



Aged Care Pricing
Commissioner

Annual Report

1 July 2019 – 30 June 2020





Australian Government

Aged Care Pricing Commissioner

Office Of The Aged Care Pricing Commissioner
Locked Bag 5, Haymarket NSW 1240
Tel: 1300 550 970

Senator the Hon Richard Colbeck
Minister for Aged Care and Senior Australians
Minister for Youth and Sport
Senate
Parliament House
Canberra ACT 2600

Dear Minister

In accordance with Section 95B-12 of the *Aged Care Act 1997*, I have great pleasure in presenting to you the Annual Report of the Aged Care Pricing Commissioner covering the Commissioner's operations for the financial year from 1 July 2019 to 30 June 2020.

I look forward to working with you and assisting you in implementing relevant recommendations coming out of the Royal Commission into Aged Care Quality and Safety. The next 12 months will be a crucial period for Australia's aged care sector and I want to be part of the solutions so all Australians can have faith and confidence in Aged Care and be proud of what we have and can achieve.

Please do not hesitate to contact me should you have any questions or require any additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Dicer', written in a cursive style.

John Dicer

Aged Care Pricing Commissioner

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Commissioner's overview



I am delighted to present the seventh Annual Report on the operations of the Aged Care Pricing Commissioner covering the period from 1 July 2019 to 30 June 2020.

This is my third annual report as Aged Care Pricing Commissioner and the period from 1 July 2019 to 30 June 2020 has been an interesting, challenging, difficult and unique period in the history of Australia's aged care industry, with the ongoing work of the Royal Commission into Aged Care Quality and Safety and the impact, both short and long term, on aged care as a result of the COVID-19 virus.

Both instances create opportunities and challenges for the sector as we move into 2021 with the release of the Royal Commission's findings and recommendations in February 2021.

At the outset I would like to express my sincere thanks and gratitude to the Minister, Senator the Honorable Richard Colbeck, Minister for Aged Care and Senior Australians, for his ongoing support and guidance and in particular, to his advisers and staff for their responsiveness and continued assistance.

I very much look forward to working with the Minister in the years ahead and continuing as Aged Care Pricing Commissioner to contribute in positive, practical and meaningful ways to a better aged care industry in Australia.

The main functions of the Aged Care Pricing Commissioner (ACPC)

The main statutory functions of the ACPC are to:

- a) Review and approve proposed accommodation payments that are higher than \$550,000; and
- b) Review and determine applications for changes in extra service fees.

In carrying out these functions the ACPC strives to contribute in a positive way to improve transparency in the pricing of residential aged care accommodation, so that prices for residents are set objectively and fairly and are in no way determined by a resident's ability to pay.



**John Dicer,
Aged Care Pricing
Commissioner**



**Senator the Hon
Richard Colbeck**

Statement of expectations and statement of intent

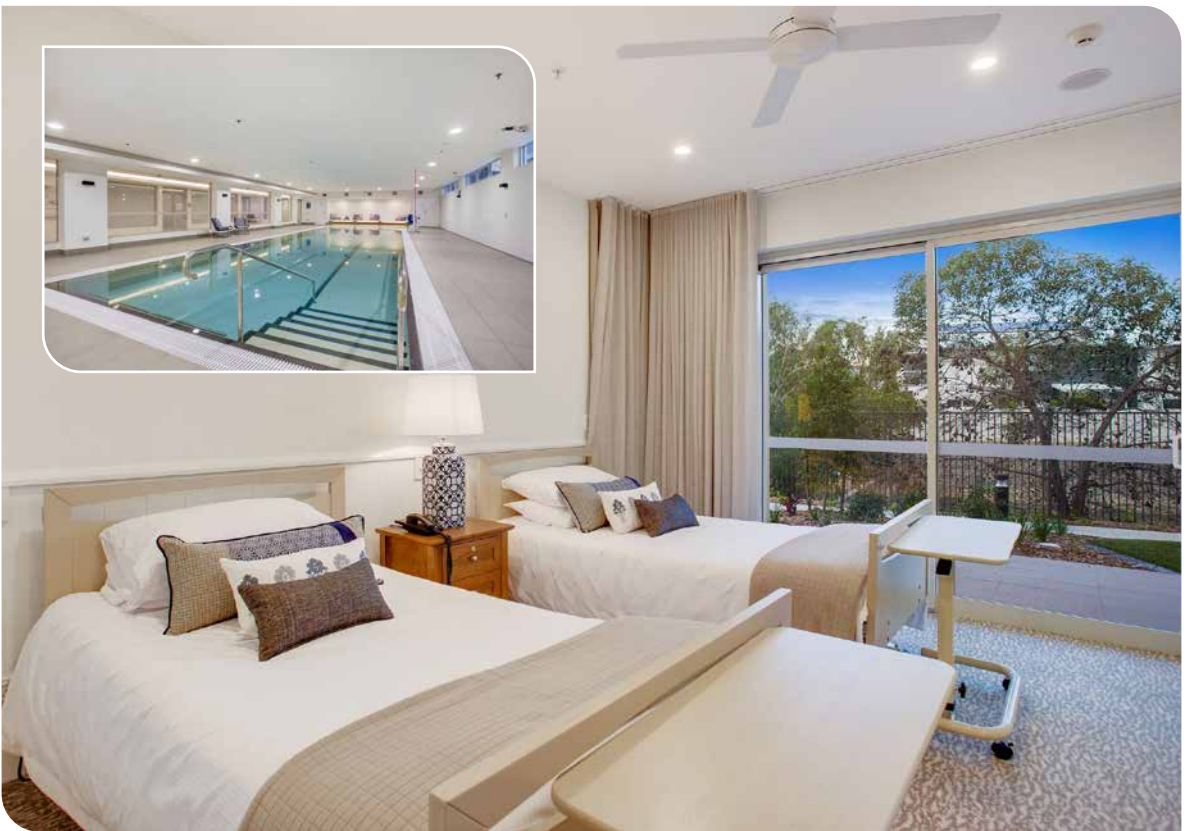
I am extremely pleased to advise that during the year my office entered into a new Statement of Expectations and a new Statement of Intent with my current Minister, Minister Richard Colbeck.

