Department of Health

Quarterly Financial Report (QFR) Webinar

Presented by:

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PANELLISTS:

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[*Opening visual of slide with text saying 'Ageing and Aged Care', 'Quarterly Financial Report (QFR) Webinar', 'Department of Health', 'Please note that this webinar will be recorded', 'health.gov.au/aged-care-reforms'*]

[*The visuals during this webinar are of each speaker presenting in turn via video with reference to the content of a PowerPoint presentation being played on screen*]

Jessica Evans:

Firstly before I begin I'd like to acknowledge the traditional owners of the land on which we meet today. I'm here in Canberra, in freezing cold Canberra I should say, and it's the Ngunnawal people. And I pay my respect to Elders past, present and emerging. I would also like to extend that respect and acknowledgment to any Aboriginal and Torres Strait Islander people on the call today.

My name is Jessica Evans and I'm the Assistant Secretary of the Structural Adjustment Strategy Branch in the Department of Health. I'm joined today by a few panel members both from the Department and also from advisory firm StewartBrown. My colleagues here today are Nicki Phelan who is the Director of our Financial Monitoring and Engagement Program and Kate Apps-Muir who is the Director of the Transparency and Risk Profiling section here in the Department.

In addition I'd like to welcome Grant Corderoy from StewartBrown. Grant is a senior partner in StewartBrown and has been working with the Department to conduct the data cleansing around the labour costs and care minutes which were reported for the first time as part of the Aged Care Financial Report. So this role will also be undertaken for the Quarterly Financial Report. And as part of the work that Grant and his team have been doing they've identified a number of common challenges or questions that came through and so we're going to use this opportunity to provide some of the technical detail and clarify some of the questions and we hope that can make this year's submission of the Quarterly Financial Report somewhat more straightforward and clarify some of the questions that providers may have.

So once again thank you all for joining us and for bearing with us with the new Webex details. I hope people were able to join somewhat easily. As I said we'd set a session up for a thousand and we ended up with over 1,800 or around 1,800 participants. So wanted to extend that and make sure that people could participate.

This webinar is the first of several sessions that will be convened by the Department in the lead up to the introduction of the Quarterly Financial Report which will be introduced from next month. Over the past six months the Department and myself and some of my team members have been engaging with the sector through a number of webinars and communications on the introduction of the new Quarterly Financial Report. Today is the first dedicated session which will aim to give you some of the practical information on the details of the Quarterly Financial Report as well as advice on some of the technical aspects.

How we'll structure today is we'll go through each component of the Quarterly Financial Report and you'll have an opportunity to ask questions after each speaker using the Q&A panel which is part of the Webex screen. So if you do have any questions if you look at the bottom right hand side of your screen you'll see either a little question mark or the initials QA and you're able to type your question into the chat box and it will come through to the panel. We'll try and get through as many questions as we can today but where we're not able to we'll take those questions away and we'll update our communication materials and online information so that the

frequently asked questions can be accessed on some of our online platforms. The session will also be recorded and that will be made available as well for people who are unable to be here today.

So before handing over to my colleagues who will go into the technical aspects I'll start by giving a bit of background and context. For those people on this call who have joined some of our previous webinars this will be quite consistent with information that we've given previously but useful to provide for those who haven't captured it.

So the Quarterly Financial Report is part of a program of work that has been underway to implement changes in response to a number of Royal Commission recommendations which were about introducing more stringent reporting requirements and strengthening the prudential requirements of providers. The Royal Commission's recommendations are being implemented through a new financial and prudential monitoring compliance and intervention framework.

And the framework is aimed at improving the accountability and transparency of the aged care sector. So this slide shows you the three aspects of the framework. Phase 1 has already been introduced and that started with the expanded information that was collected as part of the Aged Care Financial Report that was submitted last year. It included the facility level information and a number of other reporting changes. Phase 2 is what we're discussing today primarily and that's about the introduction of a Quarterly Financial Report and other transparency measures which will help inform consumers' choice around aged care providers. Going forward Phase 3 will be communicated with the sector as part of consultation as we develop Phase 3.

So the Quarterly Financial Report was shared with the sector in May and it's available on the forms administration website. We'll show the details of where to access this information at the end of this presentation and we'll also make these slides available. The Quarterly Financial Report will include four parts which we'll cover off today. We've got the viability and prudential compliance questions. We've got approved provider level quarterly financial statements which are income statement and balance sheet information. We've got part three which is the residential and home care labour costs and hours. And part four is the food and nutrition report for residential aged care providers.

If we flip to the next slide.

The purpose of this information will go through to a range of different activities. One is around financial oversight, so allowing the Department to track, monitor and benchmark the sector. One is around consumer choice and transparency. The information collected will provide information

to the star ratings system so senior Australians and their families can have access to information to make informed choices. It will contribute to policy development including policy planning to ensure that it's based on up to date information and data. It will help inform the introduction of AN-ACC pricing model and pricing studies and it will also be used as part of prudential standards regulation and quality standards regulation. Next slide.

After consultation with the sector the timeframes that the Quarterly Financial Report will be due for the first quarter which is July to September, the report will be due on 4th of November which is 35 days after the end of the quarter. Thirty five days will be the timeframe for all other quarters apart from the Christmas quarter where there will be an additional ten days recognising the leave requirements and those sorts of things over the Christmas period.

The timeframes and in particular the introduction are critical for the introduction of star ratings which will commence this year. And providers that do not submit a Quarterly Financial Report will not have their star rating published. Next slide.

The other component that we wanted to discuss but we won't go into as much detail today is in relation to increased transparency. So as part of the broader transparency measures each approved provider of residential care that is required to prepare a general purpose financial statement will be required to publish their general purpose financial report on the website or if the provider doesn't have a website on a website that is publicly available. It will start for the period of 1 July 2021 to the 30th of June 2022 and the GPFR will need to be published within five months after the end of the approved provider's financial year. This will give the provider one month to publish the financial report after its ACFR is due to the Department.

Okay. Next slide.

So I'm happy to take questions at the end of this session on some of the aspects which I have discussed today. But I want to make sure each of our presenters has an opportunity in the first instance to go through the technical detail on the aspects of the Quarterly Financial Report and I'll return to questions on aspects that I've covered at the end of the session.

So I will hand over to Nicki Phelan who will take us through the first part which is viability questions.

[*Slide with text saying 'Part 1', 'Viability Questions', '(Residential and Homecare)', 'Purpose and context', 'Q&A', 'Nicki Phelan', 'Director', 'Market and Workforce Division', 'Aged Care Group'*]

Nicki Phelan:

Thank you Jess and thank you very much for the opportunity to speak with you all today. As just mentioned my name is Nicki Phelan. I'm the Director of the Financial Monitoring and Analysis section in the Structural Adjustment Operations Branch. And I'm delighted to be able to talk to you for the next few minutes to walk you through the questions in the worksheet that really relate to the viability questions.

So if we can go to the next slide please. Thank you. The purpose of the information collected through the viability worksheet is really to help us identify providers that could be facing financial stress or to identify providers that may be facing emerging risk issues that could lead to financial stress later on. The early identification of emerging risk will enable the Department to proactively engage with providers and to work collaboratively with them. We aim to support them to develop options that may be of benefit in addressing some of the financial risk that could be faced.

