

CIRCULAR: GEN/179/NAT/179/23
DATE: 5 May 2023
SUBJECT: Aged Care Award Increase
ATTENTION: Chief Executive Officer

The Federal Government has announced that in next week's Budget it will commit \$11.3 billion over 4 years to fund the Fair Work Commission's work value decision - aged care.

Context

On 21 February 2023 a Full Bench of the FWC issued a decision to vary the *Aged Care Award 2010* (Aged Care Award), *Nurses Award 2020* (Nurses Award) and *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award) to provide an interim increase of 15 per cent to modern award minimum wages for the following employees:

- direct care workers, including:
 - personal care workers and recreation/lifestyle activities officers under the Aged Care Award;
 - nursing assistants, enrolled nurses, registered nurses and nurse practitioners working in aged care under the Nurses Award;
 - home care workers working in aged care under the SCHADS Award;
- Head Chefs/Cooks under the Aged Care Award; and
- Recreational Activities Officers/Lifestyle Officers under the Aged Care Award.

The increases will take effect from 30 June 2023.

Announcement

Yesterday, Aged Care Minister Anika Wells and Treasurer Jim Chalmers announced the \$11.3 billion budget investment, committing to fund the 15% award increases.

That amount, stated to be over the \$8 billion costing, intends to cover "on costs" such as leave and superannuation entitlements.

According to the Government, the increase will benefit over 250,000 workers. Minister Wells stated,

This record \$11.3 billion investment is a historic and deserved pay rise for a workforce undervalued for far too long...

This wage decision will help more women and families to make ends meet, and ensure that quality aged care workers are less likely to contemplate leaving the sector because of pay concerns.

We are ambitious for aged care and the Albanese Government's funding will help restore dignity to older people, just as the Royal Commission asked us to.

Obligations

After a period of consultation and round-table meetings, the Government has determined that funding will be paid directly to the employers without an express obligation to pass the money on to employees.

Unions in the aged care industry have cautioned that without a legal obligation for providers to pass on the pay rise, those aged care workers who are covered by an enterprise agreement rather than an award, might not receive the pay increase as intended.

However, the Government has announced that as of 1 January 2024 a schedule will be published setting out the amounts providers are paying their employees, based on their quarterly financial reports.

In response to questions about the funding arrangements, Minister Wells stated.

There are plenty providers out there who have already pledged to pass on the full amount to workers whether they are on the award or above on the EBA. And I absolutely welcome that. And what we have done is created a schedule with providers and with unions so that any aged care worker in this country will be able to look up what they should be getting by way of pay rise and to make sure that they do get it in discussion with their employer and with their union. ...

The legal obligation comes with the award, and it is the law to now pay 15% above the award. Beyond that for people who are paid on things like the EBA there is the public pressure of the transparency of this information being provided as of 1 January.

It is anticipated that additional details will be included in next week's budget, and SIAG will publish further information as it becomes available.

If you have any questions or if you require further information, please contact the SIAG National Advisory Service on 03 9644 1400 or 1300 (SIAG HR) / 1300 742 447.



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