Copies of the new statements are included in this annual report and can be found at Appendices 1 and 2 respectively.

The statements outline the government's vision for the role of the ACPC and in turn set out how the ACPC proposes to go about meeting and, if possible, exceeding those expectations.



Senator the Hon Richard Colbeck and John Dicer



Main photo: Couples suite at Harbour Quays aged care (Provectus)

Inset: Pool at Harbour Quays aged care (Provectus)

Team values and strategic objectives

During the year my team developed and created two new documents that articulate our culture and business principles and how we will deal with stakeholders at all times.

The values, as we have articulated them:

"... guide us in our everyday work, the decisions we make, the conversations we have and the way we treat others. They define us as individuals and as an organisation. Our values inspire us to create a centre of excellence that is collaborative and supportive."

The five values that we have adopted at the ACPC are:



The strategic objectives document sets out the ACPC's mission to improve confidence in and understanding of the aged care sector by:

- ✓ Ensuring residents receive quality accommodation when they pay refundable accommodation deposit (RAD) prices greater than \$550,000
- ✓ Increasing the transparency of residential aged care accommodation pricing
- ✓ Minimising the administrative burden on providers
- ✓ Approving increases and decreases in extra service fees

The strategic objectives are:

- #1 Operational excellence
- #2 Ease of engagement
- #3 Educative role
- #4 Build collaborative relationships
- #5 Build staff capability

Copies of our values and strategic objectives can be found at Appendices 3 and 4 respectively to this annual report.

New website and RAD application form

The highlight for me this year was the development of our new ACPC website and RAD application form.

The work on both the new website and new RAD application form is almost complete with both documents scheduled to go-live in September/October 2020. We must acknowledge the tremendous assistance and support we received from the ACPC's Industry Reference and Working Group and the Department of Health IT area.

The new ACPC website will benefit aged care providers by having a new and up-to-date interface, whilst being user friendly and easier to navigate.

The new RAD application form has been substantially reviewed, revised and upgraded to benefit all approved aged care providers seeking to charge a RAD greater than \$550,000. The main benefits of the new RAD application form include:

- Only including essential requests for information, thereby reducing the administrative burden on providers
- The form has been reviewed and commented on by representatives of the ACPC Industry Reference and Working Group, comprising providers, government, peak industry bodies and consumer groups
- Supports the ACPC to better analyse market and business considerations, whilst balancing the need for regulatory oversight
- Simple and clear instructions and guidance within the form to assist providers to complete all sections easily and efficiently
- A reduction in requests from the ACPC for additional information from providers
- Creating a clearer and better understanding of the pricing rationale between accommodation groups in the home as well as relevant comparisons across the broader market

- Once the form is completed the applicant can use the same form for their own records and can update it for all future applications.

The clear objective of both new developments, as outlined in the Minister's Statement of Expectation, is:

“... the Commissioner has a role to play in improving confidence in the regulation of aged care ... in a way that minimises the burden on care recipients, consumers and approved providers.”

Hopefully these two initiatives go some way to fulfilling the above Ministerial expectation of the ACPC.

Business process improvement review

Early in 2020, the ACPC engaged the services of a Business Improvement Consultant to review our processes and procedures, carry out an end to end review of our systems and recommend changes for improved business performance. The review also provided the team with an insight into the steps we carry out in receiving and assessing applications for RADs of over \$550,000. This review was run in parallel with the development of the new website and the new RAD application form, with natural synergies between the two exercises. The aim of this business process improvement review was to refine and improve our performance and in turn assist providers in ensuring that our assessment processes are effective and efficient and keep any regulatory requirements to an essential minimum. The review will be completed in the second half of 2020, where any process and system improvements will be fully implemented and the benefits realised for providers and other stakeholders in the aged care sector.

Development day

In February 2020, the ACPC team took a day out of the office to do some strategic planning, critically examine our processes and procedures, review and set priorities for the next 12 months. These days are incredibly important not only in refocusing our minds on what we do, how we do it and how we can do it better, but they are also vital sessions in raising difficult issues, building team morale and culture and strengthening working relationships. The next Development Day will be in early 2021, and will help to keep us on track and will ensure the Office of the ACPC is delivering its services in the best way possible, and allow us to examine in detail the findings and recommendations coming out of the Royal Commission's final report.

Industry communications and engagement

In practical terms, my office is consistently striving for ways to effectively and efficiently communicate with and engage the aged care sector.

My office has found that two of the most effective ways to do this is through:

- i) The ACPC's Industry Reference and Working Group (IRWG); and
- ii) Using short animated videos.

The ACPC IRWG comprises representatives from peak industry bodies such as Aged and Community Services Australia (ACSA), Leading Age Services Australia (LASA), the Aged Care Guild, Council on the Ageing (COTA), Dementia Australia, for profit and not for profit residential aged care providers and the Department of Health. Membership is open to anyone and any organisation that has an interest in improving how things work in this area. To join the IRWG please contact the Office.

The short animated videos produced to date offer a quick summary of any current ACPC news, with detailed information available on our resource listing page for those who would like to know more.



A short animated video of highlights from the 2018-2019 annual report can be found on our website, www.acpc.gov.au



In August 2019 the ACPC visited Hammondville Harding, a new Hammond Care facility located in Hammondville, NSW. Images above show the exterior and kitchen areas.

My role on the Aged Care Financing Authority (ACFA)

As ACPC I have continued to be actively engaged with and attended all meetings in 2019/20 of AFCA as a government representative.

The role of ACFA is vital to the workings of government as it provides independent advice to government on the financing and funding of the aged care industry.

I would like to thank all ACFA members for their expertise, wisdom and generosity in sharing their time with me to discuss a range of aged care related matters. I would particularly like to extend my sincere thanks and gratitude to ACFA's Chair, Mike Callaghan AM PSM, for his outstanding leadership and vision in steering ACFA over the last two years. Regrettably, Mike has decided to stand down from the position of ACFA Chair, effective from July 2020. I will personally miss Mike and his wise counsel and believe that he has been instrumental through his extensive industry engagement and particularly the ACFA annual report in greatly raising the profile and visibility of ACFA and the crucial work it does in the Australian aged care sector. I wish Mike all the very best for the future and his next challenges.