In terms of the questions that need to be answered there are three worksheets and you can see the first worksheet on screen now. Providers with residential aged care services need to complete the first list of questions based on their residential operations. In the first worksheet there are 13 short questions that have a yes or no answer and they're across ten focus areas. The focus areas include questions on solvency, financial performance results, liquidity levels, occupancy, RADs, the sale and purchase of a facility, business improvement advice, governance and management, recruitment and retention of staff as well as capital works. If you answer yes to any of these questions there's a column on the right hand side, the response column, and we'd greatly appreciate any information that can be provided. These additional comments that you provide can help us to understand whether your residential operations are facing emerging risk or if the response noted is a normal and expected part of your business operations.

In answering yes to some of these questions it doesn't necessarily mean that your organisation is facing financial risk.

And if we can go to the next worksheet please.

The next worksheet is to be completed by providers with home care operations. In the second worksheet there are ten short questions that require a yes or no answer and they're on eight focus areas. The focus areas include questions on solvency, financial performance results again, liquidity levels, the number of home care recipients, the sale or purchase of a service, business improvement advice, governance and management and recruitment and retention of staff.

Again if you answer yes to any of these questions there is a column on the right hand side which enables you to provide additional comments and those comments will really help us to understand whether your home care operations are facing financial risk or if the response is a normal and expected part of your business operations.

There's a second worksheet that needs to be completed by providers with home care operations and if we can just turn the slide. Thank you. And it covers the business structures that are used in operations. We're keen to better understand the types of business structures that are used to deliver home care services to consumers. Providers delivering home care packages are asked to identify the types of structures that are used and the percentage of services that are provided through these types of structures. Once the questions have been populated for the first quarter your responses will be saved and this means that you'll only need to make changes to the initial responses when there's a change in your circumstances.

I might pause now and just see if there's any questions that need to be answered on the Q&A.

Jessica Evans:

Thanks Nicki. There are a couple of questions that have come through. Some I don't think will go to you so I'll hold those. But there are a couple here which you may want to answer. One of them is:

Q: If a provider was to answer the question around whether they're unable to refund RADs in the statutory timeframes but the reason was it was not refunded due to something like a clerical oversight error would you be interested in knowing that or is it just about RADs that are not refunded due to liquidity issues?

Is this something that you would suggest that you might want to note but provide additional information in the comments?

Nicki Phelan:

Yes. Absolutely. We'd been keen to understand if any events have occurred similar to that and certainly providing that context through the additional comments will help us to understand if there's any concerns there, whether it's a clerical error or if there is an underlying viability concern that we should perhaps engage with the provider.

Jessica Evans:

Thanks Nicki. We've got a question here. This is probably one for me to answer which is:

Q: Is it a requirement for these reports to be endorsed by a board or senior executive?

The requirement for the sign off is that it is – it will be the same as the ACFR requirements.

The other question here is – we've got a question which again I think is probably one for me. Well it's been answered but I will let people know, is:

Q: Does the Quarterly Financial Report replace the Aged Care Financial Report or are both still required?

So the answer there is no. The QFR is in addition to the ACFR. However you'll notice that some aspects of the Quarterly Financial Report are also included in the Aged Care Financial Report. So that will be the financial statements and the care costs and labour costs information. So we're looking at making sure that that information will flow through to the ACFR and provide a cumulative total so providers won't need to resubmit that information but will have the chance to update or make changes. But the ACFR also includes additional information which you will certainly be aware of which is not included in the QFR. So the two reports will remain.

Another question we've got here which has been answered is around:

Q: If reports are already published on the ACNC website does it need to be published on their own website?

The answer there is no. The report just needs to be available on a publicly available website so the ACNC website would satisfy that.

A further question that we've got coming through is:

Q: Is there an independent auditor requirement for the QFR?

No there is not an independent auditor requirement. It is just sign off by a senior board member. Okay. I've got a couple of questions about whether the ACFR applies to CHSP and probably we might have CHSP providers that want to jump off this webinar if it does not. And the answer is no. Aspects of this report which I can take you through apply to home care but not CHSP providers. So if you're here on behalf of a CHSP provider you can feel free to leave but we'd of course welcome you to stay.

So I might just cover off quickly before moving on the different sections and who they apply to. So the viability and prudential questions apply to both residential and home care. So if you're a provider that delivers CHSP and home care you will have to complete it for the home care

requirement. It also applies to not for profit and for profit but Government providers will not have to submit the viability and prudential questions. The Quarterly Financial Statements are applied to residential and home care but not Government providers. The labour costs and hours apply to residential and home care and apply to all organisation types including Government providers. And the food and nutrition report applies to residential providers including Government and also applies to MPS services and National Aboriginal and Torres Strait Islander Flexible Aged Care services. So I think that answers a couple of questions that were coming through.

We might at this point go to our next presenter. I think we've answered most of the questions here around who the information applies to and auditing requirements. So we might go to our next presenter who will take us through the Quarterly Financial Statements and that is Grant Corderoy who is a senior partner at StewartBrown. Thank you Grant.

[*Slide with text saying 'Part 2', 'Quarterly Financial Statements', 'Purpose and context', 'Q&A', 'Grant Corderoy', 'Senior Partner', 'StewartBrown'*]

Grant Corderoy:

Good morning everyone. And more than happy not only in this presentation but during the course of the Quarterly Financial Reports in consultation with the Department to answer questions as we go because there are certain complexities and obviously the more information – I think at the outset exactly what Jessica said the purpose this reporting is to get through the transparency and transparency really helps with policy development. And we know that in both residential aged care particularly and home care there are certain concerns about the funding and the amount of the funding and how the funding is used and this will assist the Department and the Quality Commission in consultation with the Pricing Authority to hopefully understand the components of the costs so we can get funding that's equivalent to what's required with the outcome today that we will have to improve the quality of care all round.

If we just move to the next slide. The quarterly financial statements are very similar to what you've seen in the Aged Care Financial Report. So it's a balance sheet and it's an income and expenditure statement. It's at the approved provider level. So in the Aged Care Financial Report it was at the peer identity or the consolidated level. This is only at the approved provider level. So if you're an approved provider that has say three different entities at three different residential aged care homes you only have to do it three times but each of those particular instances is not consolidated. They're very similar again in format to the Aged Care Financial Report and in fact your statutory accounts. It's a liquidity form of balance sheet where you show the assets and liabilities in descending order of liquidity.

The residential segment is obviously your purely residential aged care segment. Home care of course is for home care packages. Community segment is other community care settings which we've put into disability of CHSP. Also could include community housing because the retirement segment to make it simplistic are all homes that are under the state-based Retirement Villages Act and that's probably a good way of understanding what's under retirement. If it's a rental property or a community rental property it will come under the community group. And other of course are other activities that that approved provider might have.

So the balance sheet again you need to allocate the assets and liabilities as best you can. Some are very obvious. Things like RAD balances or retirement living, [0:22:50] contributions. Sometimes in the case of leave provisions you'd need to make an assessment of the leave entitlements relating to a particular segment. You'll notice that cash and cash equivalence doesn't have to be allocated by segment nor does the equity position. We're not looking at an equity result by segment. So the balance sheet is fairly consistent with what you've seen in the Aged Care Financial Report and your normal statutory reporting.

