

ACFA Recommendation: Limit Bonds to 95% of Average Bonds = \$500k bond and then use MPIR to calculate the daily charge equivalent (with no retentions)
 LSA Victoria - Local Median House Price usually determine what a provider can charge as a lump sum bond
 Below is a comparison of MPIR in Rural Victoria and the income that will be generated from bonds

	2012 Median House Price #	Resident must be left with	Balance Available for Bond	Interest on Bond pa @ 4.60%	Per day interest on bond	Daily charge on basis of MPIR	Cost to Build at \$200,000	Average WAACC 8.30%	Depn at 2.5%	Accomm Operating Expenses	Annual Accom Costs	Daily Charge RATE RECD	difference MPIR and cost to Build
	A	B	C	D	E	F	G	H	J	K	L	M	F & M
Wonthaggi	\$203,000	\$40,500	\$162,500	\$7,475	\$20	\$33.92	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$38
Sea Lake	\$50,000	\$40,500	\$9,500	\$437	\$1	\$1.98	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$70
Baliart	\$285,000	\$40,500	\$244,500	\$11,247	\$31	\$51.04	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$21
Stawell	\$175,000	\$40,500	\$134,500	\$6,187	\$17	\$28.08	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$44
Wangaratta	\$248,000	\$40,500	\$207,500	\$9,545	\$26	\$43.32	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$29
Tarangon	\$170,000	\$40,500	\$129,500	\$5,957	\$16	\$27.04	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$45
Sale	\$192,000	\$40,500	\$152,000	\$6,992	\$19	\$31.73	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$41
Berriigo	\$301,000	\$40,500	\$260,500	\$11,983	\$33	\$54.38	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$18
Colac	\$144,000	\$40,500	\$103,500	\$4,761	\$13	\$21.61	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$51
Manjborough	\$150,000	\$40,500	\$109,500	\$5,037	\$14	\$22.86	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$50
Shepparton	\$195,000	\$40,500	\$154,500	\$7,107	\$19	\$32.25	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$40
Echuca	\$250,000	\$40,500	\$209,500	\$9,637	\$26	\$43.74	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$29
Benalla	\$200,000	\$40,500	\$159,500	\$7,337	\$20	\$33.30	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$39
Swan Hill	\$320,000	\$40,500	\$279,500	\$12,857	\$35	\$58.35	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$14
Keang	\$220,000	\$40,500	\$179,500	\$8,257	\$23	\$37.47	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$35
Mildura	\$258,000	\$40,500	\$217,500	\$10,005	\$27	\$45.41	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$27
Kyneton	\$400,000	\$40,500	\$359,500	\$16,537	\$45	\$75.05	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	\$3
Geelong	\$362,000	\$40,500	\$321,500	\$14,789	\$41	\$67.12	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$5
Tongala	\$135,000	\$40,500	\$94,500	\$4,347	\$12	\$19.73	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$53
St Arnaud	\$127,500	\$40,500	\$87,000	\$4,002	\$11	\$18.16	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$54
Warrnambool	\$240,000	\$40,500	\$199,500	\$9,177	\$25	\$41.65	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$31
Portland	\$240,000	\$40,500	\$199,500	\$9,177	\$25	\$41.65	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$31
Seymour	\$140,000	\$40,500	\$99,500	\$4,577	\$13	\$20.77	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$52
Alexandra	\$285,000	\$40,500	\$244,500	\$11,247	\$31	\$51.04	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$21
Eildon	\$250,000	\$40,500	\$209,500	\$9,637	\$26	\$43.74	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$29
Bannockburn	\$290,000	\$40,500	\$249,500	\$11,477	\$31	\$52.09	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$20
Grovedale	\$369,000	\$40,500	\$328,500	\$15,111	\$41	\$68.58	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$4
Woodonga	\$256,000	\$40,500	\$215,500	\$9,913	\$27	\$44.99	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$27
Rutherglen	\$350,000	\$40,500	\$309,500	\$14,237	\$39	\$64.61	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$8
Donald	\$169,000	\$40,500	\$128,500	\$5,911	\$16	\$26.83	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$46
Manfield	\$263,000	\$40,500	\$222,500	\$10,235	\$28	\$46.45	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$26
Horsham	\$117,000	\$40,500	\$76,500	\$3,519	\$10	\$15.97	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$56
Yackandandah	\$275,000	\$40,500	\$234,500	\$10,787	\$30	\$48.96	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$23
Bairnsdale	\$238,000	\$40,500	\$197,500	\$9,085	\$25	\$41.23	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$31
Warragul	\$267,000	\$40,500	\$226,500	\$10,419	\$29	\$47.29	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$25
Pakenham	\$275,000	\$40,500	\$234,500	\$10,805	\$30	\$49.04	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$23
Mallacoota	\$249,000	\$40,500	\$208,500	\$9,591	\$26	\$43.53	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	-\$29
MELBOURNE	\$530,000	\$40,500	\$489,500	\$22,517	\$62	\$102.19	\$200,000	8.30%	2.5%	\$4,816	\$26,416	\$72	\$30
AVERAGE for VICTORIA			\$201,326			\$42						\$72	-\$30

Comparison with the cost of building today and expected returns on investment to determine what the daily charge should be as per the Productivity Commission Recommendations.

A= established from www.realestate.com and REIV
 B = Government determined
 D= Current 6 month term deposit rate as at 12 November 2012
 E= annual interest earned on a bond converted to a daily equivalent amount
 F= the conversion based on ACFA recommendation to convert lump sum to a daily charge using the MPIR
 G= Average cost to build today (some will do it cheaper others will pay more)
 H= WAACC as per Hogan report, Access Economics papers, Deloitte. Can be higher in many organisations 12.5% to 18%
 J= depreciation of buildings as per ATO
 K= average Stewart Brown Benchmark on Repairs and Maintenance for residential care per bed per annum
 L= annual operating costs G by H by J plus K
 M= Daily charge calculation as per PC calculations
 Note I have omitted the value of land for the purposes of this exercise but has been estimated at \$22500 per bed by Grant Thornton
 land will appreciate as well and this value will be reflected in the selling price as a going concern whereas the building will depreciate over much shorter life.

INDY
 Colman
 S. J. 2015
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