

EXPLANATORY STATEMENT

AGED CARE ACT 1997

Paragraph 44-19 (1)(b)

Determination of Adjusted Subsidy Residential Care Services

Paragraph 44-19 (1)(b) of the *Aged Care Act 1997* provides for the Minister to determine in writing that a residential care service, or part of a residential care service through which the care is provided, is an adjusted subsidy residential care service.

Under the *National Health Act 1953*, as amended in 1992, ‘adjusted fee government nursing homes’ were paid full nursing and personal care funding, but only 77.5% of infrastructure funding, in recognition of an ongoing State Government responsibility for the capital upgrading and maintenance of the nursing home buildings and the non-applicability of a rate of return on investment.

The reductions in subsidy apply regardless of whether or not the services or parts of services remain with State Governments, or are transferred to other providers, e.g. those in the private, charitable, community-based, local government or religious sectors.

With the introduction of the *Aged Care Act 1997*, homes received Adjusted Fee funding became known as Adjusted Subsidy residential care services.

A new determination is made periodically to reflect changes to adjusted subsidy residential care services. Such changes may occur if residential care places are relinquished, transferred to another provider, or if the name of a service changes.

A separate determination is made annually to determine the actual rate of the adjusted subsidy.

The Office of Regulation Review (ORR) was consulted in regard to this determination. ORR has agreed that this determination is minor or machinery in nature, therefore a Regulation Impact Statement is not required.

No consultation with industry or stakeholders was necessary as this determination is purely to update the list of Adjusted Subsidy Residential Care Services.