On the next slide we look at the income and expenditure. Again that's similar to the statutory format. So you're looking at your operating income, you're looking at therefore your fair value adjustment, non-recurrent type income lines. And your expenses. The main ones we're targeting of course is your salaries and employment benefits, management fees, depreciation, finance, any fair value adjustments so we can see how they impact the results and then of course other expenses. So again similar format to the Aged Care Financial Report. Similar to what we have seen before when you're preparing your statutory accounts. The external lines of credit. This is important when we're looking at the prudential arrangements and where you are. So we want to include those if you've got external lines of credit, how much you've drawn down on, how much is the undrawn amount. And that's very much for prudential assessment analysis. And the key ratios again similar to the ACFR. The liquidity ratio which is in a sense your liquid cash assets and financial assets over your debt. And your capital adequacy which is looking at your overall assets and liabilities compared to your debt.

And again this is going to be important as Nicki said, Nicki Phelan in the previous one for the Department and in fact the Quality Agency to make an assessment. And it's not a critical assessment. This is to understand the sector's performing, to see what viability or sustainability factors we might have so we can have an earlier intervention if required to assist or see what's happening and it allows providers to get feedback of what's happening in the section. So this part of the Quarterly Financial Report is very similar to what you're doing in the Aged Care Financial Report. Comes from your management accounts. Similar basis to your statutory accounts and

really targeted but nothing new to what you've seen before except that it's at the approved provider level.

And in the next slide, if we just quickly go to the next slide, what we've done is we've put some considerations which I've talked about when you are doing it. Again showing the dissection between the various segments, why the financial information is collected and needs to be undertaken on a timely basis, why we're getting the areas where you want to know what your credit limits are or what your lines of credit are and the liquidity capital adequacy. So it's a little bit of a summary sheet that will come with this. And I think one of the questions that was asked, these slides will be made available on the Department's forms administration website. But I might just stop there to see fi there are any questions that we have in this regard.

Jessica Evans:

Thanks Grant. We do have a question which is:

Q: What if we are not able to split out some of the assets or liabilities between various segments as currently this provider does not do segment reporting for balance sheet items?

Grant Corderoy:

Right. And look that's not an uncommon area. So our advice always is allocate when you know exactly where it is in a segment. For example in claimed property you might know what property relates to residential, what property might relate to retirement living and community. Then I would use other allocations are based on where you feel the percentage will lie. So you know in your business you might say 80% of our business is residential, 20% relates to as an example community or home care packages. Allocate most of the assets and liabilities on that basis. So how we'd always start it we would say what assets or liabilities can we note directly goes to a particular segment and then make an allocation adjustment for the others based on your business that you're running and what percentage of the business relates to each segment.

Jessica Evans:

Excellent. Thank you Grant. Another question we've had, a similar question around allocations is:

Q: Where to allocate retirement village assets, liabilities and profit and loss?

Grant Corderoy:

Well we do have a retirement village segment. Now the retirement villages there's two basically aspects. Some treat a retirement village as an investment property and the disclosure. Others might treat it as property, plant and equipment. But again the retirement village assets – and most assets of the retirement village are relating to property and the most liabilities are relating to entry contributions and there might be some more staffing. So again we've had that segment that's called retirement segment. Similarly in the income and expenditure statement your retirement village income is resident fees and also any deferred management fees and of course the expenses that relate.

Now again retirement villages under the Retirement Villages Act you have to prepare budgets and income expenditure for the residents. So that's your good starting point for the income and expenditure. Then you overlay that with the operator income and expenditure on top of that.

Jessica Evans:

Excellent. There's a question. I'll take this one. Which is:

Q: Will there be a set liquidity ratio or capital adequacy ratio that must be maintained?

So at the moment the answer is no. There is a requirement to maintain sufficient liquidity as per the existing legislation. The Royal Commission did make a recommendation to introduce liquidity and capital adequacy requirements and the Department has undertaken to consult with the sector on what those ratios or requirements would look like and what a transitional arrangement would look like. We expect that that consultation will commence in the next few months and there will definitely be a webinar and conversations with providers on that Royal Commission recommendation of what it would look like. But there's no kind of introduction timeframe in the next 12 months or anything like that.

We've also got a question here which is:

Q: Please confirm that if you have more than one location company offering services but not consolidated for tax?

I'm not sure I understand that question. Grant does that - - -

Grant Corderoy:

Look I'm looking at it this way.

Jessica Evans:

I imagine they're saying how do you have to do it. Yeah.

Grant Corderoy:

I'd probably start off with a basis of the approved provider. So the approved provider has homes that are in different locations. Obviously you've got to consolidate those homes under that approved provider entity. From a tax consolidation point of view it's often you might have several entities that are consolidated for tax. No. Don't look at it from a tax consolidated point of view. Purely look at the entity that is an approved provider and the transactions that relate to that entity not from a tax consolidation point of view.

Jessica Evans:

Excellent. Thanks Grant. Okay.

Q: If NDIS services are provided by the aged care provider through the same legal entity does that need to be included in the segment reports?

I've added the segment reports element.

Grant Corderoy:

Yes it does. The NDIS becomes part of community. So you've home care then you've got community which includes NDIS and CHSP and other community activities.

Jessica Evans:

Okay. This is an interesting question.

Q: Can the Quarterly Financial Report be submitted by StewartBrown quarterly benchmark that is submitted?

So Grant are you interpreting that question as if a provider is part of the StewartBrown survey can they submit that as part of this? Is that how you would interpret that question?

Grant Corderoy:

That's how I'd interpret it. And yes for both this and also the next area that we're moving in to as well as the Aged Care Financial Report if we've got that information as part of our survey we'll

have a mapping tool to automatically have it submitted into the Quarterly Financial Report. So there's no duplication at all of entry.

Jessica Evans:

Thank you. Okay. There's a couple of questions which they're very similar.

Q: So should transitional care be reported and if so where?

Q: And is there a definition of community? Our company provided aged care and nursing. How should these be allocated?

Grant happy for you to talk to that but what we'll also do as a takeaway as an action is we'll look at our definitions and information around definitions on community and make sure that some of these questions that have come through is really clear in our communications materials so that providers can access those. But Grant did you want to comment on those two things?

Grant Corderoy:

Look I think no. I think that it's very good to have clear definitions. And we're talking later about the definitions that we've got here so people know exactly what is under residential, what is included in home care packages, what is included in community. I think there are definitions already there but I think it's important to reinforce those ones. Yes.

Jessica Evans:

Okay.

Okay.

Q: Will there be a question in both the QFR and ACFR as to the number of hours taken to pull together the information?

Okay. So this is a question around I guess the costs of completing these reports. I think – I mean the answer is there's not a specific line item captured in that. We certainly collect information around quality and compliance as part of the report so we would expect that that information comes through that in the Quarterly Financial Report. But there's not a specific line item associated with this.

So at this point – actually I might hold – this relates to star ratings.

