

## **EXPLANATORY STATEMENT**

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

#### **SECTION 44-6**

#### **DETERMINATION OF RATES OF FINANCIAL ASSISTANCE (ACA Ch. 3 No. 7/2007)**

#### **CONCESSIONAL RESIDENT SUPPLEMENT**

Subsection 44-6(4) of the *Aged Care Act 1997* (the Act) provides that the Minister may determine in writing the amount of the concessional resident supplement.

The concessional resident supplement is an additional daily amount that is paid to services for each concessional resident and assisted resident occupying a place in the service.

A concessional resident is a person who is considered unable to afford to pay an accommodation bond or an accommodation charge and meets the requirements of section 44-7 of the Act. An assisted resident is a person who can only afford to pay a small accommodation bond or a small accommodation charge and meets the requirements of section 44-8 of the Act. Providers are required to set aside a certain number of places for such residents.

This determination sets the concessional resident supplement rates, including the concessional resident rate for assisted residents under subsection 44-6(6), with effect from 1 July 2007.

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