11 September 1998

Nursing Home Subsidies Inquiry
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Please find attached a hard copy and diskette containing the ACHCA Submission to the Nursing Home Subsidies Inquiry.

Due to its non completion the Bentleys 1996/97 Nursing Home Cost Survey will be submitted at a later date, along with any other further material, as an additional submission.

We look forward to participating in the public inquiry process.

Yours sincerely

Yours sincerely

**RICHARD GRAY**
Director Aged Care Services

*RG:A0:4/3/01*

**Australian Catholic**
**Health Care Association**
PO Box 57 (57 Hicks Street)
Red Hill ACT 2603

**Telephone** 02 6239 7633
**Facsimile** 02 6239 7634
**Email** secretariat@achca.asn.au
**Web** http://www.achca.asn.au

**NURSING HOME**

**SUBSIDIES INQUIRY**

RICHARD GRAY
DIRECTOR, AGED CARE SERVICES
SEPTEMBER 1998

**Australian Catholic**
**Health Care Association**
PO Box 57 (57 Hicks Street)
Red Hill ACT 2603

**Telephone** 02 6239 7633
**Facsimile** 02 6239 7634
**Email** secretariat@achca.asn.au
**Web** http://www.achca.asn.au

# Table of Contents

# Nursing Home Subsides Inquiry

*The Australian Catholic Health Care Association is a non~profit association incorporated in the Australian Capital Territory. It represents the interests of Catholic health and aged care agencies within their broader sectors.*

## Introduction

The Association was founded to promote the ministry of health care as an integral element of the mission of the Catholic Church. It works to enable the fullest provision of Catholic health care in accordance with Christ's ministry to the sick, the aged and the dying.

This ministry is founded on the dignity of the human person and in the giving of preference to the needy, the suffering and the disadvantaged.

The Australian Catholic Health Care Association (ACHCA) continually strives to witness to the call and challenge of the Gospels as they apply particularly to the health and aged care sectors.

The Association seeks to advocate and promote the broadest adoption of Catholic values, ethical principles and social justice in the delivery of health services.

The vision of ACHCA is to see the people of Australia achieve and maintain a health service which is fully accessible to all Australians and which, through its standards of care and concern for the dignity of the person exemplifies values as inspired through the healing ministry of Christ.

The Catholic sector is the largest provider of non government health and aged care services with 58 public and private hospitals and over 500 aged care services representing 15 percent of non-government residential aged care.

## Executive Summary

Prior to 1 October 1997 there were two main types of residential care, hostels and nursing homes. These two types of residential care had different subsidy arrangements and resident contribution arrangements. The care levels provided were different but had increasingly for a number of years been converging in dependency levels.

The changes announced in the Aged Care Structural Reform Package and introduced from 1 October 1997 removed the funding distinction between nursing homes and hostels and changed nursing homes from a cost reimbursement approach to one of cost contribution.

Whilst adopting the cost contribution model the Government however removed from hostels the capacity to charge variable fees to residents with other income above the pension free area.

The removal of the capacity to charge variable fees for incoming residents post 1 October has removed a potential $25M of variable fee income to the hostel sector. The Government has adopted the cost contribution model but has shifted the responsibility for meeting automatic cost increases over to providers. Simultaneously the Government controls the income of the residential aged care facility by strictly enforcing the resident fee regime.

The key drivers in nursing home costs are as follows:

1. Nursing and personal care costs

2. Food and kitchen staff costs

3. Cleaning costs

4. Repairs and maintenance

5. Fuel light and power

6. Training and education

There are regional cost differences in most of these costs. It is recommended the Productivity Commission undertake a cost survey to determine the regional cost differences across nursing homes and hostels throughout Australia.

Registered nurses and enrolled nurses account for the greatest proportion of total wage costs per employee. Due to the prescribed services requirements and the accreditation standards there is little scope to vary the proportions of different types of employees other than via the dependency level.

Over award payments are not particularly common in the sector but are necessary to attract staff to more remote areas.

