

EXPLANATORY STATEMENT

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

Aged Care Act 1997

*Aged Care (Residential Care Subsidy – Amount of Accommodation Supplement)
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 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 44-5A(3) of the Act provides that the accommodation supplement for a particular 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 accommodation supplement is the daily amount that is paid to residential care services in respect of supported residents receiving care in eligible services (for example, services that are certified and are not providing care to the resident on an extra service basis).

In summary, supported residents are those who are being provided with residential care through a residential care service, who entered care on or after 20 March 2008 and whose assets are below a certain maximum asset threshold or in respect of whom the Secretary has made a financial hardship determination.

The purpose of the *Aged Care (Residential Care Subsidy – Amount of Accommodation Supplement) Determination 2012 (No. 1)* ‘the Determination’ is to set out a method for working out the amount of the accommodation supplement and set the maximum rate of accommodation supplement for a service that either meets or does not meet building requirements, with effect from 20 March 2012. This Determination also revokes *Aged Care (Residential Care Subsidy – Amount of Accommodation Supplement) Determination 2011 (No. 2)*.

The difference between the Determinations is that the maximum rate of accommodation supplement for a day has been indexed, using a well established formula based on the Consumer Price Index as a measure of the movements in the non-labour costs of providers.

Statement of Compatibility with Human Rights

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* and does not engage any of the applicable rights or freedoms.

Consultation

The Department of Health and Ageing undertook extensive consultation on the policy, which included policy on increases in the rates of supplements, that was implemented through the *Aged Care Amendment (2008 Measures No. 1) Act 2008* and related instruments. As the change to the rates of the accommodation supplement payable are in line with previously announced Government policy, no further consultation has been undertaken with respect to this instrument.

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

This Determination commences on 20 March 2012.

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