



Australian Government
Department of Health and Ageing



Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
Canberra ACT 2600
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Dear Dr Holland,

I refer to my advice to the Committee on 2 May 2013 regarding the *Living Longer Living Better* legislation.

I would like to clarify one aspect of my advice to ensure there is a proper understanding. On page 80 of the Hansard transcript there is the following discussion:

Ms Huxtable: At the time the policy was developed, the 50 per cent taper rate replicated the current arrangement in home care, so currently there is the capacity for a provider to challenge a basic fee of up to 17½ per cent of the pension and then a 50 per cent taper rate on income above that. But there are no caps in place. So that is one part of the story. The other part is that within the residential means test, the taper rate on income is also 50 per cent. So there is an alignment across those two. Sorry, apparently I got that wrong. It is 42 per cent—I got that wrong.

Senator SIEWERT: It is less, is it?

Ms Huxtable: It is five-twelfths. So the 50 per cent is in the current system. Clearly, one of the fundamental underpinnings of the package is the need to do a range of things including increasing the volume of home-care places and other measures like the dementia supplement et cetera, and the measure around means testing and home care is part of the revenue stream that deals with some of those things.

The reference I made to the residential means test taper rate of 50 per cent is a correct reflection of the income test taper rate proposed for residential care in the legislation before Parliament. The correction I made during the hearing reflected a misunderstanding of other departmental officers at the table who believed I was referring to the current income test taper rate in residential care which is five-twelfths.

The point I was making to the Committee is that the 50 per cent taper rate reflects the existing taper rate in home care and the legislation before Parliament now proposes an equivalent income test taper rate of 50 per cent for both residential and home care.

Yours sincerely

Rosemary Huxtable PSM
Deputy Secretary

13 May 2013