The current disparities in wage costs across and within jurisdictions is likely to remain whilst there are state awards and whilst there are almost no national provider organisations to implement national enterprise agreements.

The principle non wage costs that vary significantly within and across jurisdictions are:

- food and kitchen staff costs;
- cleaning costs;
- repairs and maintenance;
- fuel light and power;
- training and education.

Fuel, light and power costs will also be influenced by climatic considerations. Distance will be a significant factor for training and education.

The new accreditation requirements will increase training and education costs. The extent to which quality processes will lead to the identification of efficiencies which will in turn produce savings in cost is yet to be tested. On the other hand the cost of the accreditation fees and implementing accreditation processes including continuous quality improvement is also as yet unquantified.

ACHCA considers stated based arrangements will continue to be one of the fundamental differences driving cost variations because of separate state awards, state legislation and regulations, and climatic differences.

To ensure equitable access to quality residential aged care services the funding system must recognise the fundamental cost differences across and within jurisdictions otherwise there will be a reduction in localised service provision thus denying equitable access to services.

It is fundamentally important that any indexation measure be a measure of cost movements for the sector rather than a government formula that has no relationship with sector costs.

ACHCA proposes subsidy rates be linked to a basket of key cost drivers that determine the regional cost differences between the provision of care across geographic Australia.

The introduction of national uniform subsidies will force efficiencies and savings in administrative costs but will also lead to lower cost and quality of care as well as reduced access.

ACHCA considers the coalescence process should not proceed but be replaced by specific dollar subsidies for particular classes of residents varying across and within states and territories according to differences in the costs of care provision. However it is paramount that existing subsidy levels are not reduced in this process as they already reflect fundamental cost drivers based on existing award costs in the relevant states and territories.

The Government should also add back into the care funding pool the $66M that was taken out for the concessional resident and transitional supplements.

The separation between the Commonwealth, state and territory jurisdictions over the provision of residential and community-based care and acute care with the various demarcation aspects and duplication and overlap matters are issues for resolution. An integrated approach that is as seamless as possible should be the goal.

ACHCA considers it appropriate for just one level of government to take primary responsibility for these integrated and co-ordinated service areas. This should be the Commonwealth as it has responsibility for income security and income taxing.

ACHCA considers alternate funding arrangements should be introduced from 1 July 1999 as long as the alternate funding arrangement does not include a reduction in current subsidy levels.

In the absence of appropriate capital funding across the whole sector, care subsidies need to incorporate an adequate depreciation and debt servicing component.

The proposed alternative funding arrangements should include a level of accountability. Providers must demonstrate that subsidies are being spent in accordance with government requirements.

Such accountability should not require a reversion to the previous validation practices performed by government.

### *Overview of the Residential Aged Care Sector*

Prior to 1 October 1997 there were two main types of residential care hostels and nursing homes. These two types of residential care had different subsidy arrangements and resident contribution arrangements. The care levels provided were different but had increasingly for a number of years been converging in dependency levels.

While some 27 percent of nursing home residents came from hostels the dependency level of residents in hostels had been increasingly moving towards that equivalent to categories three four and five under the nursing home Resident Classification instrument (RCI).

This convergence occurred as a result of Aged Care Assessment Team (ACAT) control over admissions to nursing homes and hostels and also the increasing level of dementia care amongst hostel residents.

Since 1 October 1997 with the elimination of the program and funding differences between nursing homes and hostels, hostels through reassessment of existing residents are increasingly moving towards becoming nursing homes. At least 7.5 percent of existing hostel residents as of 1 October have been classified up from low care to high care.[1]

### *Funding Arrangements*

The Review of the Resident Classification Scale [2] stated as follows:

A long standing issue has been to find a way for government to pay providers of residential aged care services in a manner that, on the one hand, equitably reflects the relative costs of looking after people who's care needs differ, but on the other hand:

- creates incentives for providing sufficient and efficient care and
- does not involve undue documentation and costs of compliance and validation.

