

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Budget Estimates 2017 - 2018, 29 & 30 May 2017

Ref No: SQ17-000870

OUTCOME: 6 - Ageing and Aged Care

Topic: Aged Care Quality Agency Budget

Type of Question: Written Question on Notice

Senator: Polley, Helen

Question:

The 2016 and 2017 Budget papers show an average staff number reduction from 243 to 214. Can you explain why this occurred? What impact did it have on the Agency's ability to operate? Did this staffing reduction have an impact on the failure of the agency in relation to the reaccreditation of Oakden in early 2016? The 2016 and 2017 Budget papers also show a total funding reduction from almost \$75 million in 2015-16 to just over \$57 million in 2016-17. Can you detail the reason for this significant reduction in funding? Can you detail what impact this reduction in funding had on the operation of the agency?

Answer:

In 2015-16 the Australian Aged Care Quality Agency (Quality Agency) reduced the workforce where unfilled clerical, management and assessor positions together with a voluntary redundancy program during the financial year led to staff numbers being lower than originally planned. This is reflected in the 2016-17 budget papers.

The size of the Quality Agency's workforce varies according to the cyclical accreditation workload. A greater number of contact assessors were required during the year than planned. As a matter of course, the Quality Agency uses contract assessors to help with labour requirements over the cycles of its accreditation activities.

The Quality Agency is funded for all its annual operating costs on an annual basis by way of departmental appropriations. Consequently the Quality Agency has full funding for its operations each year.

The total funding amount comprises any prior years' appropriations still available plus the current year's appropriation. At the commencement of the 2015-16 year the Quality Agency had \$32 million available from prior years. These funds were applied to acquiring assets and repaying or reducing the Quality Agency's liabilities. The cyclical nature of the Quality Agency's accreditation work can produce a change in the underlying assets and liabilities between years due to timing differences where liabilities can build up in one year for payment in the next. This has happened in the current case.

The annual departmental appropriation is set to reflect the funding requirements for the accreditation activities required in any particular year and can vary upwards and downwards from year-to-year.

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Total departmental resourcing 2015-16	75
Acquisition of assets	-1
Reduction in liabilities	-11
Change in departmental appropriation to accommodate accreditation cycle	<u>-6</u>
Total departmental resourcing 2016-17	<u>57</u>

This is a change in the balance of the total available departmental resourcing rather than a reduction in funding. The change in the total departmental resourcing between 2015-16 and 2016-17 has had no impact on the operation of the Quality Agency, which is fully funded by way of departmental appropriation for its annual operating costs.