



Australian Government

Department of Health and Ageing

Accommodation Bond Refund Interest Rates

Approved providers are required to pay interest on an accommodation bond balance for the period from the day after the resident leaves the care service until the accommodation bond is refunded. The requirement to pay interest also applies to approved providers holding entry contributions in the event that an entry contribution balance is refunded after the time specified in the Formal Agreement.

Approved providers are required to pay interest at two different rates:

- at the Base Interest Rate (BIR) for the period between a resident's departure and the completion of the legislated timeframe for refunding the accommodation bond balance. It is not payable for the day of departure, but for each day after the resident has departed the service until the accommodation bond balance is refunded or the legislated timeframe expires; and
- at the Maximum Permissible Interest Rate (MPIR) for the period after the end of the legislated timeframe (or the time set out in the Formal Agreement) until the accommodation bond balance or entry contribution balance is refunded.

If a change in the published BIR or published MPIR occurs during a period for which BIR or MPIR is payable, then the interest rate applied for the relevant periods should be the BIR or MPIR that first applied to that refund.

The Base Interest Rate

- The Base Interest Rate for residents who depart from an aged care home from 1 April 2009 to 30 June 2009 is 4.0%.

The BIR to be used in calculating interest is the BIR applicable on the day after the resident's departure.

The Maximum Permissible Interest Rate

- The Maximum Permissible Interest Rate for residents whose refunds become overdue after the end of the legislated timeframe for refunding accommodation bonds or the time set out in the Formal Agreement for entry contributions from 1 April 2009 to 30 June 2009 is 7.16%.

The MPIR to be used in calculating interest is the MPIR applicable on the day after the resident should have been refunded their accommodation bond balance or entry contribution balance in accordance with the legislated timeframes or Formal Agreement.

The interest rate remains fixed at this rate until the bond or entry contribution is refunded.

For further details on the rules regarding payment of interest and examples of how the two interest rates are applied refer to the *User's Guide to the regulation of approved providers holding accommodation bonds*.

Previous Base Interest Rates and Maximum Permissible Interest Rates can be found on the Department's Internet site at:

<http://www.health.gov.au/internet/main/publishing.nsf/Content/ageing-finance-refundrates.htm>