

## **EXPLANATORY STATEMENT**

### ***AGED CARE ACT 1997***

#### **SECTION 44-3**

#### **DETERMINATION OF RATES OF FINANCIAL ASSISTANCE (ACA Ch. 3 No. 6/2007)**

##### **BASIC SUBSIDY AMOUNTS**

Subsection 44-3(2) of the *Aged Care Act 1997* provides that the Minister may determine in writing the basic subsidy amounts per bed day for residential care recipients. Subsection 44-3(3) of the Act provides that the Minister may determine different amounts, including nil amounts, based on any of the paragraphs in the subsection.

Section 1 of this determination sets the basic subsidy amounts for receipt of residential care (including respite care) with effect from 1 July 2007

Section 2 of this determination sets the basic subsidy to be paid for respite care in cases where the maximum number of days on which the care recipient may have been provided with residential care as respite care during a relevant financial year has been reached. (The maximum number of days is set out in section 21.18 of the *Residential Care Subsidy Principles 1997*.) Section 2 sets the amount of the basic subsidy in that case to nil (\$0.00).

Section 3 of this determination sets the basic subsidy to be paid for respite care in cases where residential care services provide a greater proportion of care to recipients of respite care than that specified in the conditions attached to the allocation of places to the approved provider of the residential care service. It sets the amount of the basic subsidy in that case to nil (\$0.00).

Section 4 of this determination sets the basic subsidy to be paid for receipt of residential care where an approved provider submits an appraisal or reappraisal of the care needs of a resident outside the time limit specified in the Act.

All residential care subsidy rates are indexed on 1 July each year. The index incorporates movements in wage costs and non-wage costs. The wage costs component is calculated using the annualised dollar figure of the October 2006 Federal Minimum Wage decision of the Australian Fair Pay Commission expressed as a proportion of the (latest available) Average Weekly Ordinary Time Earnings at the time of the AFPC decision. The non-wage costs index is based on the Consumer Price Index exclusive of the impact of A New Tax System consistent with a whole of government decision.

##### **Consultation**

As the indexation of this subsidy uses a well established formula for indexation, no specific consultation with industry was undertaken with respect to this instrument.