Facility visits

This financial year, 2019/20, has been a year of two distinct parts. During the first period, July 2019 through to February 2020, I continued my visitations of residential aged care (RAC) homes right across the country. Since taking on the role of ACPC I have had the distinct pleasure of visiting over 120 aged care homes and had the opportunity to meet some amazing people, both carers and residents. The visits always left me feeling proud to be part of the Australian aged care industry and like all passionate people, I only want to see the sector grow and become stronger so we can all be proud of what we are doing for older Australians.

During the second part of the year from March 2020 to June 2020, with the pandemic and the rightful imposition of travel restrictions, my plans to visit homes in Queensland, Victoria, South Australia, Western Australia and the Northern Territory have been put on hold and will be re-activated when the virus allows.

I find visits to RAC homes not only an opportunity to meet the most extraordinary people, but to see homes from the most basic to the incredibly majestic, so that I obtain a true appreciation and understanding of what type of RAC homes are on offer to people right across the country. The visits greatly enrich my knowledge and understanding of the sector and I believe that they assist me enormously in better performing my duties as ACPC.

Royal Commission into Aged Care Quality and Safety

As with everything this financial year, the work of the Royal Commission into Aged Care Quality and Safety has been impacted by COVID-19, with the final report now due to be handed to government in February 2021.

During the year I lodged a submission with the Royal Commission outlining in factual terms the role and functions of the ACPC.

I have been monitoring the Royal Commission's hearings and have read with great interest the various papers and submissions that have been issued.

It is a crucial time for the aged care sector and the findings and recommendations as well as solutions, responses and implementation plans are awaited with great anticipation and interest.

COVID-19

As with many areas of the economy, the aged care sector has been severely impacted by COVID-19. The long term implications of the pandemic on the aged care industry are many and varied and include:

- Difficult economic conditions with low growth and investment
- Increasing cost structures
- Design of residential aged care homes
- Staffing levels and skill mix; and
- Funding issues.

In the next section, I will examine in detail and comment on how the ACPC has carried out its duties and functions in 2019/20.



Lounge at St Pauls aged care home (Catholic Care)

Functions of the Office of the Aged Care Pricing Commissioner (ACPC)



The functions of the Aged Care Pricing Commissioner include the review and approval of proposed refundable accommodation deposits (RADs) that are higher than the maximum amount of \$550,000 (as determined by the Minister), and the review and determination of extra service fee applications.



Top left: Lounge at Estia Bannockburn
Bottom left: Dementia care sensory garden at Drayton House (Provectus)
Right: Ensuite features at Estia Maroochydore

Aged care industry changes at a glance

Residential aged care providers (RAC providers)

886
as at 30/06/2018

873
as at 30/06/2019

 **13**

This continuing decline in RAC provider numbers is expected to continue over the next few years. The reduced number of RACPs across Australia is being facilitated by the current economic conditions and assisted by relevant government policies, such as the Business Advisory Services. Further industry consolidation and rationalisation is required to enable a more viable and sustainable aged care sector.

Residential aged care homes (RAC homes)



2,695
as at 30/06/2018

2,717
as at 30/06/2019

 **22**

Residential aged care rooms (RAC rooms)



207,142
as at 30/06/2018

213,397
as at 30/06/2019

 **6,255**

The increasing numbers of RAC homes and RAC rooms is a reflection of the increasing demand for RAC services. This trend will continue over the next 5 – 10 years with the increasing level of aged persons in Australia, increasing levels of frailty and need for dementia specific services.

ACPC operations and performance 2019/20

Refundable accommodation deposits (RAD) applications

as at 30/06/2019

✉ Received

328



✓ Approved

411



as at 30/06/2020

391

63

308

103

The remaining 83 applications received this year will be processed in the first few months of 2021.

New applications received/approved

as at 30/06/2019

✉ Received

230



✓ Approved

256



as at 30/06/2020

331

101

251

5

Renewal applications received/approved

as at 30/06/2019

✉ Received

98



✓ Approved

155



as at 30/06/2020

60

38

57

98

It is interesting to note that new applications received increased from 230 to 331 (a 40% increase)

Providers should note that the renewal form will only be available for use until 31 December 2020. From 01 January 2021, all applications, whether new applications or renewals, must be submitted on the new application form.

ACPC Applications – Providers, homes and rooms

Applications approved – RAC providers

80

as at 30/06/2019

73

as at 30/06/2020



Applications approved – RAC homes

155

as at 30/06/2019

117

as at 30/06/2020



Applications approved – RAC rooms

8,117

as at 30/06/2019

6,196

as at 30/06/2020



Gardens at Mirinjani in Canberra (Uniting)





Seating area at Maroochydore (Estia)



Outdoor gazebo at Cardiff (Hammond Care)