Over the past 10 years or so governments have explored ways of meeting these two sometimes conflicting objectives. These methods have involved:

- full cost reimbursement;

[1] Cuthbertson, Lindsay-Smith, Rosewarne, *Aged and Community Care Service Development and Evaluation Reports No 36 July 1998*

[2] ibid

- funding at a uniform rate to meet standard costs; and
- funding at a variable rate to meet the costs of nursing and personal care according to dependency based on rating instrument.

These approaches have had limited success in terms of appropriately rewarding care effort. Pressure to improve the system has emerged from two main sources. The first stems from policies that created differences in the incentive and funding systems applying to nursing homes and hostels.

- Different regulations and accountability (including regulation at the state level) resulted in different cost structures.
- Planning controls, introduced in the early 1980's (with a benchmark of 40 nursing home and 60 hostel places per 1,000 people aged 70 and over) and better targeting of care through Aged Care Assessment Teams (ACATs) increased the average dependency level of nursing home residents and, in turn, hostel residents with a significant level of overlap.
- Residents with similar care needs would attract different government subsidies depending on whether they were being cared for in a nursing home or hostel.
- Nursing homes residents pay a fixed fee for care irrespective of income, while hostel residents could pay a variable of often higher fees, in some cases for less intensive levels of care.
- Hostels have had access to capital through accommodation bonds, while nursing homes relied primarily on limited government grants for capital funding.
- Changes in funding arrangements at state government level affected relative incentives for acute hospitals to provide longer stays for older people. There has been a substantial increase in the Government's support provided to people living in their homes through the Home and Community Care (HACC) program in the past 10 years. Both developments have probably meant people are more dependent when they first move into residential care than was previously the case.
- Residents have preferred to remain in the generally more modern, better designed hostel facilities than move into a nursing home as their dependency level increased.

The second main source of pressure for change has arisen naturally.

- People are increasingly living to an age where they are more likely to develop a dementia.

- Attitudes about caring for their age with respect to where the care is provided, hospitals, nursing homes and hostels, in the community or in people's own residences'.

Prior to 1 October 1997 the funding systems for nursing homes and hostels were significantly different.

Nursing homes were funded on a cost reimbursement system comprising the nursing home benefit (CAM, SAM and OCRE) together with the resident contribution according to the Resident Classification Instrument (RSI) of nursing and personal care dependency across categories one to five. Generally this was considered to reimburse a nursing home for the full cost of care including some provision for depreciation and return on investment.

On the other hand the hostel funding system was a cost contribution system whereby the Commonwealth subsidy (PC high, intermediate, low and hostel care) only contributed to the cost of care. The subsidy contribution together with the resident fee and variable fees charged by many hostels to residents with income above the pension free area, provided the income to cover the cost of care of residents.

Hostel management needed to balance the mix of residents in terms of their dependency levels and capacity to pay variable fees in order to cover the cost of care for all residents.

Many hostels also charged an entry contribution (now known as accommodation bond) to incoming residents. The entry contribution contributed to the capital costs of the hostel and its regeneration. The standard of hostel accommodation was generally superior to that of nursing homes with most hostels having single rooms and many single rooms with ensuites or shared ensuites.

The changes announced in the Aged Care Structural Reform Package and introduced from 1 October 1997 removed the funding distinction between nursing homes and hostels and changed nursing homes from a cost reimbursement approach to one of cost contribution.

Under the cost contribution system the Government does not automatically adjust subsidies in line with movements in award rates of pay for nursing and personal care staff and does not reimburse the OCRE costs.

Whilst adopting the cost contribution model the Government however removed from hostels the capacity to charge variable fees to residents with other income above the pension free area. Instead the Government introduced an income-tested charge to residents in nursing homes and hostels so they contribute to the cost of their care. The Commonwealth Government's care subsidy reduces in accordance with the income-tested charge.

