

EXPLANATORY STATEMENT

AGED CARE ACT 1997

SECTION 44-19

DETERMINATION OF RATES OF FINANCIAL ASSISTANCE (ACA Ch. 3 No. 7/2006)

ADJUSTED SUBSIDY REDUCTION

Subsection 44-19(2) of the *Aged Care Act 1997* provides that the Minister may determine in writing 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 translates into the *Aged Care Act 1997* 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 with effect from 1 July 2006

Consultation

As the indexation of this subsidy uses a well established formula for indexation, no specific consultation with industry was undertaken with respect to this instrument.