



Centre for
International
Corporate Tax
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and Research

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Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

Submission for the Inquiry concerning Aged Care Legislation Amendment (Financial Transparency) Bill 2020

Please except this cover letter and the following report, *Caring for Growth: Australia's Largest Non-Profit Aged Care Operators*, as a submission to this inquiry from the Centre for International Corporate Tax Accountability and Research (CICTAR). This report is simultaneously being submitted to the Royal Commission into Aged Care Quality and Safety.

CICTAR strongly supports the Aged Care Legislation Amendment (Financial Transparency) Bill 2020 to improve transparency of the aged care sector and to ensure that public subsidies provided to aged care operators are used, as intended, to provide care and dignity to elderly Australians.

This report/submission provides an analysis of the financial reporting for nine of the largest non-profit operators of residential aged care in Australia and provides concrete examples of why this bill is urgently needed to increase transparency in the aged care sector. These nine operators appear to put property investment and growth ahead of care. They received 12% of the \$13 billion in annual federal funding for residential aged care and operated about 11% of beds in 317 facilities. This report follows previous aged care reports by CICTAR, in conjunction with the Tax Justice Network – Australia.

The first report from May 2018, [*Tax Avoidance by For-Profit Aged Care Companies: Profit Shifting on Public Funds*](#), examined the tax practices and corporate structures of the six largest for-profit aged care companies. The report led to a [*Senate Inquiry into the Financial and tax practices of for-profit aged care providers*](#). Following the report and inquiry Bupa, Australia's largest for-profit aged care provider, reached a \$157 million settlement with the Australian Taxation Office. A CICTAR Brief from November 2018, [*Who Cares For What? Australia's Largest For-Profit Nursing Home Chains*](#), summarised some of the new evidence from Senate hearings, submissions and questions on notice.

A third report from May 2019, [*All in the Family: Tax and Financial Practices of Australia's Largest Family Owned Aged Care Companies*](#), looked at the six largest family-owned for-profit aged care companies. All of these reports, including the current one, show a clear lack of transparency and accountability on public funding. All of the reports, including the current one, have a recommendation consistent with this bill to require Tier 1 financial



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statements for any aged care operator that receives \$10 million or more in annual federal funding.

This report also recommends the other key part of this bill, to disclose major categories of spending at the facility level. The report notes that the current US government website, [Nursing Home Compare](#), goes significantly farther in disclosing not only staffing levels but inspection reports and other facility level details.

The report has other recommendations including:

- prioritising targeted support for small community-based residential aged care operators with a track record of high-quality care;
- requiring all aged care operators with less than \$10 million in annual funding to file Tier 2 financial reports, if they do not already; and
- regular audits by the Australian Charities and Not-for-profits Commission (ACNC) to ensure full compliance with Tier 1 accounting standards of the largest non-profit aged care operators.

This current report, and the previous analyses of the largest for-profit aged care operators, demonstrates the lack of transparency and accountability and the urgent need to pass this bill to increase public accountability of the federal governments large and growing residential aged care budget.

The current coronavirus crisis ripping through privately run Victorian nursing homes exposes the pre-existing and underlying issues in the sector. The first step to reforming the sector is increasing public accountability as this bill proposes.

Please let me know if you have questions or require any additional information.

Sincerely,

Jason Ward, Principal Analyst, CICTAR