The removal of the capacity to charge variable fees for incoming residents post 1 October has removed a potential $25M of variable fee income to the hostel sector. The Government has adopted the cost contribution model but has shifted the responsibility for meeting automatic cost increases over to providers. Simultaneously the Government controls the income of the residential aged care facility by strictly enforcing the resident fee regime.

For the Government to control the income of residential aged care facilities but expect facilities to meet cost increases without recompense other than through the indexation arrangements has produced a fundamental flaw in the reform process.

This flaw will impact on the quality of care delivered to residents. To meet cost variations beyond a provider's control, the service will have no other option but to cut costs at the care delivery end.

To ensure standards of care are appropriately met by residential aged care services. the Commonwealth Government established the Aged Care Standards and Accreditation Agency to implement an accreditation system.

Accreditation will involve a desk audit and site audit by quality assessment teams comprising a minimum of two appropriately certified quality assessors for the task.

The two person assessment teams will visit every approved service ranging from a one bed approved service to those over 300 beds regardless of wherever geographically in Australia these services are located.

It is intended all 3,000 plus Commonwealth approved services will be subject to the accreditation process prior to 1 January 2001. The deadline for applying for accreditation is 31 March 2000. As there will be a cost for the accreditation process, as yet not determined by the Agency, it must be anticipated that the overwhelming majority of facilities will apply during the 1 January 2000 to 31 March 2000 quarter.

The challenge for the Agency in meeting the legislated timelines and the massive workload in determining whether each approved service will be accredited and if so for a one or three year period cannot be underestimated.

The Agency estimates that from receipt of an application for accreditation to the point at which the service is notified of the accreditation decision it will take up to 25 weeks and 33 weeks to the publication of the accreditation decision.

The coalescence arrangements which sees the subsidy rates for high care residents (RSC one to four) move towards nationally uniformed subsidy rates, clearly ignores the reality of the cost contribution system of funding. It unrealistically assumes the cost of providing care services to high care residents in the above average cost states of New South Wales, Victoria, Tasmania and Northern Territory can be reduced to a national uniform level over a period of seven years.

Meeting the increasing building certification requirements and the cost of accreditation in these states whilst subsidy levels will reduce is an impossible ask for a sector desperate for capital upgrading.

At the same time the process of coalescence denies the very real low basis of funding currently applying in those states receiving funding levels at below the national average.

Queensland and Western Australian nursing homes for example experience difficulty in attracting registered nurses due to the low rates of pay currently available in the sector. The process of coalescence will not afford sufficiently large increases in subsidy levels in order for providers to agree to a reasonable award increase to correct the situation.

Generally the aged care sector has difficulty competing with the public sector when it comes to nurse rates of pay.

***Nursing Home Cost***

According to the *Bentley's Infrastructure Cost Survey 1995/96* Catholic nursing homes incurred an average infrastructure funding deficit of minus $2.06. This was compared to a profit of $3.21 for private for-profit nursing homes, a deficit of voluntary government nursing homes of minus $1.46 and a national average of all homes of minus $1.35.

The principle areas of cost difference where the costs are higher for Catholic nursing homes occur in the following areas:

- cleaning contracts;
- depreciation of plant and equipment;
- fuel light and power;
- insurance (not workers compensation);

- laundry contracts;
- provision for major repairs and maintenance;
- repairs and maintenance buildings;
- repairs and maintenance lawns ground and gardens;
- cleaners/domestic staff;
- kitchen staff; and
- maintenance/gardens staff.

The deficit for Catholic nursing homes is understated by $1.37 per resident per day as the average for Catholic nursing homes for depreciation of buildings included nursing homes that did not account for depreciation. The national average profit for private for-profit nursing homes is overstated by 71 cents whilst the deficit for voluntary and government nursing homes is understated by 62 cents and for all homes by 74 cents.

Rural and remote facilities are generally operated exclusively by the Church and charitable sector, are small and rely on community support and volunteers in order to maintain financial viability.

These facilities are also less likely to account for depreciation in their financial accounts. The 1994 Inter Hostel Financial Comparison Study conducted by Aged Care, Australia [3]uncovered up to one third of responding hostels were not accounting for depreciation.

