

PARLIAMENTARY INQUIRY QUESTION ON NOTICE

Department of Health

Standing Committee on Community Affairs

**Inquiry into Aged Care Legislation Amendment (Financial Transparency) Bill
2020**

Written Question on Notice, 25 May 2021

PDR Number: IQ21-000096

Development of a new aged care act

Written

Senator: Stirling Griff

Question:

The Budget provides for \$26.7 million over four years for the development of a new aged care act.

- a. When do you anticipate we will see legislation introduced for a new aged care act?
- b. And will it be in place pursuant to the time line recommended by the Royal Commission (July 2023).

Answer:

The Australian Government response to the final report of the Royal Commission into Aged Care Quality and Safety, tabled on 11 May 2021, states the new act is intended to commence from 1 July 2023, subject to parliamentary process. The bill for the new aged care act will be introduced to enable passage by 1 July 2023.

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Written Question on Notice, 25 May 2021

PDR Number: IQ21-000097

Expenditure of taxpayer funds by aged care providers

Written

Senator: Stirling Griff

Question:

A question on notice question (IQ20-000619) related to how the Department currently assesses the expenditure of taxpayer funds by aged care providers.

The Department's response was that approved providers of residential aged care and home care are required to submit an annual Aged Care Financial Report (ACFR), which includes an independently audited General Purpose Financial Statement and a residential income and expenditure statement.

- a. Can you tell me who independently audits the General Purpose Financial Statement?
- b. Have any anomalies ever been identified during an audit; and if so, how many times has that occurred and what action was taken?

Answer:

- a. Under Section 36 of the Accountability Principles:

"(1) An approved provider that prepared a general purpose financial report must have it audited by:

(a) a registered company auditor within the meaning of the *Corporations Act 2001*"

- b. Any anomalies identified during the audit process would be matter for the auditor and approved provider to resolve prior to the audit being finalised and submitted to the Department.

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Written Question on Notice, 25 May 2021

PDR Number: IQ21-000098

Aged Care Financial Report (ACFR) made public

Written

Senator: Stirling Griff

Question:

Will any aspects of the ACFR be made public, and if not, why not?

Answer:

Yes. The Department is currently considering the most efficient and effective way to publish information in a meaningful way for consumers.

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Bill 2020**

Written Question on Notice, 25 May 2021

PDR Number: IQ21-000099

Aged Care Financial Report (ACFR) review, oversight and analysis by DOH

Written

Senator: Stirling Griff

Question:

After the submission of ACFR's by providers DOH is responsible for their review, oversight and analysis.

In response to Questions on Notice I put forward at last estimates (PDR No. SQ20-000340) the Department said it will conduct further testing of the ACFR data submitted by providers to identify any anomalies and, where inconsistencies are identified, the providers may be approached to explain.

- a. What does the testing involve?
- b. Have inconsistencies ever been identified and if so, how many times?
- c. Have providers ever been referred to the Aged Care Quality and Safety Commission for further action where the explanation was unsatisfactory?
- d. Is the Department aware of any action taken by the Aged Care Quality and Safety Commission to revoke an approved provider's status to provide aged care where serious financial mismanagement has occurred?

Answer:

These questions have been answered in SQ21-000208.

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**Inquiry into the Aged Care Legislation Amendment (Financial Transparency)
Bill 2020**

Written Question on Notice, 25 May 2021

PDR Number: IQ21-000100

Access by residents, potential residents and their families to financial information from providers

Written

Senator: Stirling Griff

Question:

What financial information can residents, potential residents and their families obtain currently from providers?

Answer:

Section 37A of the *Accountability Principles 2014* made under section 96 of the *Aged Care Act 1997* states:

“An approved provider must give a copy of its most recently audited general purpose financial report relating to a residential care service to each person who asks for a copy and is:

- (a) a care recipient of the residential care service; or
- (b) approved as a recipient of residential care and considering receiving residential care through the residential care service; or
- (c) a representative of a person covered by paragraph (a) or (b).”

The General Purpose Financial Statement will assist the resident in understanding the financial performance and position of an approved provider.

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Bill 2020**

Written Question on Notice, 25 May 2021

PDR Number: IQ21-000101

Categories of reportable items in the Aged Care Financial Report (ACFR)

Written

Senator: Stirling Griff

Question:

How are the categories of reportable items in the ACFR determined?

Answer:

The Aged Care Financial Report (ACFR) was designed to enable the Department to collect detailed aged care specific financial information to be used for sector wide reporting, prudential and financial oversight and to enable the development of more informed government policy for the sector.

The categories of reportable items in the ACFR were determined through sector consultations before the ACFR was implemented in the 2016-17 financial year. A Design Implementation Group (DIG) comprising of representatives of stakeholder groups, aged care providers, the Aged Care Financing Authority (ACFA) and the Department of Health met in 2014 and 2015 to help develop and refine the ACFR. A sub-group of the DIG met in again in 2015 to review specific sections of the ACFR.

An expanded ACFR is being introduced for the 2020-21 financial year.

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Written Question on Notice, 25 May 2021

PDR Number: IQ21-000102

Additional items included in the Aged Care Financial Report (ACFR)

Written

Senator: Stirling Griff

Question:

A number of witnesses would like to see additional items included in the reporting such as:

- Hourly rate per category of staff;
- Specified costs per category of staff to include cleaning, kitchen and laundry staff in addition to the items listed in the bill;
- Spend on training;
- Languages provided;
- Staffing specialisation;
- Ethnicity (of residents)

What plans – if any – are there to include them in the ACFR, if not why?

Answer:

The Government is increasing the financial and prudential oversight of providers through more stringent reporting requirements from 2020-21, in response to the Recommendations 130 to 137 of the final report of the Royal Commission into Aged Care Quality and Safety. These changes will be implemented over the next three years, and will commence with new mandatory reporting arrangements and an expansion of the information collected in the annual Aged Care Financial Report (ACFR) for the 2020-21 financial year.

From 1 July 2021, approved providers will be required to submit an expanded annual ACFR which collects detailed facility-level financial information for each financial year. As the ACFR is a financial report, information collected is primarily financial in nature and does not include information such as languages provided and ethnicity of residents. Although staff specialisation is not collected, labour cost is broken down into relevant cost categories as listed below.

Hourly rate per category of staff

Care labour cost and the total paid hours will be collected for the following categories

- Registered nurses
- Enrolled and licensed nurses (registered with the NMBA)
- Personal care staff/Other unlicensed nurses
- Care Management Staff
- Allied health
- Diversional therapy
- Lifestyle/ Recreation/ Activities Officer
- Other employee staff
- Agency staff costs
- Agency fees
- Contract Labour costs

The average hourly rate can be determined by dividing the relevant labour cost by the total hours reported for that category.

Specified costs per category of staff to include cleaning, kitchen and laundry staff in addition to the items listed in the bill

Total labour cost for the following categories of hotel expenses will be individually collected in the ACFR

- Catering
- Cleaning
- Laundry
- Routine maintenance

Spend on training

'Quality, compliance and training expenses' will be collected individually for:

- Direct Care expenses
- Hotel expenses
- Administration expenses