AGED CARE AMENDMENT (ACCREDITATION AGENCY) BILL 1998

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Aged Care)
the Hon. Mrs Bronwyn Bishop, MP)
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OUTLINE

This Bill provides a minor amendment to the *Aged Care Act 1997* which gives effect to the Government's long stated intention that the Aged Care Standards and Accreditation Agency would charge appropriate fees for accrediting aged care services.

FINANCIAL IMPACT

The Agency was established on a partial cost recovery basis. The level of fee is expected to reflect the cost of the accreditation service and be comparable with other commercial accreditation arrangements in similar industries.
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REGULATION IMPACT STATEMENT

Introduction

The Government has established the Aged Care Standards and Accreditation Agency (the Agency) to manage the accreditation of aged care services.

The Agency will play a leading role in ensuring that residential aged care facilities achieve and maintain high standards of care and accommodation. It will do this by:

- managing the residential aged care accreditation process;
- overseeing assessments of residential aged care services not yet ready for accreditation;
- liaising with the Department about poor quality services; and
- providing industry with assistance to improve service quality through education and training, information dissemination and identification of best practice to promote and encourage better quality care.

The Need for the Amendment

The Agency is being funded under Part 5.4 (Accreditation Grants) of the Aged Care Act 1997 and has a funding agreement with the Commonwealth until June 2001 when a new agreement will be negotiated. It has always been the Government's intention that the Agency would be able to charge fees for service to enable it to partly fund its operations.

Currently, there is no explicit power in the Act which enables the Accreditation Grant Principles to empower the Agency to charge fees for the provision of its services.

The Changes and Their Impact

This amendment to the Act adds a subsection to the examples of matters which may be dealt with in the Accreditation Grant Principles. This subsection provides that the Principles may deal with fees (if any) which may be charged on behalf of the Commonwealth for services provided by the Agency.

From January 2001 all aged care services must be accredited in order to receive Commonwealth subsidy for the provision of aged care. The accreditation fees should be treated consistently within the rules which apply to other legitimate business costs for taxation purposes.

Therefore, the impact on aged care services of paying an "accreditation" fee every one or three years, depending on the quality of the service, will be minimal in comparison with the financial advantages of becoming accredited.
Consultation

The Government consulted widely during the development of the Act and the Principles and has listened to the concerns of service providers since the implementation of the reforms. The setting up and operation of the Agency were an outcome of this ongoing consultation process.

Monitoring and Review of the Reforms

The importance of ongoing review of the reforms to residential care is recognised and the Government's commitment to monitoring the reforms will remain.

In June 1997 the Government made a commitment to undertake an on-going review of the aged care reform policy and its implementation. This review will be undertaken by an independent expert advised by a working group representing stakeholders. It will cover a two year period from the commencement of the Act in October 1997.

The terms of reference are very broad and encompass a diverse range of issues such as access, affordability, adequacy of funding, quality of care, complaints mechanisms and impact on other services such as community care.
NOTES ON AMENDMENT

Item 1
This section provides the Act may be cited as the Aged Care Amendment (Accreditation Agency) Bill 1998.

Item 2
This item provides that the Act commences on the day it receives Royal Assent.

Item 3
The item provides that the Schedule takes effect as specified.

Schedule 1
Item 1 – 80-1(2)
This Item adds a subsection to the examples of matters which may be dealt with in the Accreditation Grant Principles. This subsection provides that the Principles may deal with fees (if any) which may be charged, on behalf of the Commonwealth, for services provided by a body which is in receipt of an accreditation grant.

Item 2 – 80-1(2A)
The Item also provides that these fees must be reasonably related to the cost of providing the service and must not amount to a taxation.