The key drivers in nursing home costs are as follows:

1. Nursing and personal care costs
2. Food and kitchen staff costs
3. Cleaning costs
4. Repairs and maintenance
5. Fuel light and power
6. Training and education

[3] *Aged Care Australia Inter-Hostel Financial Comparison Survey* - KPMG & Roy Morgan, 1994

There are regional cost differences in most of these costs. It is recommended the Productivity Commission undertake a cost survey to determine the regional cost differences across nursing homes and hostels throughout Australia.

In the same hostel survey the average operating cost per approved hostel resident place was shown to be on average 31 percent higher for remote hostels.[4]

The major higher cost elements for remote hostels were:

| | |
|---|---|
| ➢ care staff wages | +88% |
| ➢ payroll tax | +238% |
| ➢ food expenditure | +19.5% |
| ➢ rates and energy | +21.5% |
| ➢ cleaning and materials | +60% |
| ➢ motor vehicle expenses | +360% |
| ➢ pharmaceuticals | +83% |
| ➢ telephone | +50% |

***Wage and Wage Related Costs***

The commonly espoused 75/25 ratio of wage to non wage costs is a reasonable approximation. However, it is of little value as it is only an approximation and will vary depending on whether an individual approved service is free standing, co located with independent living units, co located with an alternate facility (hostel or nursing home) or co located with an alternate facility and other activities such as independent living units, day therapy centre, hospital.

Whether a facility is metropolitan, city or major provincial centre, or rural or minor provincial centre, or remote will also have a bearing on this. In addition the ownership type such as voluntary (religious or charitable), profit (private ownership), government (state or local), or extra service (exempt) will also have a bearing. Whether the facility is principally nursing home, hostel or dementia specific will also influence the wage and non wage costs ratio.

[4] ibid

Whilst there is scope for the utilisation of equipment such as lifting equipment, these are generally required for occupational health and safety reasons and do not provide a substitution for labour inputs.

Registered nurses and enrolled nurses account for the greatest proportion of total wage costs per employee. Due to the prescribed services requirements and the accreditation standards there is little scope to vary the proportions of different types of employees other than via the dependency level. Under the prescribed services high care residents require ongoing assessment, planning and management of resident care by a registered nurse. The nursing care needs of individual residents must be performed by qualified nursing staff.

In various degrees depending on state regulations, a registered nurse is required to administer medication.

Over award payments are not particularly common in the sector but are necessary to attract staff to more remote areas.

Enterprise agreements are not common nor is there evidence of increase in their adoption. The small size of many facilities is only one element as to why the explanation for this sectors trend. The previous CAM funding model mitigated against their adoption.

Certified agreements may be appropriate for large organisations with many facilities but even in many of these cases the owner organisation operates a decentralised management model.

The current disparities in wage costs across and within jurisdictions is likely to remain whilst there are state awards and whilst there are almost no national provider organisations to implement national enterprise agreements.,

***Non Wage Costs***

The principle non wage costs that vary significantly within and across jurisdictions are:

- food and kitchen staff costs;
- cleaning costs;
- repairs and maintenance,
- fuel light and power;
- training and education.

Providers can look to purchasing efficiencies and elimination of waste in the provision of these non wage costs elements but again some factors will drive extra costs. For example a multicultural facility catering for diverse cultural food requirements will have higher food costs and higher staff costs in achieving a quality service in this environment.

Fuel, light and power costs will also be influenced by climatic considerations. Distance will be a significant factor for training and education.

The new accreditation requirements will increase training and education costs. The extent to which quality processes will lead to the identification of efficiencies which will in turn produce savings in cost is yet to be tested. On the other hand the cost of the accreditation fees and implementing accreditation processes including continuous quality improvement is also as yet unquantified.

Estimates based on experiences in the sector with respect to the Australian Council of Healthcare Services accreditation processes would indicate, that for an average sized facility, an expenditure of $40,000-50,000 to achieve accreditation could be expected.