Yeah. Okay. We're now getting some questions on care minutes which we might hold over for the next section. Grant was there anything further you wanted to say on quarterly financial statements?

Grant Corderoy:

No. No. I think that it's covered. I think normally most of these except for some organisations not having segment, it's very similar to what they'd be doing in their management reporting. And again if we have any questions on segments we'll have clear clarity on those and it gets through to the Department and also the helpdesk that we're running. We can certainly answer and assist with any of those questions.

Jessica Evans:

Excellent. There were two questions from earlier which I'll also answer before we move on.

Q: Does the Aged Care Financial Report still require breakdown by facility?

The answer is yes. So the Aged Care Financial Report will be broadly I'll say 90%, maybe even 95% the same as last year's Aged Care Financial Report. There's also a question which is similar is:

Q: Is the reporting format of the Quarterly Financial Report along the same lines of the ACFR or is there something extra?

So the answer is the reporting format is along the same lines and we've really tried to ensure that the care costs and labour costs and the viability questions are presented in the same format as they are for the ACFR and we're seeking to make sure that there is as much consistency as possible. However the ACFR doesn't include the viability and prudential questions because you've got the prudential statement that is provided as part of the reporting requirements with the ACFR. And the facility level information in the annual report includes more information than what we're requesting in the QFR. So while there is consistency in some elements there are also variations.

Okay. Let's move on to part three which is the care labour costs and hours. And back over to Grant to take us through this one. Thank you Grant.

[*Slide with text saying 'Part 3', 'Care Labour Costs and Hours', 'Residential and Homecare)', 'Purpose and context', 'Q&A', 'Grant Corderoy', 'Senior Partner', 'StewartBrown'*]

Grant Corderoy:

Thanks Jessica. And again this is a lot of detail I think because we're looking at why does the Department and policy want to get this information. And one of the big things that we've talked about for a long time is what is the cost of care and therefore make certain the funding is appropriate for the cost of care that's delivered. Understanding that all regions are different and you have a different cohort of residents so we need to get a broad based view of what is happening in a regional area as well as particular demographics.

The Independent Pricing Authority will also be using this information as they gather the data to be able to make a recommendation for subsidy. But it's important to say that this is not here for any comparison purposes or benchmarking purposes by StewartBrown. This is for the Department and the Independent Pricing Authority to get information so they can determine exactly what the components of direct there are and therefore what would be a recommendation for a subsidy in the AN-ACC one coming forward to be able to equate to what that's required. So the more information that is there, it's for that targeted basis that were wanting to get this data.

So if we go to the next slide and this is looking at the costs. So this is what the costs of care are. Now this is again very similar to the ones in the StewartBrown survey that have been doing it for a while. I make that point because it is able to be prepared but there are a few little difficulties coming through. So when we're looking at the labour costs the easiest way of looking at it is the costs of employment. So in other words it includes all the remuneration, your leave, accruals and payments, superannuation, fringe benefits if you're paying them, termination payments. So it's the cost of employment. But it excludes the associated costs such as payroll tax, workers compensation premium or staff training. So that's the basis when we're looking at what is involved in the cost.

Now you can see clearly the delineation which is starting to have a link with the minutes. So you can see that it's got registered nurses, enrolled and licenced nurses and also the personal care staff. Those three categories are currently the ones that are aligning to your mandated minutes that's coming forward. And then care management staff. Now care management staff might be your facility manager or a registered nurse who is doing care management. Now at the moment that direct link – unless they're directly interfacing with a resident care management when it's an overall care doesn't form part of your minutes. But it's really important to understand exactly how much that is and the components of what they are. You can see that this is at individual home level. So if you've got several homes as an approved provider you have to show it individually

just like in our survey. Again this allows when we're looking at the assessment of future funding what the different regions might look like as far as any changes in the funding.

Allied health. The first section is when you have allied health that are directly employed by your organisation. And you can see it's quite a substantial split. We're looking at physiotherapy, occupational therapy, speech pathologists, podiatrists, dietetic care, other allied health. Now what we do know is that there's been a lot of level – and lifestyle – a lot of concern whether the allied health funding is appropriate for the care that's needed in increasingly acute residents moving in to residential aged care. So this allows us to understand, the Pricing Authority to understand as well, what are the components of allied health and how do those components fit in to a funding arrangement. So that's why this level of detail is really required. And yes it is onerous to get that detail. If you were employing allied health that's easier. Obviously then we'd be using contracted allied health.

And you can see agency staff costs. I think we know that one of the significant areas at the moment is staffing, retaining staff, attracting new staff, and of course the consequence of that has been there has been an increase in agency staff costs really across the board. So this is allowing us to understand exactly the impact of that agency staff and the cost of that agency staff. Now again there's a difference between registered nurses, enrolled nurses and personal care and it's the amount that you pay to the agency. So in other words – this is hypothetical – if your registered nurse is $30 an hour, if you're paying for them, but you're paying the agency $36 an hour because of their margin and their on costs you put in the $36 an hour is included in these costs. So it's the actual cost that you're paying the agency or the agency employed staff.

Now allied health – and this will require some additional help – many providers, the majority of providers probably outsource their allied health and they outsource each of these various components. So it's a matter now that we've got to engage with your external providers to say that we need to have the costs split up. And you should probably do that for your own management anyway. But also later on we'll need to know the hours of each of these various areas. So that will be a change that's going to be required and we recognise that that is a change for particularly the external providers when you're using external suppliers. But I think it's very important that we understand what is the total allied health cost be it employed by yourselves or external employment and similarly contract costs, if there are any additional components of your direct care that's a separate contract, we want to allocate those.

So this is simple. Again it's targeted. Notice that we're not looking at revenue. Notice that we're not looking at including the laundry or other services. It's purely targeted to the direct care part of residential aged care.

If we go to the next slide and the next one is where we're now starting to look at I guess the hours, the worked hours. Now very important that we're looking at worked hours as distinct from paid hours. So worked hours is where physically a staff member has been rostered on and working a shift. And I think that's going to be very important. So in other words the best source of that is from your roster and the second resource could be from your payroll. But make certain that from the payroll it doesn't include leave hours or RDO hours or other hours.

One area that could be a little bit difficult is you can see that for the registered nurses we're splitting it up between the three shifts. Now why? Because one we're looking at the impact of 24/7 on nursing staff. Many homes now already have 24/7 because some of the state legislation requires it. But this is sort of looking at the impact of registered nurses and how many are on each shift and what the impact is going to be on moving towards a mandated 24/7. This is assuming of course we can get staffing and we know that issue there.

Now we've allocated morning, afternoon and evening shifts. So we've got hours there, 7:00 to 3:00. Now not everyone will have that same hourly basis. So I think we've just got to be sort of pragmatic in how we look at this. So we allocate morning shift, those who are working on a morning shift irrespective of if it was a 6:00 to 2:00 or a 7:00 to 3:00 or whatever the times are, how many are working on an afternoon shift and how many are working on an evening shift, purely for registered nurses. If they overlap shifts I would take a pragmatic approach. If you know that they've worked four hours on say a morning shift and then another four hours or three hours on an afternoon shift and that's easily allocated, allocate it that way. Otherwise allocate it to where the majority of their time is spent, being a morning and afternoon shift. So there will be a little bit of work but again this is important when we're looking at the registered nurse hours and minutes going forward. Again I state that it has to be based on the worked hours rather than the paid hours.

