



**Australian Government**

**Department of Social Services**

# **Guidelines for applying for the Higher Accommodation Supplement**

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Current as at 25 June 2014

## Purpose of the Guidelines

The Department of Social Services (the Department) has developed these Guidelines to assist residential aged care service providers to:

- determine their eligibility for the higher accommodation supplement that applies to aged care homes that have been significantly refurbished on or after 20 April 2012, and
- apply for the higher supplement for a significantly refurbished service.

The Guidelines should be read in conjunction with Chapter 2, Part 3, Division 5, Subdivision A of the *Subsidy Principles 2014* (the Principles). The Principles set out the application process to seek a determination from the Secretary of the Department that a residential care service is significantly refurbished, and the criteria the Secretary will consider when making the determination.

*These Guidelines have been written in plain English and as a result, some aspects of the legislation and policy have been simplified. They are intended to be a general guide only and do not constitute legal advice. In cases of a discrepancy between the Guidelines and the legislation, the legislation will take precedence in determining eligibility for and payment of the higher accommodation supplement.*

## Additional Information

The Principles can be accessed at [ComLaw](#).

For general information about the higher accommodation supplement, please read the 'Fact Sheet – Claiming the higher accommodation supplement for newly built or significantly refurbished residential aged care facilities' and 'Frequently Asked Questions', which are accessible on the [Department's website](#).

Should you require further information about the higher accommodation supplement, please e-mail [higher.accommodation.supplement@dss.gov.au](mailto:higher.accommodation.supplement@dss.gov.au)

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## Definitions

### **Accommodation wing**

Includes a building; a floor or level of a building; and an annex to a building that is used to provide accommodation for a care recipient being provided with residential care through the service.

### **Care recipient room**

A room or part of a room intended to be occupied as personal space by a care recipient where this includes the bed used by a care recipient and the areas immediately around the bed.

*Important:* For each bedroom, the equivalent number of 'care recipient rooms' is determined by the number of care recipients that can be accommodated in the room. For example, if four care recipients share a bedroom, this is considered to be four care recipient rooms. If one care recipient resides in one bedroom and another in an adjoining bedroom (but with a shared bathroom), this is two care recipient rooms.

### **Eligible care recipients**

Eligible care recipients are those in respect of whom the accommodation supplement is payable.

For those care recipients in care before 1 July 2014, their eligibility for an accommodation supplement is based on the asset test undertaken when they first entered care. These care recipients are those defined as concessional, assisted or supported under clause 1 of Schedule 1 to the *Aged Care (Transitional Provisions) Act 1997*.

For those care recipients entering care on or after 1 July 2014, their eligibility for an accommodation supplement is based on the means test of their income and assets when they first enter care. These care recipients are those defined as low-means under section 5 of the *Subsidy Principles 2014*.

### **Extension**

A new and additional part of an existing care residential care service (e.g. a new accommodation wing).

### **Minimum monetary spend amount**

The amount worked out by multiplying \$25,000 by 40% of the lower of:

- a) the total number of care recipient rooms in the service before the commencement of the refurbishment; and
- b) the total number of care recipient rooms in the service after the completion of the refurbishment.

### **Operational place**

An operational place is one that is either occupied or available for the provision of Australian Government-funded aged care to an approved care recipient. It does not include places that have been approved, but are not yet operational.

### **Refurbishment cost**

The total cost of the refurbishment, or the proposed refurbishment, of the service unless fire safety improvements have been included in the project and the cost of such improvements is more than 25% of the minimum monetary spend amount – in these cases the refurbishment cost is worked out using the following formula:

$$A - (B - C)$$

where:

**A** is the total cost of the refurbishment.

**B** is the cost of the fire safety improvements.

**C** is the amount that is 25% of the minimum monetary spend amount in relation to the service.

Refer example at page 22.

## Part 1. Higher Accommodation Supplement

### 1.1 Overview

As part of the aged care reforms, approved providers who build or significantly refurbish a residential care service on or after 20 April 2012 will receive the higher Government accommodation supplement on behalf of eligible care recipients. Payable from 1 July 2014, the intent of the measure is to encourage the development of additional capacity in the residential care sector and enhanced quality and amenity of accommodation for care recipients.

### 1.2 Eligibility

The higher accommodation supplement will not be paid unless the following requirements are met at the **service** level:

- the service meets the building requirements<sup>1</sup> set out in Schedule 1 of the *Residential Care Subsidy Principles*, including fire and safety requirements and privacy and space requirements, for either pre-end-July 1999 buildings or post-end-July 1999 buildings (as applicable); and
- the service's facility has been completed on or after 20 April 2012; or
- the service's facility has been significantly refurbished on or after 20 April 2012.

Consistent with payment of the accommodation supplement, eligibility for the higher accommodation supplement is determined at the **residential care service level**. For the purposes of the higher supplement, a 'service' is identified by the National Approved Providers Identification Number (NAPS ID).

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<sup>1</sup> **Fire and safety requirements** are taken to be met if the building is assessed with a score of at least 19/25 for these requirements under the Aged Care Certification Assessment Instrument.

**Privacy and space requirements** specify the number of care recipients per room, and their access to showers and toilets.

**Post-end-July 1999 building** is a building, or part of a building, for which plans were submitted after 1 July 1999 to a body responsible for building or development approval in the area where the building is located or proposed, for approval to construct or alter the building, or part of the building. A post-end-July 1999 building meets privacy and space requirements if the building has; i) an average of no more than 1.5 care recipients per room; and ii) no room accommodates more than 2 care recipients; and iii) no more than 3 care recipients per toilet; and iv) no more than 4 care recipients per shower or bath; and v) toilets, showers and baths distributed across the building to ensure equitable and ready access for all care recipients.

