



Refundable Accommodation Deposit (RAD) Support Loan Program Guidelines



Australian Government

Department of Health

Overview

The Australian Government is providing up to \$128.8 million in zero-interest secured loans to eligible Approved Providers of Residential Aged Care to meet Refundable Accommodation Deposit (RAD) outflow requirements through the RAD Support Loan Program. The RAD Support Loan is a Commonwealth loan designed to assist eligible providers in meeting their RAD Refund Requirements as they become due and payable, and to continue providing aged care services throughout the COVID-19 pandemic. RAD Support Loans will be secured and will have a range of conditions, including quarterly reporting and an ongoing assessment of the ability to repay a loan.

The RAD Support Loan Program complements a range of other support and risk management measures provided by the Australian Government, including the [Business Improvement Fund Grant Opportunity](#), Financial Monitoring Program and the [Business Advisory Service](#).

See Section 21. Glossary for definitions of key terms.

1. Summary

1.1. Who can apply?

The RAD Support Loan Program may be available for Approved Providers of Residential Aged Care services who are facing, or who are projected to face, liquidity challenges during the period of July 2021 to 30 June 2022 (extended from 31 December 2021), arising from the need to meet RAD Refund Requirements under Aged Care Law and require assistance to meet these obligations.

Eligibility to participate in the RAD Support Loan Program is subject to assessment by the Department. Full eligibility criteria are outlined in Section 3.

RAD Support Loan Program timeline

The RAD Support Loan Program runs from 1 July 2021 to 30 September 2024, in line with the following timeframes (as per Section 16, the Department maintains the right to change any date at its discretion):

- 1 July 2021 to 30 June 2022 is the period that applications will be accepted.
- 1 July 2021 to 30 June 2022 is the period during which:
 - loans can be approved; and
 - loan agreements may be entered into with Successful Applicants.
- 1 July 2021 to 30 September 2022 is the period which funds can be drawn down by Loan Recipients as their liabilities to refund RAD balances fall due.
- For Loan Agreements entered into prior to 3 December 2021, no repayments of RAD Support Loans are required until 1 January 2022, unless the Loan Recipient's Liquidity increases above its Mandatory Repayment Threshold (outlined in Section 5.2). However, a Loan Recipient may make optional early repayments at any point during the term of the executed Loan Agreement.
 - The repayment period is 1 January 2022 to 31 December 2023:
 - equal repayments on the principal owed at 31 December 2021 will be due before the end of every quarter over this period; and
 - all loans are to be repaid in full by the end of this period.
- For Loan Agreements entered into from 3 December 2021, no repayments of RAD Support Loans are required until 1 October 2022, unless the Loan Recipient's Liquidity increases above its Mandatory Repayment Threshold (outlined in Section 5.2). However, a Loan Recipient may make optional early repayments at any point during the term of the executed Loan Agreement.
 - The repayment period is 1 October 2022 to 30 September 2024:

- equal repayments on the principal owed at 30 September 2022 will be due before the end of every quarter over this period; and
- all loans are to be repaid in full by the end of this period.

The RAD Support Loan amount is determined on a case by case basis, based on an Approved Provider's individual circumstances. Information on how the maximum Loan Facility amount is calculated can be found at Section 5 in these Guidelines.

1.2. Applying for a RAD Support Loan

After reading these Guidelines, an Approved Provider may wish to contact the Department to discuss the Approved Provider's individual circumstances before deciding whether to apply. Approved Providers can contact the Department via email to RADSupport@health.gov.au or visit <https://www.health.gov.au/initiatives-and-programs/refundable-accommodation-deposit-rad-support-loan-program>.

If an Approved Provider wishes to apply for a RAD Support Loan, as a first step it will need to complete the Eligibility Assessment Form which can be found [here](#). The Department will undertake the initial eligibility assessment to determine whether an Approved Provider can proceed to the next stage.

The full application process including next steps can be found at Section 7.

2. Objectives

The RAD Support Loan Program aims to complement a range of Australian Government initiatives that support the viability and sustainability of the Australian aged care sector and contribute towards the continued delivery of safe and high quality aged care services.

3. Who can apply

As a first step, Approved Providers can advise the Department of their situation via the Eligibility Assessment Form.

To be invited to submit an application for the RAD Support Loan Program an Approved Provider must fulfil all of the following criteria:

- be an Approved Provider of Residential Aged Care services;
- have completed and submitted the Eligibility Assessment Form, providing the following information and confirmations;
 - a true statement, to the best of the Approved Provider's knowledge, of:
 - the Approved Provider's Minimum Level of Liquidity under the Approved Provider's Liquidity Management Strategy as set at 1 April 2020;
 - expectations around dropping below the Approved Provider's Liquidity Threshold Eligibility Trigger as listed in Appendix 1 during the period of 1 July 2021 to 30 June 2022; and
 - available unencumbered assets of the Approved Provider's group entities that the Department can take Security over for the RAD Support Loan (see Section 6);
 - a declaration from the Approved Provider that it is unable to obtain:
 - Commercial Funding to cover RADs that are expected to be repaid, either at all or in the requisite timeframes, having applied with at least one Commercial Lender; or

- any alternative funding streams (including the ability to raise equity or funds directly or via a related party) to cover RADs that are expected to be repaid¹; and
- information on whether any entities within the Approved Provider's broader corporate group are participating in any other Australian Government support measures to the aged care sector, including but not limited to, the Business Advisory Service (BAS) or the Business Improvement Fund;
- agree to the Department's Financial Assessors conducting credit checks and a Financial Assessment of the Approved Provider's organisation as a whole, including the broader corporate group;
- agree to provide any information required by the Department or its Financial Assessors to undertake the Financial Assessment of the Approved Provider as outlined in Appendix 2 of these Guidelines, if found to be eligible to apply; and
- agree to the Financial Assessors providing information gathered during the assessment process, and the assessment outcome, to the Department.

