

**SUBMISSION TO
THE SENATE INQUIRY INTO RESIDENTIAL AND
COMMUNITY AGED CARE IN AUSTRALIA
BY
CAPECARE – BUSSELTON, WESTERN AUSTRALIA**

BACKGROUND OF ORGANISATION

Capecare operates a co-located 44 place high Care and a 68 place Low care facility in Busselton, Western Australia. It also runs a small Retirement Village (on the same site) and a Community Care Service with 41 packaged care places, HACC and VHC services. The Organisation is an independent, non-profit, incorporated entity and has no association with any other organisation. All funds generated by the Organisation are re-invested within the Organisation.

RESPONSE TO TERMS OF REFERENCE - ITEM (a)

It is the experience of Capecare that current funding levels are NOT sufficient to meet the expected quality service provision outcomes.

This can be seen in Capecares' operating results for 2007/08 (actual) and 2008/09 (Budgeted) which show a negative result in both years

Operating Result (\$ per Resident per Day)

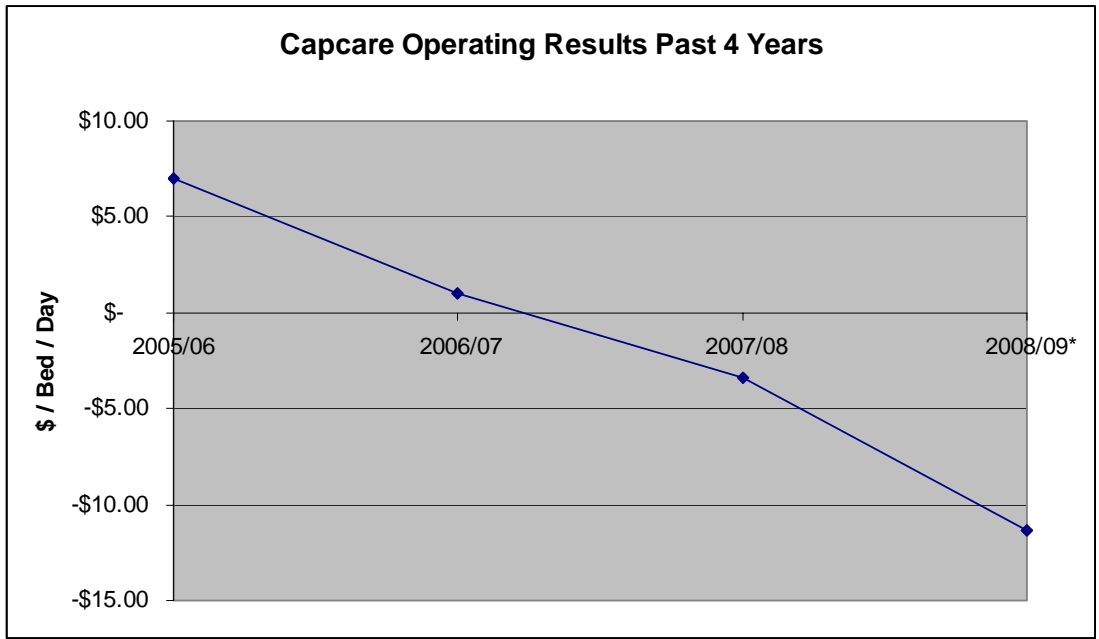
2007/08 Actual	2008/09 Budgeted
-\$ 3.39	-\$11.37
Operating results exclude income from interest, accommodation bond and accommodation charges. Excludes depreciation	

Funding for operations **does not cover operating costs**, and requires the organisation to subsidise its residential care operations

RESPONSE TO TERMS OF REFERENCE - ITEM (b)

It is the experience of Capecare that the current indexation formula DOES NOT recognise the actual cost of pricing aged care services required to meet the expected level and quality of such services

This can be seen in the trend in Capecares' operating results for the last 4 years.



* (budgeted)

The operating result has gone from a surplus of \$7.03 per bed per day in 2005/06 to a budgeted deficit of \$11.37 in 2008/09.

Wages and related costs (leave provision, training, workers compensation, and superannuation) make up 75% of all operating costs. Wages and related costs have increased by 23% during these 4 years. Operating income has increased by 10% during the same period.

IMPACT ON THE ORGANISATION

Capecare is currently subsidising its residential care operations by using:

- income streams which would normally be earmarked for upgrading and replacing building, and,
- Income streams from other sources

Capecare can not continue this cross subsidisation.

The Organisation has no intention of taking up new allocations of residential care places, and is planning to reduce beds to reduce losses.

ACTION NEEDED TO RESTORE VIABILITY OF THE INDUSTRY

To enable the industry to be viable on an ongoing basis, significant additional funding is urgently required to cover both operational and capital requirements:

- **This funding should come from a combination of “user pays” and government sources.**
- **Funding for operations (ie provision of care) will need to be increased in the order of 10%**
- **Capital requirements for upgrading and increasing high care places are only likely to be met by Accommodation Bonds.**

While accommodation Bonds for High Care residents would be of great assistance in upgrading facilities and building new beds, these new beds will still not be viable without the additional income to cover operations.