Approved rooms within existing or new and refurbished RAC homes

Existing



5,501
as at 30/06/2019

4,288
as at 30/06/2020



1,213

New/Refurbished



2,616
as at 30/06/2019

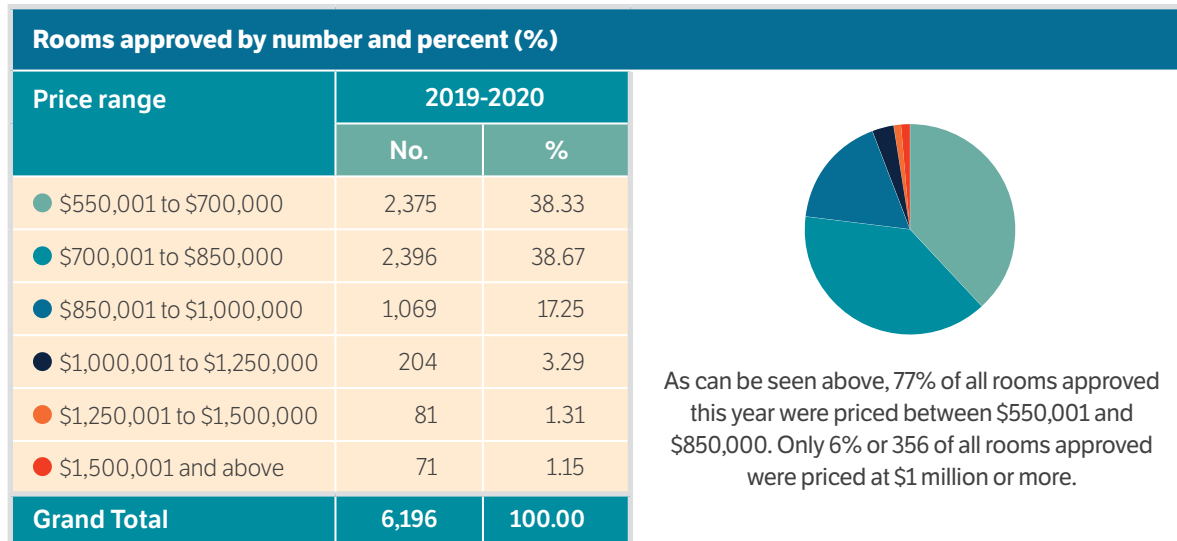
1,908
as at 30/06/2020



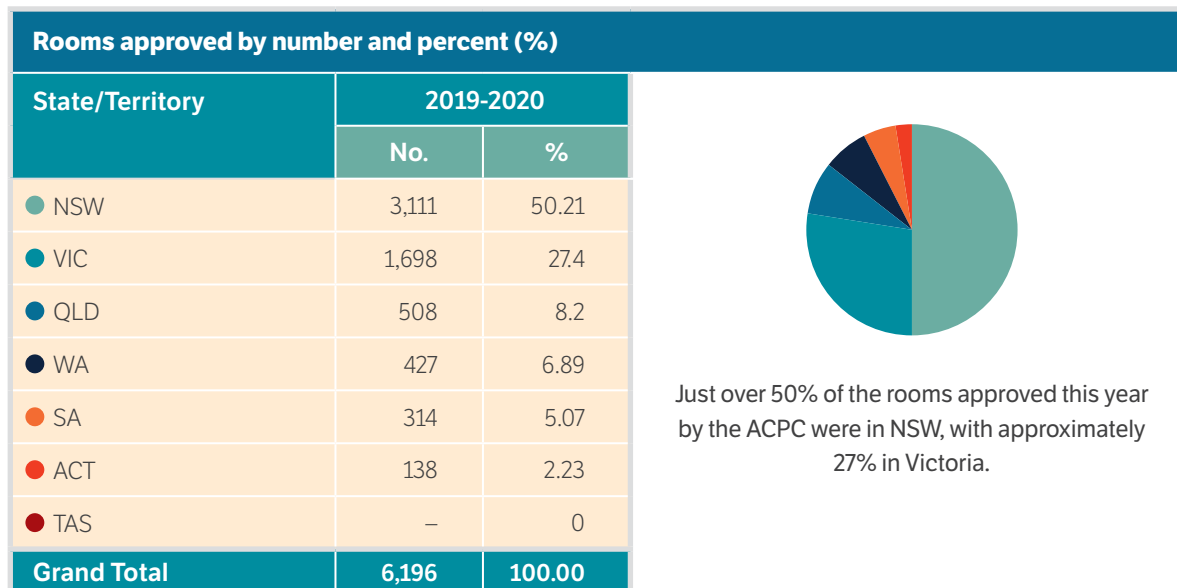
708

In terms of percentages, close to 70% of the rooms approved by the ACPC are within existing homes. This figure has increased by approximately 12% over the last four financial years and we have seen a corresponding decline in the percentage of rooms approved for new/refurbished homes. This trend is slightly worrying with the continued decline in new investments, primarily caused by economic and investment uncertainty, with capital plans often being deferred or abandoned altogether. It is hoped that the findings and recommendations coming out of the Royal Commission's Final Report in 2021 will result in a more certain investment environment and act as a real stimulus to capital injections into the sector.

