

SCHADS Classification Structure and Pay Rates

Mental Health Coordinating Council

Submission to the Fair Work Commission

September 2025



Mental Health Coordinating Council

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INTRODUCTION

Mental Health Coordinating Council

[Mental Health Coordinating Council \(MHCC\)](#) is the peak body largely for community-managed mental health organisations (CMOs) in NSW and is a Registered Training Organisation (RTO). Our purpose is to promote a strong and sustainable community-managed mental health sector with the investment, resources, and workforce it needs to provide effective psychosocial, health and wellbeing programs and services to the people of NSW.

MHCC provides leadership for the sector promoting policy and legislative reform, and systemic change. We design and develop resources to assist community-based organisations build its workforce capacity to deliver quality services informed by a human rights-based, trauma-informed, recovery-oriented practice approach.

MHCC's RTO delivers accredited and non-accredited programs, that support organisations and individuals to deliver high quality mental health and related psychosocial and rehabilitation services. We also deliver training and professional development more broadly across human service sectors including housing and homelessness, alcohol and other drugs and disability.

Background

The Fair Work Commission (FWC) [Statement \[2025\] FWCFB 146](#) contains provisional views regarding variations to several modern awards, including the Social, Community, Home Care and Disability Services Industry Award (SCHADS Award), as part of a broader review into gender-based undervaluation.

The FWC confirmed in its Statement [2025] FWCFB 146:

- Its provisional decision to consolidate SCHADS classifications into a unified structure.
- The new structure would be based on a Certificate III “Caring Skills” benchmark, similar to the Aged Care Award.
- The Commission acknowledged that this could lead to pay rate changes and reclassification of roles and invited further submissions to refine the approach.

Key points:

- The Commission has expressed provisional views on how awards might be varied to address gender-based undervaluation, including proposed changes to classification structures and pay rates.
- These views are subject to further hearings, where interested parties can respond, propose alternatives, and make submissions about implementation details like operative dates and phasing-in of wage increases.
- Further hearings are scheduled for October and November 2025 to finalise the variations.
- In some cases, draft award variation determinations have been prepared to guide discussions, but we understand that these are not binding and are part of the consultative process.



Statement FWCFB 146 outlines significant proposed changes, and states that it remains provisional until the Commission completes its review and issues final determinations. Nevertheless, the FWC have already said they will not countenance a delay to the process. In MHCC's view, this decision to press ahead with SCHADS being aligned to the Aged Care classification, is likely to lead to significant disruption in the sector including but not limited to a mass exodus from the sector as we have seen with the significant psychiatrist resignations in NSW.

The Australian Services Union has done an analysis of current employees and found anywhere between 28-78% of SCHADS employees will see a decrease in wages, depending on the model of implementation that the FWC proceeds with.

The FWC proposes that existing employees can maintain existing arrangements. However, this creates a two-tiered workforce (existing vs new starters on new arrangements), which creates significant administrative burden for services, and penalises existing employees if they move to a role or new service as they would have to give up old arrangements and be employed under new, lower pay rates.

General comment

Despite the fact that the classifications have not been finalised, MHCC and its members are concerned that in fact the decision has been made to realign the SCHADS to the Age Care Sector Award. We strongly oppose the changes proposed and cannot countenance a situation where reduced rates will require us to either have to pay above the award or put people in higher categories to maintain the same levels of pay. In our view, this will render the changes proposed pointless.

It is very unwieldy to operate two systems of pay where one employee recently employed is in a same role as another but employed at a lower rate of pay. The danger is also that the funders will adopt new rates of pay and organisations will have to resort in cutbacks and reduced service delivery.

This process has demonstrated a complete lack of understanding about the different skills and expertise in the two sectors. It has shown a lack of respect for the community services workforce in its poor appreciation of the capabilities demonstrated in the sector, gained through experience, demonstrated in evidence of good outcomes for service users. This poor understanding will particularly impact the peer workforce.