And similarly for allied health for the agency staff and for the allied health contracted staff we need to know the hours. So that means with the agency we should know when we're paying them how much we're paying them by the category. But we probably need to do a bit more work we recognise in the case of allied health with the external providers to be able to get the dissection of that way. Now we know under 4(b) sometimes a physiotherapist will provide their services to maybe 20 residents and they'll say it's 25 minutes or something along that line and

we've got 20 residents. We need to also find out how many hours the physiotherapist has worked in that regard.

Just go to the next slide which is really wrapping up. Additional hours. If there are any other non-worked hours that we think are relevant we need to put that in so we can get the balance. The average hourly rates of pay. And these are calculations done so they can help. Now what it is is what the average registered nurse rate is, what the average endorsed enrolled nurse is or personal care staff. Now registered nurse you might have grades 1 through 4 or 1 through 6. It's the average of your registered nurse staff and it's their average rate of pay not including superannuation and other areas. What is their average hourly rate of pay? And this allows when we're starting to look at the costs and we convert it by the rates of pay it really allows us to get more information when we're looking at the costs of care and the mix of staff required.

Now part of the visibility [0:47:43] is bed days. So the occupied bed days is the number of bed days which you pick up from your Medicare statement and you know how many days in a month or quarter in this case have residents physically occupied a bed and agree that with your Medicare statement. And available bed days – and those involved in the StewartBrown survey know that we're very strong on looking at how many bed days are available. So for example if you've got an 80 bed home that's got approved places for 80 beds but only 70 beds are physically available then your available bed days is your multiple of 70 beds. If you're going through refurbishment or a ramp up stage again it's how many beds were available during the course of that quarter that a resident could occupy that bed, whether they're occupying it or could occupy it. So available bed days is based on your own circumstances by home of how many bed days are physically available.

And then of course this then moves down to the direct care minutes which we know is a very big topic going forward. And the direct care minutes gets this information, divides it by to work out how many minutes registered nurses, enrolled nurses, personal care workers are included – and of course it includes your agency staff – how many minutes for each home, divides it out – we'll give the calculation and this is going to be very important. And it's also important to remember that not every home has to have 200 minutes, that if you've got a lower resident cohort and an acuity cohort and a smaller home it doesn't necessarily mean that it has to be up to 200 minutes. The AN-ACC will be looking at exactly what's the cohort and how many minutes based on the resident mix that we have going forward. But we need to have those minutes. The minutes will be part of the star rating system. And as we know there's lots of consultation has been in the past and ongoing. It's still being developed. But we understand from the area of the Department that's looking at it that the minutes will approximately represent 22% of the overall mix for star rating.

So that's quite a high percentage. So that's fairly important when we're looking at getting those accurate minutes.

If we just go to the next slide.

And these are some of the – if we can go to the next slide sorry. Yep. We've just put down a number of different pages giving more clarity and more explanation than I've just given verbally. So this is the care minutes one. It talks about the star ratings which I've mentioned. It talks about how the calculation will occur. So you can self-check for yourself the calculation. And a good test we found when we were doing the cleansing of the data is that if you get your dollars that you've paid the labour costs, divide it by your average rate of pay and see if those minutes equate to the minutes that you're showing. And we did see some major variances in that area and we think that's a good test for you to do internally to see that your average rate of pay divided by the dollars that you've got in there, how does that then convert to hours and convert that to minutes. And again this shows you the calculation of the minutes and how you can determine your average care funding based on ACFI. That will change slightly with AN-ACC.

And you can see the bottom point which is important, is that a facility that receives an average care revenue of let's say $150 – currently ACFI – is not expected to be delivering 200 minutes of care. And I think that is a very important point. I think that the Royal Commission wanted to get an average of 200 minutes and of course they're moving that up to 225 minutes maybe within 14 months. If we go to the next slide.

And we're just talking about allocating hours where staff cover more than one role. For example the facility manager might be a registered nurse. So one thing that we need to look at here I think is look at your job descriptions for those people to make certain what their job description states and therefore what their roles transition and then it's a matter then determining how much of that role is direct care delivery and how much of that role is actually care management. I always think that that is a good support, the actual job description for those roles, which gives good basis for determining some of those allocation areas. Average hourly rates as we talked about. Get the average rate for each of the staff. It has to be average of the different grades but for registered nurse, enrolled nurse and also the personal care workers. Registered nurses by shift. And again at the moment the target is 16 hours RNs but of course the incoming Government has said that they want 24 hours coverage. Many homes already have 24 so this is again giving information back to what is the impact of 24/7. How many do you need for the overnight? How many registered nurses on the afternoon shift? How many in total? What are the consequences? Very important information to be gathering now from a policy point of view. Next slide.

Now lots of questions about how much of your total funding relates to your direct care particularly your staffing costs. And this is based on the expenditure side not the revenue side. So on the expenditure side it's shown both through the Aged Care Financial Report and also through the StewartBrown survey. On the expenditure side in direct care, so you're directly relating to your ACFI and ACFI supplements, 78% is clinical, which is RNs, ENs, PCW including agency staff. Allied health is some 4%. Other lifestyle is some 3%, consumables 3% and other is 13%. So that makes up at the moment 100% as a guide of your expenditure. And again whether that's efficient, that's a question when we look at the overall funding. But this gives you a good guide to see how – and the Department wants to see if that relates, if those percentages continue on that basis with the changing nature of residential aged care and particularly higher acute residents and more dementia residents coming into residential aged care. So the next slide.

Is talking about agency staff. And again agency staff are really important. What we have seen in our survey is a continual increase in the amount of agency staff because retaining staff and attracting staff is really difficult at the moment. And this is an impact and this is a cost impact. So it's important to understand exactly what that means when we're looking at future funding levels. Similar to allied health and similar to other care staff. Next slide thanks.

Now home care packages. So this is a very similar basis to those involved in home care. If you've got home care packages with residential care this won't be much different as far as the basis. If you're just a home care package provider this will be slightly more information than you had to submit for your Aged Care Financial Report along the same lines as we've talked about. So again we need it by each of your planning regions or each of your areas that you're providing home care. So you might have metro north or metro south or a particular town or two locations [0:56:10]. It's really how you define your areas within the home care space. And again similar sort of thing. The labour costs. They're wanting to know for your direct care labour costs what are the style of labour, how much is a registered nurse? If you're using enrolled nurses, how much is that? Personal care staff, allied health staff, other staff. And again similar to residential this includes all of your costs of employment as in employing a particular person but doesn't include the associated costs such as payroll tax, workers comp, staff training, but includes things like as you say all superannuation, leave entitlements and accruals, fringe benefits and the like like that. And again internal agency staff, same sort of split up when you're paying an agency or sub-contracting the staff, either registered nurses, enrolled nurses, personal care, allied health and other agency. Similar to what I just talked about with residential aged care.

If you're using total sub-contracted staff, in other words they're not internal staff, then you need to again split your sub-contractor who will need to provide you that information by staff category.

