

28 May 2021

Committee Secretary
Community Affairs Legislation Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Email: community.affairs.sen@aph.gov.au

Re: Aged Care Legislation Amendment (Financial Transparency) Bill 2020 hearing of Friday 14 May 2021, Questions on Notice to Aged & Community Services Australia

Dear Sir/Madam,

ACSA was pleased to attend the Hearing of the Committee on the 14 May 2021 on the matter of the Aged Care Legislation Amendment (Financial Transparency) Bill 2020.

Subsequent to that hearing we now provide responses to the questions we took 'on notice'.

Senator Siewert asked ACSA¹ what are views are on the reporting of payments to third parties?

We interpret this question to be asking about payments made to 'related-parties'. ACSA supports clear and transparent reporting in relation to related-party transactions. We believe this is best achieved through the Aged Care Financial Reports (ACFRs).

The recently adjusted ACFR addresses related-party matters including in the:

- *Approved Provider Income and Expenditure Statement* section – where related-party investment income is covered.
- *Approved Provider Balance Sheet* section – where related-party loans (payable and receivable) are covered.
- *Approved Provider Related Party Loans* section – which addresses both related-party loans payable and receivable

The Aged Care Financial Report is submitted annually by Approved Providers to the Department of Health, who we understand also makes them available, either fully or in part, to the Aged Care Quality and Safety Commission.

¹ Page 18 of the Proof Committee Hansard, Senate, Community Affairs Legislation Committee, Aged Care Legislation Amendment (Financial Transparency) Bill 2020, Friday 14 May 2021

We believe it is the responsibility of these two bodies to determine whether the recently adjusted ACFR provides them sufficient visibility of related party transactions, and if they do not believe the ACFR does this, then the Department of Health has the ability to further adjust the reporting required of providers.

We believe this approach is the appropriate mechanism to address related-party reporting, rather than imposition of a separate reporting process.

Senator Polley asked ACSA² (in relation to the \$3.2 billion measure the Australian Government announced as part of its 2021 Budget) what confidence ACSA has that *“there’s enough transparency, that that money will not be eaten up by administrative costs and compliance, that that will go through to better outcomes for the care of elderly Australians in residential care?”*

On subsequently reading the transcript to the hearing it appears there was some confusion, at the time, as to what measure the \$3.2 billion refers to³. We sought clarification in the hearing as to what Budget measure was being referred to. We interpreted it, incorrectly as it turns out, as referring to the ‘care minutes measure’ (which is actually a \$3.92 billion measure). However, we were subsequently asked whether ACSA has confidence *“that the money will be directed into staffing and won’t be siphoned off into other areas.”* We committed to take this ‘on notice’.

ACSA is confident that additional funding for staffing will be used by providers for its intended purpose. The sector has been calling for additional funding to support more staff to deliver care and services.

ACSA is on record supporting increased transparency in how taxpayer funds are expended. We support additional reporting and improved transparency as a requirement of increased funding.

The Aged Care Financial Reports (ACFRs) that Approved Providers attend annually require reporting of both care related income and care related expenditure, and separately also require reporting of staffing hours.

Separately, Government’s 2021 Budget measures address Approved Provider reporting on staffing, including:

² Page 19 of the Proof Committee Hansard, Senate, Community Affairs Legislation Committee, Aged Care Legislation Amendment (Financial Transparency) Bill 2020, Friday 14 May 2021

³ The \$3.2 billion measure actually relates to the introduction, from July 2021 of a new Basic Daily Fee supplement of \$10 per resident per day in residential aged care. To receive this funding

- From October 2022, commencement of care minute requirements (an average of 200 minutes per day, including 40 minutes of Registered Nurse time and a registered Nurse on duty for 16 hours a day);
- The above care minutes to be mandatory from October 2023;
- From July 2022 providers will be required to report on staffing minutes on a quarterly basis; and
- Additionally, the Aged Care Quality and Safety Commission is to have strengthened regulatory powers to enforce the care minutes standard, reporting requirements on care minutes and daily services provision.

In response to Senator Polley's original question about the \$3.2 billion measure (the introduction of a Basic Daily Fee supplement of \$10 per resident per day in residential aged care) and how confident ACSA is that there is enough transparency around expenditure of this supplement.

On face value, we are confident in the transparency of this measure. To commence receiving this supplement from July 2021 providers will be required to provide an undertaking to report annually on the adequacy of daily living services, with a particular focus on nutrition.

Additionally, from July 2022 providers will need to provide monthly statements to residents outlining the care they have received, including noting any significant changes or events during the month. However, we note that at this stage there is little guidance material to assist providers understand their obligations, which we will better understand once the reporting system is established.

Yours sincerely,

Malcolm Larsen
Executive Director Government and Public Affairs
Aged & Community Services Australia