

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 authorised by the *Australian Aged Care Quality Agency Act 2013*.

The Quality Agency is responsible for holding providers to account for the quality of care and services against the applicable standards to ensure high quality care for people accessing Australian Government subsidised aged care.

In accordance with the applicable standards and the *Quality Agency Principles 2013*, the Quality Agency accredits residential aged care services² and quality reviews aged care services provided in the home and community.³ The Quality Agency is supporting the Government's aged care reform through the development of guidance and sector support for transition and implementation of the new aged care standards under a single quality framework for aged care.

From July 2017, the Quality Agency will publish a new consumer interview report to provide information on how, in each residential aged care facility, residents and their representatives experience the quality of care.

The Quality Agency monitors compliance of service providers against the standards and applies a case management model based on relevant information and compliance history. The Quality Agency is enhancing its regulatory intelligence and risk-based approaches to monitoring compliance.

The Quality Agency provides feedback to the provider on areas for improvement to ensure that standards are complied with, and the timetable for making these 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 is implementing full cost recovery arrangements for its accreditation services.

The Quality Agency provides information, education and training, and feedback to aged care providers on performance, 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* (PGPA Act). The functions of the Quality Agency are set out in the *Australian Aged Care Quality Agency Act 2013* (the Quality Agency Act) 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

² Residential aged care is regulated by the Australian Government, which provides subsidies to accredited approved providers for the care and services they provide.

³ 'Aged care services provided in the home and community' includes Home Care, Commonwealth Home Support and National Aboriginal and Torres Strait Islander Flexible Aged Care Program services.

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, please 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 2017-18 as at Budget May 2017

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
DEPARTMENTAL		
Prior year appropriation available	2,651	21,909
Annual appropriations		
Ordinary annual services ^(a)		
Departmental appropriation	28,317	27,285
s74 retained revenue receipts ^(b)	6,580	22,457
Departmental capital budget ^(c)	1,195	1,173
Other services ^(d)		
Equity injection	18,496	-
Total departmental annual appropriations	54,588	50,915
Total departmental resourcing	57,239	72,824
Total resourcing for the Quality Agency	57,239	72,824
	2016-17	2017-18
Average staffing level (number)	214	255

All figures are GST exclusive.

^(a) Appropriation Bill (No. 1) 2017-18.

^(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) 2017-18.

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 2017-18 Budget Measures

Program	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
National Disability Insurance Scheme – finalisation of transition arrangements^(a)					
Australian Aged Care Quality Agency					
Departmental expenses	1.1	-	205	205	207
Total expenses		-	205	205	207

^(a) The Quality Agency is not the lead entity for this measure. Only Quality Agency impacts are shown in this table.

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 which 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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward Year 1 \$'000	2019-20 Forward Year 2 \$'000	2020-21 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)	35,210	45,857	39,903	37,246	48,695
Expenses not requiring appropriation in the Budget year ^(b)	1,196	1,370	1,625	1,775	1,525
Operating deficit (surplus)	-	-	-	-	-
Total for Program 1.1	36,406	47,227	41,528	39,021	50,220
Total expenses for Outcome 1	36,406	47,227	41,528	39,021	50,220

	2016-17	2017-18
Average staffing level (number)	214	255

^(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 1.⁴ It also summarises how the program is delivered and where 2017-18 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, 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"> • Accredite 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.

⁴ Progress against the performance criteria published in the 2016-17 Portfolio Budget Statements will be reported in the 2016-17 Quality Agency Annual Report.

Performance criteria				
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>				
Percentage of service providers who maintain compliance with the standards for the twelve months following a time table for improvement decision.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
83%	≥85%	≥87%	≥87%	≥87%
Percentage of applications for re-accreditation completed within the statutory timeframes.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
≥98%	≥92%	≥95%	≥95%	≥95%
Percentage of services providing care in the home and community receiving a quality review within the legislated timeframes.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
≥85%	≥90%	≥92%	≥92%	≥92%
Percentage of service providers who are satisfied with Quality Agency information, engagement and education.				
2016-17 Estimated result	2017-18 Target	2018-19 Target	2019-20 Target	2020-21 Target
≥85%	≥80%	≥80%	≥92%	≥92%
Material changes to Program 1.1 resulting from the following measures:				
There are no material changes to Program 1.1 resulting from measures.				

