

**Opening Comments - Joint Committee of Public Accounts and Audit
Hearing**
Australian National Audit Office (ANAO) Performance Audit
Protection of Residential Aged Care Accommodation Bonds

- I would like to thank the Committee for taking the time today to discuss this report.
- When the legislative reforms to strengthen prudential regulation were passed in 2006, it was noted that the protections for accommodation bonds would be adjusted over time in light of experience. This is important as an evidence base was required to identify the need for further regulatory reforms and to inform policy development to ensure any further changes targeted areas of risk. It is also crucial that the appropriate balance be struck between ensuring the safety of residents' accommodation bonds and factors such as regulatory burdens on aged care providers and maintaining the capacity of the sector to meet the needs of Australia's ageing population.
- The ANAO's findings will be important in informing the Department's continued work in enhancing our administration of the prudential framework. We acknowledge that there is scope to further develop our administrative arrangements and we have accepted the seven recommendations made by the ANAO.
- We are currently working as a matter of priority to implement the recommendations as well as acting on other useful insights identified during the audit. The Department has also been engaging with our aged care stakeholders on key aspects of the issues raised by the ANAO.
- A number of the ANAO recommendations relate to actions the Department should take to strengthen corporate and risk management planning and documentation. The Department has already taken a number of steps in its 2009-10 business planning to extend the scope of risk analysis and performance measures and to build upon existing policy and procedural documentation. Further developments in these areas will also occur in the context of the development of the 2010-11 Portfolio Budget Statements.
- The Department appreciates the work of the ANAO and their contribution to assisting us to enhance the administrative arrangements supporting our prudential regulation responsibilities. The Department will continue to give a high priority to implementing the ANAO's findings and ensuring that changes are effective and sustained.