**Pre-end-July 1999 building** is a building or part of a building that is not a post-end-July 1999 building. A pre-end-July 1999 building meets privacy and space requirements if the building has i) an average of no more than 4 care recipients per room; and ii) no more than 6 care recipients per toilet; and iii) no more than 7 care recipients per shower or bath; and iv) toilets, showers and baths distributed across the building to ensure equitable and ready access for all care recipients.

### **Newly built facilities**

Services in newly built facilities that have been completed on or after 20 April 2012 **do not need to apply** as they automatically qualify for the higher accommodation supplement. The Department will identify eligible services using information obtained through existing processes and notify these services of their eligibility. A 'newly built residential care service' is defined under section 75B of the *Aged Care (Subsidy, Fees and Payments) Determination 2014* as follows:

#### **Meaning of newly built residential care service**

- (1) A residential care service is a ***newly built residential care service*** if:
  - (a) each building in which residential care is provided to care recipients through the service was completed on or after 20 April 2012; or
  - (b) each building in which residential care is provided to care recipients through the service was converted, on or after 20 April 2012, from one or more buildings that, before that date, were used for a purpose other than providing residential care to care recipients through a residential care service.
- (2) A residential care service is also a ***newly built residential care service*** if:
  - (a) more than one building is used to provide residential care to care recipients through the service; and
  - (b) one or more of those buildings was:
    - (i) completed on or after 20 April 2012; or
    - (ii) converted, on or after 20 April 2012, from one or more buildings that, before that date, were used for a purpose other than providing residential care to care recipients through a residential care service; and
  - (c) none of those buildings had been used, before 20 April 2012, to provide residential care to care recipients through a residential care service.

### **Refurbished facilities**

Services in refurbished facilities are required to apply to the Secretary of the Department for a determination that their service is significantly refurbished.

### **1.3 Seeking a determination**

There are **two pathways** to seek a determination from the Secretary that a service is significantly refurbished and therefore eligible to receive the higher accommodation supplement.

The main pathway is to apply for 'standard approval', which is for services with *completed* refurbishments. For services with a *proposed* refurbishment, they may wish to apply for 'pre-approval', which is an optional route that comprises two-stages (pre-approval and confirmation). The two pathways are discussed below.

### **1.3.1 Standard approval – for services with completed refurbishments**

Services of refurbished facilities can apply to receive a determination from the Secretary that the service is significantly refurbished by submitting an application for standard approval. Standard approval may only be sought after completion of the refurbishment or where the refurbishment is sufficiently advanced to qualify based on completed work. A service will be determined to be significantly refurbished if it meets the significant refurbishment eligibility criteria (see 'Part 3 – Significant Refurbishment Criteria') set out in the Principles. The Secretary will advise a decision within 60 days of receiving the application, unless additional information is requested to assess the application.

### **1.3.2 Pre-approval – for services with proposed refurbishments (optional)**

To assist with planning, services may elect to apply for pre-approval for a proposed refurbishment prior to commencement of the project. Pre-approval is a conditional determination by the Secretary that is granted on the basis that the proposed work, if completed as planned, is expected to meet the eligibility criteria (see 'Part 3 – Significant Refurbishment Criteria') set out in the Principles. The Secretary will advise a decision within 60 days of receiving the application, unless additional information is requested to assess the application.

An application for pre-approval is not compulsory. In many cases it is expected that providers will self-assess whether or not their planned refurbishment project would meet the eligibility criteria at completion, without needing to seek pre-approval.

### **Confirmation**

For proposed refurbishments that receive pre-approval, the higher accommodation supplement will not be payable until all criteria have been confirmed as met at the completion of the refurbishment.

Confirmation may only be submitted once the project has been completed or the refurbishment is sufficiently advanced to qualify based on completed work. The Secretary will advise a decision within 28 days of receiving the confirmation of completion, unless additional information is requested.

Pre-approved refurbishment projects that have not fulfilled the eligibility requirements at completion will not receive the higher accommodation supplement on the basis that the service has not been significantly refurbished.

Further information on how to apply for either standard approval or pre-approval (and confirmation) is provided under 'Part 2 – Application Process'.

## 1.4 Commencement of payment

### *Completed significant refurbishments without pre-approval*

For services in refurbished facilities that meet the eligibility criteria for significant refurbishment, the higher accommodation supplement will be payable:

- if the refurbishment was completed before 1 July 2014 and the application for the determination was received on or before 31 July 2014 – on 1 July 2014; or
- in any other case – on the day the application was received.

### *Completed significant refurbishments with pre-approval*

For services in facilities with proposed refurbishments that received pre-approval, the higher accommodation supplement will be payable from the date\* on which confirmation of the completed refurbishment is received by the Department, provided all criteria have been satisfied.

\*Payments will be backdated to this date

## 1.5 Cessation of payment

A service's eligibility for the higher accommodation supplement will be revoked in the following circumstances:

1. the service relocates\* to another facility that has not been newly built or determined to be significantly refurbished on or after 20 April 2012; or
2. the service combines with another service that has not been newly built or determined to be significantly refurbished on or after 20 April 2012.

In the above instances, the service would no longer be eligible to receive the higher accommodation supplement.

If the supplement is revoked due to a service combining with a service that is not eligible to receive the higher accommodation supplement, the combined service may be eligible to apply for the higher accommodation supplement based on refurbishment work previously undertaken in the separate services.

\*Where a facility has been newly built or determined to be significantly refurbished on or after 20 April 2012, the facility (not the service) will continue to attract the higher accommodation supplement in the event of the service's relocation.

