

AUSTRALIAN AGED CARE QUALITY AGENCY

COST RECOVERY IMPLEMENTATION STATEMENT

Submission

21 July 2017



ABOUT ACSA

Aged & Community Services Australia (ACSA) is the leading aged care peak body supporting over 700 church, charitable and community-based, not-for-profit organisations. Not-for-profit organisations provide care and accommodation services to about one million older Australians.¹

ACSA represents, leads and supports its members to achieve excellence in providing quality affordable housing and community and residential care services for older Australians.

Aged care providers make a significant \$17.6 billion economic contribution to Australia, representing 1.1% of GDP by producing outputs, employing people and through buying goods and services. The direct economic component is akin to the contribution made by the residential building construction and sheep, grains, beef and dairy cattle industries.²

ACSA members are important to the community and the people they serve, and are passionate about the quality and value of the services they provide, irrespective of their size, service mix or location.

ACSA CONTACTS

Patricia Sparrow, Chief Executive Officer

Aged & Community Services Australia

9/440 Collins Street

MELBOURNE VIC 3000

ceo@agedcare.org.au

www.acsa.asn.au

Darren Mathewson, Executive Director Strategy & Policy

Aged & Community Services Australia

19 Brisbane Street

HOBART TAS 7000

(03) 6105 0246

Darren.Mathewson@acsa.asn.au

www.acsa.asn.au

Derek Dittrich, Manager Policy and Customer Advice

Aged & Community Services Australia

246 Glen Osmond Road

FULLARTON SA 5063

(08) 8338 7111

Derek.Dittrich@acsa.asn.au

www.acsa.asn.au

¹ Australian Government, Department of Health, Report on the Operation of the *Aged Care Act 1997*, December 2016.

² Deloitte Access Economics, Australia's aged care sector: economic contribution and future directions, Aged Care Guild, June 2016, page 24.

CONSULTATION: COST RECOVERY IMPLEMENTATION STATEMENT

INTRODUCTION

The Draft Cost Recovery Implementation Statement 2018-19 (CRIS) introduces a new levy, payable by approved providers of residential aged care services, for unannounced site visits conducted by the Australian Aged Care Quality Agency (AACQA) from 1 July 2018. The Australian Government has determined to introduce cost recovery for unannounced visits, which was then announced by the government in the 2016-17 Mid-Year Economic and Fiscal Outlook. The Government states this aligns with its cost recovery policy³, and that where appropriate, non-government recipients of specific activities should be charged some or all of the costs of those activities⁴.

The Draft CRIS document describes the arrangements by which approved providers of residential aged care services are to pay "*fees and charges for the full cost of accreditation, including one annual unannounced visit, commencing from 1 July 2018*"⁴.

ACSA'S POSITION

Whilst ACSA accepts the principle of a 'cost recovery' approach as it applies to services seeking initial accreditation for commencing residential aged care services and for the re-accreditation of accredited and previously accredited services we do not support the introduction of this new levy for unannounced site visits. We believe that once accredited, or re-accredited, approved providers should not bear any additional costs for site visits that are separate and additional to the certification process.

Costs associated with unannounced visits should be fully borne by AACQA from within its operating budget. Our rationale for rejecting the new levy is outlined below.

- Unannounced visits are a key plank in the Government's compliance regime. Compliance is a legitimate responsibility of the Government. Charging providers for a Government responsibility is not acceptable for two main reasons:
 1. The legality of the charge. In the CRIS Statement³ the purpose of unannounced visits is described as an "*important part of the Quality Agency's compliance monitoring framework*" (p3). Currently Section 15 (1)&(2) of the Australian Aged Care Quality Agency Act 2013 permits the charging of a fee for services provided (as long as that fee does not amount to a taxation⁵). ACSA holds the view that unannounced visits are clearly part of The Agency's compliance processes and are therefore not a 'service' to providers for which they should be charged. Legal

³ Cost Recovery Implementation Statement 2018-19, p2, p15

⁴ Australian Government AACQA Website, Consultation Cost Recovery Implementation Statement

⁵ Australian Aged Care Quality Agency Act 2013 s15 (1) & (2)

advice obtained by industry highlights that the levy is in effect a new tax which contravenes the Act.

2. It gives rise to perception that in some way because providers are paying for it they have the ability to influence the outcome. Community confidence in the services we provide is critical to industry as it should be for Government. The way the quality and compliance regime is governed and funded, correctly separating Government and industry interests and roles, is a fundamental tenet which needs to be respected and protected.
- Given the multiple reviews and activities currently occurring, in response to concerns about the effectiveness of the Government's compliance and accreditation systems, and the potential for adjustments to these systems to occur, it would not be appropriate to proceed with this additional cost recovery measure at this point.
 - It is not the time to place additional cost burden on providers. ACSA notes that the additional burden to the sector from this new levy for the three-year period 2018-21 is projected to be \$31,483,077⁸.

Stewart Brown's March 2017 survey results⁶ indicate that:

- The Average care result of \$9.93 per resident day has decreased by \$0.50 cents over the twelve-month period from March 2016 (down from \$10.43);
- The Average facility EBITDA of \$8,617 per bed per annum has decreased by \$211 over the twelve-month period from March 2016 (down from \$8,828);
- Occupancy Average for all, has decreased over the 12-month period March 2016 to March 2017, reducing from 95.2% to 94.6%

Any additional costs must be viewed through the impact they will have on the quality of care for our older residents.

- ACSA is concerned that the introduction of a levy for 'one unannounced site visit per annum' may be the first step towards the eventual introduction of a levy for ALL unannounced site visits that a provider may experience in any given year.

Additionally ACSA notes the inconsistency between the CRIS 2016-17 Statement, where on page six it states that "*Other activities of the Quality Agency, including compliance information, education and training to approved providers of aged care, annual unannounced visits...are not included in the scope of this CRIS⁷*" and the 2018-19 Statement which proposes to introduce a new levy for unannounced site visits⁸.

⁶ Stewart Brown Aged Care Financial Performance Survey Residential Care Report – March 2017, pp1-2

⁷ Cost Recovery Implementation Statement 2016-17, p6

⁸ Cost Recovery Implementation Statement 2018-19, p1, p15

RECOMMENDATION

ACSA members have been clear in their strong opposition to this move and we recommend that the Australian Government does not proceed with the introduction of the proposed additional levy on the sector for unannounced site visits.

ACSA will actively work to block this levy from proceeding.