And again they may already be doing it. They probably should be doing it anyway so you know through your payables, when you're paying them, you know exactly what you're paying them for. And then of course in home care this needs to go on to their monthly client statement. So you should have that information fairly readily available anyway but it needs to get that information. And similarly if you've got total sub-contractor fees you might have an arrangement where you're just paying a separate franchise fee – this is not common – or a separate commission. But if so we need to know what that is because we want to know again just like residential care what are the other costs of providing direct care in home care space so we get funding that's commensurate with what those costs are. Again this is not a comparison, this is not a benchmark. We're not looking at revenue. We're not looking at all the other costs. This is purely drawing a direct relationship between what the funding should be to meet the direct costs of care. And if you go to the next slide.

This is the labour hours. Similar again to residential. They're worked hours not paid hours. So you need to get it from your roster or your scheduling. I think a good way you might get it is from your monthly statement information that you give to your clients because that should be saying how many hours of delivery you get. So that could be a third area of home care that you can source this sort of information going forward. And again need to get it for both your internal direct care staff, your agency staff that are employed, your external brokered or sub-contract staff. Care management separately. We want to identify the direct care and show separately – which is important in care management – know what they are, and in this case also any administration non-care staff which could be your coordinators. Many have a coordinator which assists with the rostering and the scheduling and those types of areas. Very important. They're all in the mix of knowing what's required to provide the right quality service of care to clients and consumers in the community, care recipients.

Next slide is just again just a little bit more detail similar to residential care. Some more detail on what makes up direct service delivery, agency staff, brokered staff. So this gives you a guide and I think a fairly good guide going forward. Again a helpdesk will be in operation and the helpdesk is there not only just to answer questions but to look at specific circumstances and help with those specific circumstances if you've got queries. Please avail yourself of the opportunity always of going to the helpdesk. It's all confidential of course but also if there are questions that are coming from numbers of providers, be it home care, residential, they'll be under frequently asked questions which will be updated regularly on the Department and the forms administration sites. So I think it's an opportunity. As we're getting more requirement for information we want to assist in any way we can.

And the next slide please is looking at data definitions. So very important to look at the definitions similar to our survey, StewartBrown survey. We need to as much as possible compare apples with apples. So the data definitions are located on the forms administration website. You can download those, have a look at them. If you've got any queries go to the helpdesk. They can answer the queries. The importance of any data collection we have to be able to be fairly strict where things are allocated so we take arbitrariness away from it. And I think that's going to be a very important component of when we're looking at it. So the data definitions. This is just an extract on this and the next slide to show you what they look like. They're fairly clear and they're fairly lengthy in a way but the point of that is to say what should be included and what isn't included so we don't get too much compromised data coming through.

So I think Jess from that point of view I'm happy to – again that's just another example of the data definitions extract. I'm happy now to take questions which I'm sure there will be numbers of questions coming through.

Jessica Evans:

There are many questions Grant. Thank you. That was really detailed and I'm sure really helpful. Yes we do have a lot. I'll give you a break Grant. There are a few questions here and I think it's just useful before we go further to clarify the use of the care minutes particularly for star ratings. And there are a few questions here saying :

Q: How will the care minutes be used? Will they be used to assess against the target care minutes that have been identified under AN-ACC?

Emma Cooke I might get you to just talk broadly about star ratings and then I'll get Mark Richardson to add any further detail around the monitoring of care minutes through the information that's provided and then Grant we'll come back to some of the technical questions. So Emma I'm hoping we've got it set up for you to speak.

Emma Cooke:

Thanks Jess. And I think we do.

Jessica Evans:

Wonderful.

Emma Cooke:

So thank you very much. And happy to go into a little bit of detail on star ratings. So I'm sure everyone on the call will be aware that Government's committed to publish star ratings for all residential aged care services on My Aged Care by the end of 2022 to support consumers to make informed choices about their aged care. And so what has been committed to and is expected to be in place by the end of this year is an overall rating as well as sub-category ratings against all of the data that feeds in to the star rating construct.

And so there's four sources of data that will input into this first iteration of star ratings and it's exclusively those four. So I've seen a few questions coming in around additional information or financial information but I have to say that at this point in time the only data sources included in the star ratings at an overall level and at sub-category levels are the existing quality indicators, so the current five in residential care – pressure injuries, physical restraint, unplanned weight loss, falls and major injury and medication management.

The service compliance rating information, so that's the same information in any new regulatory powers that the Commission has that currently constitute the dot ratings that are on My Aged Care. So that information comes from the regulatory activities of the Aged Care Quality Safety Commission.

Consumer experience information. And so there's currently again consumer experience information for a lot of services on My Aged Care previously collected by the Commission and that survey will be renewed as many of you will be aware through face to face interviews being conducted by a third party vendor with approximately 20% of care recipients.

And then finally the staff minutes. So the care minutes that are being reported through the QFR on a quarterly basis and that information will likely be considered in the context of AN-ACC classifications. So each category as I said will have a standalone rating but then will input into the overall construct.

And the weightings – again some people have asked how it's all going to combine or how we're going to come up with a rating once we get all of these bits of information. It is an algorithm so it will combine all of these with a weighting of quality indicators having 15%, service compliance having 30%, consumer experience having 33% and care minutes having 22%. That's the current design and that was based on extensive consultation across stakeholder groups including the senior Australians and their representatives. I should stress that we took into account both maturity and the importance of each data source in the eyes of the consumer and that senior

Australians and their representatives felt very strongly about the importance of care minutes information and its inclusion here.

So the care minutes aspect as with all of the aspects through star ratings follow similar patterns and rules. We will have one through to five stars largely with one star representing something below standard, three being around the average and five representing something quite outstanding. We'll largely have a rules based approach so we understand – and we've heard from providers the importance of being able to understand – what's required to obtain each level of rating. And so what I should stress and Mark may wish to speak to this further being responsible for care minutes is that there currently isn't a view that those rules would expect an average that aligns with the future mandatory care minute targets. So that's really important to note is that we're not expecting that as a base or a minimum standard. We understand that that's not mandatory at this point in time and so that is being considered and worked through as we refine the design of this and prior to Ministerial agreement.

So we have also heard the need for frequent data refresh and that's the basis for quarterly inclusion of things like care minutes and we'll show information like historical information over time and also we are working on a provider interface that will allow you preview access to your ratings before they go live so that you can see them, you can know what they are, you can prepare for those and you can notify us if you have any concerns about the IT that's in place or the algorithms. But largely that's the plan and it's being rapidly progressed, is well developed at this stage but is subject to Ministerial decision and agreement to proceed with what I've spoken through there by way of weightings and design. So hopefully that provides a nice overview and I guess answers a number of those questions that we've received so far. And of course we'll continue to communicate once that Ministerial agreement is received and final design is confirmed.

Jessica Evans:

Thanks so much Emma. Mark I'm going to go to you, Mark Richardson, just to make any comments off the back of that but also there are a few specific questions that have come through. Cynthia has been doing a great job answering them on the chat but just broadly for your information if you wanted to comment Mark clarity on the definition of care and where that definition can be found, whether personal care workers providing lifestyle services are included in that definition of care, and whether the Quarterly Financial Report will be used to assess whether the case mix adjusted minutes have been delivered. So that's a lot but Mark perhaps if you

wanted to comment first on the direct care element, the definition and whether lifestyle is included.