The review was intended to correct 'gender undervaluing' of the mainly female workforce, however, what is now proposed flies against original reform aims. Whilst the NSW Government has committed to sector sustainability by implementing the Portable Long Service Leave Scheme and Secure Jobs Funding Certainty, the Commission's proposals undermine those commitments.

Aligning the SCHADS Award with the Aged Care Award will have several negative outcomes, particularly for workers and service providers in the community services sector.

Based on recent Fair Work Commission reviews and feedback from MHCC Members, the key concerns are:

1. Potential Pay Reductions for Some Roles

- MHCC are concerned that the proposed alignment involves replacing SCHADS' five separate classification structures with a single, simplified structure based on the "Caring Skills" benchmark used in the Aged Care Award.

- The pay rates proposed (i.e., the aged care rates) on balance are lower than the SCHADS rates. While the proposal may represent a pay increase for the aged care sector, it does not represent an increase for employees covered under the SCHADS Award.
- The pay rates currently applying to Schedule B and C of the Award are protected by an Equal Remuneration Order (ERO) set down in 2012. This ERO mandated equal pay, and that has been included in Commonwealth Government funding received by NSW Government, since that date. Priority must be given to protecting equal pay rates.
- No positions should be paid less as an outcome of these proceedings, regardless of any grandfathering provisions that may be imposed in transition arrangements.
- [VCOSS \(Analysis of the SCHADS Award Review\)](#) warns this could reduce pay rates for many roles, especially those currently classified under higher-paying SCHADS schedules.
- These risks entrenching undervaluation of community services work and could leave workers financially worse off.
- Challenges will also arise in relation to role-specific recognition, recruitment and retention, and operational disruption for service providers.

2. Loss of Role-Specific Recognition

- SCHADS currently accommodates a diverse range of roles (e.g., social workers, youth workers, psychologists, disability support workers, peer workers) with tailored classifications.
- A simplified structure may fail to reflect the complexity, diversity, and qualifications required for these roles.
- This could lead to misclassification and undervaluation of specialist skills and responsibilities.
- There is also concern about the title of 'professional' being assigned only to those with higher classifications who are more likely to have tertiary qualifications. Just because an employee does not have a tertiary qualification does not make them less 'professional'.

3. Recruitment and Retention Challenges

- Lower pay and reduced recognition of qualifications may make the sector less attractive to skilled professionals.
- This could exacerbate existing workforce shortages, especially in high-demand areas like disability and youth services.
- Please see Appendix A (p.5) for further details on this section

4. Operational and Funding Impacts

- Service providers may face funding gaps if government subsidies do not keep pace with wage changes.
- The shift could disrupt service delivery models, especially for organisations employing staff across both aged care and disability sectors.
- Providers may need to restructure employment contracts, retrain staff, and revise budgets, all of which carry administrative and financial burdens.
- Providers are concerned as to the calibre of staff that would be attracted with a reduction in industry rates of pay. They could potentially be less qualified and less experienced. This might well present further difficulties in recruiting and retaining staff and maintaining the services of qualified, skilled and capable staff.
- Elimination of automatic annual pay-point progression, within a Level classification, could impact career progression and wage growth for workers. It will also impact on workforce stability exacerbating heightened retention issues of experienced staff, as workers choose to opt for higher-paying roles elsewhere.

5. Risk of Oversimplification

- The Fair Work Commission aims to make classification more “compliance practicable,” but this could lead to oversimplified job descriptions that don’t capture the full scope of work.
- This may affect career progression, professional development, and recognition of lived experience or informal qualifications.
- National Disability Services (NDS) the peak for disability service providers, has expressed concern about the impact on disability and community services, especially where roles are more complex than those in aged care.
- NDS is likewise advocating for transitional arrangements and sector-specific consultation.

MHCC’s submission reflects similar concerns expressed by our colleagues from other organisations working across the community services sector. We are sure that Fair Work Commission will take notice of this unified voice and give much consideration to the sector’s views in making their decision moving forward.

We thank the Fair Work Commission for the opportunity to provide a second submission to the consultation process and express our willingness to be contacted on this matter.

