



4 March 2013

The Hon Mark Butler MP
 Minister for Mental Health and Ageing
 Electorate Office
 PO Box 2038
PORT ADELAIDE SA 5015

Dear Minister Butler

Re: ***Living Longer, Living Better Campaign – Financial Viability***

Firstly, I would comment that I am very pleased with the change to Levels 1 to 4 in Home Care which is a positive step, provided it is not only the same providers who continue to benefit from the government ACAR and that it is funded appropriately.

I have set out below the income that has been affected as a result of changes to the funding budget and the *Living Longer, Living Better* campaign.

A	Indexation and Interest Loss to June 2011/12	<u>1 year</u>	<u>4 years</u>	<u>Total</u>
	Average Cost of Removal of the 1.75% CAP by the ALP Government over the last 4 years	95,000	380,000	
	Loss of interest income @ 4.5%	<u>4,250</u>	<u>17,100</u>	
	Total	<u>\$99,250</u>	<u>\$397,100</u>	<u>\$397,100</u>
B	Indexation (COPO) – Nil increase for 2012/13			
	Not receiving the 1.6% indexation	94,000		
	Loss of interest on this amount	<u>4,230</u>		
	Total Lost Income from Nil increase	<u>\$98,230</u>		<u>\$ 98,230</u>
C	Interest of 1.75% under previous government and Interest Loss to June 2012/13	<u>\$99,250</u>		<u>\$ 99,250</u>
	Total Loss for 5 years			<u>\$594,580</u>

D In my facility, our **ACFI subsidies budget** has been reduced by:
Low Care - \$10,322 plus Nursing Home High Care - \$20,442 = **\$30,764** so far based on Nil increase in ACFI for 2012/13.

E Retentions

Should retentions not be allowed from bonds after 1 July 2014, then lost retentions for St Andrew's per year for July 2014/15 totals \$134,000.

In Conclusion

The measures put in place by the current government have reduced this organisation's income by \$594,580 over a five-year period to the end of June 2013. This does not take into account the negative impact COMPACT will have on our bottom line from the third year onwards, in relation to on costs of 30% unfunded.

Minister, the indexation increases in the past of 1.7% and 1.9% went nowhere near to what the cost is of providing goods and services to residents as well as staff wages. On top of that, no COPO for 2012/13 compounds the effect that the aged person receives in the end regarding care.

If retentions were to be scrapped as recommended then a further \$134,000 in our annual income would be lost. When you look at our figures mentioned above, I would have to say that residential aged care is being slowly strangled to death.

In the past I've heard the comment "*new money in aged care*". Well my figures don't lie, and if there is new money in the system, it certainly isn't being placed into direct care for the aged people by your government.

St Andrew's has a very modern 117-bed single room with ensuite facility which was built without any financial assistance being received from the government. I believe you should extend the extra \$20 a day for facilities who have modernised their facilities and met your criteria prior to the April 2012 cut-off date. This has been an unfair decision as many facilities (including ours) will be giving as good an environment and living conditions as the new facilities built after March 2012 – and yet we do that with no incentive payment.

Instead of punishing, you should be rewarding us for modernising earlier than your cut-off date. Minister, people have asked for innovation – we have done that with innovative building design and technology and yet we are being penalised for that.

In addition to that mentioned above is the increase to Superannuation and possibly nil increase to ACFI for 2013/14.

At the base of this is people and, sadly, the aged people are missing out under the new document *Living Longer, Living Better* and the funding cuts.

This document is called *Living Longer, Living Better*. I fail to see the compassion, investment and knowledge that have gone into this commitment by the government which only ends up in a reduced quality of care to the people who built and made our country what it is today.

I look forward to your response to these questions, as I attempt to understand the logic the government has applied to funding for aged care in Australia.

Yours faithfully

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Chief Executive Officer

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