## Part 2. Application Process

Applications for the higher accommodation supplement must be submitted on a form approved by the Secretary. When applying for the higher accommodation supplement, applicants are required to substantiate how their service satisfies the eligibility criteria.



## 2.1 Accessing an application form

There are three ways to access an application form:

1. **Apply online.** Complete the online form and upload attachments securely by visiting the [Forms Administration Portal](#).
2. **Download a paper application form.** Application forms can be downloaded from the [Department's website](#) for electronic completion or printed for paper-and-pencil completion; or
3. **Request a paper application form.** Contact Forms Administration ([dss@formsadministration.com.au](mailto:dss@formsadministration.com.au) or 02 4403 0640) to request for a hard copy form to be mailed to you for paper-and-pencil completion.

## 2.2 Completing an application form

There are three types of approved forms:

- 'Application for Standard Approval'
- 'Application for Pre-approval'
- 'Confirmation of Completed Pre-approved Significant Refurbishment'

**Please ensure that you submit your application on the appropriate approved form.**

If multiple services under the same approved provider have been, or will be, refurbished, a separate application form is required in respect of each service.

### 2.2.1 Guidance on completing an 'Application for Standard Approval'

Services that have finished a refurbishment of their facility without pre-approval must complete the standard approval application form. The standard application form comprises the following six sections:

#### 1. Applicant information

This section asks for general information regarding the service for which a determination of significant refurbishment is sought.

#### 2. Contact person's details

This section asks for details of a relevant contact person for the application.

#### 3. Self-assessment checklist

This section requires the applicant to assess the refurbished facility against the eligibility criteria. Applications are made on a self-assessment basis. Applicants should satisfy themselves, before submitting the application, that all the criteria are met at the time of application (see 'Part 3 – Significant Refurbishment Criteria').

#### 4. Supporting statement

To supplement the self-assessment checklist, a **typed** supporting statement (approximately 1-2 pages) describing the completed refurbishment must be provided.

The description should explain what has been done to benefit care recipients (particularly eligible care recipients) with relation to **care recipient rooms, common areas** for care recipients, and noting **any refurbished areas that are not for the use of care recipients.**

**IMPORTANT:** Please be clear in describing the differences made as a result of the refurbishment by making references to the **pre- and post-refurbishment condition.**

To help explain the changes in respect of pre- and post-refurbishment quality, size and/or amenity, you may wish to provide relevant photographs. Where photographs are attached, please ensure that these are clearly labeled.

#### 5. Supporting evidence

To support the claims made in the self-assessment checklist and supporting statement, copies of the following documents are required as attachments:

- Occupancy certificate (or equivalent), where applicable
  - An official document that signifies that the newly constructed building/area is suitable for occupation is required if the refurbishment consisted of an extension.
- Relevant final site, floor and/or building plans
  - Plans that provide relevant detail or context should be supplied.
  - Please clearly indicate/highlight on these plans where the refurbishment has occurred.

Please ensure that all documents are clearly labelled (e.g. 'WING A - FLOOR PLAN', 'BATHROOM A - AFTER REFURBISHMENT) prior to submitting. Submissions of plans and photographs will further enable applications to be considered in a timely manner. However, please be aware that any documents submitted will be retained by the Department and will not be returned.

#### 6. Key personnel declaration

This section must only be completed by key personnel of the approved provider as defined under Section 8-3A of the *Aged Care Act 1997* (Act). Giving false or misleading information is a serious offence under the Act and the *Criminal Code Act 1995*.

### **2.2.2 Guidance on completing an 'Application for Pre-approval'**

Services with a proposed refurbishment of their facility for which they would like to obtain pre-approval must complete the pre-approval application form. The pre-approval application form comprises the following six sections:

1. Applicant information

This section asks for general information regarding the service for which a conditional determination of significant refurbishment is sought.

2. Contact person's details

This section asks for details of a relevant contact person for the application.

3. Self-assessment checklist

This section requires the applicant to assess the proposed refurbishment of the facility against the eligibility criteria. Applications are made on a self-assessment basis. Applicants should satisfy themselves, before submitting the application, that all the criteria are met at the time of application. (see 'Part 3 – Significant Refurbishment Criteria').

4. Supporting statement

To supplement the self-assessment checklist, a **typed** supporting statement (approximately 1-2 pages) describing the proposed refurbishment must be provided.

The description should explain what will be done to benefit care recipients (particularly eligible care recipients) with relation to **care recipient rooms, common areas** for care recipients, and noting **any areas to be refurbished that are not for the use of care recipients.**

**IMPORTANT:** Please be clear in describing the differences that will be made as a result of the refurbishment by making references to the **current condition and proposed post-refurbishment** condition.

To help contextualise your claims in respect to proposed improvements to quality, size and/or amenity, you may wish to provide relevant photographs of the current conditions and/or designs of the proposed refurbishment. Where photographs and/or designs are attached, please ensure that these are clearly labelled.

## 5. Supporting evidence

To support the claims made in the self-assessment checklist and supporting statement, copies of the following documents are required as attachments:

- Relevant site, floor and/or building plans
  - Plans that provide relevant detail or context should be supplied.
  - Please clearly indicate/highlight on these plans where the refurbishment will occur.

Please ensure that all documents are clearly labelled (e.g. 'WING A - FLOOR PLAN', 'BATHROOM A - AFTER REFURBISHMENT') prior to submitting. Submissions of plans and photographs will further enable applications to be considered in a timely manner. However, please be aware that any documents submitted will be retained by the Department and will not be returned.

