

AUSTRALIAN AGED CARE QUALITY AGENCY

Entity Resources and Planned Performance

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Section 1: Entity Overview and Resources

1.1 STRATEGIC DIRECTION STATEMENT¹

The Australian Aged Care Quality Agency (Quality Agency) is a statutory agency established by the *Australian Aged Care Quality Agency Act 2013*.

Pursuant to the *More Choices for a Longer Life - healthy ageing and high quality care* the Australian Government will transfer all functions of the Quality Agency to a new Aged Care Quality and Safety Commission commencing from 1 January 2019. Prior to 1 January 2019, the Quality Agency will continue to be responsible for monitoring and assessing the quality of care and services against applicable standards to ensure high quality care for people accessing Australian Government subsidised aged care.

The Quality Agency is supporting the Government's aged care reform through the development of guidance and sector support for transition to, and full implementation of, the new Aged Care Quality Standards in July 2019. It is also implementing the Government's reform to introduce unannounced re-accreditation audits from 1 July 2018.

The Quality Agency considers consumer input during all visits to aged care services through consumer interviews that inform the issues pursued during the visit. During re-accreditation and review audits the outcomes of these consumer interviews are published on the Agency's website as Consumer Experience Reports.

The Quality Agency monitors compliance of service providers against the applicable standards and applies a case management model based on relevant information and compliance history. Compliance is monitored through a combination of announced and unannounced visits, in addition to accreditation and re-accreditation audits. The Quality Agency is strengthening its regulatory intelligence and risk-based approaches to monitoring compliance.

The Quality Agency provides feedback to providers on areas for improvement to ensure compliance with the standards, including through placing services on a timetable for making improvements. The Quality Agency also advises the Secretary of the Department of Health about aged care services that do not meet the standards.

The Quality Agency provides information, education and training to aged care providers, and publishes performance information to support older people in their choice of aged care service. In addition, the Quality Agency promotes public confidence in accreditation and the quality review systems for aged care through consistent and meaningful assessments and reporting of compliance with the standards.

The Quality Agency is a Non-corporate Commonwealth Entity under the *Public Governance, Performance and Accountability Act 2013*. The functions of the Quality Agency are set out in the *Australian Aged Care Quality Agency Act 2013* and the *Aged Care Act 1997*.

¹ For more information about the strategic direction of the Quality Agency, refer to the current Corporate Plan, available at: www.aacqa.gov.au/publications/publications#corporate

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (Government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Quality Agency Resource Statement – Budget Estimates for 2018-19 as at Budget May 2018

	2017-18 Estimated actual \$'000	2018-19 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	27,120	27,003
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	27,285	29,946
s74 retained revenue receipts ^(b)	14,902	14,286
Departmental capital budget ^(c)	1,173	1,163
Other services ^(d)		
Equity injection	-	-
Total departmental annual appropriations	43,360	45,395
Total departmental resourcing	70,480	72,398
Total resourcing for AACQA	70,480	72,398
	2017-18	2018-19
Average staffing level (number)	249	250

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2018-19.

^(b) Estimated retained revenue receipts under section 74 of the PGPA Act 2013.

^(c) Departmental Capital Budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

^(d) Appropriation Bill (No. 2) 2018-19.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the Quality Agency are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Quality Agency 2018-19 Budget Measures

Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
More Choices for a Longer Life - healthy ageing and high quality care^a					
Australian Aged Care Quality Agency					
Departmental expenses 1.1	-	641	1,881	3,553	3,476
Departmental revenue ^(b) 1.1	-	10,960	11,131	-	-
Total	-	11,601	13,012	3,553	3,476

^(a) Full details of this measure are published under Department of Health Health (Table 1.2)

^(b) Revenue is reverse fiscal and shows the net fiscal position

Section 2: Outcomes and Planned Performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs that contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's Corporate Plans and Annual Performance Statements – included in Annual Reports – to provide an entity's complete performance story.

