Transcript

Aged Care Quality and Safety Commission

Prudential Compliance
Introduction to Permitted Uses of Refundable Deposits

 **Presented by:**

Speaker

[*Opening visual of slide with text saying ‘Australian Government’, ‘Aged Care Quality and Safety Commission’, ‘Prudential Compliance’, ‘Introduction to permitted uses of refundable deposits’*]

[*The visuals during this video are of an animated female speaking whilst info-graphic images appear representing visually, what is said at that time during the video*]

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**Speaker:**

The Prudential Standards are about the protection of refundable accommodation deposits, refundable accommodation contributions and accommodation bonds. We’ll refer to them collectively as refundable deposits in this video.

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The Standards detail a provider’s legislative obligations for records management, governance, financial disclosure and liquidity.

Refundable deposits are an important source of investment capital for approved providers to generate profit to improve their service for residents.

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The Aged Care Act specifies that providers can only use refundable deposits in specific ways, known as ‘permitted uses’. The Governance Standard provides more detail on permitted uses.

What are the permitted uses of refundable deposits? Permitted uses are capital expenditure, investment in certain financial products, including Religious Charitable Development Funds, Refunding refundable deposits, making loans that meet certain conditions, repayment of debt accrued before the 1st of October 2011 for the purpose of providing aged care to care recipients, repayment of debt accrued for the purpose of capital expenditure or refunding of refundable deposits, reasonable business losses only during the first 12 months of a provider operating a service.

What can’t refundable deposits be used for? They must not be used for general repairs and maintenance, to cover the normal day to day operational costs such as staff wages or the purpose of consumables, on any other business activity other than residential aged care (like independent living units or retirement villages), for personal grain or gratification.

Regulatory actions and sanctions can be imposed and providers may be subject to criminal prosecution if they do not comply with one or more of their prudential obligations, including the requirement to only use refundable deposits for permitted uses.

Remember refundable deposits are an important tool that can be used to generate additional income. Having an effective governance system in place is critical in ensuring you comply with the Aged Care Act and only use refundable deposits for permitted uses.

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If you would like to know more about the individual permitted uses of refundable deposits you can visit the Commission’s website. There you will find resources including factsheets, guidance material and videos.

[*Visual of slide with text saying ‘Commission’s website’, ‘www.agedcarequality.gov.au/providers/prudential-standards’*]

 You can also access the Commission’s free online learning platform ALIS. Here you will find a range of interactive modules.

[*Visual of slide with text saying ‘Alis’, ‘https://www.agedcarequality.gov.au/online-learning’*]

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[*Closing visual of slide with text saying ‘Australian Government with Crest (logo)’, ‘Aged Care Quality and Safety Commission’, ‘For more information’, ‘Commission website:’, ‘https://www.agedcarequality.gov.au/providers/prudential-standards’, ‘Alis: https://www.agedcarequality.gov.au/online-learning’, ‘Quality Bulletin: https://www.agedcarequality.gov.au/subscribe’, ‘Email: prudential@agedcarequality.gov.au’, ‘Engage’, ‘Empower’, ‘Safeguard’*]

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