The need for assistants in nursing (AINs)/personal care workers in the staffing mix places higher costs on orientation and training and the hidden costs of staff attrition.

### *Merits of Alternative Funding Methodologies*

ACHCA is pleased to note the Commission does not intend to limit its assessment of funding methodologies to the existing stated based regime or the proposed national regime.

### *State Based Arrangements*

ACHCA considers stated based arrangements will continue to be one of the fundamental differences driving cost variations because of separate state awards, state legislation and regulations, and climatic differences.

Additionally within each state and the Northern Territory there may be significant regional differences based on distance from a metropolitan or major provincial centre, climate, facility size, average age of building and sparseness of population.

To ensure equitable access to quality residential aged care services the funding system must recognise the fundamental cost differences across and within jurisdictions otherwise there will be a reduction in localised service provision thus denying equitable access to services.

Unless the funding system recognises cost differences there will also be significant variances in the quality of care and building fabric. Quality of care correlates highly with the total available funding to the facility.

If stated based subsidies only reflect cost differences beyond the control of providers, these cost differences could vary from place to place depending on the availability of supply. A very small community may be reliant on only one supplier for food and fuel but the opportunity for competitive purchasing may exist in larger centres.

Whilst it would be desirable for indexation arrangements to take account of cost relativities between and within jurisdictions, this may be difficult to measure accurately. It is however fundamentally important that any indexation measure be a measure of cost movements for the sector rather than a government formula that has no relationship with sector costs.

There is no evidence to suggest a state-based regime tends to lock in quality relativities across jurisdictions. Any existing quality relativities are a product of the evolution of the sector and some state differences eg significant number of private for-profit leasehold nursing homes in Victoria.

The accreditation and certification processes will over time remove these historic anomalies.

The subsidy regime is currently a differentiated subsidy regime and it does take account of some differences between the charitable and private providers particularly with respect to liability for payroll tax where a payroll tax supplement is provided by government.

The tax related cost differences are a reflection of the differing legal and ownership structures between the for-profit and charitable sector provider bodies.

For-profit providers pay taxes, but have better access to borrowing arrangements than the charitable sector because of proprietor equity. For-profit providers also have access to the equity markets and are able to readily convert their assets into alternative investment strategies should aged care not provide the return on investment desired by the proprietor. On the other hand charitable organisations are community-based with restrictions on the distribution of surpluses and dissolution constitution clauses requiring the dispersion of net assets to like bodies with similar object. Surpluses flow back into improved and/or additional services for consumers.

Treating the charitable and for-profit sectors in a similar manner would fundamentally disregard these differences and would seriously hamper the charitable sector provision of services to special needs groups and to rural and remote communities.

The state-based subsidy regime was primarily a reflection of fundamental cost differences and certainly stimulated the provision of localised, small nursing home services in communities across Australia.

Whilst many of these services may have been marginal in their operation they have provided good quality care and good access in their local communities.

The aged care structural reforms have the potential to drive some of these small community-based services out of business thus leading to reduced access.

The structural reforms favour the large organisations with sound management structures and economies of scale in administrative functions and purchasing arrangements.

The former acquittal system may have lead to a level of unnecessary spending on CAM but there is no evidence this resulted in a reduction of quality of care. On the other hand the previous funding system provided no real incentive for capital upgrading and capital improvement.

Access to more flexible labour market arrangements and possible greater reliance on enterprise based wage deals could make it more difficult to link subsidy rates to wage costs in the future. However ACHCA would propose subsidy rates should be linked to a basket of key cost drivers that determine the regional cost differences between the provision of care across geographic Australia.

Such a subsidy regime could initially increase the information requirements necessary to not only determine the base subsidy rates but also the ongoing indexation arrangements.

Once established the information requirements and administrative tasks involved in the process would become routine for the industry and the collecting agency such as Australian Bureau of Statistics.

