Better Quality of Care – managing prudential risk in residential care

The Government will increase funding for aged care by $5 billion over five years. The Government will strengthen standards and guarantees for older Australians who have made refundable accommodation deposits to residential aged care providers by:

- introducing a compulsory retrospective levy on residential aged care service providers where defaults exceed $3 million in any fiscal year;
- developing stronger prudential standards applied to accommodation payments held by residential service providers; and
- raising the Government’s prudential regulatory capability to better protect the growing pool of accommodation payments – currently about $23 billion – and reduce the likelihood of a claim on the Government guarantee scheme.

Why is this important?

Under the Accommodation Payment Guarantee Scheme, the Commonwealth guarantees repayment of refundable accommodation payments to older Australians in the event of provider default.

Imposing a levy reduces financial risk and ensures a fairer sharing of costs associated with the scheme. Stronger prudential standards will enhance the protections for consumers.

Who will benefit?

Past, present and future residents with a refundable accommodation deposit will benefit from this measure with strengthened protection of their accommodation payments.

How much will this cost?

This will cost $4.8 million from 2018–19 to 2021–22.