Approved Providers of Residential Aged Care that are State or Territory Government entities are not eligible to apply for the RAD Support Loan. Local government entities are eligible to apply for the RAD Support Loan Program.

Please note that participation in the processes in these Guidelines (including, but not limited to, lodging an application) does not guarantee that a Participant will receive a RAD Support Loan.

4. RAD Support Loan uses

4.1. Eligible RAD Support Loan uses

Funds provided to Loan Recipients through a RAD Support Loan may only be used to pay departing residents or their estates the balances owing on RADs as they fall due.

4.2. Non-eligible RAD Support Loan uses

Any use of loan funds other than paying departing residents or their estates the balances owing on RADs as they fall due is not an eligible use. Therefore, for the avoidance of doubt, any operational, capital or financing costs and any costs relating to making an application are not eligible, nor are any other costs or outflows.

5. RAD Support Loan features

5.1. Loan amount

Applicants may apply for the amount of funding they believe they require, up to the maximum Loan Facility amounts available for the provider outlined in Table 1 below. However, the approved RAD Support Loan amount for each Successful Applicant is determined by the Department on a case by case basis, taking into account the outcome of the Financial Assessment as outlined in Section 8.3 of these Guidelines. Broadly, this is calculated based on an Approved Provider's:

- RAD Refund Liabilities and Liquidity;
 - need as assessed by the Department and its Financial Assessors; and
- ability to repay the RAD Support Loan and other debt obligations.

¹ The Department's Financial Assessors may independently verify that an Applicant cannot obtain commercial or alternative finance. If an Applicant is found to have provided misleading information and/or are able to raise funds, the Applicant may not be eligible for a RAD Support Loan.

Maximum loan amounts for providers is determined by the provider’s number of facilities and can be found in the table below. Without limiting any other rights of the Department, the Department retains the discretion to calculate the loan amount to be offered (if any).

Table 1: Maximum Loan Facility Available per Applicant Group

Applicant Group’s number of facilities	Maximum Loan Facility
1 Facility	30% of RAD liabilities
2-4 Facilities	15% of RAD liabilities
5+ Facilities	6% of RAD liabilities

Please note, all calculations and relevant thresholds are based on an Applicant Group.

Funding can only be drawn down and released to a Loan Recipient at the time at which it is required to meet actual RAD repayment obligations from 1 July 2021 to 30 June 2022, in line with processes set out in Section 12.3 of these Guidelines.

5.2. Repayment terms and repayments

The RAD Support Loan Program will operate from 1 July 2021 to 30 September 2024.

A ‘Repayment Holiday’ will apply during the Drawdown Period from when a Loan Agreement is executed to 30 September 2022, unless otherwise agreed in writing by the Department. During this period Loan Recipients will not have to make any repayment unless otherwise required as set out in the Loan Agreement (see Section 1.2 above).

If, at any time during the term of the loan, a Loan Recipient’s Liquidity – for its organisation as a whole, including the broader corporate group – increases above a relevant threshold of total RAD liabilities (the Mandatory Repayment Threshold), a Loan Recipient must make compulsory prepayments of the full amount over the Mandatory Repayment Threshold, as notified by the Department in writing. Mandatory repayment requirements are subject to arrangements agreed under Section 6.2. The Mandatory Repayment Thresholds can be found at Appendix 3.

Loan Recipients can make voluntary additional prepayments at any time. Prepayments should be a minimum of \$10,000 or multiple of it.

After 30 September 2022, Loan Recipients will be required to make equal repayments on a quarterly basis of the outstanding balance for the remaining duration of the RAD Support Loan term. The total RAD Support Loan is to be repaid in full by 30 September 2024. Repayments will be due by the end of each quarter, as detailed in the Loan Agreement.

An example of a proposed loan, including example drawdown and repayment arrangements can be found at Appendix 4 for illustrative purposes only.

The repayment terms and frequency may be altered on written agreement of both the Department and the Loan Recipient if certain conditions are met. Repayment terms may also be restructured or changed at the discretion of the Department where the Loan Recipient has been subject to regulatory action by the Aged Care Quality and Safety Commission or another Government Agency that prohibits the ability of the Loan Recipient to accept new residents for a period of time.

5.3. Interest rate

RAD Support Loans are interest-free.

6. Security

6.1. Security and eligibility

In determining eligibility for the RAD Support Loan Program, the Department and its Financial Assessors will assess the availability of unencumbered assets that can be taken as Security for the Loan Facility from Applicant Group members. Should there be no suitable unencumbered assets that the Department can take Security over for the Loan Facility, Applicants may be considered ineligible for the RAD Support Loan Program.

Applicants will be subject to a detailed Financial Assessment (as outlined in Section 8.3) and must be assessed to be able to reliably repay any funds to be provided by the Department. Where appropriate (as determined by the Department), the Department will take Security over assets of the Applicant's Group.

- The Security provided could include:
- a general Security agreement over all the Applicant's or Applicant Group's assets and undertakings;
- a registered mortgage over land or leases owned by members of the Applicant Group;
- a specific Security agreement over particular assets, such as investments; and
- any other Security that the Department considers necessary.

6.2. Intercreditor agreements with Commercial Lenders

If a Successful Applicant has other pre-existing sources of business finance, such as commercial loan facilities from a Commercial Lender, the relevant Applicant Group Members and the Commercial Lender may be required to enter into an intercreditor agreement with the Department to provide for an agreed arrangement for repayment of the RAD Support Loan and an agreed priority of any Security. Whether or not an intercreditor agreement is applicable depends on the financing arrangements the Applicant Group has in place with a Commercial Lender(s) and will need to be confirmed with the Commercial Lender(s).