## 6. Key personnel declaration

This section must only be completed by key personnel of the approved provider as defined under Section 8-3A of the Act. Giving false or misleading information is a serious offence under the Act and the *Criminal Code Act 1995*.

Once the project has been completed, the '*Confirmation of completed pre-approved significant refurbishment*' form must be submitted (see below).

### 2.2.3 Guidance on completing a 'Confirmation of Completed Pre-Approved Significant Refurbishment'

After the completion of a refurbishment for which pre-approval was granted, the service must confirm the completed significant refurbishment using the confirmation form before the determination is effective and the higher supplement will be payable. **It is recommended that the applicant review their copy of the submitted pre-approval application prior to completing the confirmation form.**

The confirmation form comprises the following five sections:

1. Pre-approval reference number

In this section, please provide the reference number that was included in the Department's advice of pre-approval outcome letter.

2. Information provided in pre-approval application

This section requires confirmation that the 'Applicant information' and 'Contact person's details' remain unchanged from what was provided in the pre-approval application. Otherwise, updated details should be provided as appropriate.

3. Self-assessment checklist

This section requires the applicant to confirm that the refurbishment has been completed and to provide the actual date of completion and the associated costs of the refurbishment - both of which are only able to be confirmed following completion of the refurbishment.

The applicant must review the previously provided responses to the self-assessment checklist from the pre-approval application to ascertain whether there are any discrepancies between what was *expected* to be met prior to commencement of the refurbishment and what has *actually* been met following completion of the refurbishment.

- ❖ Where discrepancies exist – that is, the completed refurbishment has materially differed (i.e. significantly changed in scope, quality, form, functionality, types of work undertaken, etc.) from what was described in the application for pre-approval, an explanation of the key aspects of the refurbishment that have differed is required in the space provided.

4. Supporting evidence

Where the completed refurbishment has **materially differed from what was originally proposed**, the documents below may also be required:

- Relevant final site, floor and/or building plans, where these have differed from the proposed plans that were attached to the pre-approval application
  - Plans that provide relevant detail or context should be supplied.
  - Please clearly indicate/highlight on these plans where the refurbishment has occurred.

Please ensure that all documents are clearly labelled (e.g. 'WING A - FLOOR PLAN') prior to submitting. Submissions of plans will further enable applications to be considered in a timely manner. However, please be aware that any documents submitted will be retained by the Department and will not be returned.

## 5. Key personnel declaration

This section must only be completed by key personnel of the approved provider as defined under Section 8-3A of the Act. Giving false or misleading information is a serious offence under the Act and the *Criminal Code Act 1995*.

### 2.3 Submitting the application form

Prior to submitting your application form (including the confirmation form), please ensure that you retain a copy of the completed form and all attachments for your records. Please note that if you have used the online application process, you will be able to view your completed application electronically at any time after submission.

Completed application forms (including the confirmation form) and relevant attachments can be:

**E-mailed to:** [dss@formsadministration.com.au](mailto:dss@formsadministration.com.au)

**OR**

**Posted to:** Forms Administration  
PO BOX 5008  
NOWRA DELIVERY CENTRE NSW 2541

**OR**

**Faxed to:** (02) 4447 8711

### 2.4 Enquiries

Should you require additional information or assistance with accessing, completing or submitting an application form, please contact Forms Administration via the contact details below.

Telephone: (02) 4403 0640

E-mail: [dss@formsadministration.com.au](mailto:dss@formsadministration.com.au)

### 2.5 Requests for additional information

In some cases, in order to verify claims made within a service's application (including confirmation) for the higher accommodation supplement, additional information may be requested by the Secretary. The service may be required to provide the additional information within 28 days, or earlier if specified, after receiving the request. Failure to do so may result in the standard approval or pre-approval application being withdrawn.

### 2.6 Notification of outcome

Written notification of the standard approval and pre-approval application outcome will be provided to the service within 60 days after receipt of application, unless the Department has made a request for additional information. If the Secretary has requested additional information, the period of time starting from the date of request through to and including the date of receipt by the Secretary of that additional information is not counted towards the 60 day period.

For pre-approved refurbishments, upon receipt of the confirmation form following project completion, written notification of whether the eligibility requirements have been met will be provided within 28 days.

Every reasonable effort will be made to process applications quickly.

## **2.7 Seeking a review of decision**

If an applicant is not satisfied with the decision, they have the right to ask for a review under Part 6.1 of the *Act*.

The Secretary's decision to refuse to make a determination that a service with a completed or proposed refurbishment is, or will be at completion, significantly refurbished can be reviewed following a request from the applicant.

For pre-approved services that have lodged a confirmation form, the Secretary may determine that the requirements under which pre-approval was granted have not been satisfied at completion. This decision may also be subject to review.

Applicants who wish to seek a review of the Secretary's decision must:

1. Request the review, in writing, within 28 days of receiving notice of the decision for which a review is sought; and
2. Set out the reasons why the decision should be reviewed (i.e. the grounds on which you disagree with the decision);
3. Send the request for review via one of the following methods:

**Mail:** Forms Administration  
PO Box 5008  
Nowra Delivery Centre NSW 2541

**OR**

**E-mail:** [dss@formsadministration.com.au](mailto:dss@formsadministration.com.au)

Please include in the subject line: 'Request for Review of Decision' and your reference number, which is located on the Department's advice of outcome letter.

The Secretary will confirm the original decision or make a new decision. In the event of the latter, written notice of the reviewed decision outcome will be provided to the applicant within 90 days of receipt of the request for decision review. Otherwise, if notice is not given to the applicant within 90 days, the original decision can be taken to be confirmed.