Mark Richardson:

Yeah. So your first question is around direct care is it sorry?

Jessica Evans:

Correct. Yes. The questions are:

Q: What is the definition of direct care?

Mark Richardson:

Okay. Look that's a good one. So direct care – and I guess it relates to the personal care as well – when we talk about care minutes we're talking about professions that are classified as registered nurses, enrolled nurses and personal care workers. So allied health professionals aren't included in that mix. The 200 minutes and the 215 minutes that Government has now committed to only includes those three professions in terms of I guess measuring those targets.

When it comes to care I guess any individual associated with those professions that's involved with the care of an individual can count all their work hours with the exception of training and leave towards that target. Now where they're in a hybrid role we would be – I guess you would apportion I guess the number of minutes associated with the care of an individual towards that target. And just to be a little bit clearer I guess the types of care that we're talking about are associated with an individual. It could be wound management, diabetes management, behavioural management, all those types of activities. It could be liaising with family, setting up appointments with doctors, all those I guess activities associated with the care of an individual.

If someone's involved with other organisational type activities, so an RN that might be involved with rostering, an RN that might be involved with facility management, that time would not count towards care minutes. So I think part of your question too Jess was where this can be found. There is a fact sheet on our website that goes into a little bit of detail in relation to this. We get this question quite a lot. We think we need to expand on that fact sheet and we are doing so at this point in time. So what we're looking at doing is adding some worked examples to that fact sheet outlining what I just discussed to make it very clear to people around what can count and what wouldn't count.

So I think that probably answers a couple of parts of your question or questions Jess.

Jessica Evans:

It does. Thank you so much Mark. That's really helpful.

Mark Richardson:

And there was one more wasn't there?

Jessica Evans:

There was. I think Cynthia has answered it online, whether the data that's reported on care minutes through the Quarterly Financial Report will be used to monitor the delivery of the case mix adjusted minutes that have been identified through AN-ACC.

Mark Richardson:

So yes. That's exactly the purpose and it's why it needs to be submitted on time. If we don't have that quarterly report then we can't provide a star rating. So it's going to impact what's publicly provided for your facility if it's not submitted on time. And I think Emma touched on this. We are very aware of the 1st December report when it comes to care minutes. We're working with Government on a solution to that first report noting the fact that the care minutes targets don't become mandatory until the 1st of October 2023. And yes the 1st December report is based upon a quarter where you're receiving ACFI funding. So we're completely aware of that issue and as I said we're working with Government on potential solutions for that.

Jessica Evans:

Thanks Mark. Okay.

I'm looking at the time and we're still to get through the fourth component of the Quarterly Financial Report which is food and nutrition. So I am going to go to Kate even though I'm conscious that we've got a lot of questions. We'll get through this and then I'll return to the questions that we haven't yet answered. But look depending where we get to we will work through these and develop questions that will be made available and there will be another webinar where we will focus on the care minutes and labour costs aspect. So thank you Grant. I am sure we will return to you shortly. But Kate over to you now.

[*Slide with text saying 'Part 4', 'Food and Nutrition Reporting', 'Purpose and context', 'Q&A', 'Kate Apps-Muir', 'Director', 'Transparency and Risk Profiling Section', 'Aged Care Group'*]

Kate Apps-Muir:

Thanks Jessica for the introduction. I'm Kate Apps-Muir and I'm happy to be joining you today in my role as the Director of the Transparency and Risk Profiling Section in the Quality Assurance Branch in Ageing and Aged Care. Part of the role of my section is the responsibility for food and nutrition in aged care which this includes reporting under the Basic Daily Fee and the soon to be Quarterly Financial Report.

Today I'm speaking to you regarding the food and nutrition component of the Quarterly Financial Report, its purpose and context and how to complete it. I'll also be able to take some questions at the end if we have time.

Change slides please.

Since July 2021 – sorry. I've got a little technical issue. My apologies.

Since July 2021 there has been a new Basic Daily Fee supplement of $10 per day per resident provided to support aged care providers to deliver better care and services focusing on food and nutrition. To be eligible for that supplement service providers have entered into an agreement with the Department.

From the 1st of October the BDF supplement will be rolled into the AN-ACC funding for residential services and there will no longer be a separate reporting arrangement. Reports against food and nutrition expenditure will be a component of the Quarterly Financial Reporting.

While MPS providers are paid under a different funding model and are not in scope for AN-ACC on 1 October the supplement will be paid to services on the basis of allocated places.

Likewise NATSIFAC program services are funded via a grant program agreement and not the AN-ACC funding model. Their BDF will continue to be paid via this mechanism as the additional $10 per day supplement.

As part of the Quarterly Financial Reporting the new food and nutrition reporting requirements will begin in the 2022-23 financial year with the first report due on November 4 2022. Unlike the current arrangements the QFR food and nutrition reporting will be mandatory for all residential services, NATSIFAC and MPS services from October 2022. This reflects the Government's commitment to greater transparency of provider expenditure. Unlike the BDF reporting all new food and nutrition reporting questions will be mandatory. Doing this supports us to inform future

food and nutrition policy and will also help the Aged Care Quality and Safety Commission to monitor the sector and identify areas where residents may be at nutritional risk.

Along with this change there are a number of other changes that will be taking place in how you will be reporting to the Department. I'll be going through these changes with you this afternoon in order to make the transition to reporting for the BDF in the quarterly financial reporting system seamless. Next tab please.

If you look at the QFR the food and nutrition tab is the last one in the template. At the moment it's the red tab.

All residential, NATSIFAC and MPS services will complete this section of the QFR.

Next slide please. The first section in this tab asked for costs related to resident expenses which are broken down into oral nutritional supplements – this doesn't include enteral or tube feeds – and oral health living expenses. These expenses could include toothpaste, toothbrushes, floss, denture cleaning solutions, reminder systems and other items needed for good oral health. Please note this does not include labour. For this section you can provide just the totals of what was spent on these items in the first column for the quarter.

The next sections ask for costs related to allied health expenses and allied health hours which are categorised into either dietetic care or speech pathologists, and which are further broken down into employee or consultant agency labour for each. In this section you can also provide totals of what was spent on these items and the hours of labour involved in the appropriate total column for that quarter.

This has been streamlined from the current reporting as only expenses for dieticians and speech pathologists are now requested.

Next slide please. The next few sections are specific to reporting of catering and have changed from the BDF report. As a brand new requirement we will be asking you to indicate how the majority of your main meals are prepared by selecting your primary food preparation model from the options in a dropdown list, cook fresh, cook chill or cook freeze. This will help the Aged Care Quality and Safety Commission to identify residents who may be at nutritional risk.

Next slide please. The catering categories have also changed from the previous BDF reporting. The different types of catering that are reported under this section are internal catering – this relates to instances where all meal preparation is done on site by the organisation – contract catering internal, for example central kitchen for multiple facilities where the food is prepared off

site by the approved provider with an internal contract arrangement between the aged care service and the approved provider, and finally contract catering external. An example of this is on site kitchen with contract kitchen staff and management and this is where food is prepared on site by an external provider.