7. How to apply

Approved Providers will need to do the following to apply for a RAD Support Loan:

- Read these Guidelines;
- Complete and lodge the Eligibility Assessment Form;
- Receive an invitation to apply for the RAD Support Loan Program from the Department;
- Ensure their current Commercial Lender(s) (if any) are supportive of the provider applying for a RAD Support Loan;
- Submit their application and the required documents to the Department's Financial Assessors through the web-based application portal (instructions and a link to the portal will be sent to the Approved Provider shortly following their invitation to apply)²; and
- Work with the Department's Financial Assessors to enable the Financial Assessors to undertake a Financial Assessment of the Applicant.

If you require further information about the application process, contact the Department via email at RADSupport@health.gov.au

If an Approved Provider wishes to apply for a RAD Support Loan, as a first step it will need to complete the Eligibility Assessment Form which can be found [here](#). The Department will

² The application will need to be submitted by an appropriately senior member of the provider's management team, ideally a Director or the CFO.

undertake the initial eligibility assessment to determine whether an Approved Provider can proceed to the next stage.

8. How applications are assessed

Only applications that are assessed as being eligible in line with Section 3 of these Guidelines will be progressed to the next stage of assessment.

The Department will assess applications for the RAD Support Loan Program, considering the Financial Assessment and credit checks undertaken by its Financial Assessors, as per Section 8.3 of these Guidelines. The application assessment process is as described in Section 8.1 to Section 8.7 of these Guidelines below.

To be assessed as successful for a loan under the RAD Support Loan Program, an application (including the Financial Assessment by the Department's Financial Assessors) will need to demonstrate to the Department, at a minimum, that an eligible Applicant Group:

- Is facing RAD Refund Requirements that will, in the absence of further funding, result in its Liquidity dropping below the Liquidity Threshold Eligibility Trigger relevant to the Applicant as listed in Appendix 1 (see Section 8.4);
- Has available unencumbered assets to offer as Security for the RAD Support Loan (see Section 6); and
- Is reasonably expected to be able to repay any funds provided under the RAD Support Loan (see Section 8.5).

Further information on assessment criteria that may result in an application being rejected by the Department is set out below.

8.1. Assessment details

The Department will assess applications in accordance with these Guidelines. In conducting assessments, the Department and its Financial Assessors will refer to information provided by the Applicant as well as information gathered following the Department's and/or its Financial Assessors' own independent investigations and background checks. This may include inquiries about the Applicant's and the Applicant Group's credit history from credit reporting agencies, and their compliance history from the Aged Care Quality and Safety Commission, as required.

The Department will assess applications against the assessment criteria in place at the time a completed application is lodged, and any other factors considered relevant by the Department, at its discretion. These criteria may be reviewed and amended by the Department from time to time.

The Department will generally assess applications based on the order of receipt. However, without limiting any other rights of the Department, the Department reserves the right to prioritise the assessments of certain applications under specific circumstances (as determined by the Department at its discretion).

The Department may, as determined at its discretion, accelerate some applications based on the urgency of loan requirements.

To be eligible, Applicants must meet the requirements of the RAD Support Loan Program as specified in these Guidelines. Successful applications will be subject to the availability of funds and will be made at the Department's discretion. Participation in the process outlined in these Guidelines (including, but not limited to, lodging an application) does not guarantee that a Participant will receive a RAD Support Loan.

When assessing applications, the Department may verify the information provided by Applicants. The Department may liaise with the Applicant, their Commercial Lenders and professional advisors as required to confirm and verify documentary evidence and information provided.

The online application platform will mandate that the required information is provided and uploaded prior to an Applicant's application being able to be successfully lodged. Any Applicants with partially completed applications may receive automated reminders on the parts of the application that remain outstanding. The Financial Assessment cannot commence until a

complete application is submitted. If the Applicant is unable to provide all required information within required timeframes, as set out by the Financial Assessors, their application will be declined.

If an Applicant faces difficulties providing the information required through the online platform, the Applicant can email the Department's Financial Assessors at the email address specified in the invitation to apply. Any general questions on eligibility or assessment processes should be referred to the Department at RADSupport@health.gov.au. Before applying for a RAD Support Loan or making any decision, Applicants should seek advice from their legal, business and financial advisors, including any limitations on acquiring additional debt. Applicants are responsible for all costs incurred in the preparation and lodgement of their application and participation in the process outlined in these Guidelines.

8.2. Basic eligibility assessment

Following receipt of an Approved Provider's Eligibility Assessment Form, the Department will conduct a basic eligibility assessment of the Approved Provider. This will be undertaken using the information provided through the Eligibility Assessment Form and from other sources at the Department's discretion. An Approved Provider will not be eligible if it does not meet the basic eligibility criteria.

8.3. Financial Assessments

As part of the assessment process, all Applicants must undergo a Financial Assessment by the Department's Financial Assessors to determine the Applicant's profitability, serviceability, financial capacity, creditworthiness and the strength of their strategy to repay. The purpose of the assessment is to determine:

- an Applicant's need for support through a RAD Support Loan (including by assessing the Applicant Group);
- an Applicant's ability to repay any loan provided in line with the conditions set by the Department (including by considering the Applicant Group); and
- what, if any, unencumbered assets are held by an Applicant Group.

The assessment will consider an Applicant's anticipated funding requirement, the Applicant's total RADs owed, operating performance, forecast monthly cash flows, including operational expenses, debts and liabilities, and current Liquidity levels. The assessment will also consider the Applicant's strategy to use and repay any RAD Support Loan funds in accordance with the program timeline specified in Section 1.2 of these Guidelines, factoring in current and previous credit products, repayment history and defaults, and any bankruptcy or debt agreements.

