

## EXPLANATORY STATEMENT

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

*Aged Care Act 1997*

*Aged Care (Community Care Subsidy Amount) Determination 2011 (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 community aged care services can be eligible to receive community care subsidy payments in respect of the care they provide to approved care recipients.

Community care is care consisting of a package of personal care services and other personal assistance provided to a person who is not being provided with residential care. An approved provider is eligible for community care subsidy if it holds an allocation of places for community care subsidy and has a community care agreement in force with an approved care recipient and provides community care in accordance with that agreement.

Subsection 48-1(3) of the *Aged Care Act 1997* (the Act) provides that the amount of community care subsidy that is payable to an approved provider in respect of a day is the amount determined by the Minister by legislative instrument or worked out in accordance with a method determined by the Minister by legislative instrument.

The purpose of the *Aged Care (Community Care Subsidy Amount) Determination 2011 (No. 1)* 'the Determination' is to specify the method for working out the amount of community care subsidy payable for a day in respect of a community care recipient, with rates effective from 1 July 2011. This Determination also revokes *Aged Care (Community Care Subsidy Amount) Determination 2010 (No. 1)*.

The difference between the Determinations is that the daily amount of community care subsidy payable has been indexed in accordance with standard indexation arrangements.

The total amount of community care subsidy payable in respect of a care recipient is the sum of following amounts as set out in the Determination:

- the base subsidy amount
- an additional amount payable to an approved provider of community care who provides community care to a care recipient 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 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.

Further details of this Determination are attached.

**Consultation**

Indexation of the subsidy uses a well established formula based on the Consumer Price Index 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 in 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.

Information about the increase in the amount of the subsidy will be disseminated via electronic media to approved providers.

This Determination commences on 1 July 2011.

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