

Tabled #1
A.S.W.S
Shepparton retirement

Shepparton Retirement Villages Inc

1. Snap shot

Origins	Community based organisation
Type of organisation	not- for- profit spread over 3 sites in and around Shepparton
Commenced	50 years ago as a local Rotary project
Turnover	\$23m
Average ACFI	\$136.00 per day
Projected profit	\$700,000 to 30/6/13
Current assets	\$24m 31/3/13
RAC Bonds	\$21.5m
No of bonds	152
Average bond	\$141,815
ILU Loans	\$33.3m
No of ingoing ILU loans	260
Average ILU loan	\$128,022
Employees	400
RAC places	271 (occupancy 94%)
ILUs	277 (occupancy 98% - 320 residents)
Home care packages	Nil, but have been applied for in the current ACAR.

2. Impact of losing retention revenues

Disaster-viability shot to pieces, industry in terminal state.

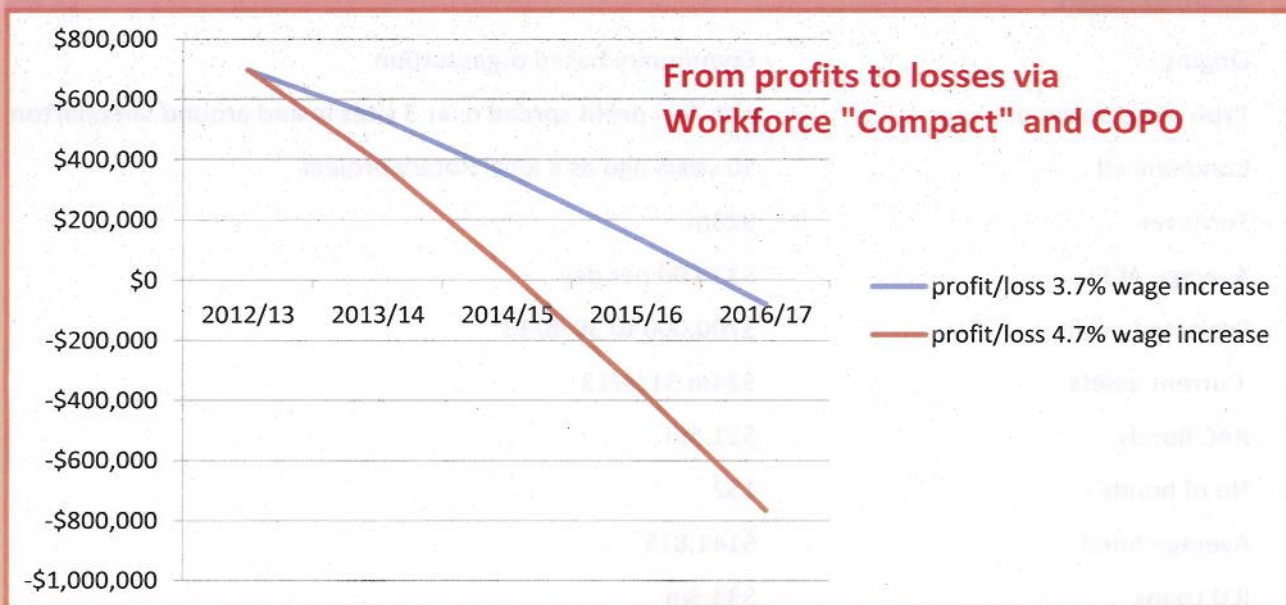
Additional RAD of \$10,000,000 is required to make up for revenue loss of \$450,000 pa at 4.50%. This is not possible in and around Shepparton with a median house price of \$263,000. (This figure is even less in smaller rural towns). It is anticipated that because of the way the accommodation pricing is structured that RADs will decrease significantly. The alleged additional DAP funds will not cover the borrowing requirements of the major Banks, and even if they did, external borrowings and their costs will quickly turn operating profits into losses. All in all, a woeful position, and the government must steer away from this course of action to prevent total destruction!

3. Impact of Workforce "Compact"

Disaster of mammoth proportions-see graphs

The industry simply cannot survive this so called "Compact", therefore it must deflect this disaster!

year	2012/13	2013/14	2014/15	2015/16	2016/17
profit/loss 3.7% wage increase	\$697,578	\$541,195	\$348,114	\$142,067	-\$77,589
profit/loss 4.7% wage increase	\$697,578	\$394,295	\$35,151	-\$350,653	-\$764,620



assumptions

1. an annual increase of 3.00% increase in non ACFI revenues
2. an annual increase of 1.55% increase in ACFI revenues
3. an annual increase of 1% Workforce "compact" revenues
4. an annual increase of either 3.70% or 4.70% in wages & on costs
5. an annual increase of 4% in other costs - conservative re electricity, gas, water, Work cover insurance
6. no superannuation cost increases costed -\$40,000 pa
7. includes retentions at \$450,000 pa

4. Summary

I have highlighted 9 points in my written submission, and consider all of them worthy of critical review.

However the above two – Retentions (item 1 of my submission) & Workforce "Compact" (item 2 of my submission) are immediate planet busters in that they are metaphorically huge asteroids on their way to planet earth with irrecoverable destructive power.

The COPO issue (item 3), the 28 day post entry election period (item 5), the default character of DAP (item 7) and the inadequacy of accommodation payments in rural Australia (item 8) are all smaller asteroids on their way with the capacity to do major damage that may take years to recover.

Items 4, 6 & 9 will have negative impacts on resources and future development, and although the industry will survive, it will not thrive and will have difficulty in meeting the demands of our ageing population in a manner and standard that we would all hope for!