The Quality Agency's most recent Corporate Plan is available at:
www.aacqa.gov.au/about-us/corporate-publications

The Quality Agency's most recent Annual Performance Statement is available at:
www.aacqa.gov.au/about-us/annual-reports

2.1 BUDGETED EXPENSES AND PERFORMANCE

Outcome 1

High-quality care for persons receiving Australian Government subsidised aged care through the accreditation of aged care services in residential settings, the quality review of aged care services provided in the community and the provision of quality information to consumers, as well as the provision of information, education and training to aged care providers

Program Contributing to Outcome 1

Program 1.1: Quality Assessment, Compliance Monitoring and Promotion of High Quality Care in Australian Government Subsidised Aged Care Services

Linked Programs

Other Commonwealth entities that contribute to Outcome 1
Department of Health Program 6.4: Aged Care Quality The Department of Health has policy responsibility for ageing and aged care, including the regulatory framework and regulatory action taken to address non-compliance.

Budgeted Expenses for the Quality Agency

Table 2.1.1 shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1: Budgeted Expenses for the Quality Agency

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward Year 1 \$'000	2020-21 Forward Year 2 \$'000	2021-22 Forward Year 3 \$'000
Program 1.1: Quality Assessment, Compliance Monitoring and Promotion of High Quality Care in Australian Government Subsidised Aged Care Services					
Departmental expenses					
Departmental appropriation ^(a)	42,187	44,232	39,145	52,302	52,331
Expenses not requiring appropriation in the budget year ^(b)	1,408	1,663	1,813	1,563	1,563
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	43,595	45,895	40,958	53,865	53,894
Total expenses for Outcome 1	43,595	45,895	40,958	53,865	53,894
	2017-18	2018-19			
Average staffing level (number)	249	250			

^(a) Departmental appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 'Revenue from independent sources (s74)'.
^(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Planned Performance for the Quality Agency

Table 2.1.2 below details the performance criteria for the program associated with Outcome 1. It also summarises how the program is delivered and where 2018-19 Budget measures have materially changed the program.

Table 2.1.2: Performance Criteria for the Quality Agency

Purpose
The Quality Agency is responsible for holding aged care service providers accountable for their performance against the Accreditation Standards for residential aged care; Home Care Standards for Home Care services, including Commonwealth home support; National Aboriginal and Torres Strait Islander Flexible Aged Care Services; and also promoting high quality care and service provider performance through education, training and compliance assistance.
Outcome 1
High-quality care for persons receiving Australian Government subsidised aged care through the accreditation of aged care services in residential settings, the quality review of aged care services provided in the community and the provision of quality information to consumers, as well as the provision of information, education and training to aged care providers.
Program 1.1: Quality Assessment, Compliance Monitoring and Promotion of High Quality Care in Australian Government Subsidised Aged Care Services
The Quality Agency contributes to high quality aged care through the residential aged care accreditation and quality review of Australian Government subsidised aged care services. The Quality Agency monitors compliance with the relevant standards to ensure care recipients receive a high standard of care. The Quality Agency promotes high quality care and service provider performance through education, training and compliance assistance.
Delivery
<p>A. Ensuring high quality care for persons receiving Australian Government subsidised aged care through the efficient and effective delivery of services under the <i>Australian Aged Care Quality Agency Act 2013</i> and in accordance with the <i>Quality Agency Principles 2013</i></p> <ul style="list-style-type: none"> • Accredit residential aged care services. • Quality review aged care services provided in the home and community. • Monitor compliance with the applicable standards. • Promote high quality care and innovation through sector engagement, information and training. • Publish performance information on the quality of care and services. • Maintain a register of Quality Assessors.

Performance criteria ²				
A. Ensuring high quality care for persons receiving Australian Government subsidised aged care through the efficient and effective delivery of services under the <i>Australian Aged Care Quality Agency Act 2013</i> and in accordance with the Quality Agency Principles 2013				
Percentage of service providers who maintain compliance with the standards for the twelve months following a timetable for improvement decision.				
2017-18 Estimated result	2018-19 Target	2019-20 Target	2020-21 Target	2021-22 Target
92%	90%	N/A	N/A	N/A
Percentage of applications for re-accreditation completed within the statutory timeframes.				
2017-18 Estimated result	2018-19 Target	2019-20 Target	2020-21 Target	2021-22 Target
100%	≥95%	N/A	N/A	N/A
Percentage of services providing care in the home and community receiving a quality review within the legislated timeframes.				
2017-18 Estimated result	2018-19 Target	2019-20 Target	2020-21 Target	2021-22 Target
98%	100%	N/A	N/A	N/A
Material changes to Program 1.1 resulting from the following measures:				
<ul style="list-style-type: none"> • <i>More Choices for a Longer Life - healthy ageing and high quality care</i> 				

² From 1 January 2019, the functions of the AACQA will be transferred to the Aged Care Quality and Safety Commission.