As part of submitting an application each Applicant consents to:

- the Department's Financial Assessors undertaking a Financial Assessment of the Applicant Group;
- providing to the Department or its Financial Assessors any information considered necessary by the Department or its Financial Assessors to complete the Financial Assessment;
- the Department or its Financial Assessors contacting other creditors or financial institutions to discuss the Applicant's ability to obtain commercial finance, existing credit products, or other issues as deemed relevant; and
- the outcomes of the assessment and any information gathered during the assessment process to be provided to the Department.

Additional consent may be sought, if required, in the course of obtaining information or documents from additional third parties.

For a Financial Assessment to be completed, the Applicant must provide all evidence and information required by the Department or its Financial Assessors. A list of documentation required to undertake the Financial Assessment is at Appendix 2. The Department or its Financial Assessors can require any additional information from the Applicant to undertake the Financial Assessment. Failure to provide information in a timely manner will delay when the Department's Financial Assessors can commence the Financial Assessment (and the resulting timelines that flow on from this) or termination of the assessment and an application by the Department.

An Applicant may withdraw this consent in writing and cease the application/assessment process at any time.

8.4. Liquidity assessment

To be considered further, an Applicant's Financial Assessment as described in Section 8.3 must indicate that the Applicant's:

- Liquidity is currently below the Liquidity Threshold Eligibility Trigger relevant to the Applicant listed in Appendix 1; or
- future liabilities to refund RAD balances will likely result in the Applicant's Liquidity dropping below the Liquidity Threshold Eligibility Trigger relevant to the Applicant listed in Appendix 1 during the period of 1 July 2021 to 30 June 2022.

All Liquidity calculations will consider the Applicant Group's Liquidity.

The Liquidity Threshold Eligibility Trigger relevant to the Applicant set by the Department can be found at Appendix 1.

If the Applicant's Minimum Level of Liquidity is above 30%, the Applicant will not be eligible unless the Applicant's Liquidity is expected to fall below 30%.

As stated in Section 8, an Applicant must provide sufficient evidence to the Department's Financial Assessors to undergo a Financial Assessment. A list of the minimum information required is listed in Appendix 2.

8.5. Repayment assessment

To be considered further, the Department must be satisfied (at its discretion) that an Applicant can reliably repay any funds to be provided by the Department. As part of the Financial Assessment, in addition to evidence of financial accounts, an Applicant will be required to outline its strategy for repaying the funds to assist the Department's Financial Assessors in assessing an Applicant's ability to repay funds.

8.6. Commercial and alternative finance assessment

As part of the Financial Assessment, the Financial Assessors may independently verify that an Applicant cannot obtain commercial or alternative finance in the requisite timeframes. Without limiting any other rights of the Department, the Department reserves the right to determine to reject or progress any application regardless of the outcome of this check.

8.7. Compliance history check

As part of the assessment process the Department will also consider the compliance history of the Applicant. This will include, but is not limited to, an Applicant's quality compliance history and prudential compliance history.

If required, information may be shared with the Aged Care Quality and Safety Commission and other persons in the course of seeking legal or probity advice. The Department may also make enquiries to, and seek information from, the Aged Care Quality and Safety Commission on the Applicant's current and historic compliance and use this information during the assessment process.

The compliance history check is not part of the Financial Assessment and is undertaken by the Department rather than the Financial Assessors. The compliance history check may be undertaken concurrently with the Financial Assessment.

As part of submitting an application each Applicant consents to the Department undertaking the compliance history check including if deemed necessary by the Department, seeking information from and sharing information with the Aged Care Quality and Safety Commission. Without limiting any other rights of the Department, the Department reserves the right to determine to reject or progress any application on the basis of this check.

9. Total funding availability

The Department will make available a total amount of up to \$128.8 million under the RAD Support Loan Program until 30 September 2022.

The availability of RAD Support Loans are subject to the availability of funds. If the funding allocation is fully committed, no further applications will be considered. If this happens, notification of the early closure will be published on our [website](#) and those who have already lodged an application will be advised in writing.

10. Notifying Applicants of the outcome

The Department will provide formal written notification of the assessment outcome to each Applicant via email.

10.1. Successful Applicants

Successful Applicants will be provided with a loan agreement and any Security documents (as applicable), which will set out the terms and conditions of the Loan Facility and the Security, including repayment terms

Successful Applicants will be pre-approved for a total loan amount for a defined period. As an Applicant's eligibility is informed by their current Liquidity, amounts of the RAD Support Loan can only be drawn upon to meet liabilities to refund RAD balances which fall due during the defined period and in line with the requirements set out in Section 12.3 of these Guidelines.

To receive the loan, Successful Applicants must sign their Loan Agreement and return it to the Department in the specified timeframe. The period for entering into a Loan Agreement with the Department will lapse if the Successful Applicant does not sign and return the Loan Agreement to the Department in the timeframe that the Department specifies at the time the Successful Applicant is notified of their application outcome. The Department may, at its absolute discretion, decide to accept Loan Agreements signed and returned after this date. If the Department decides to accept a late Loan Agreement, it will notify an Applicant of the outcome in writing.

Successful Applicants should note that no contractual arrangement will exist until the Applicant and Department execute a Loan Agreement. By signing the Loan Agreement, the Successful Applicant agrees that it is subject to binding contractual obligations specified in the Loan Agreement. The Loan Agreement must be executed by both the Successful Applicant and the Department to be legally binding and effective.

The Department must be satisfied that the Loan Recipient has adhered to conditions precedent set out in the executed Loan Agreement before funding will be released under draw-down provisions. This includes ensuring that the funding will be used only to meet its ongoing liabilities to refund RAD balances as required under Aged Care Law.

If, subsequent to the Loan Agreement being entered into, the Loan Recipient has increased RAD outflows (meaning the approved Loan Facility is insufficient), the Loan Recipient may be invited to submit another application. A Loan Recipient's total approved Loan Facility cannot exceed the maximum Loan Facility applicable to its organisation outlined in Table 1 of Section 5.1.

