

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health and Aged Care

Senate Standing Committee on Community Affairs Legislation Committee

Inquiry into the Aged Care Bill 2024 (Provisions)

03 October 2024

PDR Number: IQ24-000139

RAD retention

Written

Senator: Marielle Smith

Question:

Why was the rate of RAD retention set at 2% per annum? Is the rate of retention included in the Bill

Answer:

The Aged Care Taskforce did not recommend a specific rate of Refundable Accommodation Deposit (RAD) retention, but noted that it should be set at a rate that did not disrupt the incentives between RADs and DAPs in the early stages of implementation.

During consultations, providers and banks indicated to the Aged Care Taskforce that rates up to 3% per annum would be unlikely to result in large changes to incentives, and this was noted in the Taskforce's final report.

The Government considered this advice and the rate of 2% per annum is within that limit. It balances the need for additional funding to support provider viability against the interests of individuals, taking an overall conservative approach.

The 2% rate of retention will be specified in Rules rather than the Bill.