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 Budget year, including the impact of Budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences Between Entity Resourcing and Financial Statements

This section is not applicable to the Quality Agency.

3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

Departmental Resources

Comprehensive Income Statement

The Quality Agency is budgeting for a break-even position in 2018-19 after adjusting for depreciation and amortisation expenses.

Total own-source revenue for 2018-19 is expected to be \$14.3 million. Revenue from government is expected to be \$29.9 million.

Total expenses for 2018-19 are expected to be \$45.9 million including \$1.6 million of depreciation and amortisation, compared to \$43.6 million for 2017-18.

Balance Sheet

The Quality Agency has a budgeted net asset position of \$17.0 million in 2018-19.

Total assets for 2018-18 are estimated to be \$29.9 million, comprising \$21.5 million of financial assets and \$8.4 million of non-financial assets.

Total liabilities for 2018-19 are estimated to be \$12.9 million made up of accrued employee entitlements \$7.5 million, suppliers payables \$2.3 million, other payables \$2.7 million and other provisions of \$0.4 million.

Forward Estimate

From 1 January 2019, the functions of the Quality Agency will be transferred to the Aged Care Quality and Safety Commission.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive Income Statement (showing net cost of services for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES					
Employee benefits	31,230	29,529	26,257	36,395	36,377
Supplier expenses	10,964	14,725	12,910	15,929	15,976
Depreciation and amortisation	1,370	1,625	1,775	1,525	1,525
Other expenses	31	16	16	16	16
Total expenses	43,595	45,895	40,958	53,865	53,894
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	14,902	14,286	7,754	30,242	30,242
Other revenue	-	-	-	-	-
Total revenue	14,902	14,286	7,754	30,242	30,242
Gains					
Other	38	38	38	38	38
Total gains	38	38	38	38	38
Total own-source income	14,940	14,324	7,792	30,280	30,280
Net cost of (contribution by) services	28,655	31,571	33,166	23,585	23,614
Revenue from Government	27,285	29,946	31,391	22,060	22,089
Surplus (Deficit)	(1,370)	(1,625)	(1,775)	(1,525)	(1,525)
Surplus (Deficit) attributable to the Australian Government	(1,370)	(1,625)	(1,775)	(1,525)	(1,525)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	(1,370)	(1,625)	(1,775)	(1,525)	(1,525)
Note: Reconciliation of comprehensive income attributable to the agency					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Total comprehensive income (loss) attributable to the Australian Government	(1,370)	(1,625)	(1,775)	(1,525)	(1,525)
plus non-appropriated expenses depreciation and amortisation expenses	1,370	1,625	1,775	1,525	1,525
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

Table 3.2: Budgeted Departmental Balance Sheet (as at 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	1,314	1,400	1,234	1,256	1,272
Receivables	25,932	20,081	20,047	24,496	24,496
Other financial assets	-	-	-	-	-
Total financial assets	27,246	21,481	21,281	25,752	25,768
Non-financial assets					
Land and buildings	-	-	-	-	-
Property, plant and equipment	2,979	3,787	4,249	4,868	4,554
Intangibles	2,672	3,794	4,427	4,515	4,526
Inventories	-	-	-	-	-
Other	829	829	779	854	854
Total non-financial assets	6,480	8,410	9,455	10,237	9,934
Total assets	33,726	29,891	30,736	35,989	35,702
LIABILITIES					
Payables					
Suppliers	1,878	2,297	2,310	3,080	3,080
Other payables	7,279	2,746	3,528	7,483	7,483
Total payables	9,157	5,043	5,838	10,563	10,563
Provisions					
Employees	6,744	7,469	8,114	8,934	8,934
Other provisions	329	345	361	377	393
Total provisions	7,073	7,814	8,475	9,311	9,327
Total liabilities	16,230	12,857	14,313	19,874	19,890
Net assets	17,496	17,034	16,423	16,115	15,812
EQUITY					
Contributed equity	19,279	20,442	21,606	22,823	24,045
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	(1,783)	(3,408)	(5,183)	(6,708)	(8,233)
Total equity	17,496	17,034	16,423	16,115	15,812

