

## **EXPLANATORY STATEMENT**

**Issued by the authority of the Minister for Ageing**

*Aged Care Act 1997*

*Aged Care (Residential care subsidy – amount of hardship supplement)  
Determination 2009 (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.

The amount of residential care subsidy for a care recipient may include an amount of hardship supplement in accordance with section 44-30 of the Act.

Subsection 44-30(5) of the Act provides that the Minister may determine, by legislative instrument, the amount of hardship supplement for a particular day or the method by which the amount of the supplement is to be worked out.

These changes ensure the rates of hardship payments after 20 September 2009 remain commensurate with current arrangements and do not inadvertently change as a consequence of the increase in age pension and the changes made by the Social Security and Other Legislation Amendment (Pension Reform and Other 2009 Budget Measures) Bill 2009.

Section 5 of this Determination sets the method by which the amount of hardship supplement is to be worked out for members of eligible classes of people specified in section 21.37 of the *Residential Care Subsidy Principles 1997* (the Principles).

Section 6 of this Determination sets the method by which the amount of hardship supplement is to be worked out for individual care recipients who the Secretary has determined under section 44-31 of the Act are eligible for a hardship supplement.

This Determination takes effect on 20 September 2009 and revokes Determination ACA No. 1/1998 and Determination ACA No. 2/1998.

### Consultation

The changes outlined in the Determination are consequential to the Australian Government's Pension Review which engaged in an extensive consultation process, involving a series of public forums, meetings with state and territory government officials, a call for written submissions and a series of small focus groups.

Information about the changes to the hardship supplements will be disseminated via print and electronic media to approved providers and care recipients.

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