For further information about this submission, please contact

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5 September 2025

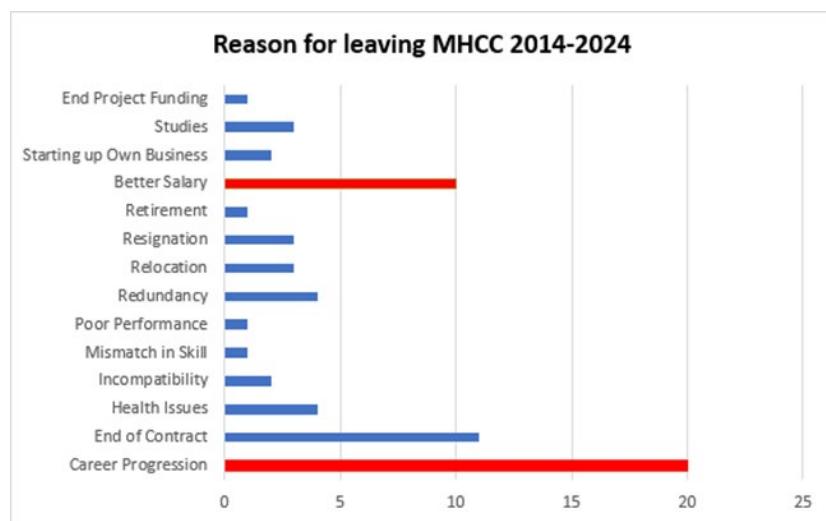
APPENDIX A

Workforce attraction and retention

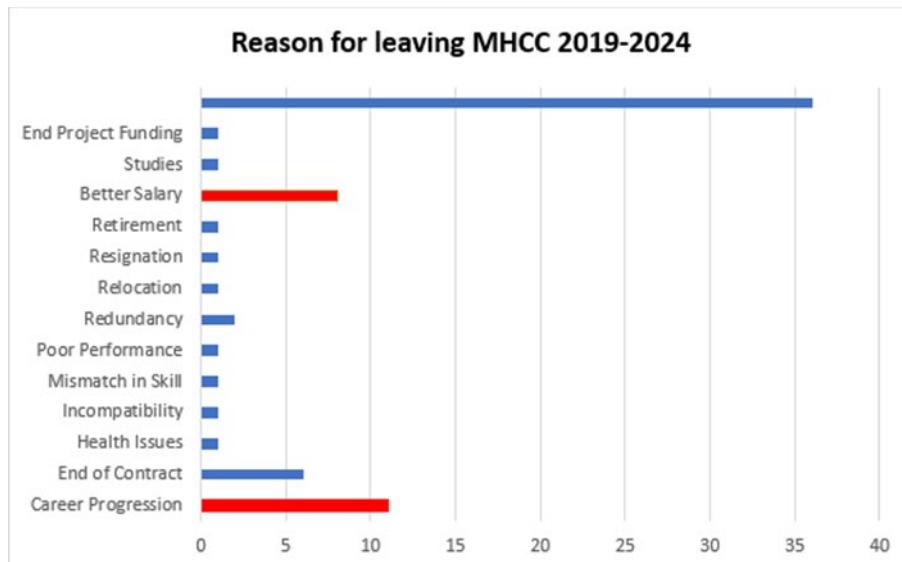
Workforce shortages

MHCC/SECTOR: Salaries at MHCC or in the sector more broadly, are often lower than offered by government or the private sector for comparable roles; making it difficult to remain competitive. Consequently, staff often join MHCC or the broader sector to gain experience and upskill, before moving on to better-paying positions within government or the private sector.

MHCC: Internal data from 2014 to 2024 shows that career advancement (30%) and improved salary in new roles (15%) have been the primary drivers behind staff departures from MHCC over the past decade.



Over the past 5 years.



Career progression accounts for 31% of voluntary staff resignations, while the pursuit of higher salaries in new roles contributes to 22% of these departures.

