

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2013-14 Additional Estimates Hearings

Outcome Number: 3

Question No: 536

Topic: Bonds Scheme

Hansard Page: Written

Senator Polley asked:

- 1) How many defaults on the Bonds Scheme have there been this financial year and calendar year?
- 2) Please outline the causes of these defaults.
- 3) How much have these defaults cost the bond pool?
- 4) Please outline a breakdown of defaults by state and territory, regions, freehold and arm's length leasehold operators.

Answer:

- 1) The Accommodation Bond Guarantee Scheme (Guarantee Scheme) has been activated twice in this financial year. Default event declarations were made under section 10 of the *Aged Care (Bond Security) Act 2006* (Bond Security Act) on 22 November and 3 December 2013. As at 31 March 2014, there have not been any default event declarations this calendar year.
- 2) The two approved providers affected each experienced an insolvency event as defined by the Bond Security Act and had at least one outstanding accommodation bond refund due. The Department is in contact with the relevant liquidators, whose role it is to examine the circumstances of the corporate failures, to assess the scope for action to recover funds paid out under the Guarantee Scheme.
- 3) It is anticipated that around \$7.3 million will be paid in respect of the two activations.
- 4) The two providers whose defaults activated the Guarantee Scheme in this financial year were both in Victoria: one in the Western Metro region, and the other in the Southwest Metro region. They were both leasehold operators.