



Australian Government

Aged Care Pricing Commissioner

AGED CARE PRICING COMMISSIONER

ANNUAL REPORT
2021–22



Aged Care Pricing Commissioner Annual Report 2021–22

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Australian Government
Aged Care Pricing Commissioner

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The Hon Anika Wells
Minister for Aged Care
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister,

As the Aged Care Pricing Commissioner for the reporting period, I am pleased to present the Annual Report of the Aged Care Pricing Commission covering the Commission's operations for the financial year from 1 July 2021 to 30 June 2022.

The Annual Report has been prepared in accordance with section 95B-12 of the *Aged Care Act 1997* and section 96 of the *Public Governance, Performance and Accountability Act 2013*.

The data and statements included in this report are based on records maintained by the Commission and is a true and accurate representation of our performance.

Yours sincerely,

A handwritten signature in black ink that reads 'David Weiss'.

David Weiss
Aged Care Pricing Commissioner (former)
9 February 2023

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COMMISSIONER'S OVERVIEW



It is my pleasure to present the ninth and final Annual Report on the operations of the Aged Care Pricing Commissioner covering the period from 1 July 2021 to 30 June 2022.

With the passage through the Parliament of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* the position of the Aged Care Pricing Commissioner has been abolished and the functions of the Commission have been transferred to the new and expanded Independent Health and Aged Care Pricing Authority (IHACPA). These changes took effect on 12 August 2022.

2021–22 Workload

The last financial year continued to see ongoing disruptions associated with COVID-19, along with uncertainty over the timing of the passage of legislation that would ultimately see the functions of the Commission transferred to IHACPA. Through these uncertainties the Commission received and responded to the most applications in its history.

In 2021–22, the Commission approved 502 applications - a 16% increase from the previous financial year. Of these, 105 were approved following discussions between the Commission and the applicant and a subsequent revision of the proposed maximum accommodation payments. A further 58 applications were assessed to varying degrees but were withdrawn by the applicants before a final decision was made. All these figures are material increases over recent years, and despite the increase in workload the Commission's average turn-around time for applications continued to fall. This is a testament to the hard work of the Commission's staff throughout the year.

Acknowledgements

I would like to acknowledge the efforts of the Commission's staff during the past year. They responded to the higher than usual workloads with tremendous enthusiasm and good spirit and I sincerely thank them for the support they gave me and the commitment they demonstrated over the past year.

As this is the final report from the Aged Care Pricing Commission, I would like to take the opportunity to thank the previous Commissioners and the Commission's previous staff for their efforts in establishing and sustaining the Commission. I also wish the officers of IHACPA all the best in the future in their continued delivery of this important function.

David Weiss

Aged Care Pricing Commissioner (former)

FUNCTIONS OF THE AGED CARE PRICING COMMISSIONER

The main statutory functions of the Aged Care Pricing Commissioner (ACPC) are to:

- i) review and approve proposed accommodation payments that are higher than the maximum amount of \$550,000 (as determined by the Minister); and
- ii) review and approve 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.



ACPC YEARLY PERFORMANCE SUMMARY

Aged care industry at a glance¹

Category	as at 30/06/2020	as at 30/06/2021	Change between financial years
Residential aged care providers (RAC providers)	845	830	A decrease of 15 providers (2%↓)
Residential aged care homes (RAC homes)	2,722	2,704	A decrease of 18 homes (1%↓)
Residential aged care rooms (RAC rooms)	217,145	219,105	An increase of 1,960 rooms (1%↑)

Applications received and approved

Refundable accommodation deposit (RAD) applications	Received	Change	Approved	Change
as at 30/06/2022	684	238	502	68
as at 30/06/2021	446	(53%↑)	434	(16%↑)

Note: The 502 applications approved in 2021–22 includes 12 received in 2020–21. Of the remaining applications received in 2021–22, 58 were subsequently withdrawn, while many of the remainder were resolved prior to the Commission's transfer to IHACPA on 12 August 2022.