The Secretary's decision takes effect on the day specified in the notification of reviewed decision outcome, or if a day is not specified - on the day on which the reviewed decision was made.

If the applicant still does not agree with the reviewed decision, the applicant can apply for the decision to be reviewed by the Administrative Appeals Tribunal (AAT).

## **Part 3. Significant Refurbishment Criteria**

### **3.1 Meeting the criteria for standard approval and pre-approval (and confirmation)**

Applications for standard approval, pre-approval and subsequent confirmation for the higher accommodation supplement are assessed against the same set of criteria. For pre-approvals, the proposed refurbishment must demonstrate the potential to meet the criteria at completion. These criteria are explained below.

#### **3.1.1 Completion date**

*“the refurbishment was completed on or after 20 April 2012”*

The refurbishment must have been completed on or after 20 April 2012. The completion date of a refurbishment will be taken to be the later of either the date on which the refurbished facility was deemed suitable for occupancy by state/territory building authorities *or* the date on which all work involved in the refurbishment was finished.

Where a staged project started before 20 April 2012 and the most recent stage was completed on or after 20 April 2012, the facility will be taken to have been completed on or after 20 April 2012. It will need to be clear that all work (completed before and after 20 April 2012) was part of **one** clearly identified refurbishment project.

*Determining the completion date of your refurbishment:*

If the refurbishment consisted:

- only of an extension to the facility (e.g. building a new accommodation wing), the completion date is the date on which the occupancy certificate (or equivalent) was issued for the extension.
- only of alterations, updates, upgrades or other improvements to existing parts of the facility, the completion date is the date on which all work involved in the refurbishment was finished.
- of both an extension and alterations, updates, upgrades or other improvement to existing parts of the facility, the completion date is the later of either the date on which the occupancy certificate (or equivalent) was issued *or* the date on which all work involved in the refurbishment was finished.

#### **3.1.2 Significant difference**

*“the alterations, updates, upgrades or other improvements that have been made to the service have resulted in the service being significantly different in form, quality or functionality after the refurbishment”*

The refurbishment must result in the service being significantly different in form (i.e. structural changes), quality (i.e. changes to condition), or functionality (i.e. changes



to practical use or purpose) compared to pre-refurbishment. These improvements should be readily observable.

Examples of improvements to services that meet this requirement include:

- improvements to existing internal infrastructure such as:
  - upgrades to care recipient rooms (including en-suites), and shared toilets/bathrooms;
  - an extension to the residential care service available to all care recipients irrespective of their means (e.g. a new wing that is not restricted to care recipients receiving care on an extra service basis);
  - upgrades or additions of common dining, living and recreational areas for care recipients;
  - upgrades to allied health rehabilitation areas;
  - addition of a library;
  - addition of a café for care recipients; and
  - installing of new nurse communication systems, care recipient-down alarm systems.
  
- improvements to existing external infrastructure, such as:
  - stairs and ramps;
  - automatic doors; and
  - outdoor activity areas (e.g. barbeque area).

### **3.1.3 Accessible and for use of care recipients**

*“a significant proportion of the areas of the service that have been refurbished are areas that are accessible to, and for the use of, care recipients who are being provided with residential care through the service”*

A significant proportion of the refurbished areas of the service must be accessible to, and be for the use of, the care recipients. While *some* work to areas that are not for care recipient access or use is permitted, the majority of the refurbishment work must be undertaken in areas that can be accessed and used directly by care recipients.

Examples of areas that are accessible to, and for the use of, care recipients may include:

- care recipient rooms (including en-suites), and shared toilets/bathrooms;
- an extension to the residential care service available to all care recipients irrespective of their means (e.g. a new wing that is not restricted to care recipients receiving care on an extra service basis);
- common dining, living and recreational areas for care recipients; and
- rehabilitation areas.

Refurbishment of areas that are **not** accessible to, and for the use of, care recipients should be kept to a minimum. As a guide, the costs of refurbishment work to these types of areas should not comprise more than 10 per cent of the minimum monetary spend amount. However, where the associated costs exceed 10 per cent, it would not preclude approval being given if the significance, scope, and expenditure of other refurbishment to areas that *can* be accessed and used by care recipients, including eligible care recipients, meet all the significant refurbishment criteria.

Examples of areas that are not typically accessible to, and for the use of, care recipients may include:

- administrative areas;
- vehicle garaging areas; and
- areas for storing cleaning and or maintenance products or equipment for use either internally or externally.

### **3.1.4 Significant benefits for eligible care recipients**

*“the refurbishment provides significant benefits to assisted residents, concessional residents, low means care recipients or supported residents who are being provided with residential care through the service”*

An extension, alterations, updates, upgrades or other improvements to existing parts of the service must provide significant benefits to eligible care recipients. This may be achieved by ensuring that these care recipients have ready access to, and use of, the improvements.

Examples of refurbishments that are considered to provide benefits to eligible care recipients include:

- improved care recipient rooms available to eligible care recipients;
- the availability of care recipient rooms within new accommodation wings to eligible care recipients;
- new or improved common areas that are accessible by eligible care recipients;
- new beds for eligible care recipients;
- ceiling hoists and other care related equipment for eligible care recipients;
- exercise and recreational equipment for eligible care recipients; and
- electronic equipment for eligible care recipients (e.g. computers).

### **3.1.5 Available rooms for eligible care recipients**

*“the proportion of the total number of care recipient rooms in the service that are available after the refurbishment for assisted residents, concessional residents, low means care recipients or supported residents is equivalent to, or higher than, the proportion of the total number of care recipient rooms in the service that were available before the refurbishment for assisted residents, concessional residents, low means care recipients or supported residents”*

The proportion of the total number of care recipient rooms available to eligible care recipients after completion of the refurbishment must not be lower than the proportion before commencement of the refurbishment. “Available” means that eligible care recipients would not be ordinarily excluded from accommodation in those rooms (i.e. not an extra-service room).

