

EXPLANATORY STATEMENT

Issued by the authority of the Minister For Ageing

AGED CARE ACT 1997

Determination under Section 44-19

Aged Care (Residential Care Subsidy – Adjusted Subsidy Reduction) Determination 2009 (No. 1)

Subsection 44-19(2) of the *Aged Care Act 1997* (the Act) provides that the Minister may determine by legislative instrument the amount of the adjusted subsidy reduction.

Under the *National Health Act 1953*, nursing homes that had transferred from State Government funding to Commonwealth nursing home funding were known as “adjusted fee government nursing homes”. They were paid a discounted rate of standard infrastructure funding.

The discounted subsidy translated into the Act as the adjusted subsidy reduction. This is a reduction to the daily subsidy per resident equivalent to the discount that applied before 1 October 1997. It only applies to services that were approved as “adjusted fee government nursing homes” under the previous arrangements.

This Determination sets the adjusted subsidy reduction amount as \$11.17 with effect from 1 July 2009, and revokes Determination ACA Ch. 3 No. 16/2008.

Paragraph 44-19 (1)(b) of the Act 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. The Minister’s determination under this section of the Act (ACA Ch 3. No. 5/2007) was updated on 13 June 2007 to remove those adjusted subsidy places that are now owned by the non-government sector.

Consultation

As the indexation of the adjusted subsidy reduction uses well established formula based on the Consumer Price Index and Wage Cost Index 9, and is in accordance with policy upon which extensive consultation was undertaken, no specific consultation was undertaken with respect to this instrument.

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