1 The data in this table is from the 30 June 2021 Stocktake of Australian Government Subsidised Aged Care Places.

The totals on the previous page can be disaggregated as follows:

New applications	Received	Change	Approved	Change
as at 30/06/2022	387	132	303	51
as at 30/06/2021	255	(52%↑)	252	(20%↑)

Renewal of previously approved RADs	Received	Change	Approved	Change
as at 30/06/2022	297	106	199	17
as at 30/06/2021	191	(56%↑)	182	(9%↑)

Supporting statement: The table above shows strong growth in the number of new and renewal applications received and approved. While a number of newly constructed facilities did seek approval for maximum RAD prices for the first time, the number of new or refurbished rooms approved in 2021–22 was around half that approved in 2020–21 (see table below). The strong growth in renewals may be due to the continued effect of the audit of lapsed approvals cited in last year’s Annual Report, and the new process implemented by the Office where courtesy letters are sent to providers with a reminder that their previously approved RAD price is due to lapse. The strong growth in the number of renewal applications received is also likely a product of the 4 year approval timeframe and a wave of renewals arising from the original ACPC approvals in 2013–14.

Approved applications by RAC providers, homes and rooms

	as at 30/06/2021	as at 30/06/2022	Change since last FY
RAC providers	87	101	An increase of 14 providers (16%)
RAC homes	154	166	An increase of 12 homes (8%)
RAC rooms	10,071	10,447	An increase of 376 rooms (4%)

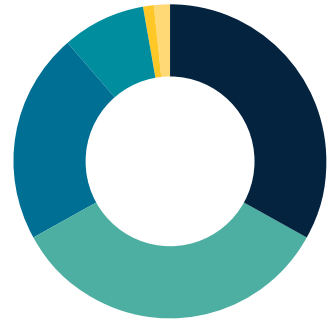
Approved rooms within existing or new and refurbished RAC homes

	as at 30/06/2021	as at 30/06/2022	Change since last FY
Existing RAC homes	6,386	8,570	An increase of 2,184 rooms (34%)
New/Refurbished RAC homes	3,685	1,877	A decrease of 1,808 rooms (49%)

Supporting statement: The figures above show an increase in the number of rooms approved from the previous financial year. However, the 16% increase in the number of total applications reviewed and approved translated to only a 4% increase in the number of rooms approved during the financial year.

Approved rooms by price range

Price range	No. of rooms	Percentage (%)
▶ \$550,001 to \$700,000	3,466	33.2
▶ \$700,001 to \$850,000	3,555	34.0
▶ \$850,001 to \$1,000,000	2,253	21.6
▶ \$1,000,001 to \$1,250,000	883	8.5
▶ \$1,250,001 to \$1,500,000	119	1.1
▶ \$1,500,001 and above	171	1.6
Total	10,447	100



Supporting statement: As can be seen above, approximately 67% of all rooms approved in 2021–22 were priced between \$550,001 and \$850,000. Over 11% of all rooms approved were priced at \$1 million or above. This reflects a shift from the previous year, where 74% of rooms were priced between \$550,001 and \$850,000, and only 6% of rooms were priced at \$1 million or above.

Approved rooms by state/territory

State/territory	No. of rooms	Percentage (%)
▶ ACT	488	4.7
▶ NSW	4,998	47.8
▶ QLD	1,102	10.5
▶ SA	435	4.2
▶ TAS	0	0.0
▶ VIC	2,304	22.1
▶ WA	1,120	10.7
Total	10,447	100



Supporting statement: Almost 48% of the rooms approved this year were in NSW, with the next largest proportion of approximately 22% in Victoria. These figures broadly maintain the same picture from previous years, however the proportion of applications from Queensland has more than doubled from 4.7% to over 10%.

Approved rooms by distance from capital city central business district (CBD)

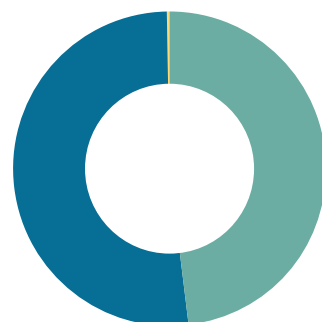
Distance band	No. of rooms	Percentage (%)
0 – 10 kms from CBD	4,374	41.9
11 – 20km from CBD	2,822	27.0
21 – 40km from CBD	2,029	19.4
40+kms from CBD	1,222	11.7
Total	10,447	100



Supporting statement: The information above shows that approximately 88% of rooms approved in the 2021–2022 financial year were within 40km of the CBD. This is slightly lower than in 2020–21.