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2018-19)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	(1,783)	-	19,279	17,496
Surplus (deficit) for the period	(1,625)	-	-	(1,625)
Capital budget - Bill 1 (DCB)	-	-	1,163	1,163
Estimated closing balance as at 30 June 2019	(3,408)	-	20,442	17,034

DCB = Departmental Capital Budget.

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	2017-18 Estimated actual	2018-19 Budget	2019-20 Forward estimate	2020-21 Forward estimate	2021-22 Forward estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	25,730	35,792	31,432	17,629	22,089
Goods and services	18,368	9,750	8,399	34,048	30,242
Net GST received	1,341	1,378	1,373	1,364	1,380
Other cash received	3	-	-	-	-
Total cash received	45,442	46,920	41,204	53,041	53,711
Cash used					
Employees	30,963	28,804	25,475	35,428	36,377
Suppliers	14,113	17,493	15,351	17,091	17,318
Other cash used	47	-	-	-	-
Total cash used	45,123	46,297	40,826	52,519	53,695
Net cash from (or used by) operating activities	319	623	378	522	16
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	3,164	1,700	1,708	1,717	1,222
Total cash used	3,164	1,700	1,708	1,717	1,222
Net cash from (or used by) investing activities	(3,164)	(1,700)	(1,708)	(1,717)	(1,222)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,173	1,163	1,164	1,217	1,222
Total cash received	1,173	1,163	1,164	1,217	1,222
Cash used					
Other financing activity	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) financing activities	1,173	1,163	1,164	1,217	1,222
Net increase (or decrease) in cash held	(1,672)	86	(166)	22	16
Cash and cash equivalents at the beginning of the reporting period	2,986	1,314	1,400	1,234	1,256
Cash and cash equivalents at the end of the reporting period	1,314	1,400	1,234	1,256	1,272

Table 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,173	1,163	1,164	1,216	1,222
Equity injections - Bill 2	-	-	-	-	-
Total capital appropriations	1,173	1,163	1,164	1,216	1,222
Total new capital appropriations represented by:					
Purchase of non-financial assets	1,173	1,163	1,164	1,216	1,222
Other items	-	-	-	-	-
Total items	1,173	1,163	1,164	1,216	1,222
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - equity injection ^(a)	-	-	-	-	-
Funded by capital appropriation - DCB ^(b)	1,173	1,163	1,164	1,217	1,222
Funded internally from departmental resources	1,991	537	544	500	-
Total acquisitions of non-financial assets	3,164	1,700	1,708	1,717	1,222
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	3,164	1,700	1,708	1,717	1,222
Total cash used to acquire assets	3,164	1,700	1,708	1,717	1,222

^(a) Includes both current Bill 2, prior Act 2/4/6 appropriations and special capital appropriations.

^(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCB).

Table 3.6: Statement of Asset Movements (Budget year 2018-19)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	-	7,542	7,700	15,242
Accumulated depreciation/ amortisation and impairment	-	(3,906)	(3,830)	(7,736)
Opening net book balance	-	3,636	3,870	7,506
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - internally funded	-	537	-	537
By purchase - appropriation ordinary annual services	-	664	499	1,163
Total additions	-	1,201	499	1,700
Other movements				
Depreciation/amortisation expense	-	(1,050)	(575)	(1,625)
Other movements	-	-	-	-
Total other movements	-	(1,050)	(575)	(1,625)
As at 30 June 2019				
Gross book value	-	8,743	8,199	16,942
Accumulated depreciation/ amortisation and impairment	-	(4,956)	(4,405)	(9,361)
Closing net book balance	-	3,787	3,794	7,581