10.2. Unsuccessful Applicants

Unsuccessful Applicants will be informed about the outcome of their Application. Without limiting any other rights of the Department, the Department reserves the right to disclose or not disclose the reason for the decision.

Unsuccessful Applicants may be invited to submit another application at a later date if their

circumstances change significantly. Subsequent applications may be required to undergo another Financial Assessment to progress their application.

11. Decision review process

If an Applicant is not satisfied with the Department's decision on their application, the Applicant can request a review of the decision. The Applicant must submit the request for a review in writing to the Department within 30 Business Days of receipt of the decision notification at RADSupport@health.gov.au. The Applicant should provide the Department with sufficient information to undertake a review, outline the reasons for the Applicant's dissatisfaction with the decision and address the issues identified in the decision notification.

In the review request, the Applicant must:

- explain why the Applicant disagrees with the Department's assessment; and
- outline the factors which the Applicant believes may have been overlooked by the Department in its assessment.

The Applicant could consider providing additional relevant information not included in the original application that the Applicant believes may alter the assessment outcome.

Within 30 Business Days of receiving a request for a review, the decision will be reviewed by a delegate not involved in the original decision, a determination will be made, and the Applicant will be advised of the outcome.

Each Applicant can lodge one request for an internal review of a decision. In the first instance, a review can be lodged with the Department at RADSupport@health.gov.au. If the Applicant is not satisfied with the outcome, the Applicant can lodge a complaint to the Commonwealth Ombudsman. The Ombudsman will not usually investigate a complaint unless the matter has first been raised directly with the Department.

Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601
Telephone: 1300 362 072 (calls from mobile phones are charged at mobile phone rates) Online ombudsman.gov.au/making-a-complaint.

12. Loan Agreement conditions

12.1. Loan Agreement and Security documents

If Applicants are successful, they and any specified Applicant Group members will be required to enter into a Loan Agreement and certain Security documents (as applicable) with the Department which will set out the terms and conditions before any funds can be provided.

The Loan Agreement will be for a specific term and will set out the terms under which the Successful Applicant may obtain funding, including:

- the RAD Support Loan Facility Limit amount;
- the defined period of when drawdowns can be made and when repayments are to be made;
- details of how drawdowns can be made and how funds will be received;
- explicit conditions setting out that the funds can only be used to meet ongoing liabilities to refund RAD balances as required under Aged Care Law;
- details of any Security to be provided by Applicable Group members; and
- all other loan conditions.

During the term of the loan, a Loan Recipient will be bound by particular negative pledges as set out in the Loan Agreement, including not to:

- incur any financial liability, without the Department's prior written consent;
- sell or transfer any assets, without the Department's prior written consent; and

- pay any dividends, senior management or Director bonuses (excluding payments to care staff in the ordinary course of business) or other distributions of profits.

12.2. Repayment arrangements

Generally, funds provided under the RAD Support Loan will be repaid by the Loan Recipient quarterly over 2 years after the initial Drawdown Period, so as to be repaid in full by 30 September 2024.

In the event that the Loan Recipient receives RAD inflows over the Mandatory Repayment Threshold, as assessed at the end of each quarter in line with quarterly reporting requirements, the Loan Recipient will be required to make additional repayments to the Department.

12.3. Drawing down funds

To draw down funds from the approved Loan Facility, the Loan Recipient must provide to the Department a Drawdown Notice by 11am at least 3 Business Days (Australian Capital Territory public holidays apply) before the proposed Drawdown Date (which must be a Business Day which is a Monday or Wednesday).

Upon receipt of the Drawdown Notice, the Department will use reasonable endeavours to make the payment on the next Monday or Wednesday and within 3 Business Days to the Loan Recipient's nominated bank account. Funds can then take up to 3 Business Days or longer to reach the nominated bank account from when payment is made by the Department.

Note, the Department may, at its absolute discretion, reduce or not make a payment under the agreement.

12.4. Reporting requirements and loan review

Loan Recipients are required to submit quarterly reports to the Department to monitor compliance and the ongoing capacity of the Loan Recipient to meet the terms and conditions of the executed Loan Agreement. If the Loan Recipient expects that it will be unable to meet the terms and conditions of the executed Loan Agreement, it must notify the Department as soon as possible. In these circumstances, the Department may determine (at its discretion) to amend the terms of the Loan Agreement. If the Loan Recipient fails to comply with its obligations, the Department retains the right to take action under the Loan Agreement. This may include declining to provide further funding, terminating the Loan Agreement and recalling all funds provided to the Loan Recipient under the Loan Agreement.

Loan Recipients will be required under the Loan Agreement to advise the Department of certain changes in circumstances during the loan term that may have, amongst other things, a material adverse effect on the ability or willingness of the Loan Recipient to satisfy its obligations under the Loan Agreement (including its ability to repay funds). The Department may take action if these changes are deemed to affect the Loan Recipient's repayment capacity, including not providing additional advances under the Loan Agreement.

If a Loan Recipient's financial position changes significantly, or there are any breaches of the terms and conditions of the Loan Agreement, the Department may initiate recovery or remedial actions as specified under the Loan Agreement. The recovery or remedial actions may include enforcement against the assets used as Security, such as selling the assets.

Loan Recipients must provide evidence of expenditure of RAD Support Loan funds on request. Evidence of expenditure could include a statutory declaration or other verification that funds have been used to refund RAD balances as required under Aged Care Law.

In assessing a Loan Recipient's compliance with the terms and conditions of the Loan Agreement with respect to expenditure and activities undertaken, the Department will consider the expenditure and activities originally identified in the Application Form.