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017-18 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

Income and Expenses

The Quality Agency is budgeting for a break even position in 2017-18 and the forward years after adjusting for depreciation and amortisation expenses.

Total own-source revenue for 2017-18 is expected to be \$18.6 million. Revenue from Government is expected to be \$27.3 million.

Total expenses for 2017-18 are expected to be \$47.2 million including \$1.3 million of depreciation and amortisation, compared to \$36.4 million for 2016-17.

Balance Sheet

The Quality Agency has a budgeted net asset position of \$18.3 million in 2017-18.

Total assets for 2017-18 are estimated to be \$31.8 million, comprising \$26.0 million of financial assets and \$5.8 million in non-financial assets.

Total liabilities for 2017-18 are estimated to be \$13.5 million made up of accrued employee entitlements \$7.4 million, suppliers payables \$0.5 million, other payables \$5.3 million and other provisions of \$0.3 million.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	24,747	34,862	29,072	26,257	36,377
Supplier expenses	10,463	10,979	10,815	10,973	12,302
Depreciation and amortisation	1,196	1,370	1,625	1,775	1,525
Other expenses	-	16	16	16	16
Total expenses	36,406	47,227	41,528	39,021	50,220
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	6,893	18,572	21,576	18,885	30,242
Other revenue	-	-	-	-	-
Total revenue	6,893	18,572	21,576	18,885	30,242
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	6,893	18,572	21,576	18,885	30,242
Net cost of (contribution by) services	29,513	28,655	19,952	20,136	19,978
Revenue from Government	28,317	27,285	18,327	18,361	18,453
Surplus (Deficit)	(1,196)	(1,370)	(1,625)	(1,775)	(1,525)
Surplus (Deficit) attributable to the Australian Government	(1,196)	(1,370)	(1,625)	(1,775)	(1,525)
OTHER COMPREHENSIVE INCOME					
Changes in asset revaluation reserves	-	-	-	-	-
Total other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) attributable to the Australian Government	(1,196)	(1,370)	(1,625)	(1,775)	(1,525)

Note: Reconciliation of comprehensive income attributable to the agency

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income (loss) attributable to the Australian Government	(1,196)	(1,370)	(1,625)	(1,775)	(1,525)
plus non-appropriated expenses depreciation and amortisation expenses	1,196	1,370	1,625	1,775	1,525
Total comprehensive income (loss) attributable to the agency	-	-	-	-	-

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	2,275	603	689	523	545
Receivables	23,997	25,412	19,561	19,527	23,276
Other financial assets	-	-	-	-	-
Total financial assets	26,272	26,015	20,250	20,050	23,821
Non-financial assets					
Land and buildings	-	-	-	-	-
Property, plant and equipment	1,428	3,136	3,942	4,402	5,017
Intangibles	681	2,003	3,126	3,760	4,549
Inventories	-	-	-	-	-
Other	630	685	685	635	710
Total non-financial assets	2,739	5,824	7,753	8,797	10,276
Total assets	29,011	31,839	28,003	28,847	34,097
LIABILITIES					
Payables					
Suppliers	812	514	933	946	1,716
Other payables	1,867	5,294	761	1,406	5,214
Total payables	2,679	5,808	1,694	2,352	6,930
Provisions					
Employees	6,670	7,404	8,129	8,911	9,878
Other provisions	280	311	327	343	359
Total provisions	6,950	7,715	8,456	9,254	10,237
Total liabilities	9,629	13,523	10,150	11,606	17,167
Net assets	19,382	18,316	17,853	17,241	16,930
EQUITY					
Contributed equity	18,084	19,281	20,443	21,606	22,820
Reserves	-	-	-	-	-
Retained surpluses (accumulated deficits)	1,298	(965)	(2,590)	(4,365)	(5,890)
Total equity	19,382	18,316	17,853	17,241	16,930

