

Media Release

Thursday, 15 September 2005



NEW PRUDENTIAL ARRANGEMENTS PAVE THE WAY FOR A FAIRER SYSTEM

The Government's announcement today of new measures to protect the Accommodation Bonds paid by residents in low care aged care homes make eliminating the inconsistencies in user charges for residential care a lot easier.

Commenting on the changes announced by Minister Bishop today, the CEO of Aged and Community Services Australia, Greg Mundy, said:

"There has never been an instance of a resident not being re-paid their Bond (a form of partly-refundable deposit), though there have been cases where this has been delayed when services have been placed in administration."

"The measures announced to day will reduce the risk to residents' funds still further and remove a potential obstacle to eliminating the anomalies between high care (nursing homes), where residents pay a maximum of \$16.45 per day for their accommodation, and low care (hostels) where the lodgement of the average bond of just over \$100,000 is worth approximately twice this amount."

"The industry has known of the Government's concerns about the security of the up front, lump sum payments paid by residents of hostels and extra service (luxury) nursing homes for some time."

"We have been discussing the best ways of achieving the Government's policy goals in this area with them for some time to ensure that the response is in proportion to the risk. Today's announcement stating that the Government will repay bond balances if a provider defaults and then seek to recover these funds from the defaulting provider is the right way to approach this issue."

"We would hope that the further step proposed, of levying all providers to contribute if another provider fails, will never be needed."

"New regulatory arrangements are foreshadowed in the Minister's announcement. We will be closely scrutinising these to ensure that they cover what's required and adequately protect prudent providers without adding paperwork for its own sake."

"We look forward to discussing the detail of these new arrangements with the Government"

ACSA represents over 1,200 church, charitable and community-based organisations providing housing, supported accommodation and community care services to over half a million older Australians.

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For Further Information

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