

Senate Standing Committee on Community Affairs
Parliament House
Canberra, ACT 2600

10 October 2024

Dear Committee Members,

Aged Care Bill 2024

On behalf of the Financial Advice Association of Australia¹(FAAA), we are writing to express our support for the submission made by Aged Care Steps (ACS) regarding the Aged Care Bill 2024. We believe their insights into the challenges faced by older Australians navigating aged care services are crucial in shaping a more effective and equitable aged care system. We work closely with ACS on matters concerning aged care policy.

There are four particular areas of the ACS submission that FAAA would like to specifically highlight:

1. **Grandfathering Provisions:** We support the principle of grandfathering, however raise concerns about the complexity and administrative burden of the "no detriment" provisions. We would support simpler alternatives. Ensuring equitable access to residential care for all Australians, regardless of their financial capacity, is essential. Alternative approaches as outlined in the ACS submission should be supported.
2. **Administrative Barriers:** We are aware that delays and bureaucratic inefficiencies in Services Australia's processes are a significant issue for aged care clients and our members who are working to support them. We are concerned that these have downstream effects on the timeliness of means-test assessments and other administrative tasks. Further, poor service standards at Centrelink and Veterans' Affairs are also impacting client outcomes. For the health of the system as a whole, these service issues need to be addressed
3. **Unregulated Aged Care Advice:** Aged care advice is complex, and when it is provided by someone who is unqualified and unlicensed can lead to significant financial harm for older Australians. The submission calls for stronger regulations to ensure that only licensed professionals provide aged care advice.
4. **Access to Licensed Advice:** There is a pressing need for older Australians to receive high-quality, aged care advice from a fully qualified financial adviser. Aged care advice is complex, involving the need for a detailed understanding of the aged care regime, taxation, social security and estate planning. Financial advisers consider the funding of aged care services in helping clients plan for their future and address a broad range of inter-related implications. Enhancing public awareness and

¹ The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. It was formed in 2023 following the merger of the two leading financial planning/advice bodies in Australia – the Financial Planning Association (FPA) and the Association of Financial Advisers (AFA). With this merger, a united professional association that advocates for the interests of financial advisers and their clients across the country was created.

education about the importance of seeking financial advice on aged care will benefit those who are forced to access aged care. More can be done to encourage those entering this important area of specialisation.

Further FAAA comments and recommendation

The FAAA broadly supports a move towards a model with a greater level of user pays, subject to the grandfathering of existing arrangements and the careful consideration of the implications of these changes on all cohorts.

The FAAA represents financial advisers, including those who specialise in aged care advice, who work with clients and their families as they consider a move into an aged care facility. In this respect, we have a particular concern around the potential implication of this Bill on financial advisers who act under the Corporations Act and the Financial Advisers and Planners Code of Ethics. Financial advisers assist clients with their aged care needs, including advising on the cost implications, the broader consequences for their financial situation and in the decision to select a particular facility. It is a requirement in the legislated Financial Adviser Code of Ethics for financial advisers to consider the potential longer term implications of their advice on clients. These services can at times include acting as the client's representative in relation to aged care matters or working with other family members in this regard. This might also involve interacting with aged care providers on the client's behalf. It is unclear how the function of financial advisers, defined under the Corporations Act as 'relevant providers', fits into the role of an 'advocate', 'representative' or 'supporter' under the Exposure Draft.

The Bill should clarify how the interaction between the definitions (and the intended role of a person acting under these definitions) in the Exposure Draft applies to the assistance financial advisers provide clients in relation to their aged care needs. Given the provision of financial advice is heavily regulated under the Corporations Act and the Code, with oversight by ASIC, we recommend it be made clear that 'relevant providers' operating under the Corporations Act are not intended to be captured under the definitions or provisions in the New Aged Care Act. This clarification could be included in the Explanatory Memorandum to the final Bill.

Thank you for considering this submission. For any questions with respect to this submission, please contact me on phil.anderson@faaa.au or on (02) 9220 4500.

Yours sincerely,



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