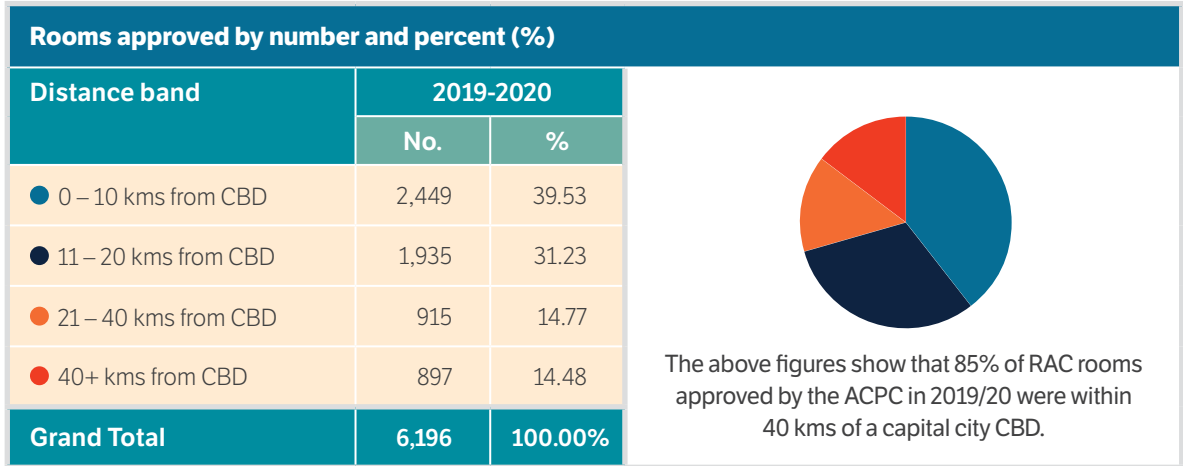
Rooms approved by price range



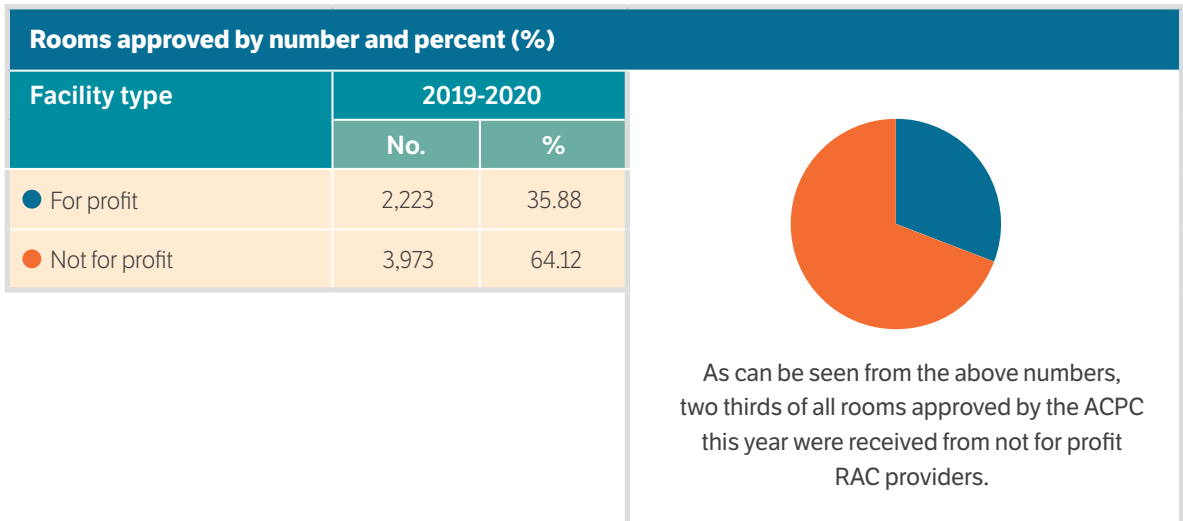
Rooms approved by State/Territory



Rooms approved by distance from capital city central business district (CBD)



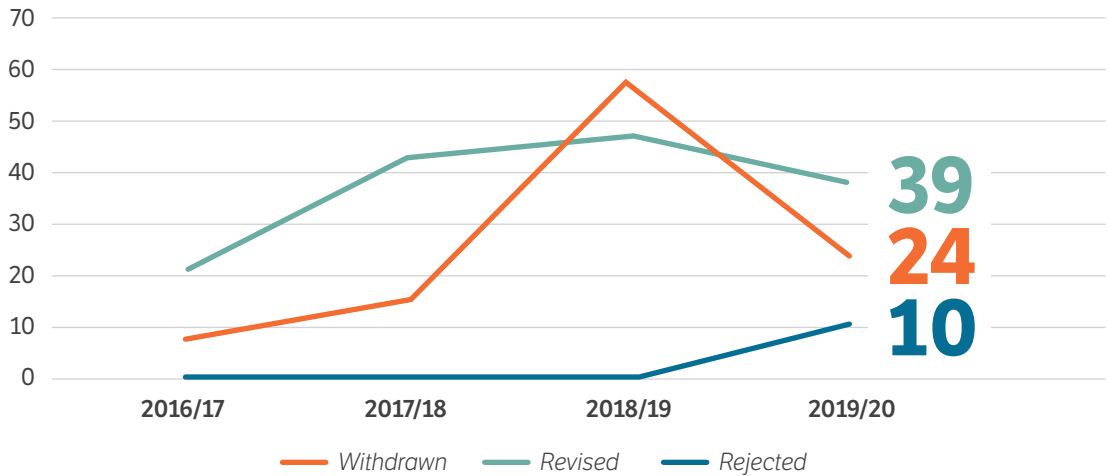
Rooms approved by provider type



RAD applications with proposed RAD prices revised, rejected or application withdrawn

The main reasons for these applications not being approved was largely attributed to:

- Insufficient information was received; and
- Pricing levels sought were not supported.



Completion times

The average number of days to review and approve a RAD application in the last two years was:



The time allowed for the ACPC to complete RAD assessments is 60 calendar days.

Extra service fee applications

In 2019/20 the Aged Care Pricing Commissioner received 30 applications for changes to extra service fees. This is a large drop from 2018/19, when 53 applications were received.

An extra service fee (ESF) application relates to a provider with extra service status, who seeks to charge a fee for significantly higher standards of accommodation, food and personal services on offer to the care recipient. A provider with extra service status can apply every 12 months to change the extra service fee. The fee can be increased by a maximum of 20% plus CPI.

In considering an application to increase extra service fees, the ACPC looks at a number of factors, including

food options, entertainment options, enhanced personal services, specific products offered and organised activities.

Of the 30 extra service fee applications received this year 18 were approved. (The remaining applications not assessed in the 2019/20 financial year were assessed early in the 2020/21 financial year, due to the timing of when they were received.) The average time taken to approve an extra service fee application was 27 days.

During the course of the year, the ACPC was advised by the Department of Health of a number of extra service providers who had suspended their extra service status, and the lower number of extra service fee applications can possibly be seen as providers moving to charge additional service fees instead of extra service fees.



Top: Dining room at St Andrews Village. Bottom from the left: Cinema and dining hall at Beresford Hall (Provectus)

ACPC operations in 2019/20

– The year on a page



308
Approved RADs



18
Approved ESFs



73
Providers with approved RADs



117
Homes with approved RADs



77% of RADs approved are between \$550,001 and \$850,000

78% of all rooms approved are in NSW and Victoria

86% of all rooms approved are within 40 kms of a capital city CBD

65% of all rooms approved were from not for profit providers

28 days to review and approve a RAD application

About the Office of the Aged Care Pricing Commissioner



Outdoor area at Villa-Maria, Eastern Heights.

