

## **EXPLANATORY STATEMENT**

**Issued by the authority of the Minister for Mental Health and Ageing**

***Aged Care Act 1997***

***Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services)  
Determination 2012 (No. 1)***

The *Aged Care Act 1997* (the Act) provides for the regulation and funding of aged care services. Persons who are approved under the Act to provide flexible aged care services can be eligible to receive flexible care subsidy payments in respect of the care they provide to care recipients.

Multi-purpose Services are a form of flexible aged care under the Act. A Multi-purpose Service (MPS) provides integrated health and aged care services for small rural and remote communities. This allows services to exist in regions that could not support stand-alone hospitals or aged care homes.

Subsection 52-1(1) of the Act provides that the Minister for Ageing may determine, by legislative instrument, the amount of the flexible care subsidy or a method that must be used to work out the amount of flexible care subsidy.

The purpose of the *Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services) Determination 2012 (No. 1)* (the Determination) is to specify the method for working out the amount of flexible care subsidy payable for a day to an MPS, with rates effective from 1 July 2012. This Determination also revokes *Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services) Determination 2011 (No. 1)*.

The difference between the Determinations is that the daily amount of flexible care subsidy payable for an MPS has been increased in accordance with a well established formula based on the Consumer Price Index as a measure of the non-labour costs of providers, and the minimum wage decisions of Fair Work Australia as a measure of the non-productivity based movements in the wage costs of providers. In addition, the *Aged Care (Amount of Flexible Care Subsidy - Multi-Purpose Services) Determination 2012 (No. 1)* corrects a rounding error in the calculation of the residential low care rate of MPS subsidy that benefited providers during 2011-12.

The total amount of flexible care subsidy payable to an MPS for a day comprises the amount payable for a day in respect of the MPS's high, low and community care places, and the respite supplement equivalent amount.

The amount of subsidy payable to an MPS for high or low care places is based on:

- a basic subsidy equivalent amount
- a concessional resident equivalent amount
- a viability supplement equivalent amount
- for high care places only, an adjusted subsidy reduction amount (where appropriate).

The amount of subsidy payable to MPS for community care places is based on an additional daily amount if the MPS is in a rural or remote location, provided that location has an Accessibility/Remoteness Index of Australia (ARIA) score of 3.52 or more. The additional daily amount increases as the ARIA score (the measure of the accessibility and remoteness of the geographical location at which the care recipient resides) increases.

Under the ARIA, each suburb and town in Australia is allocated an ARIA score based on its accessibility and remoteness. ARIA scores for all Australian locations are contained in the document entitled *Viability Funding — ARIA scores for locations as at 30 July 1999*, published by the Department of Health and Ageing.

### **Consultation**

Routine indexation of the supplement uses a well established formula based on the CPI as a measure of the movements in the non-labour costs of providers and the decisions of Fair Work Australia as a measure of non-productivity based movements of the wage costs of providers. As this is in accordance with policy upon which extensive consultation was undertaken, no specific consultation was undertaken with respect to this indexation.

This Determination commences on 1 July 2012.

The Determination is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

## **Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

### **Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services) Determination 2012 (No. 1)**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Overview of the Legislative Instrument**

The purpose of the *Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services) Determination 2012 (No. 1)* (the Determination) is to specify the method for working out the amount of flexible care subsidy payable for a day to a Multi-Purpose Service, with rates effective from 1 July 2012. This Determination also revokes *Aged Care (Amount of Flexible Care Subsidy – Multi-Purpose Services) Determination 2011 (No. 1)*.

### **Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

**Mark Butler**

**Minister for Mental Health and Ageing**