% for all other eligible providers.

In-scope Multi-Purpose Services providers will receive their leave liabilities funding through existing funding agreements and are not eligible for this grant.

The grant funding can be used to offset the increased cost of historical leave liabilities accrued before 1 January 2025 for round 1 and before 1 October 2025 for round 2. These liabilities relate to long service, recreation leave, and personal leave (that presents as a liability on a provider's balance sheet).

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

Q30: Why are residential aged care providers being funded for 25% of the increased costs?

A: Residential aged care providers will be eligible to apply for 25% of the increased costs in historical leave liabilities. The residential aged care funding model (AN-ACC) funds providers to deliver care to residents. The AN-ACC price incorporates the cost of labour that provides sufficient funding for wages and on-costs including leave.

For Stage 3, the Independent Health and Aged Care Pricing Authority's (IHACPA) pricing advice indexes the labour costs reported in the Aged Care Financial Report (ACFR) to determine funding for wages and on-costs.

The government has still decided to fund a proportion of these increased costs in leave liabilities to ensure all residential aged care providers have sufficient funding to support their workers to take leave.

When calculating the AN-ACC price IHACPA used the labour costs as reported in the ACFR. The labour costs include leave provisions. When adjusting for Stage 3 and the Annual Wage Review, IHACPA applied those wage adjustments to the total labour cost which captures both wages and leave. This methodology was used for both the care staff funded through the AN-ACC price and the hotelling staff funded through the Hotelling Supplement.

Q31: How do eligible Department of Veterans' Affairs providers apply for the leave liabilities grant?

A: If you are a DVA provider for either the Veterans' Home Care (VHC) or Community Nursing (CN) programs and are also a registered Aged Care provider, you will need to apply for leave liability funding through the Department of Health and Aged Care.

DVA will manage the funding for historical leave liabilities if you are a DVA provider for either the Veterans' Home Care (VHC) or Community Nursing (CN) programs and are not a registered Aged Care provider. Information about how to apply for the leave liability funding and what evidence will be required to support your application will be made available in the near future.

Accountability

Q32. What accountability measures will be implemented to ensure aged care providers pass on funding to workers?

A: Aged care providers are legally required to pay workers at least the minimum award wage under the relevant awards. Residential aged care and HCP providers reporting hourly wages below the national minimum award rates will be referred to the Fair Work Ombudsman.

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

Q33: How will transparency measures ensure employers pass on the full amount of Government funding to workers?

A: We will closely monitor providers' expenditure on labour costs and reporting of hourly wage rates. This monitoring will allow us to identify trends in this spending over time to ensure aged care providers pass on all the funding provided for higher worker wages.

Providers of residential aged care and HCPs will need to attest in the Quarterly Financial Report that all funding for wages is passed to workers. The department publishes this information in a quarterly [aged care wages attestation report](#) on the Department's website. Providers are required by law to provide accurate information to the department.

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

CHSP and NATSIFAC providers will be required to pass on grant funding applied for under the Fair Work Commission's Stage 3 under the conditions of the funding arrangements to affected staff. Private MPS provider who received an increase in subsidy payments to reflect the Fair Work Commission's Stage 3 decision will be expected to pass this on to relevant workers.

Q34. Why aren't you asking state governments or local councils to attest?

A: Given the complexity of industrial arrangements under which state and territory governments and local councils operate, we are not asking them to attest. As with other providers, we will analyse their expenditure on wages over time and work with

our state and territory counterparts to ensure additional funding is being passed onto workers.