Internal and external review

Decisions made by the Aged Care Pricing Commissioner in relation to both applications for refundable accommodation deposits (RADs) and extra service fees are reviewable decisions under the Aged Care Act 1997. In 2019/20, one organisation sought internal review of an extra service fee decision. If an internal review is undertaken, the original decision can be affirmed, varied or a new decision made. However, an affected person can seek external review by lodging an appeal with the Administrative Appeals Tribunal.

Freedom of information requests

The Aged Care Pricing Commissioner received no Freedom of Information requests during 2019/20. The Aged Care Pricing Commissioner provides an Information Publication Scheme entry and Freedom of Information Disclosure Log on the ACPC website.

Corporate governance

The Aged Care Pricing Commissioner's spending of public money is regulated by the Financial Management and Accountability Act 1997 and Financial Management and Accountability Regulations 1997. Spending must comply with the Commonwealth Procurement Rules.

The Aged Care Pricing Commissioner exercises expenditure powers under delegation from the Secretary of the Department of Health, pursuant to the Public Governance, Performance and Accountability Act 2013.

Budget and staffing

The Office of the Aged Care Pricing Commissioner is supported by a team of four Assessors, one Data Analyst and one Executive Assistant.

The Aged Care Pricing Commissioner's original budget for 2019/20 was \$1,000,000 with a moderation bid approved for an additional \$51,215 which totals \$1,051,215 (includes salaries, contractor costs, consultant fee, website development and the Commissioner's remuneration and travel expenses).

Future developments in 2020/21



During the course of next year 2020/21 I plan, COVID-19 permitting, to recommence visits to residential aged care homes, with my two top priorities being visits to:

- 1) The Northern Territory; and
- 2) Western Australia.

Other areas of focus for my team at the ACPC will be:

- a) Review and revision of all processes and procedures associated with extra service fee applications
- b) Further refinement of new ACPC website and RAD application form
- c) Completion of a business process improvement review
- d) Review and revision of all manuals, letters and templates with a focus on the use of plain English
- e) Continued engagement with Minister Colbeck, the Department of Health, peak industry bodies and providers to share knowledge and experiences



Dining at Village Crescent Penrith (Uniting)

- f) Continued active involvement with the work of ACFA
- g) Improved communication across the entire aged care sector; and
- h) Analysing the findings of the Royal Commission into Aged Care Quality and Safety when they are handed down in February 2021.



Library at Maroochydoore (Estia)

I truly value my role as Aged Care Pricing Commissioner. I am very grateful and appreciative of the opportunity to build meaningful and lasting relationships in the aged care sector and ensure my decisions as ACPC are transparent, evidence based and objective so providers can feel confident that RADs greater than \$550,000 and extra service fee applications are assessed and determined openly and fairly, engendering a sense of trust and integrity, consistent with our values and strategic objectives.

Team acknowledgements and thanks



Finally, but by no means least, I would like to extend my sincere thanks and gratitude to my fantastic, hard-working team at the ACPC office in Sydney. The team is dedicated, has built up expertise over the last few years, and has been instrumental in forming excellent relationships, based on trust and integrity, with many RAC providers.

The team has also been extensively involved with the many projects undertaken this year, including the new website and RAD application form.

I am blessed to have such a great team and I look forward to working with them over the 2020/21 year, simply because they make coming to work a real pleasure, both at a professional and personal level.

My sincere thanks are also extended to:

- Minister Colbeck and his team
- Department of Health senior executives
- Peak Industry bodies (for both providers and consumers)
- RAC providers
- Members of the ACPC IRWG; and
- Members of ACFA.

Each person and body listed above, plus many others in the sector, have been extremely generous with their time and wisdom in meeting up with me and discussing a vast array of topics confronting aged care in Australia.

I look forward to building on these and fostering new relationships across the sector and working towards an aged care sector in Australia that all Australians can be proud of and that is envied around the world.

Contacts



The Office of the Aged Care Pricing Commissioner can be contacted by phone **1300 550 970**, by email on **acpcenquiries@acpc.gov.au**, or by post at:

Office of the Aged Care Pricing Commissioner

Locked Bag 5
Haymarket NSW 1240

Further information about the Aged Care Pricing Commissioner can be found on the Commissioner's website at **www.acpc.gov.au**

Appendices



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27 > Appendix 2: Statement of Intent

31 > Appendix 3: Values

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SENATOR THE HON RICHARD COLBECK

Minister for Aged Care and Senior Australians

Minister for Youth and Sport

Ref No: MS20-000439

Mr John Dicer
Aged Care Pricing Commissioner
Locked Bag 5
HAYMARKET NSW 1240

17 JUN 2020

Dear Mr Dicer *John,*

Please find attached a Statement of Expectations for the Aged Care Pricing Commissioner.

The issuing of a Statement of Expectations, and the provision of a Statement of Intent in response, is a key element of sound governance for Australian Government bodies. These documents are valuable tools for increasing transparency and accountability, as well as ensuring well-defined responsibilities and clear relationships between statutory appointments and other arms of government.

The Statement of Expectations and your response, in the form of a Statement of Intent, complement the requirements of the Office of the Aged Care Pricing Commissioner (the Office) as set out in subsection 95B-1(2) of the *Aged Care Act 1997*. The statements enhance mechanisms of accountability and performance and build upon the Government's deregulation agenda and the strong goal of coming up with practical business solutions and outcomes.

The attached Statement of Expectations is intended to be a policy document and not a ministerial direction, a conferral of functions, a term or condition of office, or a delegation of power under any legislation or current agreement the Government may have with your Office.

I would appreciate receiving your Statement of Intent as a response within the next two months, outlining how you plan to achieve your goals, standards and timelines outlined in the attached Statement of Expectations. In the interest of public accountability, both these documents should be published on your website.

I look forward to receiving your Statement of Intent and the continued collaborative working relationship between the Aged Care Pricing Commissioner and the Department of Health.

Yours sincerely

Richard Colbeck

Encl (1)

Statement of Expectations for the Aged Care Pricing Commissioner

1. Introduction

This Statement outlines the Government's expectations about the role and responsibilities of the Aged Care Pricing Commissioner (ACPC), the ACPC's relationship with the Government, issues of transparency and accountability and operational matters. It forms part of the Government's commitment to good corporate governance of agencies and reducing the regulatory burden on business and the community.

