

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Ageing

Aged Care Act 1997

Allocation Amendment Principles 2008 (No. 1)

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

Subsection 96-1(1) of the Act allows the Minister to make Principles providing for various matters required or permitted by a Part or section of the Act.

The Allocation Principles 1997 (the Allocation Principles) is one of the sets of Principles made under the Act.

The purpose of the Allocation Amendment Principles 2008 (No. 1) (the Amending Principles) is detailed below. The Amending Principles are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Allocation Amendment Principles 2008 (No. 1)

The *Aged Care Amendment (2008 Measures No. 1) Act 2008* amended the Act and related legislation to simplify, and make fairer, the fees and charges paid by residents of aged care facilities as well as the subsidies paid by the Commonwealth Government for residents who cannot fully meet their own care and accommodation costs.

One of the changes that was made to the Act (in order to give effect to the new system of fees and charges) was the creation of a new type of supplement known as the 'accommodation supplement'. As the result of the creation of this new supplement, consequential changes were required throughout the Act and are also required throughout the Aged Care Principles.

The purpose of these Amending Principles is to include a reference to the new accommodation supplement alongside the existing reference to the concessional resident supplement in the Allocation Principles.

Consultation

The Department of Health and Ageing undertook extensive consultation on the policy that is implemented through the *Aged Care Amendment (2008 Measures No. 1) Act 2008* which amends the Act. These Amending Principles flow from these amendments.

Details of the amendments to the Principles are listed at Attachment A.

NOTES ON CLAUSES

Clause 1 states that the name of the amending Principles is the Allocation Amendment Principles 2008 (No. 1).

Clause 2 states that the Principles commence on 20 March 2008.

Clause 3 states that Schedule 1 amends the Allocation Principles.

Schedule 1 Amendments

Item 1

This is a consequential amendment that results from the creation of the new accommodation supplement.

Section 4.43 sets out the general conditions of allocation. One of the conditions (described at 4.43(1)(a)) is that a care recipient cannot be discharged and readmitted to attract concessional resident supplement or enable a service to charge the care recipient an accommodation bond.

This item amends this section so that a care recipient can also not be discharged and readmitted to attract the new accommodation supplement.