



Organisation's constitution

Get ready – applies to existing providers from 1 December 2023 or on the day of approval for new providers



Effective governance and leadership are vital to ensure the safety and quality of aged care and positive consumer experiences.

The *Aged Care Act 1997* has been amended to strengthen the governance arrangements of approved providers. These introduce specific changes aimed at:

- improving leadership and culture
- increasing transparency and accountability.



The new responsibility aligns to the requirements in Standard 8; organisational governance as well as elements of Standards 6 and 7 of the Quality Standards.



It applies to approved providers of residential, home and flexible care, including short-term restorative care.



The new responsibility

This responsibility applies to an organisation that is a wholly-owned subsidiary of another body corporate (known as a holding company) that is not an approved provider.

You need to:

ensure your constitution requires directors of a wholly-owned subsidiary company to operate in the best interests of consumers, over those of the holding company.

For organisations that are subject to the *Corporations Act 2001*, this new responsibility excludes you from relying on section 187 of the Corporations Act.

How

Analyse your company's constitution to ensure directors cannot prioritise the holding company over your consumers.

You may wish to seek legal advice about how to amend your constitution and what effects this may have on your governing body and how it operates.

Record keeping

You need to keep a copy of your organisation's constitution (with the relevant clause to show you have met this responsibility) readily available.

Key information

- [Governing for Reform in Aged Care Program](#)
- [Provider responsibilities relating to governance: Guidance for approved providers](#)

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