The requirement is that the care recipient rooms are potentially available to eligible care recipients, not that the rooms are continuously occupied by eligible care recipients. This recognises that on occasions, a particular care recipient room may be occupied by a care recipient who is not eligible for Government support with their accommodation costs.

The following example demonstrates how this may operate in practice:

*A residential care service was expanded from a total of 50 care recipient rooms (with 25 rooms - or 50 per cent - available to eligible care recipients) to 80 care recipient rooms. Following the expansion, at least 50 per cent (i.e. 40 care recipient rooms) of the 80 care recipient rooms are available to eligible care recipients.*

*Alternatively, if the service undertook a refurbishment project that resulted in a reduction of total rooms in the facility to 40 care recipient rooms, then after the refurbishment, at least 50 per cent (i.e. 20 care recipient rooms) of the 40 care recipient rooms need to be available to eligible care recipients to meet the criterion.*

### **3.1.6 Minimum required benefits**

“The refurbishment

- a) has resulted in at least 40% of the care recipients being provided with residential care through the service having a care recipient room that has been significantly refurbished; or*
- b) provides a significant benefit to at least 40% of the care recipients being provided with residential care through the service; or*
- c) consisted of an extension to the service involving an increase of at least 25% of the number of care recipient rooms in the service”*

**At least (a), (b), or (c) of the following must be met:**

- a) At least 40 per cent of the care recipients being provided with care in the service have a care recipient room that has been significantly refurbished. Please note that the 40 per cent requirement applies to the total number of operational places in the service at the time of application. The following provides an example:

*A residential care service with 100 operational places has 40 x two-bed rooms (80 care recipient rooms) and 20 x single-bed rooms (20 care recipient rooms).*

*A refurbishment to the service is completed and improvements to care recipient rooms were made in the following combination:*

- *20 x two-bed rooms (40 per cent of care recipients have a refurbished room); or*
- *10 x two-bed rooms and 20 x single-bed rooms (40 per cent of care recipients have a refurbished room).*

*Either of the above combinations would satisfy the requirement that at least 40 per cent of the care recipients (in terms of occupied and unoccupied operational places) have a significantly refurbished care recipient room.*

- b) In cases where the main focus of the service refurbishment is on common areas, it must significantly benefit at least 40 per cent of care recipients being provided with care in the service. Please note that the 40 per cent requirement applies to the total number of operational places in the service at the time of application.

Generally, only undertaking a refurbishment of common areas in the facility will not satisfy this criterion as it is expected that common area refurbishments are supplemented by some refurbishment of care recipient rooms. However, refurbishments of this type will be considered on a case-by-case basis. Considerations will be given to the extent of improvements made to the common areas and the resulting benefits for care recipients.

The following provides an example of a refurbishment where a combination of common area and bedroom refurbishments is undertaken:

*A residential care service with 100 operational places elects to refurbish:*

1. *10 x two-bed rooms (benefits 20 per cent of care recipients);*
2. *10 x single-bed rooms (benefits 10 per cent of care recipients); and*
3. *common living areas accessible to all care recipients (benefits 100 per cent of care recipients).*

*In this example, depending on the scope and significance of the changes to the common living areas, the requirement that at least 40 per cent of care recipients (in terms of occupied and unoccupied operational places) significantly benefit from the improvements may be met, even though less than 40 per cent of care recipients would benefit from a direct care recipient room refurbishment.*

*Alternatively, the service could decide to refurbish an additional 10 care recipient rooms which would allow them to more simply satisfy the requirement that at least 40 per cent of the care recipients (in terms of occupied and unoccupied operational places) have a significantly refurbished care recipient room (criterion a).*

- c) An extension to the service must have added at least an additional 25 per cent of care recipient rooms. Please note the 25 per cent requirement relates to the total number of care recipient rooms in the service, not just the rooms that are occupied.

It is recognised that the cost to build an extension, such as a new accommodation wing, is typically higher than refurbishments alone. As such, a refurbishment that has taken the form of an extension is only required to increase the number of care recipient rooms by at least 25 per cent. The following example demonstrates this:

*A residential care service with 100 care recipient rooms adds an extension in the form of a new accommodation wing with 15 x two-bed rooms, noting that this is the equivalent of 30 care recipient rooms. After the extension, the service now has 130 care recipient rooms.*

*The additional percentage of care recipient rooms (30 per cent) satisfies the minimum requirement of 25 per cent additional care recipient rooms.*

Where a provider has undertaken an extension that does not increase the number of care recipient rooms by at least 25 per cent, the provider could still meet the requirements of criterion (a) if, in combination with the additional care recipient rooms in the new wing, the approved provider has made, or elects to make, additional improvements to existing care recipient rooms in the residential care service. The following example demonstrates this:

*A residential care service with 100 care recipient rooms adds a new accommodation wing comprising 10 x two-bed rooms (20 care recipient rooms), noting that this number (20 per cent) is insufficient to meet the requirement that the number of care recipient rooms increase by at least 25 per cent.*

*However, in addition to the extension, the service also undertakes refurbishments to its existing care recipient rooms as follows:*

- *10 x two-bed rooms (20 care recipient rooms); and*
- *10 x single-bed rooms (10 care recipient rooms).*

*The total number of care recipient rooms involved in the refurbishment is now 50 (20 care recipient rooms in the extension plus 30 care recipient rooms within the existing service buildings); therefore 50 per cent of 100 care recipients (in terms of occupied and unoccupied operational places) will have a significantly refurbished room.*

*As such, the refurbishment will meet and surpass the requirement (criterion a) that at least 40 per cent of care recipients (in terms of occupied and unoccupied operational places) have a significantly refurbished care recipient room.*

### **3.1.7 Refurbishment cost**

“the refurbishment cost in relation to the service is at least the minimum monetary spend amount in relation to the service”

The cost of the refurbishment must at least equal the calculated minimum monetary spend amount.

