

27 February 2006

Committee Secretary  
Community Affairs Committee  
Department of the Senate  
Parliament House  
CANBERRA ACT 2600

Dear Committee Secretary    **Re: Inquiry into Aged Care (Bond Security) Bill 2005, Aged Care (Bond Security) Levy Bill 2005, and Aged Care Amendment (2005 Measures No. 1) Bill 2005**

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*The Catholic health,  
aged and community  
care sector*

Catholic Health  
Australia Incorporated

ABN 30 351 500 103

Catholic Health Australia is the largest non-government provider grouping of health, community and aged care services in Australia, nationally representing Catholic health care sponsors, systems, facilities, and related organisations and services.

Through its encompassing ministries, the Catholic health, community and aged care sector touches the lives and encounters the hopes, aspirations, struggles and difficulties of many Australians on a daily basis. The Catholic health ministry is broad, encompassing many aspects of human services. Services cover aged care, disability services, family services, paediatric, children and youth services, mental health services, palliative care, alcohol and drug services, veterans' health, primary care, acute care, non acute care, step down transitional, rehabilitation, diagnostics, pathology, preventative public health and medical and bioethics research institutes.

The sector takes seriously its responsibility to be a voice for the disadvantaged as well as an advocate for a just, equitable, compassionate, excellent, secure health system that is person-centred in its delivery of care. The sector continually espouses to government and the Australian community, the value of health care as an essential social good, not merely a commodity that is used to maximise return on investment to meet the economic interests of private shareholders.

The Catholic sector includes:

**Hospitals:**

49 private hospitals and 17 public hospitals

6,370 hospital beds in the private sector (representing 25% of the private hospital sector), 2,460 hospital beds in the public sector (representing 5% of the public hospital sector)

7 teaching hospitals

8 dedicated hospices and palliative care services

**Aged Care:**

553 aged care services including 350 Commonwealth Approved Residential Aged Care Services with 19,000 beds (12% of the total residential aged care sector)

6,410 retirement and independent living units and serviced apartments

7,815 Community Aged Care Packages (CACP) including Extended Aged Care at Home (EACH) packages, Home and Community Care Program (HACC) and other community care support

Catholic hospitals and aged care facilities are located in each Australian State and in the ACT.

CHA supports the Government's intention to establish a scheme to guarantee the repayment of Accommodation Bond balances if, and when, an Approved Provider defaults.

The scheme, as outlined in the above legislation, Option B2, referred by the Minister in the Explanatory Memorandum to the Aged Care (Bond Security) Bill 2005 as the "Guarantee scheme based on post-payment model," is the one supported by CHA as it is the least administratively expensive option and doesn't require any upfront contribution by Bond holding Approved Providers.

The Government has stated in the same Explanatory Memorandum that it will meet the cost of this prudential regulatory framework in the first three years. However, beyond that point it will be fully cost recovered from Providers holding Bonds.

At this stage the Government hasn't discussed with the sector how this will be achieved. CHA has some reservations about this aspect of the Government's proposal.

The Aged Care Amendment (2005 Measures No. 1) Bill 2005 Section 57-4 relates to Prudential Standards in the User Rights Principles. Subsection (2) sets out examples of matters with which the Prudential Standards may deal. One of these in (2) (a) states "corporate governance requirements for approved providers;"

The term "corporate governance" is not defined. It is not yet clear how it will be defined and what such requirements would be mandated.

According to the Senate Community Affairs Legislation Committee's Terms of Reference for this inquiry, the reason for referral of the Aged Care (Bond Security) Bill 2005 and the Aged Care (Bond Security) Levy Bill 2005 is because the industry is unsure of the potential liability for which they are signing off.

CHA considers that the potential liability cannot be easily calculated with any certainty due to the fact that, to date, there has been no failure to refund Bonds. Any attempt to forecast future default possibilities could not be accomplished with any degree of accuracy and could not account for possible actions by non defaulting Providers wanting to acquire the places and hence some, if not all, of the Bond liabilities.

In conclusion CHA supports the above Bills.

Yours sincerely

**FRANCIS SULLIVAN**  
Chief Executive Officer