The ACPC is a statutory appointment, established to approve refundable accommodation deposits (RADs) that are higher than the maximum determined by the Minister (currently \$550,000) and approve increases in extra service fees (ESFs).

The Government recognises and respects the statutory independence of the ACPC. It is imperative that, as ACPC, you act independently and objectively in performing your functions and exercising powers as set out in Division 95B of the *Aged Care Act 1997* and associated Principles. However, the Government expects that you take into account the Government's broad policy framework and deregulation agenda in performing your role and functions.

The Minister for Aged Care and Senior Australians has responsibility for the policy, program and regulatory oversight of the Australian aged care system, and expects to be fully informed in a timely manner about the activities of the ACPC and any emerging trends, problems or issues in respect of its functions.

2. Priorities for the Aged Care Pricing Commissioner

The Government asks that you, as ACPC:

- use open, transparent and unbiased processes in order to arrive at fair, well-reasoned decisions and that you treat all stakeholders with respect and courtesy;
- maintain strong links and a cooperative working relationship with the Minister and the Department of Health (the Department) and the broader aged care sector in order to promote an effective response to the ageing population and the provision of high quality aged care accommodation and services based on respect for the dignity of older Australians;
- be dedicated to facilitating strong links with stakeholders through existing protocols (e.g. current protocols within the Department);
- ensure your procedural documents and actions are reviewed and updated and have a sound legislative base and are supported by appropriate internal processes and procedures;
- meet Government and public accountability expectations including maintaining comprehensive quality assurance and report processes for the Office of the ACPC;
- manage any potential conflicts around your responsibilities as ACPC in assessing applications;
- maintain ACPC team focus and morale; and

- educate and disseminate information regarding accommodation pricing to all stakeholders.

In undertaking your role, it is requested that the ACPC will:

- act in a professional, efficient and effective manner; and
- balance the needs of the Providers with the needs of Consumers to receive quality accommodation and extra services for fair, appropriate and transparent prices.

3. Stakeholder relationships

The Government notes that the ACPC and the Department operate within the same broad policy platform in a manner consistent with the requirements established by the Act. The Secretary of the Department plays an important role in providing the Government with policy advice in its oversight of portfolio agencies. To ensure that the Secretary and the Department can undertake this advisory role, it is important that you as ACPC, inform the Secretary (or the Department) of relevant issues and information affecting the portfolio.

The ACPC, the Minister and the Department should foster a close working relationship based on the principles of open communication, no surprises and information sharing, within the legislative constraints of and to the extent allowed by protected information or privacy provisions under the *Aged Care Act 1997*.

Conducive to an effective working relationship, the Minister and the Department will continue to consult with you on any issues that may impact on you fulfilling your statutory objective or compliance with the law.

In your role as ACPC, you should continue to maintain professional working relationships with other key stakeholders, particularly the broader aged care sector.

4. Organisational Governance and Financial Management

As a statutory office holder, you are required to exercise care and prudence in your financial management of the ACPC's Office in the context of your legislative framework, government expectations as set out in this document; the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and the financial management policies of the Department.

Further, it is requested that you manage the affairs of the ACPC's Office in a way that promotes the efficient, effective, economical and ethical use of resources. As a statutory office holder, you should continue to keep abreast of any relevant amendments to your legislative framework in order to continue to operate in an effective manner.

The ACPC is assisted by staff employed by the Department under the *Public Service Act 1999* (PS Act). Under the PS Act, agencies are required to uphold and promote the Australian Public Service (APS) Values. It is expected that you lead the ACPC's Office and ensure that all APS employees adhere to the APS Code of Conduct.

The ACPC's Office should ensure that it operates within all Departmental policies and processes, including human resources, financial, protective security, information technology and procurement.

5. Reporting

In addition to the Annual Report that you prepare as part of your legislative requirements, it is expected that you and the ACPC's Office provide input into the Department's Annual Report and other publications as requested from time to time.

6. Conclusion

The Government's vision is that the ACPC contributes to Government objectives to increase levels of transparency and understanding in the pricing of residential aged care accommodation and to ensure that residents receive quality accommodation where higher prices are paid, and approve increases in ESF. In doing so, the ACPC has a role to play in improving confidence in the regulation of aged care and in the aged care sector itself in a way that minimises the burden on care recipients, consumers and approved providers.



Australian Government
Aged Care Pricing Commissioner

Senator the Hon Richard Colbeck MP
Minister for Aged Care and Senior Australians
Minister for Youth and Sport
Senate
Parliament House
Canberra ACT 2600

22 July 2020

Dear Minister,

Aged Care Pricing Commissioner's Statement of Intent

I have great pleasure in providing you with the Statement of Intent for the Aged Care Pricing Commissioner.

This Statement outlines my approach to achieving the goals and standards referred to in the Statement of Expectations, and includes priorities for the Aged Care Pricing Commissioner, the importance of strong and cooperative stakeholder relationships, and commitment to sound organisational governance and financial management.

I look forward to a continued collaborative working relationship with you, the Department and all relevant stakeholders.

Please do not hesitate to contact me should you have any questions or require any additional information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Dicer'.

John Dicer

Aged Care Pricing Commissioner



Aged Care Pricing Commissioner's Statement of Intent

This Statement of Intent responds to the Statement of Expectations from the Minister for Aged Care and Senior Australians, Senator the Hon Richard Colbeck MP, received 17 June 2020. It is a formal commitment from the Aged Care Pricing Commissioner (ACPC) to meet the expectations of the Minister.

1. Legislative framework

The ACPC holds a statutory appointment under section 95B-2 of the *Aged Care Act 1997*.

The functions of the ACPC under the *Aged Care Act 1997* ("the Act") and associated Principles include:

- the approval of an increase in extra service fees;
- the approval of proposed refundable accommodation deposits that are higher than the maximum amount determined by the Minister (currently set at \$550,000); and
- any other functions conferred on the ACPC by the Minister or under Commonwealth law.