To calculate the minimum monetary spend amount, use the formula below:

$$\text{Minimum monetary spend amount} = \$25,000 \times 40\% \times \text{number of care recipient rooms}^*$$

\*Note:

The number of care recipient rooms is the **lower** of either the total number of care recipient rooms (unoccupied and occupied) before commencement of the refurbishment **or** the total number of care recipient rooms (unoccupied and occupied) after completion of the refurbishment.

The following provides an example:

*The minimum monetary spend amount for a service with 100 care recipient rooms before the refurbishment and 104 care recipient rooms after the refurbishment would be calculated in the following manner.*

*Minimum monetary spend = \$25,000 × 40 per cent × 100 = \$1,000,000*

*Therefore, the service's refurbishment cost must at least equal \$1,000,000*

This minimum monetary spend amount will apply irrespective of the types of refurbishments that have been undertaken and the number of care recipient rooms involved. This is a simple objective test, which will be met if the cost of the refurbishment equates to, or exceeds, the amount calculated under the formula.

### **Working out the refurbishment cost**

The refurbishment cost is equivalent to the total cost of the refurbishment project, unless fire safety improvements (see '*What constitutes fire safety improvements?*' below) have been undertaken as part of the refurbishment. The refurbishment cost is exclusive of the Goods and Services Tax (GST) and includes all the reasonable costs that were necessary to complete the refurbishment, such as professional and consultant fees where those fees are clearly linked to the scope of the project.

Fees that are outside of the scope of the project must not be included within the refurbishment cost. For example, in-house non-project costs to the service, such as the costs of service management or administration, are deemed to be operational costs and therefore must not be included within the refurbishment cost.

### **What constitutes 'fire safety improvements'?**

For the purposes of the higher accommodation supplement, **fire safety improvement** means the installation, alteration, upgrading of any of the following fire safety features in a residential care service:

- a) Fire sprinkler system inclusive of tanks, pumps and mains etc. as applicable,
- b) Fire hydrant system inclusive of tanks, pumps and mains etc. as applicable,
- c) Fire hose reel systems,
- d) Fire extinguishers,
- e) Smoke detection and alarm system inclusive of fire indicator panel, break glass alarms, annunciator panels etc. as applicable,
- f) Emergency lighting systems,
- g) Exit signage systems.

Please note that fire safety features that are incorporated into the design, configuration and construction of the building (i.e. tangible structural building features) are **not** included in the definition of fire safety improvement. For example, these may include:

- Fire ratings to walls, floors, and ceilings;
- Smoke walls (including doors and windows) to achieve compliance with Building Code Australia's smoke compartmentalisation and construction of the building; and
- Construction of exits including stairs and fire rated stair shafts, lift shafts and other building services shafts

### **Treatment of fire safety improvement expenditure**

Where a refurbishment project has included fire safety improvements, there is a cap on the amount of expenditure relating to these improvements that can be included in the refurbishment cost. **This cap is equivalent to 25 per cent of the calculated minimum monetary spend amount.** Expenditure relating to fire safety improvements up to and including the value of the cap can be included in the refurbishment cost.

*For example, if the required minimum monetary spend amount is calculated to be \$1,000,000 and the cost of retrofitting fire sprinklers in the facility is \$250,000 (or less) then, given that 25% of \$1,000,000 = \$250,000, the full cost of the expenditure relating to fire sprinklers installation can be included in the refurbishment cost.*

*In this example, at least \$750,000 would need to be spent on other broader significant refurbishment work to meet the minimum monetary spend requirement*

Where the expenditure relating to installing fire safety improvement is **greater** than 25 per cent of the minimum monetary spend amount, the refurbishment cost can be calculated using the following formula:

**Refurbishment cost = A – (B – C)**, where:

**A** is the total cost of the refurbishment

**B** is the cost of the fire safety improvements

**C** is the amount that is 25 per cent of the minimum monetary spend amount in relation to the service

The following provides an example of calculating the refurbishment cost where fire safety expenditure exceeds the value of the cap:



An approved provider spends a total of \$1,100,000 on the refurbishment of their 100 care recipient room service, including \$400,000 spent to install fire sprinklers in the service. The calculated minimum monetary spend amount is \$1,000,000. Given that the full cost of installing fire sprinklers is greater than 25% of the minimum monetary spend (i.e.  $25\% \times \$1,000,000 = \$250,000$ ), the formula can be used to calculate the refurbishment cost.

Therefore:

A = \$1,100,000 (including the \$400,000 spent on fire sprinkler installation)

B = \$400,000 (cost of the fire sprinkler installation)

C = \$250,000 (i.e. 25 per cent of calculated minimum monetary spend amount of \$1,000,000)

Refurbishment cost =  $\$1,100,000 - (\$400,000 - \$250,000)$

Refurbishment cost =  $\$1,100,000 - \$150,000$

**Refurbishment cost = \$950,000**

As the refurbishment cost is worked out to be \$950,000, which is less than the required minimum monetary spend amount of \$1,000,000, the service will need to spend at least an additional \$50,000 on non-fire safety refurbishment work to meet the minimum monetary spend requirement.

