

## **AMA submission to the Senate Community Affairs Legislation Committee inquiry into the Aged Care Legislation Amendment (Financial Transparency) Bill 2020**

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The AMA thanks the Senate Community Affairs Legislation Committee for the opportunity to comment on the draft Financial Transparency Bill. Although financing of aged care is not the area of AMA expertise, the AMA has a clearly articulated position on how aged care should be resourced to provide the best possible care to older people, outlined in the AMA's *Resourcing aged care* position statement<sup>1</sup>. In the AMA view, any legislative change that has the potential to achieve improved resourcing of residential aged care facilities (RACFs) is welcome.

A previous inquiry by the Senate Economics References Committee into the financial practices of aged care providers in 2018 recommended that "the Australian Government investigate options to increase the public transparency of aged care providers' financial information"<sup>2</sup>. The Committee was unable to ascertain adequate transparency by aged care providers under the current arrangements, which further highlights why this Bill is needed. Therefore the Bill is supported by the AMA, as it aims to introduce key aspects of financial transparency, such as providers' income, spend on food and medication, the amount spent on staff and staff training, accommodation, administration, and any fees RACFs pay to their parent bodies.

As the majority of funding for aged care comes from the Government and taxpayers, the AMA believes that the public have a right to know how the funds are being spent. This is particularly important considering the work of the Royal Commission into Aged Care Quality and Safety and its 2019 Interim Report that found that neglect of older people is prevalent in the aged care sector<sup>3</sup>.

In the AMA view, there should be no difference in the approaches to the public hospital funding and aged care funding transparency. Australia's public hospitals are required to provide regular

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<sup>1</sup> Australian Medical Association, [Resourcing Aged Care Position Statement 2018](#)

<sup>2</sup> Parliament of Australia (2018), Senate Economics References Committee, [Financial and tax practices of for-profit aged care providers](#)

<sup>3</sup> Royal Commission into Aged Care Quality and Safety (2019), [Interim Report](#)

reports on how taxpayer funding is being spent<sup>4</sup>. In many respects, as the evidence has consistently shown, RACFs are increasingly becoming hospital-like care facilities and less life-style accommodation, as they cater for growing numbers of older people who are living with multiple co-morbidities. In 2019, 64 per cent of RACF residents in the cognition and behaviour Aged Care Funding Instrument domain and 51 per cent in the complex health care domain had a high care need rating<sup>5</sup>. Despite this, the proportion of RACF nurses is decreasing while the proportion of inadequately trained personal care workers is increasing<sup>6</sup>.

On an individual level, any older person entering aged care, including their carers, has the right to know how their chosen provider of aged care services spends the funds they receive from the Government on the consumer's behalf and the co-funding provided by the consumer themselves. This was a fundamental premise of the Aged Care Roadmap adopted by the Government in 2016<sup>7</sup>.

In the AMA view, the transparency aspect of the legislation could be simplified and itemised into funding "per resident" that goes to covering the cost of nursing staff, care workers, food, accommodation, and administration. The AMA has had reports of marketing that suggests "restaurant style cuisine", yet what is delivered is of a far less quality. Likewise, we have had members report the investment is geared towards infrastructure rather than care. A breakdown of funding "per resident", across a matrix of services would provide a potential consumer with information to compare between providers and make an informed decision before they enter a RACF, beyond the appearance or marketing of any given RACF.

The AMA once again thanks the Senate Committee for the opportunity to contribute to this inquiry. The AMA remains open to further talking to the medical issues facing older people and further discussing the need to improve medical care and aged care for older people through transparency, improved Government funding, and better coordination of aged and medical care services.

**29 July 2020**

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<sup>4</sup> National Health Funding Body, [Public Hospital Funding](#)

<sup>5</sup> Australian Institute of Health and Welfare (2019), [People's Care Needs in Aged Care](#)

<sup>6</sup> Mavromaras et al (2016) [The aged care workforce](#)

<sup>7</sup> Department of Health (2016), [Aged Care Roadmap](#)