Quarterly reporting will commence at the end of the first quarter after approval of a loan, as set out in the Loan Agreement, unless otherwise required as set out above. Information required for this reporting will be set out in the Loan Agreement and will include:

- A detailed register of RADs paid out and RADs received and current levels of Liquidity for the Loan Recipient's organisation as a whole, including the broader corporate group;
- Declarations of compliance with the Loan Agreement;
- Confirmation on any material changes in financial situation, including details; and
- High level quarterly management accounts (including profit and loss, balance sheet and cash flow statements).

13. False or misleading information

If any information provided in the Application Form is found to be untrue, false or misleading, the Department may reject the Application or take action to recover funds provided under a Loan Agreement.

The Department may also refer the matter to the law enforcement authorities of the relevant Australian, state or territory governments. Participants should be aware that giving false or misleading information to the Commonwealth is a serious offence under the Criminal Code as scheduled to the *Criminal Code Act 1995* (Cth).

14. Onus on the Applicant

Applicants are responsible for ensuring that:

- they have read and understood these Guidelines and all the documents referred to in these Guidelines;
- where applicable, they have:
 - secured the support of their Commercial Lender(s) for the proposed RAD Support Loan; and
 - when required liaise with their Commercial Lender(s) when the Department's Financial Assessors conduct the Financial Assessment; and
- all information submitted in the application is true and correct to the best of their knowledge.

Successful Applicants are responsible for ensuring that they have read and understood all aspects of:

- the Loan Agreement and associated terms and conditions; and
- any other documents that the Department provides.

Applicants are responsible for seeking advice from their legal, business and financial advisors before submitting an application.

15. No contract or undertaking

Nothing in these Guidelines, an Eligibility Assessment Form or an application or submission of any Eligibility Assessment Form or application creates a binding contract or other legal relationship between the Department and a Participant.

16. Department rights and Disclaimer

The Department reserves the right to:

- vary the timing, requirements and processes, if any, referred to in these Guidelines;
- change or suspend the RAD Support Loan Program;
- terminate the RAD Support Loan Program;
- exclude any application from consideration, as determined at its discretion;

- receive any late application, including non-compliant applications, and consider any application, including non-compliant applications;
- respond or not respond to queries lodged by Participants;
- request or consider additional information;
- negotiate with any Applicant;
- publish or disclose the names of Applicants (whether successful or unsuccessful);
- publish or disclose details of successful applications (including but not limited to value of funding applied for); and
- publish or disclose details of loan agreements (including but not limited to the loan facility, funds provided, funds repaid).

Neither the Department nor its officers, employees, advisers or Financial Assessors will be liable to any Participant for any loss or damage arising out of or as a consequence of any matter or thing relating or incidental to the Participant's participation in the processes in these Guidelines or the RAD Support Loan Program or any information provided by the Department or its Financial Assessors.

17. Privacy

Participants are responsible for ensuring that they comply with all applicable privacy laws (including the *Privacy Act 1988* (Cth)) in relation to the provision of any personal information to the Department.

Information provided by a Participant may be used by the Department to assess an application and administer RAD Support Loans. The information may also be used for other incidental or related purposes such as referral of the Participant to available Commonwealth programs that may be applicable to them including, but not limited to, the Business Advisory Service or the Business Improvement Fund.

The Department may disclose a Participant's personal information to any party engaged to assist in the assessment or evaluation of the RAD Support Loan Program. Disclosure of information may also occur where authorised or required by law, or where the information is already in the public domain.

The Australian Government will store, use and disclose personal information collected through the Application Form, supporting documents, the executed Loan Agreement and any monitoring and evaluation activities, in accordance with the *Privacy Act 1988* (Cth). Personal information will not be disclosed overseas.

See the Department's [Privacy Policy](#) to learn more about accessing and correcting personal information, or making a privacy complaint. Alternatively, email us at RADSupport@health.gov.au.

18. Evaluation of the RAD Support Loan Program

The Department may conduct periodic evaluations to determine the contribution the RAD Support Loans are making to Australian Government policy objectives. Loan Recipients may be requested to provide information to assist with evaluations, in addition to information collected through quarterly reporting throughout the Program.

19. Review of the Guidelines

The Department reserves the right to review, revoke or vary these Guidelines at any time. We will publish revised Guidelines on our website.

20. Glossary

Term	Definition
Aged Care Act	The Aged Care Act 1997 (Cth).
Aged Care Law	Aged Care Law means: <ul style="list-style-type: none"> (a) the Aged Care Act and any regulation made at any time under the Aged Care Act, including any 'Principles' made under section 96-1 of the Aged Care Act (each as amended from time to time); (b) the <i>Aged Care Quality and Safety Commission Act 2018</i> (Cth) and the Aged Care Quality and Safety Commission Rules 2018 (Cth) (each as amended from time to time); and (c) any amendment made at any time to any other legislation as a consequence of a law or regulation referred to in paragraph (a) and (b).
Applicant	An Approved Provider of Residential Aged Care services who has lodged an application for a RAD Support Loan.
Application Form	The Application Form and associated documentation that an Applicant must complete and lodge to the Department of Health to apply for a RAD Support Loan.
Applicant Group	The Applicant and each of its related bodies corporate (as defined in the <i>Corporations Act 2001</i> (Cth)) and each trust that would be a related body corporate if that trust were treated as a corporation. It includes any entities controlled by, or which are consolidated in financial accounts with, any such related bodies corporate or trusts.
Approved Provider	A person or body who is an 'Approved Provider' within the meaning of that term under the <i>Aged Care Quality and Safety Commission Act 2018</i> (Cth). For the purpose of the RAD Support Loan Program, only Approved Providers of Residential Aged Care are eligible to apply. Approved Providers of home care are not eligible to apply.
Business Day	A day that is not a Saturday, Sunday, bank holiday or public holiday in the Australian Capital Territory, Australia.
Commercial Funding	Finance from a commercial lending institution such as a bank that an organisation may borrow for business purposes.
Commercial Lender	A bank or other financial institution who regularly provides business finance to aged care providers.
Department	The Commonwealth of Australia as represented by the Department of Health.
Drawdown Date	The date on which a payment is made by the Department to the Loan Recipient or, where the context requires, is proposed to be made in accordance with a Drawdown Notice.
Drawdown Notice	A notice in the form required by the executed Loan Agreement, properly completed and duly signed by an authorised representative of the Loan Recipient and given in accordance with the Loan Agreement.

