

## **Introduction:**

Ms Gail Milner and Mr Rob Willday appeared before the Finance and Public Administration Committee on 30 January 2009 as part of its aged care inquiry. During the course of this appearance, six questions on notice were asked. The deadline for the responses to these questions is 6 March 2009. Please find response below:

### **Question 1:**

**Senator Moore:** Ms Milner, on notice, can we have the last 10 years from WA to get an idea, so that it is not one year to one year?

### **Response:**

The information requested is to be sourced from the Commonwealth Department of Health and Ageing. The DoHA has advised that the answers will be provided directly by them. This advice was provided to the Finance and Public Administration Committee secretariat.

### **Question 2:**

**Senator Boyce:** Would you, on notice perhaps, be able to provide us some information about those European studies that you just mentioned?

### **Response:**

Aged Care Association Australia (ACAA) released a discussion paper on 'Splitting Accommodation from Care' in February 2006 that discusses the international experiences and implications of splitting accommodation and care costs. A copy of this discussion paper is attached.

The ACAA paper references the Commonwealth Department of Health and Ageing publication 'Review of Pricing Arrangements in Residential Aged Care – Long Term Aged Care International Perspectives – Background Paper No 3'. This publication comprises of how long term care is provided in six countries. Particular reference is made in the Denmark study on pages 70 and 73.

### **Question 3:**

**Senator Collins:** Can I add to that question about the availability of extra services beds. What do we know about the utilisation rates of those beds.

### **Response:**

The information requested is to be sourced from the Commonwealth Department of Health and Ageing. The DoHA has advised that the answers will be provided directly by them. This advice was provided to the Finance and Public Administration Committee secretariat.

### **Question 4:**

**Senator Moore:** You can probably take this on notice, Ms Milner, and it follows on from Senator Siewert's question. From the state's perspective, I want some information about how the whole COAG process operates in this area. I know it is complex and I know that half of it is the federal government, but I want it to be put on record from the perspective of the state how the COAG process operates; what part of COAG deals with this and who attends. They have these structures, but I am very interested as to who actually attends to be the voices at these meetings.

I do not want to personalise it, but I am just trying to get structurally a picture of how this issue, which clearly goes across federal and state jurisdictions, from the state's perspective operates. It follows on from Senator Siewert's questions about, where we get into these particular packages, who picks up responsibility. I do not expect you should answer that now, but if I could get that on notice it would be very useful.

**Response:**

The Council of Australian Governments (COAG) is the peak intergovernmental forum in Australia. COAG comprises the Prime Minister, State Premiers' Territory Chief Ministers and the President of the Australian Local Government Association (ALGA). The then Prime Minister, Premiers and Chief Ministers agreed to establish COAG in May 1992. It first met in December 1992. The Prime Minister chairs COAG. The COAG Secretariat is located within the Department of the Prime Minister and Cabinet.

The COAG website describes the role of COAG as being *'to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments'*.

Issues for consideration by COAG have arisen from, among other things, Ministerial Council deliberations; international treaties which affect the States and Territories; and major initiatives by one government (particularly the Commonwealth) which impact on other governments or require the cooperation of other governments.

COAG meets on an as needed basis. In 2008, COAG met four times. COAG may also settle particular issues out-of-session by correspondence. In recent years, a number of issues have been settled in this manner.

The outcomes of COAG meetings are contained in communiqués released at the end of each meeting. Where formal agreements are reached, these may be embodied in Intergovernmental Agreements.

**Question 5:**

**Senator Cameron:** Ms Milner, does the state government have a budget allocation for aged care?

**Ms Milner:** Yes, it does.

**Senator Cameron:** Is that built into the forward estimates?

**Ms Milner:** Yes, it is.

**Senator Cameron:** Is that an increasing cost? Can you get us some figures on what you see will be the cost to the state budget over the next forward estimates period?

**Ms Milner:** The budget allocation for aged care is divided between area health services, and in Western Australia that is north metropolitan, south metropolitan, WA Country Health Service and the central agency, which we refer to as Royal Street. In the Royal Street budget there is the Home and Community Care Program, and that calculation of expected expenditure increases by eight per cent generally annually where we match the Commonwealth funding. It is within the area health services budgets that the Care Awaiting Placement Program is, and that is subject to a general growth factor of between five per cent and eight per cent. I can provide some forward

estimates figures if that is what you require – the actual numbers.

