

1-Dec-08

Gramar Nominees  
T/As Valley View Aged Care Facility  
Provider ID 1150  
P.O.Box 2420  
DC Kent Town Sa 5071

Committee Secretary  
Senate Finance and Public Administration Committee  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Dear Sir/Madam,

As an aged care provider that specializes in high level care only I would like to submit the following information for the Committees consideration.

- Our architect has costed two separate building constructions for which we have approval to construct. These estimates have come in at \$200k per bed for building construction and \$20k per bed for the furnishing and fit out. This does not include the cost of licenses nor the cost of land. These costs of building are prohibitive to the construction of these new projects for the following reasons: (1) The most recent sales prices of a single with ensuite profitable aged care facility ranges from \$145k to \$195 per bed, well below the cost to develop new facilities. (2) Return on investment does not allow us to borrow to fund these costs. (3) Consumers from all different financial means demand single rooms with ensuites. (4) High level care facilities do not have access to capital from resident bonds or interest free loans from the Australian Government. (5) A serious vacancy factor has developed in the industry, facilities that once had occupancy at 98-99% are now experiencing occupancy of 80-90%.
- Recruitment of Nursing Staff and the reliance on Agency staff is becoming an increasing problem. Wages in the public sector have increased dramatically with those nurses being paid 10% higher than our staff. Salary sacrificing in public and not for profit sectors leaves the private sector at a severe disadvantage. The private sector is expected to provide the same standard of care as the not for profit and public sectors without being able to provide wage parity for the top quality nursing staff due lack of finances?
- Increased auditing, unannounced visits and the CIS scheme places enormous pressure on staff and continually directs staff attention away from the delivery of care. The CIS scheme accepts all complaints including anonymous complaints; this leaves the CIS scheme with the job to investigate the claim without being able to report back to the complainant. To meet the compliance and accreditation requirements of the act and

respond to the documentation sent by Commonwealth Departments requires extra senior staffing dedicated to more paper work.

- The phasing in of ACFI funding over years until 2011 delays funding the providers urgently need now. This added to the increased auditing of AQFI of existing and newly admitted residents by the DHAC cynically leaves the industry feeling that any increases in funding to the industry is being offset by this process.
- The CAP funding has been increased to 8.75% this year but will not have any further increases for the next four years. We are experiencing in the last financial year massive increases across all areas and for example our food costs have increased across all products with an increase of 18% for table margarine up to to 83% increase for powdered milk. The COPO tool used to calculate funding increases annually is totally inadequate and does not work from an accurate base. The base for costs in this industry should be recalculated to include items that where never costed originally such as continence aids and medical supplies that have become an expectation with technological improvements.
- Income tested fees are calculated by the Government and then deducted from our fees making us responsible for the "tax" collection.

I trust this information will assist the Senate Finance and Public Administration Committee in understanding that our industry is facing a financial crisis that requires urgent attention.

Sincerely Yours

Michael Bennett  
Administration Manager