2. Priorities for the Aged Care Pricing Commissioner

In performing the legislative functions identified above, the ACPC will address the short and long term priorities outlined in the Minister's Statement of Expectations.

The ACPC will comply with all relevant legislation, and will undertake legislative functions under the Act and associated Principles by:

- continuing to use open, transparent and unbiased processes in making fair, independent and well-reasoned decisions under the Act;
- ensuring that impartial, thorough and timely assessments are undertaken by the Office of the ACPC.

In particular, in exercising legislative functions, the ACPC will be cognisant of the Government's policy framework, including the Government's deregulation agenda and any relevant findings and recommendations made by the Royal Commission into Aged Care Quality and Safety. The ACPC is informed by the principle that, to the extent that there is discretion in exercising functions, his approach and processes should minimise regulatory and administrative burden and maximise clarity and transparency for Residential Aged Care Providers (RACP) and for Consumers. Accordingly, where

the ACPC seeks information from Providers, it will be on the basis that such information is strictly relevant and proportionate to the ACPC's considerations.

In exercising statutory functions, the ACPC will consider applications in the context of the Government's objective of ensuring that Residential Accommodation Deposits (RADs) greater than \$550,000 represent fair value to the Consumer.

The ACPC will continue to ensure that the consideration of RAD and Extra Service Fee (ESF) applications have a sound legislative basis, corporate processes and practices are efficient, professional and promote constructive engagement and dialogue with stakeholders.

3. Stakeholder relationships

The ACPC undertakes to keep the Minister fully apprised of his progress in meeting the Government's objectives, and of any emerging trends, problems or issues in the exercise of his functions.

In order that the Department of Health (the Department) can undertake its advisory role effectively and fulfil the Government's operational and policy objectives, the ACPC will maintain strong links and a cooperative working relationship with the Department, while acting independently and objectively in performing statutory functions, and observing protected information and privacy provisions of the Act.

The ACPC appreciates the importance of maintaining strong and respectful links with stakeholders and will continue to seek stakeholder feedback and engagement on the effectiveness of the Office, and on processes and considerations informing decisions. In particular, the ACPC will continue to routinely seek feedback from Providers through an Industry Reference and Working Group to ensure that the processes and functions of the ACPC are well understood, and will encourage stakeholders to use both formal and informal avenues of feedback so that the ACPC can further improve processes and the quality and timeliness of service.

The ACPC will continue to provide guidance and educate Providers to ensure that the processes of the ACPC in making recommendations and decisions are transparent and easily understood. In doing so, the ACPC will review and revise the ACPC's website, and will work to address any issues that arise for stakeholders through targeted stakeholder engagement and communication.

4. Organisational Governance and Financial Management

The ACPC will ensure that its affairs are managed in a way that meets the requirements of the *Public Governance, Performance and Accountability Act 2013*, and the financial management and operational policies of the Department, including the Australian Public Service Code of Conduct. The ACPC will continue to maintain

and update the ACPC's Office corporate policies and procedures, including the RAD and ESF application forms.

In particular, the ACPC is committed to an efficient use of resources and will continue to exercise prudent management in respect of the ACPC's Office in a way that minimises impost while ensuring that applicants continue to receive a high quality, timely, transparent and technologically efficient service.

The ACPC is committing to maintaining and improving understanding and knowledge of the Australian Aged Care system generally and in particular improve confidence and understanding in the working of the ACPC's Office.

5. Reporting

In addition to the tabling of the ACPC's Annual Report, the ACPC will continue to provide such input as is required to the Department's Annual Report, and to any other such publications.


The ACPC will continue to be involved, as a Government representative on the Aged Care Financing Authority.



Our values


Our values shape who we are.

They guide us in our everyday work, the decisions we make, the conversations we have and the way we treat others. They define us as individuals and as an organisation. Our values inspire us to create a centre of excellence that is collaborative and supportive.




Integrity

We act fairly and impartially, demonstrating honesty and good character.




Transparency

We provide direct and clear communication and deliver on commitments.



Kindness

We engage with our stakeholders and each other in a positive way, with respect and compassion.



Openness

We are attentive, willing to listen and collaborate and learn from others.



Excellence

We strive to deliver a high quality service to our stakeholders and to each other.

Our aim is to have robust, transparent, simple and responsive processes; to take ownership of our work and responsibility for our actions; to educate users on our processes and how we deliver services; to be fair and accountable in all our dealings; and to do our best to ensure that accommodation in residential aged care is fairly and reasonably priced.



Strategic objectives

The Aged Care Pricing Commissioner (ACPC) is an independent statutory position. The Government set up the ACPC role as part of reforms to the Aged Care Act 1997. The role became effective on 1 July 2014.

Our mission is to improve consumer confidence in and understanding of the aged care sector and its regulation by:

- ✓ ensuring residents receive quality accommodation when they pay higher refundable accommodation deposit (RAD) prices
- ✓ increasing the transparency of residential aged care accommodation pricing
- ✓ minimising the administrative burden on providers
- ✓ approving increases and decreases in extra service fees

Strategic objectives

#1 Operational excellence

We make fair and timely decisions on applications for accommodation prices above \$550,000 in residential aged care homes. Our decisions are based on evidence and consistent with legislation and policy. We use the knowledge of our stakeholders and an understanding of value from the residents' perspective.

We gather data about rooms and facilities to improve our processes, including the way we determine value to the resident.

#2 Ease of engagement

Our application process is clearly mapped out and easy to access. We are responsive to phone and email enquiries.

#3 Educative role

The information we provide about our work is easy to find and understand.

#4 Build collaborative relationships

We build collaborative relationships with relevant teams in the Department of Health.

The Commissioner:

- regularly updates the Minister on accommodation and extra services pricing trends
- develops collaborative relationships with peak bodies, providers and the Aged Care Financing Authority

#5 Build staff capability

We provide our staff with opportunities to improve analytical capacity through:

- professional development
- database improvements
- supportive technology and processes

Ongoing support and training results in improved outcomes for our key stakeholders.





Australian Government

Aged Care Pricing Commissioner