**Response:**

The attached summary shows WA Health total budget allocation for 2008/09 and forward estimates as per approved 2008/09 Published Budget position for the combined Home and Community Care Program and Residential Aged Care.

<b>WA Health: Community &amp; Residential Aged Care Revenue and Expenditure in 2008/09 and forward year estimates</b>			
	Estimates 08/09 ‘\$M	Estimates 09/10 ‘\$M	Estimates 10/11 ‘\$M
Commonwealth Funds	113.1	122.2	132.1
Patient/Other Revenue	0.8	0.8	0.8
WA Government – State Funds	73.9	79.8	86.2
<b>Total Revenue</b>	<b>187.8</b>	<b>202.9</b>	<b>219.1</b>
Expenditure	187.8	202.9	219.1
<b>Net</b>	<b>0.9</b>	<b>0.9</b>	<b>0.0</b>

**Question 6:**

**Senator Ryan:** My question will need to be taken on notice. It was what I asked the previous witness. Would it be possible for you to get access for the application of state taxes in Western Australia to the various providers of aged-care services – not by name, but for profit, not for profit, whether there are any exemptions – and, if possible, what the government tax take is on land taxes, property taxes, from -

**Ms Milner:** We are not a provider ourselves, so we would have to go out to the NGO sector and ask for that information.

**Senator Moore:** would not Treasury have it, Ms Milner, in terms of their tax?

**Ms Milner:** I am not sure.

**Senator Humphries:** These are your taxes on them.

**Senator Ryan:** I am just wondering if you could check whether or not there is a state revenue office, as there is in my home state, that would levy stamp duties and property taxes –

**Ms Milner:** Yes.

**Senator Ryan:** and their application to this sector and, if possible, how much that take was, but particularly if there is a difference in its application to for profit and not for profit – whatever the law is.

**Chair:** If you could take that on notice, that would be great.

**Ms Milner:** Yes.

**Response:**

**Land Tax:**

A land tax exemption for land used as an aged care facility was introduced in 2007 and applies from 30 June 2007 for the 2007/08 assessment year onwards. This change meant that for land tax purposes, privately operated aged care facilities are

treated the same as public and religious hospitals and aged care facilities run by charitable and public benevolent institutions.

As these exemptions are in place, no land tax collected.

### **Duties and Stamp Duty:**

The *Duties Act 2008* (Duties Act) was introduced on 1 July 2008 and applies to all dutiable transactions entered into on or after 1 July 2008. The *Stamp Act 1921* (Stamp Act) continues to apply to all dutiable instruments entered into or before 30 June 2008.

Neither the Duties Act nor the Stamp Act contains an exemption from duty on the acquisition of an aged care facility.

The Stamp Act provides certain exemptions from stamp duty in relation to agreements entered into by aged or disabled persons. Section 112Q exempts certain residential agreements made between a charitable body and a qualified person in respect to granting residential accommodation to the qualified person. Section 112R exempts aged care agreements made under *Aged Care Act 1997* (Commonwealth) between an approved provider and a person relating to aged care services. Neither exemption applies to the conveyance of a beneficial interest in the property, rather exempts the instruments from stamp duty otherwise chargeable under the lease or mortgage head of duty. Stamp duty on lease and mortgage instruments was abolished at 1 January 2004 and 30 June 2008 respectively.

The Duties Act does not charge duty on lease or mortgage arrangements. Accordingly residential or aged care agreements are not subject to duty.

The Office of State Revenue does not hold data that allows the stamp duty or duties chargeable on the acquisition of an aged care facility by an aged care provider to be identified. Accordingly, specific details of taxes collected cannot be provided.

### **Payroll Tax:**

Providers of aged care services would be liable to payroll tax unless they are exempt by reason of being a charity or public benevolent institution (PBI). In order to be so exempted, each business would need to be viewed on an individual level to see if the objects and practices of the business fell within the identified and accepted heads of charity. One of the conditions for exemption would be that any such business be operated on a strictly not-for-profit basis. If the business was not not-for-profit (and therefore benefited its members) then it would not be exempted.

Details regarding exact numbers of aged care providers who have received exemption for payroll tax cannot be provided, but it appears that there have been about four applications for exemption for (identifiable) aged care providers since August 2002. All of these four were granted exemptions as charitable.

The tax take (estimate or actual) cannot be provided due to the inability to identify aged care providers (mainly as there is no proper classification by industry code).