Term	Definition
Drawdown Period	The period from 1 July 2021 to 30 September 2022 during which Loan Recipients may draw down on their Loan Facility to meet their liabilities to refund RAD balances as they fall due.
Eligibility Assessment Form	A form that enables the Department to undertake a check of some basic eligibility criteria, to determine whether a provider should be invited to submit an application.
Financial Assessors	Officials and/or third party service providers to the Department of Health who are involved in the assessment of applications for the RAD Support Loan.
Financial Assessment	A 'Financial Assessment' as per Section 8.3 of these Guidelines.
Guidelines	These guidelines titled 'Refundable Accommodation Deposit (RAD) Support Loan Program Guidelines' as amended from time to time.
Liquidity	The availability of cash or assets which can be converted into cash or cash equivalents within 14 days.
Liquidity Management Strategy	An Applicant's liquidity management strategy under the Aged Care Law.
Liquidity Threshold Eligibility Trigger	A threshold of Liquidity applicable to the Applicant which determines eligibility for the RAD Support Loan and which is determined in accordance with Appendix 1.
Loan Agreement	The contract which sets out the terms and conditions of the RAD Support Loan between the Department and a Successful Applicant and relevant Applicant Group members. A Loan Agreement is not executed and does not take effect and become legally binding until it is signed by both parties.
Loan Facility	The loan arrangement made available to a Loan Recipient in accordance with the terms of a Loan Agreement executed by the Department and the Loan Recipient.
Loan Recipient	A Successful Applicant who has entered into an executed Loan Agreement with the Department.
Mandatory Repayment Threshold	A threshold of Liquidity above which a loan recipient must make mandatory repayments in accordance with the terms of the executed Loan Agreement. Mandatory Repayment Thresholds can be found at Appendix 3.
Minimum Level of Liquidity	A predetermined level of Liquidity, set by an individual Approved Provider under its Liquidity Management Strategy, in accordance with its obligations in the <i>Fees and Payment Principles 2014 (No. 2)</i> (Cth) which determines the minimum amount of liquid assets an Approved Provider deems they require to protect their financial viability. Where an Approved Provider falls below this predetermined standard, it may be at risk of non-compliance with the <i>Fees and Payment Principles 2014 (No. 2)</i> (Cth) and it can pose a threat to their perceived financial viability.

Term	Definition
	Information on the Minimum Level of Liquidity and how this applies to a Participant's eligibility for the RAD Support Loan can be found under Appendix 1 in these Guidelines.
Participant	A person who participates in any of the processes under the Guidelines including but not limited to submitting an Eligibility Assessment Form or an application.
Refundable Accommodation Deposit (RAD)	A 'refundable accommodation deposit' as defined in Schedule 1 of the Aged Care Act.
Refundable Accommodation Contribution (RAC)	A 'refundable accommodation contribution' as defined in Schedule 1 of the Aged Care Act.
RAD Refund Liabilities	The total of all RAD liabilities held by an Approved Provider of Residential Aged Care.
RAD Refund Requirements	<p>Where an Approved Provider is required to refund departing residents or their estates the balances owing on RADs as they fall due.</p> <p>Under section 52P-1 of the Aged Care Act, Approved Providers must refund the balance of any refundable deposits (less any deductions agreed with the resident), when the resident dies or permanently leaves care as provided by a particular residential (or flexible care) service.</p> <p>For the avoidance of doubt, if an Approved Provider knows it will be required to refund a RAD because a RAD-paying resident has died and is going through probate, this is considered a RAD Refund Requirement even while probate is ongoing.</p>
Repayment Holiday	A period of time in which a Successful Applicant can delay making repayments to the Department for the RAD Support Loan.
Residential Aged Care	Aged care provided as residential care. 'Aged care' and 'residential care' have the meanings given to those terms under Schedule 1 of the Aged Care Act.
Security	A mortgage, charge or other security granted by the relevant Applicant Group Members in favour of the Department over assets to secure repayment under the executed Loan Agreement for a RAD Support Loan.
Successful Applicant	An Applicant whose application for funding under the RAD Support Loan was successful but who has not yet entered into an executed Loan Agreement with the Department.
Unsuccessful Applicant	An Applicant whose application for funding under the RAD Support Loan was not successful.

Appendix 1 – Liquidity Threshold Eligibility Trigger

As outlined in Section 8.4, in order to be considered for funding support, the Applicant’s Financial Assessment must indicate that its Liquidity – for its organisation as a whole, including the broader corporate group – is under or is expected to go under, during the period of 1 July 2021 to 30 September 2022, the relevant Liquidity Threshold Eligibility Trigger outlined in the table below.

Table 2: eligibility thresholds

		Number of facilities Approved Provider operates	
		1 facility	2 or more facilities
		<i>Liquidity Threshold Eligibility Trigger</i>	
The minimum Liquidity required to be retained as at 1 April 2020 as a proportion of RAD Refund Liabilities.	Less than 10%	15%	10%
	10% to 30%	Provider’s Minimum Level of Liquidity under its Liquidity Management Strategy as at 1 April 2020	
	More than 30%	30%	

Appendix 2 – Documentation required for Financial Assessment

As outlined in Section 8.3, all Applicants must undergo a Financial Assessment to determine their need for support through a RAD Support Loan (1) and their ability to repay any funds provided (2).

