

# AGED CARE ASSOCIATION AUSTRALIA LTD



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26<sup>th</sup>. February 2006.

Mr. Elton Humphrey  
Committee Secretary  
Community Affairs Legislation Committee  
Parliament House  
Canberra ACT 2600

Dear Mr. Humphrey,

**Re: Aged Care (Bond Security) Bill 2005  
Aged Care (Bond Security) Levy Bill 2005  
Aged Care Amendment (2005 Measures No 1) Bill 2005**

Thank you for allowing Aged Care Association Australia (ACAA) the opportunity to comment on the Aged Care Bond Security Bills 2005.

ACAA is highly supportive of the substance of the current scheme as the Association has been in discussions with the Government for several years with the intention of providing an enhanced prudential scheme to support the accommodation bonds held by the aged care industry.

Though the Association is aware that there has not been a failure to repay bonds during the twenty years since the initial entry contribution scheme commenced in the mid 1980s we were aware of the slight risk that a default might occur with the possibility that such a default could cause considerable damage to the reputation of the industry.

ACAA has therefore been very pleased with the decision by the Government to introduce this legislation, which is aimed at enhancing the aged care bond prudential scheme.

The Association does have a small number of questions regarding specific details in relation to the proposed scheme, namely:

- A clearer definition of what is an event that will cause the Minister of the day to declare an insolvency situation
- A clearer definition of the administrative rules surrounding the recovery provisions from the industry in the event of a failure by an aged care provider

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- As aged care providers will be required to maintain a bond register which will be audited by a registered company auditor who undertakes the audited financial accounts processes now required to be maintained by all aged care providers the Association does not believe that an additional inspectorial process to confirm compliance with the legislation is necessary
- A question exists as to the form of notification required of an aged care provider under Part 3 Section 9 (1) Aged Care (Bond Security) Bill 2005 which requires that a provider provide notification in writing by the end of the first day after the day on which the event occurs. What form of written notification is expected?
- Section 57-4 (2) (a) Aged Care Amendment (2005 Measures No 1) Bill 2005 states 'corporate governance requirements for approved providers' however is unclear as to what exactly is meant by the term 'corporate governance'
- Section 6 (2) Aged Care (Bond Security) Levy Bill 2005 refers to '10 days before the day on which the default event declaration was made' ACAA believes that further specificity is required regarding the 10 day period and the rationale for setting this particular period.

ACAA would be prepared to elaborate on any of these issues if that is the wish of the Committee.

As stated above we are highly supportive of the proposed scheme and welcome its introduction by the Government later this year.

Thank you for your attention to this matter.

Yours sincerely

Rod Young  
CEO

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