MHCC's [Workforce Profile Report](#) reports on CMO sector data and which has been collected over 6 years:

Perspectives on current workforce adequacy Just over half (58%) of respondent organisations (n=43) indicated they have had vacant direct care mental health positions in the past six months, a similar figure to 2021. Of these, 15, or 34.9%, reported experiencing 'difficult to fill' positions. These positions were reported at a total of 152 difficult to fill positions, which provides a medium-term vacancy rate estimate of 4.6% (based on the estimated workforce size).

This finding is similar to the 2019 and 2021 Workforce Survey results but does not suggest there is a significant current recruitment difficulty for workforce in the CMO mental health sector. The most difficult to fill vacancies ('very or extremely difficult to fill'), even if they are comparatively small in number, are for psychiatrists (83.3% of such vacancies) followed by psychologists and counsellors (46.7% of such vacancies). Vacancies for Peer workers, Carer peer workers, and Mental health support or rehabilitation workers are generally not difficult or only moderately difficult to fill (Table 7).

Table 7: Proportion of CMOs employing mental health worker types reporting difficulty filling positions by level of difficulty*

Role	Not or only somewhat difficult	Moderately difficult	Very or extremely difficult
Peer worker	50%	50%	0
Carer peer worker	55.6%	44.4%	0
Mental health support or rehabilitation worker	57.1%	35.7%	7.1%
Support coordinator	40%	20%	40%
Psychiatrist & other medical practitioner	0	16.7%	83.3%
Psychologist or counsellor	26.7%	26.7%	46.7%
Allied health professional	9.1%	54.5%	36.4%

*Note that the proportions only apply to CMOs employing the worker category type.

Of those CMOs experiencing recruitment difficulties (n = 24) the main reasons they perceived were:

- Insufficient workers with relevant qualifications - 45.8%
- Insufficient workers with appropriate professional association membership - 25%
- Difficult to attract workers to the CMO mental health sector – 33.3%
- Difficult to attract workers to rural, regional and remote areas – 50%
- Can only offer short term contracts – 29.2%
- Unable to offer competitive salaries – 45.8%

Future workforce needs: Many organisations have recognised a pressing need for a future workforce characterised by an elevated skill set and a greater headcount. This anticipated surge in demand for high-skill professionals may further intensify the recruitment challenges already pinpointed. As organisations brace themselves for this shift, they are gearing up to confront not only the growing need for specialised talent but also the hurdles associated with securing and retaining these skilled individuals.

Driving demand: From the sector's perspective, the increasing need for a growing workforce will be driven primarily by two factors, the mental health reform agenda at national and state level and the impact of Primary Health Network's commissioning of mental health services. Mental health community organisations identified the National Disability Insurance Scheme (NDIS) environment as an ongoing influence in the future on workforce demand but suggest it will diminish as the NDIS becomes more established.

In response to the ever-evolving demands of the mental health workforce, organisations in the community sector have been strategically pivoting towards workforce solutions that not only address retention concerns but also embrace a broader spectrum of trends shaping the future of work. These solutions encompass initiatives aimed at fostering a more inclusive and diverse workforce, enhancing employee well-being and adapting to the growing prevalence of remote and flexible work arrangements. By aligning their strategies with these emerging trends, organisations are better positioned to not only retain their valuable talent but also thrive in an ever-changing professional landscape.

Retaining staff

The sector already experiences great difficulty in retaining good staff. Pay and conditions are critical in ensuring particularly that, young people remain in the sector. The sector has worked hard to create a culture and flexibility to attract and retain staff, but at the end of the day, people will consider their lifestyle and may well opt to take a less attractive job because the remuneration is more attractive.

Attracting and retaining staff in the social and community services sector in Australia requires a multifaceted approach that addresses both intrinsic and extrinsic motivators. Here are key strategies drawn from MHCC and the CMO sector more broadly:

- Clear employee value proposition (specialisation, visible impact and positive culture).
- Flexibility and work-life balance (remote/hybrid work arrangements, TOIL, Flexitime, MHCC quarterly wellbeing days, flexible hours, intrinsic support for family or carer related needs).
- Investing in professional development – although this is often restricted due to limited funding from government.
- Focus on recruitment and onboarding.
- Staff recognition and empowerment.



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