12 November 2020

Counsel assisting the Royal Commission
Royal Commission into Aged Care Quality and Safety
GPO Box 1151,
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By email: ACRCenquiries@royalcommission.gov.au

Dear Sirs

Royal Commission into Aged Care Quality and Safety – feedback on Counsel Assisting's final submission (Document reference RCD.9999.0541.0001_1).

As the representatives of over 200,000 professional accountants in Australia, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia thank you for the opportunity to provide feedback on the recommendations included in the above final submission to this inquiry. This submission focuses on recommendations 100.2, 104.1 and 107.1 which address the development and monitoring of appropriate financial reporting requirements for the Aged Care Sector.

CA ANZ and CPA Australia are strong supporters of regulatory financial reporting reform that ensures any mandated reporting meets the needs of users, including regulators, for whom they are prepared. High quality financial reporting is essential for transparency and accountability and we therefore welcome recommendations 100.2 and 104.1 that give the proposed new Aged Care regulator powers to develop and impose financial reporting requirements that will support effective oversight of the sector.

In supporting this direction, we urge recognition of Australian Accounting Standards, issued by the Australian Accounting Standards Board (AASB), as the basis for these financial reporting requirements. These standards are already part of existing reporting requirements in the sector, and the AASB is currently engaged, with our support, in a major project to ensure that they continue to effectively support reporting requirements that any state or national regulator may wish to impose. Its planned revised reporting framework will enable fit-for-purpose general purpose financial reporting by both the for-profit and not-for-profit sectors.

In paragraph 1399, the final submission states that *"the proposed Australian Aged Care Commission would consult with the sector before establishing any aged care specific financial reports".* We strongly urge that this step be taken and recommend that additional wording be included about the need to work closely with the AASB and other key financial reporting stakeholders, including the professional accounting bodies, in this process. This is particularly important given that the aged care sector includes both for-profit and not-for-profit entities.

This wider consultation will help with the development of statutory requirements that will support the proposed Commission's regulatory oversight by ensuring:

- development of appropriately worded reporting requirements that support the achievement of the prudential objectives
- that these requirements can be readily complied with, are capable of easy enforcement and produce consistent and comparable reporting outcomes, and
- they do not impose unnecessary, duplicative or complex levels of reporting red tape that unnecessarily draw scarce and valuable sector resources away from the sector's key quality aged care objectives.

The importance of the sector's prudential objective, and the need to ensure its financial reporting adequately supports their achievement, means that we also strongly support recommendation 107.1 concerning the employment of skilled (and suitably qualified) accounting staff to support this development and oversight work.

If you have any questions about our submission, please contact either Amir Ghandar (CA ANZ) amir.ghandar@charteredaccountantsanz.com or Ram Subramanian (CPA Australia) at ram.subramanian@cpaaustralia.com.au.

Yours sincerely

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