Stage 4

Interaction with the Worker Retention Payment, enterprise agreements and IFAs

1. How the WRP interacts with Award increases in practice

The Worker Retention Payment Guidelines provide that Award wage increases arising from the Gender Undervaluation Decision may be **absorbed into the WRP-funded component of pay**, up to the value of the WRP.

As a result, for many services:

- employees may already be paid above the new Award minimum rates, and
- the initial staged Award increases from March 2026 may not require immediate changes to current rates of pay.

This does **not** remove the obligation to:

- monitor Award minimum rates as they increase through the phased implementation period, and
- ensure that pay does not fall below the applicable Award minimum rate at any stage.

The Award minimum rate continues to operate as the **statutory floor** at all times.

Who this is for:

Approved Providers, Directors, HR managers

What this fact sheet is for:

To explain how the Gender Undervaluation Decision interacts with the Worker Retention Payment (WRP), enterprise agreements, and Individual Flexibility Arrangements (IFAs).

2. Interaction with the Worker Retention Payment (WRP)

The Gender Undervaluation Decision operates **independently** of the Worker Retention Payment.

The WRP:

- is a Commonwealth funding measure, and
- does not change an employer's legal obligations under the Children's Services Award.

The Award continues to set **minimum rates of pay**.

Key points for services

- The Award continues to set minimum rates of pay.
- The WRP does **not** replace or override Award minimums.
- Employees receiving the WRP may still be:
  - above the new Award minimum rates, or
  - below the new Award minimum rates.

Where an employee's rate of pay (including any WRP-related increase) is **below** the applicable new Award minimum rate, the employer must increase pay to at least the minimum rate.

Where an employee's rate of pay is **already at or above (including any WRP-related increase)** the new Award minimum rate, **no adjustment is required at that time.**

3. Interaction with enterprise agreements

The Gender Undervaluation Decision does **not** amend enterprise agreements.

However, under section 206 of the Fair Work Act:

- employees covered by an enterprise agreement must not be paid less than the applicable Award minimum rate.

What this means in practice

- If an enterprise agreement base rate falls below the relevant Award minimum rate at any point during the phased increases, the Award minimum applies automatically.
- If the enterprise agreement rate remains above the Award minimum, the agreement rate continues to apply.
- Existing classification structures under existing agreements continue to apply.

Many enterprise agreements in the sector include provisions that allow Award wage increases arising from the Gender Undervaluation Decision to be absorbed into the WRP component of pay.

Services covered by enterprise agreements should:

- review agreement rates against Award minimums from 1 March 2026, and
- continue to monitor compliance as Award minimum rates increase over time.

4. Interaction with Individual Flexibility Arrangements (IFAs)

Individual Flexibility Arrangements continue to operate under the existing Award rules.

However, an IFA:

- **must leave the employee better off overall** than under the Award, and
- **cannot result in pay falling below** the applicable Award minimum rate.

Following the Gender Undervaluation Decision:

- IFAs must be assessed against the **new minimum rates**, not the previous rates.
- Any IFA that results in pay falling below the new minimum rate at any point will need to be **reviewed**.

5. No change to Award coverage

The Gender Undervaluation Decision applies to:

- employees covered by the Children's Services Award, and
- roles that directly involve the care and education of children.

It does **not** apply to:

- support workers (e.g. administration, cleaners) under the Children's Services Award,
- teachers covered by the Educational Services (Teachers) Award 2020, or
- employees covered by other Awards relevant to the ECEC sector, including the Educational Services (General) Award and the Local Government Award.



Further support

For further advice, guidance materials and updates, members are encouraged to contact the Workplace Relations Team on **1300 346 818**, adminWRT@cela.org.au or adminWRS@itav.org.au

This fact sheet is provided for general information purposes only and is intended to support understanding of the Fair Work Commission's Gender Undervaluation Decision. It does not constitute legal advice. Services should seek independent advice where required.

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