The Applicant should submit its completed Application Form and the required supporting documents via the web-based application portal for the application to be considered. The minimum list of documents likely to be required are listed in the table below:

Table 3: supporting documentation

- Completed monthly cashflow forecast template for 12-month look forward period including answering questions which assist in understanding key assumptions used to underpin the cashflow forecast.
- Bank statements which support the Applicant's opening cash balance in the Applicant's cashflow forecast.
- Most recent year to date management accounts, including balance sheet and profit and loss statement.
- FY19 and FY20 full audited accounts (including balance sheet, profit and loss, cash flow statements and notes to the accounts) or, if not available, in unaudited format with a statement as to why audited accounts are not available.
 - Note, this may be required from any parent entity, treasury entity (if outside the group information has been provided for), and any other related entity that the Department or its Financial Assessors determine, as their discretion, could have relevance to the Applicant's ability to repay a loan.
- FY19, FY20 and FY21 year to date high level summarised cash flow (akin to that in the audited accounts).
- Statistics relating to number of beds available, number of beds offline (not able to be used due to unsuitability or refurbishment, etc.), number of beds taken by RAD residents, number of beds taken by DAP residents, number of beds taken by other residents, and therefore occupancy, for FY19, FY20 and FY21.
- Where the Applicant is a part of a group, a copy of the Applicant Group's ownership structure, listing holding entities, subsidiaries, trusts and other related parties.
- RAD register, including the current number and value of RADs held.
- A copy of the Applicant's minimum Liquidity Management Strategy documentation, detailing the standard set as at 1 April 2020.
- Details of any real property owned and copies of latest valuations.
- Details of the Applicant Group's current borrowing facilities including approved facilities, draw down facilities and unused facilities. This should include amounts and the terms of those borrowings, and details of security interests granted by members of the Applicant Group.
- Details of any further cash the Applicant could access through sale of surplus assets, additional borrowings, and related party equity/loans, grants or other sources.
- Whether there have been discussions with parties regarding the sale or transition of business for the Applicant's service.
- Latest evidence of correspondence with at least 1 Commercial Lender which supports the position that Commercial Funding was not available.
- The Applicant's repayment strategy (which may include raising of funds directly or via related parties, sale of assets (including real property), sale of business).
- Other information and questions as determined by the Department and its Financial Assessors.

Appendix 3 – Mandatory Repayment Thresholds

A Loan Recipient must make mandatory repayments to the Department when its Liquidity goes above its Mandatory Repayment Threshold. Following receipt of a quarterly performance report, if the report indicates a Loan Recipient's Liquidity – for its organisation as a whole, including the broader corporate group – is above its Mandatory Repayment Threshold the Department will invoice the Loan Recipient for an amount equal to the liquid funds exceeding the Mandatory Repayment Threshold as calculated at the time a quarterly report is due.

Table 4: Mandatory Repayment Thresholds

Provider's Minimum Level of Liquidity as at 1 April 2020	Provider's number of facilities	Mandatory Repayment Threshold
<p style="text-align: center;"><10%</p>	1 facility	When Liquidity reaches 15% of RAD Refund Liabilities as at the time the quarterly report is due.
	2 or more facilities	When Liquidity reaches 10% of RAD Refund Liabilities as at the time the quarterly report is due.
<p style="text-align: center;">10% to 30%</p>	Any number of facilities	When Liquidity as at the time the quarterly performance report is due is, as a percentage, the same as Liquidity was as a percentage as at 1 April 2020. For example, a provider that had a Minimum Level of Liquidity that equated to 25% of RAD Refund Liabilities as at 1 April 2020 will have a Mandatory Repayment Threshold of 25% Liquidity to current RAD Refund Liabilities.
<p style="text-align: center;">>30%</p>	Any number of facilities	When Liquidity reaches 30% of RAD Refund Liabilities as at the time the quarterly report is due.

If a Loan Recipient with a Minimum Level of Liquidity <10% as at 1 April 2020 goes from having:

- one facility to two or more at any point during the loan period, its Mandatory Repayment Threshold will become 10% from the moment it becomes a multi-facility provider; and
- two or more facilities to a single facility provider, its Mandatory Repayment Threshold will become 15% from the moment it becomes a single-facility provider.

This process will continue until the loan is fully repaid

Appendix 4 – Example proposed loan

Example of proposed loan for \$800,000 for illustrative purposes only, including example drawdown and payback arrangements (note, if a provider elected to make early repayments, the repayment amounts during the repayment period would be reduced):

Description	When	Amount paid to provider	Amount paid back by provider	Balance payable
Loan approved for a total of \$800,000 and Loan Agreement executed by both parties	By 30 June 2022	\$0		\$0
Loan Recipient draws down loan	July 2022	\$300,000		\$300,000
Loan Recipient draws down loan	August 2022	\$500,000		\$800,000
No repayments required during 'Repayment Holiday'	Up to 30 September 2022		\$0	\$800,000
Quarterly repay 1	By 31 Dec 2022		\$100,000	\$700,000
Quarterly repay 2	By 31 Mar 2023		\$100,000	\$600,000
Quarterly repay 3	By 30 June 2023		\$100,000	\$500,000
Quarterly repay 4	By 30 Sep 2023		\$100,000	\$400,000
Quarterly repay 5	By 31 Dec 2023		\$100,000	\$300,000
Quarterly repay 6	By 31 Mar 2024		\$100,000	\$200,000
Quarterly repay 7	By 30 June 2024		\$100,000	\$100,000
Quarterly repay 8	By 30 Sep 2024		\$100,000	\$0

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All information in this publication is correct as at 3 December 2021