

## EXPLANATORY STATEMENT

Issued by the authority of the Minister for Ageing

*Aged Care Act 1997*

*Aged Care (Payroll Tax Supplement) Amendment Determination 2008 (No.1)*

The Minister for Ageing makes this Determination under subsection 44-16(3) of the *Aged Care Act 1997* (the Act). The name of this determination is the *Aged Care (Payroll Tax Supplement) Amendment Determination 2008 (No.1)* (the Amending Determination) which amends the *Aged Care (Payroll Tax Supplement) Determination 2001* (the Determination).

### Background

In the 2004 Budget, measures were announced to implement a new funding model for residential aged care with a reduced number of funding categories for personal care. The funding model is also designed to better target funding towards the care of care recipients with challenging behaviours related to dementia and complex nursing and health care needs including palliative care.

To initiate these changes the Aged Care Funding Instrument (ACFI) will replace the Resident Classification Scale (RCS) as the means of allocating basic subsidy to providers of residential aged care.

The purpose of the Amending Determination is to include ACFI classifications in the methodology for calculating the payroll tax supplement. Other amendments have been included to improve the readability and clarity of the determination, these amendments do not change the substance or operation of the provisions being amended.

### Consultation

The Department of Health and Ageing has worked closely with a Reference Group to advise on the development of the new funding model. Members of this reference group include peak industry bodies, consumer bodies, the Aged Care Standards and Accreditation Agency and the Australian Nursing Federation.

## NOTES ON CLAUSES

**Section 1** states that the name of the Determination is the *Aged Care (Payroll Tax Supplement) Amendment Determination 2008 (No.1)*.

**Section 2** states that the determination commences on the commencement of Schedule 1 to the *Aged Care Amendment (Residential Care) Act 2007*.

**Section 3** states that Schedule 1 amends the *Aged Care (Payroll Tax Supplement) Determination 2001*.

## Schedule 1 Amendments

### Item 1

This item inserts a new definition ‘ACFI classification’ into section 3 of the Determination before the definition of ‘Act’.

**ACFI classification** – means a classification, or renewal of a classification, of a care recipient under the Act and the *Classification Principles 1997* as in force on or after the commencement of the *Aged Care (Payroll Tax Supplement) Amendment Determination 2008 (No. 1)*.

### Item 2

This item omits the definition ‘care recipient’ from section 3 of the Determination.

### Item 3

This item substitutes the definitions of ‘direct provider’ and ‘indirect provider’ in section 3 of the Determination.

**direct provider** means an approved provider that is taken, under subsection 6 (2), to have a direct payroll tax liability.

**indirect provider** means an approved provider that is taken, under subsection 7 (2), to have an indirect payroll tax liability.

### Item 4

This item inserts two new definitions, ‘RCS classification’ and ‘relevant care recipient’ into section 3 of the Determination after the definition of ‘Principles’.

**RCS classification** – means a classification, or renewal of a classification, of a care recipient made under the Act and the *Classification Principles 1997* as in force immediately before the commencement of the *Aged Care (Payroll Tax Supplement) Amendment Determination 2008 (No. 1)*.

**relevant care recipient** – means a care recipient in respect of whom an approval is in effect under Part 2.3 of the Act as a recipient of residential care, other than a care recipient classified at:

- (a) for a care recipient with an RCS classification – classification level 8; or
- (b) for a care recipient with an ACFI classification – the lowest applicable classification level.

### Item 5

This item inserts a new reference in Section 3 of the Determination to the expression ‘lowest applicable classification level’ which is defined in the Act.

### Item 6

This item omits ‘care recipients’ and inserts ‘relevant care recipients’ in section 5 of the Determination.

**Item 7**

This item omits ‘(direct provider)’ from subsection 6 (1) of the Determination to improve the clarity of this subsection.

**Item 8**

This item omits ‘be a direct provider’ and inserts ‘have a direct payroll tax liability’ into subsection 6 (2) of the Determination to improve the clarity of this subsection.

**Item 9**

This item omits ‘(indirect provider)’ from subsection 7 (1) of the Determination to improve the clarity of this subsection.

**Item 10**

This item omits ‘be an indirect provider’ and inserts ‘have an indirect payroll tax liability’ into subsection 7 (2) of the Determination to improve the clarity of this subsection.

**Item 11**

This item omits ‘care recipients’ and inserts ‘relevant care recipients’ in section 9 of the Determination to give a specific reference to the new definition inserted by Item 4.

**Item 12**

This item omits ‘residential care calculator’ and inserts ‘residential care subsidy calculator’ in section 10 of the Determination to include the precise reference used for this term in the Act.

**Item 13**

This item omits ‘approved’ and inserts ‘relevant’ in subsection 13 (1) of the Determination to reflect the new definition of *relevant care recipients* inserted by Item 4.

**Item 14**

This item omits ‘care recipients, other than a care recipient mentioned in subsection (3),’ and inserts ‘relevant care recipients’ into subsection 13 (2) of the Determination to give a specific reference to the new definition inserted by Item 4.

**Item 15**

This item omits subsection 13 (3) from the Determination as it is now redundant due to changes made in Item 14.

**Item 16**

This item omits ‘care recipient’ and inserts ‘relevant care recipient’ in section 14 of the Determination to give a specific reference to the new definition inserted by Item 4.

**Item 17**

This item omits ‘residential care calculator’ and inserts ‘residential care subsidy calculator’ in section 15 of the Determination to include the precise reference used for this term in the Act.

**Item 18**

This item omits ‘approved’ and inserts ‘relevant’ in subsection 17 (1) of the Determination to reflect the new definition of *relevant care recipients* inserted by Item 4.

**Item 19**

This item omits ‘care recipients, other than a care recipient mentioned in subsection (3),’ and inserts ‘relevant care recipients’ into subsection 17 (2) of the Determination to give a specific reference to the new definition inserted by Item 4.

**Item 20**

This item omits subsection 17 (3) from the Determination as it is now redundant due to changes made in Item 19.