



THE HON JUSTINE ELLIOT MP

Minister for Ageing

MEDIA RELEASE

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New Legislation: Further Financial and Bond Protection for Aged Care Residents

This morning (October 16), the Rudd Labor Government will introduce legislation to provide further protection for the 170,000 older Australians in the nation's nearly 3,000 aged care homes.

The Minister for Ageing, Mrs Justine Elliot today announced a range of measures, including that accommodation bonds or like payments paid by frail older Australians for entry into aged care are further protected under the Accommodation Bond Guarantee Scheme.

At the moment, in the aged care sector, around 970 approved providers hold \$6.3 billion worth of accommodation bonds.

"This legislative package is about protecting the most vulnerable members of our society – the frail and aged – and their assets," Mrs Elliot said.

"The legislation achieves a balance between protecting the frail aged person entering an aged care home and the long-term viability of the aged care sector.

"It is also about consumer confidence and maintaining the level of corporate investment in aged care," Mrs Elliot said.

The proposals include:

- A further tightening of regulations surrounding accommodation bonds held by the aged care sector to ensure the Accommodation Bond Guarantee Scheme covers bonds held by operators who have lost their approved provider status;
- Protecting existing lump sums held by approved providers in the same ways as accommodation bonds are protected – and for new providers, it will mean refunding lump sum payments paid before they become approved providers;
- Expanding the range of people who are "key personnel" to include those pulling the financial strings so there is greater scrutiny and transparency on who is exercising control over an aged care home. This will prevent a provider with a poor quality record re-appearing behind a front entity or a shelf company from avoiding scrutiny;
- Putting beyond doubt that the primary purpose of "sanctions" is to protect current and future residents and their interests;
- Changes to the hardship provisions to enable a partial accommodation subsidy for people who are able to pay a small bond or charge;
- Putting the arrangements for assets assessment under the Aged Care Act in line with the Social Security Act and the Veterans Entitlements Act in respect to private trusts and companies; and
- Allowing the prompt transfer of aged care places that are not yet operational in exceptional circumstances when it is in the best interest of the community in an area of high need.

The **Aged Care Amendment (2008 Measures No. 2) Bill 2008** provides the most extensive changes to the aged care regulatory regime in 10 years and is the first broad change to the Aged Care Act under the Rudd Labor Government.

“Aged care homes have grown from a cottage industry with a typical one-site, one-service to a complex sector with intricate financial and legal arrangements with dozens of operations” Mrs Elliot said.

“The changes ensure scrutiny of those pulling the financial strings and that, regardless of the corporate structure adopted, the relevant protections and provisions apply to aged care providers.

The Commonwealth Government is essentially responsible for funding and regulating the formal residential aged care sector in Australia. The framework under which this formal residential aged care sector operates comes under the *Aged Care Act 1997* and the associated *Aged Care Principles 1997*.

The other proposed amendments to the framework include:

- **Extending police checks** to cover all those working in aged care to restrict people with serious convictions from working in nursing homes and hostels, even when supervised (announced on February 21);
- **Reducing waiting times** of Aged Care Assessments by streamlining assessments; and
- **Improved formal notification** to the Department of Health and Ageing where residents are reported missing to police (announced on June 2).

These protections complement the record funding by the Australian Government to support aged and community care.

Over the next four years, the Australian Government will provide more than \$40 billion funding to aged and community care including more than \$28.6 billion to nursing homes and hostels.

There has been consultation with the aged care sector through the Ageing Consultative Committee, which comprises peak industry bodies, professional, union and consumer bodies.

The proposed changes take effect from January 1, 2009.

For more information, contact Mrs Elliot's office on (02) 6277 7280