

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2011-2012, 30/31 May 2011

Question: E11-056

OUTCOME 4: Aged Care and Population Ageing

Topic: INCREASED COSTS TO AGED CARE PROVIDERS RELATING TO GENERAL PURPOSE FINANCIAL REPORTS (GPFR)

Written Question on Notice

Senator Adams asked:

- a) I am advised that providers cannot submit their GPFRs at a consolidated level as required by Corporations Law but must submit at Approved Provider level. Can the Department advise how this services consumers or providers as it seems to simply increase the cost to aged care providers as they need to create one set of accounts for ASIC and one for DoHA?
- b) I am also advised that the Department has called a tender for the provision of financial benchmarking information for the industry. Will this replace the requirement to lodge GPFRs? And if not, why not?

Answer:

- a) Approved providers are required to be a separate legally incorporated entity. The Residential Care Subsidy Principles 1997 require that a GPFR be prepared at either the level of the approved provider entity or their residential care service. This is consistent with the *Aged Care Act 1997* which defines the legislative financial arrangements in terms of the relationship between the Government and the legally constituted aged care provider. The legislation does not provide for production of the GPFR at a higher consolidated level of an organisation.
- b) No. These two processes perform different functions. The benchmarking arrangements are designed to assist aged care providers to benchmark their services against other similar services. There will be no requirement to participate in this initiative in order to receive the Conditional Adjustment Payment.