Approved rooms by RAC provider type

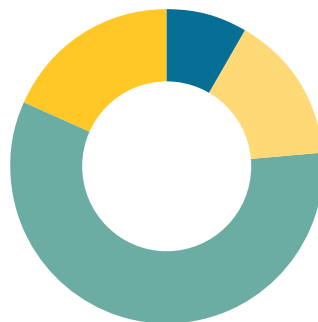
Provider type	No. of rooms	Percentage (%)
For profit	5,043	48.3
Not for profit	5,402	51.7
Government	2	0.02
Total	10,447	100



Supporting statement: More than half of the rooms approved were submitted by not-for-profit RAC providers. This proportion has decreased from approximately 56% in the previous financial year.

Applications with proposed RAD prices revised, rejected or withdrawn

	No. of applications	Percentage (%)
Withdrawn	58	8.5
Approved with revised RAD prices	105	15.3
Rejected	0	0
Approved without revision	397	58.0
Carried over into 2022–23	124	18.1
Total	684	100



Supporting statement:

Applications may be withdrawn, revised or rejected for the following reasons:

- insufficient information was received from the RAC provider; or
- pricing levels sought were not supported.

Applications withdrawn may be resubmitted with amendments by the provider at any time.

Applications rejected may be resubmitted 4 months after a decision has been made.

Completion times

Category	as at 30/06/2021	as at 30/06/2022	Change since last FY
Average number of working days to review and approve a RAD application	26	25	A decrease of 1 working day (4%)

Supporting statement:

The *Fees and Payments Principles 2014 (No 2)* state that the ACPC must notify applicants of a decision to approve, or to refuse to approve, an application within 60 days of receiving the submission. This timeframe does not include any period during which the ACPC formally sought further information for the application.

In 2021–22, all decisions made by the Commissioner were within the 60-day period.

The approach taken in assessments, with a small number of exceptions, has been to informally seek the additional information required to complete an assessment. When this informal request is taken into consideration, the average time taken to decide on an application in 2021–22 was 22 working days.

Extra Service Fees

The ACPC received 14 applications for changes to extra service fees (ESFs) and approved all 14 of them, a decrease in the number of applications from the previous financial year.

An 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 several factors, including food options, entertainment options, enhanced personal services, specific products offered and organised activities.

While approved providers may make an application at any time, the ACPC cannot decide to approve a proposed extra service fee until at least 12 months has elapsed since the date on which the last approval took effect. The average time taken to approve an extra service fee application in 2021–22 was 25 workdays.

The lower number of extra service fee applications and the suspended services is a continuation of the trend noted in previous Annual Reports of a gradual shift away from extra service fees to charging residents additional service fees instead.

ACPC OPERATIONS IN 2021–22 – THE YEAR ON A PAGE

502

Approved RADs



14

Approved ESFs

101

Providers with approved RADs



166

Homes with approved RADs

10,447

Rooms approved



8,570

Existing

1,877

New/Refurbished



67% of RADs approved were between \$550,001 and \$850,000

70%

of all rooms approved are in NSW and Victoria



88%

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

52%

of all rooms approved were from not for profit providers

25 working days

to review and approve a RAD application



GOVERNANCE

Internal and external review

Decisions made by the ACPC in relation to applications for both RADs and ESFs are reviewable decisions under the *Aged Care Act 1997*. 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. In 2021–22, no person or body sought an internal or external review of a decision.

Freedom of Information requests

The ACPC did not receive any Freedom of Information requests during 2021–22. The ACPC provides an Information Publication Scheme entry and Freedom of Information Disclosure Log on the ACPC website.

Financial accountability

The ACPC's approach to procuring goods and services is consistent with the:

- *Public Governance, Performance and Accountability Act 2013*;
- Commonwealth Procurement Rules; and
- Department of Health Procurement Policy.

The ACPC 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 Aged Care Pricing Commissioner's budget for 2021–22 was \$1,200,000 (includes salaries, contractor costs, consultancies, website development and the Commissioner's remuneration and travel expenses).

The ACPC is supported by a team of three Assessors, one Data Analyst and one Executive Assistant.

TRANSFER OF FUNCTIONS

The passage through the Parliament of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* means that the statutory position of the Aged Care Pricing Commissioner has been abolished, with the functions transferred to the new and expanded Independent Health and Aged Care Pricing Authority (IHACPA). These changes took effect on 12 August 2022.

I worked closely with officers of IHACPA in the lead-up to the transfer to provide a smooth transition. I wish them all the best in continuing to review applications for extra service fees and accommodation prices to the highest standard

CONTACTS

Further information on the contact details for the functions of the former Aged Care Pricing Commissioner role can be found at www.ihacpa.gov.au.