Table 3.3: Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2017-18)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/capital \$'000	Total equity \$'000
Opening balance as at 1 July 2017				
Balance carried forward from previous period	405	-	18,108	18,513
Surplus (deficit) for the period	(1,370)	-	-	(1,370)
Capital budget - Bill 1 (DCB)	-	-	1,173	1,173
Estimated closing balance as at 30 June 2018	(965)	-	19,281	18,316

DCB = Departmental Capital Budget.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	27,179	21,586	22,205	16,705	13,707
Goods and services	6,580	22,457	17,181	19,673	34,197
Net GST received	-	1,014	994	987	1,121
Other cash received	-	-	-	-	-
Total cash received	33,759	45,057	40,380	37,365	49,025
Cash used					
Employees	24,747	33,509	27,842	25,039	34,799
Suppliers	9,325	13,220	12,452	12,492	14,204
Net GST paid	-	-	-	-	-
Other cash used	-	-	-	-	-
Total cash used	34,072	46,729	40,294	37,531	49,003
Net cash from (or used by) operating activities	(313)	(1,672)	86	(166)	22
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	1,258	3,164	1,699	1,707	1,714
Total cash used	1,258	3,164	1,699	1,707	1,714
Net cash from (or used by) investing activities	(1,258)	(3,164)	(1,699)	(1,707)	(1,714)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,195	3,164	1,699	1,707	1,714
Total cash received	1,195	3,164	1,699	1,707	1,714
Cash used					
Other financing activity ^(a)	18,496	-	-	-	-
Total cash used	18,496	-	-	-	-
Net cash from (or used by) financing activities	(17,301)	3,164	1,699	1,707	1,714
Net increase (or decrease) in cash held	(18,872)	(1,672)	86	(166)	22
Cash and cash equivalents at the beginning of the reporting period	21,147	2,275	603	689	523
Cash and cash equivalents at the end of the reporting period	2,275	603	689	523	545

^(a) Amount returned to the Official Public Account. This amount was re-appropriated through *Appropriation Act (No. 4) 2016-17*.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	1,195	1,173	1,162	1,163	1,214
Equity injections - Bill 2	18,496	-	-	-	-
Total capital appropriations	19,691	1,173	1,162	1,163	1,214
Total new capital appropriations represented by:					
Purchase of non-financial assets	1,195	1,173	1,162	1,163	1,214
Other items	18,496	-	-	-	-
Total items	19,691	1,173	1,162	1,163	1,214
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - equity injection ^(a)	-	-	-	-	-
Funded by capital appropriation - DCB ^(b)	1,195	1,173	1,162	1,163	1,214
Funded internally from departmental resources	63	1,991	537	544	500
Total acquisitions of non-financial assets	1,258	3,164	1,699	1,707	1,714
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,258	3,164	1,699	1,707	1,714
Total cash used to acquire assets	1,258	3,164	1,699	1,707	1,714

^(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 2017-18)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	-	4,202	4,590	8,792
Accumulated depreciation amortisation and impairment	-	(2,774)	(3,909)	(6,683)
Opening net book balance	-	1,428	681	2,109
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - internally funded	-	1,991	-	1,991
By purchase - appropriation ordinary annual services	-	206	967	1,173
Total additions	-	2,197	967	3,164
Other movements				
Depreciation/amortisation expense	-	(925)	(445)	(1,370)
Other movements	-	436	800	1,236
Total other movements	-	(489)	355	(134)
As at 30 June 2018				
Gross book value	-	6,399	5,557	11,956
Accumulated depreciation/ amortisation and impairment	-	(3,263)	(3,554)	(6,817)
Closing net book balance	-	3,136	2,003	5,139