For each of these types of catering we want the food costs split by whether the food is fresh or not and the hours involved for cooks and chefs and also for food service and food management. And I'll go into more detail on this for you in a minute.

Finally there are two further rows below those for food and cooking ingredients. The first one seeks the hours for cooks and chefs which covers labour paid hours for cooks and chefs in total for the quarter. The last line in the section relates to the hours for food service and food management which covers labour paid hours for food service and food management staff in total for the quarter.

Next slide please.

No. Sorry. Back one please. Another change is under the QFR food and cooking ingredient costs will need to be separated by whether they are fresh or not. This delineation is simply identified by the GST classification. Using the GST classification ensures consistent reporting between services and given it is in common use in purchasing arrangements this split is intended to avoid confusion. Again this information together with the data we will collect on food preparation model will be used to identify where residents may be at nutritional risk.

So why are we asking these questions? Research demonstrates that freshly prepared food is generally more nutritious and more flavourful and has a high chance of being consumed particularly in a residential care cohort of frail elderly where their taste sensations may be muted or changed. Food which isn't consumed simply cannot help to improve the nutritional status of a person so food has to be delicious as well as nutritious.

Greater scrutiny will be applied to services using minimal fresh ingredients and using food preparation methods other than cook fresh in order to ensure positive consumer outcomes. In addition we have heard from older Australians that they want to be informed about the use of fresh and preprepared or processed food in residential aged care in selecting a residential aged care facility. So subject to Government decisions it's possible that this information may be published in the future.

Next slide please. The final two catering categories are provided for instances where the labour cannot be separated out. These are third party external kitchens where the cost of the entire

contract for food is prepared off site by an external provider. This does not include food service of delivering food to residents. Only the cooking. And also there's another category which is called other which includes any contract type which does not fit in to the above such as those instances where you may buy in takeaway.

Next slide please. Some additional notes that you should also find helpful for completing food and nutrition tab in the QFR are food costs don't need to all be included under only one category and can be split between categories. For example a provider may have multiple outlets which receive meals from an external kitchen run by their own organisation. In this case the meal costs would come under contract catering internal but their food service and food management hours would come under internal catering as each individual services food management staff would collect and serve the food.

As per the BDF food service and food management hours does not include time spent on personal care minutes. This is recorded elsewhere in the QFR.

For those of you with multiple services we have streamlined the reporting arrangements so that you can complete the reporting for all services together in one report unlike that in which we had under the BDF. While a submission does still need to be made for each service you're able to complete them all in one place and this will make it easier for larger providers to report for all their services.

Closer to the first reporting deadline the Department will be releasing explanatory notes for completing the food and nutrition tab in a similar form at to the BDF supplement notes. These will be uploaded to the Department's website. Please look out for the Department announcements for when these will be released. Next slide please.

Thank you for listening. This brings me to the end of my presentation and hopefully I've done that quick enough for you Jess. I hope you found it informative and if we have time I'm happy to take any questions.

Jessica Evans:

Thanks so much Kate. Tim I'll just flick to the next slide which just has where information can be found. I wanted to just tell people and then I will go back to some of the questions. So Grant you are on notice. Really quickly everyone we will be doing further webinars. We'll make sure we have sufficient time to cover particularly the care minutes because that's where most of the questions are coming from. The website is up there. health.formsadministration.com. That has the Financial Report, the definitions. It has a guide and that's where we'll be putting our

frequently asked questions. And we'll also be sending out the link to the portal shortly and we will have a helpdesk available and that will be communicated once the portal is open. And in the meantime the email inbox is up there to ask any questions. These slides will be made available.

Okay Grant. In our last five minutes I've tried to bring together some of the questions that are common. So question one.

Q: Can you talk to care management staff, how they are to be recorded if a registered nurse is providing the care management or acting as a care manager?

And the second part is:

Q: Does care management staff include CEOs and those type of things?

Grant Corderoy:

I'll answer the second question first. No. It doesn't include CEOs or an area called corporate or administration. Care management is always going to be a bit of a I'm going to say grey area when it's a registered nurse as an example performing a number of functions. I said before I think the first line is make sure your job description for that particular role clearly delineates the functions they've got and then really from there it's a matter of then saying really how much have they interfaced with a resident. So what percentage of the time are they having a direct interface with a resident or assisting a resident or assisting one of the nursing staff in doing it. So I think that I remind people that we've already got certain data from last year's Aged Care Financial Report so we don't want to suddenly see all care management going into registered nurse category. There always will be a component of care management that's required. Normally it's the facility manager, not the CEO. But really have as your basis (a) their job description shows what they are and what percentages are normal and make certain you make that allocation similar to what you would regard the job description or the normal course of the operation.

Jessica Evans:

Thanks Grant. Excellent. Next question is – there's quite a few questions around what constitutes non-hours worked, if you are able to kind of describe what non-worked hours – on how a provider should interpret non-worked hours.

Grant Corderoy:

Look I guess it's what it's saying. It's almost like the balance. In other words you've allocated your hours from the roster and that is by the various categories and then you've looked at your

total hours that have been worked. It's almost a balance of what hours haven't been allocated. So from worked hours – remember this is all to do with worked hours not paid hours and it's really the balance of what hasn't been allocated somewhere else that's going there. So non-worked hours is a slightly interesting terminology but it's basically hours that haven't been allocated to one of the direct areas, those allocations before.

Jessica Evans:

Thanks Grant. I think you did touch on this but there were a few questions so it's worth clarifying. Questions around – I suppose it goes to the base pay versus how to treat casual loadings, penalty payments, superannuation in the recording of labour costs.

Grant Corderoy:

Right. Well I think you're quite right. There's going to be a lot of components of the labour costs so it's a matter of putting in I guess the costs of employment. So therefore as you say if there is termination in there or there are additional costs, fringe benefits or you might pay the fringe benefits tax, what's the direct cost of employing that staff. So this is in an accounting sense saying what's the cost of employment. What are all the components of employing each member of staff? And that could be their leave entitlements, it could be superannuation, obviously workers' compensation, those sorts of areas, the costs of employment. So that's your overall costs of employing them but exclude again the associated costs which could be payroll tax, workers' compensation premiums and any staff training or area where that's not the cost of employing that particular staff member.

Jessica Evans:

Wonderful. All right. We've just hit 12:30 so I imagine people will need to go. So we will work through these questions, publish responses to the questions that we were unable to get to and also the questions that we did answer. Stay tuned for a further webinar which will really cover this and any other questions that we're receiving in the meantime.

A really big thank you to everyone for allocating 90 minutes today and for my colleagues on the line, Nicki, Kate and Grant. Thank you so much for joining us today to talk through the detail. Very much appreciated and I hope people found this useful in the preparation for the Quarterly Report. Thank you everyone and enjoy the rest of your Thursday.

Grant Corderoy:

Thank you everyone.

[*Closing visual of slide with text saying 'Ageing and Aged Care', 'Thank you', 'For more information, please contact the Department of Health', 'health.gov.au/aged-care-reforms'*]

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