This achieves the same broad outcome as in the first example in that the facility has had to spend at least 75% (\$750,000) of the minimum monetary spend amount (\$1,000,000 in this case) on non-fire safety work.

### 3.1.8 Costs capitalised as per Australian accounting standards

the relevant costs of the refurbishment will be capitalised for the purposes of the Australian accounting standards because:

- (i) the refurbishment consisted of structural improvements;  
or
- (ii) those costs can be depreciated because they relate to fixtures, fittings or anything that can be removed intact

The relevant costs of the refurbishment project must be capitalised consistent with Australian accounting standards. Capitalised costs are those that can be recorded as the cost of a fixed asset. Such costs can be written off as depreciation over several accounting periods, instead of being charged-off as an expense in the accounting period in which they are incurred.

## 3.2 Types of work that are not 'significant refurbishment'

### **Important: Types of work that will not meet the criteria**

If a refurbishment project consists only of **routine repairs; maintenance activity; replacement of furniture; or fire safety improvements**, this **will not qualify** as a significant refurbishment.

### **3.2.1 Routine maintenance, repairs, and replacement activity**

Refurbishment projects must comprise types of work that are above and beyond routine repairs, maintenance, and replacement. These types of work that would ordinarily be undertaken as part of the normal operation of the facility are **not** assessable against the eligibility criteria for significant refurbishment. Costs associated with routine repairs, maintenance activity (e.g. painting, plumbing, electrical work, gardening), and/or the replacement of furniture are expected to be funded through the operational budget of the service and are typically not able to be capitalised.

Note:

In some circumstances, building work such as painting, electrical, plumbing, tiling, finishing etc., can be included within a refurbishment project, where it can be demonstrated that this building work is part of the significant refurbishment (rather than normal routine activity).

### **3.2.2 Fire safety improvements**

Similarly, fire safety improvements are also not assessable against the eligibility criteria for significant refurbishment, with the exception of the minimum monetary spend criterion (see 'Treatment of fire safety improvement expenditure').

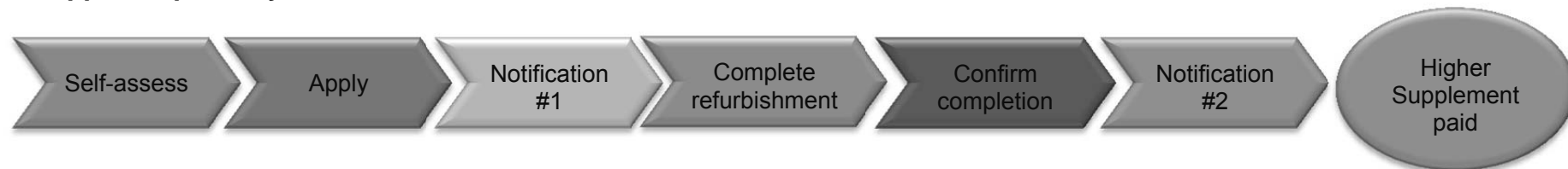
The Commonwealth welcomes the move of service providers to improve fire safety in their facilities and recognises the significant investments involved. However, the 'significant refurbishment' policy seeks to recognise facilities which undertake refurbishments that provide additional benefits over and above fire safety improvements. That is, fire safety improvements must be accompanied by broader significant refurbishment work.

## Part 4. The stages in accessing the higher supplement

### Standard approval pathway



### Pre-approval pathway



<p><b>Self-assess</b> Evaluate your completed or proposed project against the criteria for significant refurbishment.</p> <p><b>Apply</b> Complete and submit the relevant application form (standard approval or pre-approval), attach supporting statement and supporting documentation.</p> <p><b>Notification</b> Written notification of the application outcome will be provided within 60 days after receipt of application, unless the Department has made a request for additional information.</p> <p><b>Complete refurbishment</b> Ensure that the refurbishment is completed and that it meets the relevant criteria at completion.</p> <p><b>Confirm completion</b> Complete and submit the confirmation form to notify the Department of the completed significant refurbishment.</p>	<p><b>Notification #2</b> Upon receipt of the confirmation form, written notification of whether the conditions have been met will be provided within 28 days, unless the Department has made a request for additional information.</p> <p><b>Higher Supplement paid</b> For completed significant refurbishments without pre-approval, if an eligible application was received:</p> <ul style="list-style-type: none"> <li>• on or before 31 July 2014, the higher accommodation supplement will be payable from 1 July 2014.</li> <li>• on or after 1 July 2014, the higher accommodation supplement will be payable from the date the application was received in the Department.</li> </ul> <p>For completed significant refurbishments with pre-approval, the higher accommodation supplement will be payable from the date on which the confirmation form is received by the Department, provided it meets the eligibility criteria.</p>
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## **Part 5. Checklist**

### **When preparing and submitting your application**

**Do:**

- ✓ Understand the requirements of the Principles
- ✓ Submit your application on the correct approved form
- ✓ Use a separate application form for each service (if multiple services under the same provider have been refurbished)
- ✓ Provide all required attachments ('Supporting Statement' and 'Supporting Evidence') requested in the application form – ensure all attachments are clearly labelled
- ✓ Make sure you keep a copy of the application and all attachments that are submitted to the Department for your records
- ✓ If you did not use the online form, make sure the completed application form is e-mailed to [dss@formsadministration.com.au](mailto:dss@formsadministration.com.au), or mailed to Forms Administration, PO BOX 5008 NOWRA DELIVERY CENTRE NSW 2541, or faxed to (02) 4447 8711

**Do not:**

- \* Alter the wording of the questions in the application form in any way