***Proposed National Subsidies***

Coalescence to national average subsidy rates will have an impact on access to and the quality of residential aged care services in those jurisdictions that will decrease to the national average.

Coalescence will only have a marginal impact on employee wages in nursing homes and hostels. Whilst it may slow employees' access to wage increases, it will be increasingly necessary for nursing homes and hostels to have some parity with the public sector otherwise they will not attract appropriately qualified staff. Coalescence will hasten multiskilling and reduce employment of registered nurses in the sector.

Coalescence is unlikely to have an impact on the market value of bed licenses. Marginal operators and smaller isolated homes will leave the industry and sell their bed licenses to larger and more efficient operators. This will result in fewer but larger nursing homes thus depriving some communities of a localised service. The result will be reduced access for people in those communities and larger more institutional-like services.

The introduction of national uniform subsidies will force efficiencies and savings in administrative costs but will also lead to lower cost and quality of care as well as reduced access.

Providers unable to meet wage and non wage cost increases will reduce the use of qualified staff.

Coalescence simply makes no sense. There is no logical reason why a subsidy arrangement should not reflect regional cost differences of the provision of care and also provide incentives for access and the establishment of services in unprofitable geographic areas.

The Church and charitable sector has been the prime provider of residential aged care particularly in rural and remote Australia as well as in major provincial centres and metropolitan areas.

Any changes that jeopardise the incentives for the charitable sector to continue to be the only provider of essential residential care services in rural and remote Australia would seriously disadvantage residents in those locations.

### *Alternative Funding Arrangements*

In its Issues Paper the Productivity Commission canvasses two possible alternative funding arrangements. The first, in very broad terms, is a subsidy scheme that reimburses a given percentage of costs in addition to specific dollar subsidies. This would result in the dollar value of the subsidy for a particular class of resident varying across and within states and territories according to differences in the cost of provision.

The other alternative funding arrangement canvassed is a dollar or percentage based regime supporting a minimum acceptable quality of care but allowing residents and their families free reign in purchasing higher levels of care.

ACHCA would not support this second arrangement, as it would create a two-tiered care system with the level of care being determined by an individual's capacity to pay.

Even under existing extra services arrangements the nursing and personal care provided is the same as in non extra service places. It is only the additional hotel services and the quality of those services that results in a higher level of payment.

It may be appropriate for those with a capacity to pay to be able to purchase five star accommodation and hotel services. The provision of nursing and personal care should not be predicated on a person's capacity to pay. It should be an entitlement regardless of means.

It is fundamental that the funding system continues to recognise this principle.

The Productivity Commission Issues Paper also canvasses the possibility of paying subsidies to residents rather than directly to providers.

It must be assumed this could only operate in an environment of almost complete deregulation where planning ratios for high care and low care places would be abandoned. Under such a system any person could develop a residential aged care facility. Provided the facility met certification requirements, and the provider met approved provider requirements, the facility could accept Commonwealth subsidised residents.

Such a move would place enormous pressures on Aged Care Assessment Teams as the gatekeeper who determines which frail older people are entitled to a residential aged care subsidy and who is not.

Under an entitlement system the potential for a cost blowout to government would be enormous.

Such a move could lead to lower occupancy rates in many facilities thus raising costs, potentially reducing quality of care and finally closure for marginal operators.

The dislocation and disruption for residents, their families and staff would be enormous and would lead to reduced access as the marketplace would determine the allocation of residential aged care facilities and services.

ACHCA considers the coalescence process should not proceed but be replaced by specific dollar subsidies for particular classes of residents varying across and within states and territories according to differences in the costs of care provision. However it is paramount that existing subsidy levels are not reduced in this process as they already reflect fundamental cost drivers based on existing award costs in the relevant states and territories.

If this process results in an increase in subsidy levels in those states already operating at lower subsidy levels, the Government must commit additional dollars to the care funding pool.

The Government should also add back into the care funding pool the $66M that was taken out for the concessional resident and transitional supplements.

Under this approach, whether based on specific dollar amount or percentage add on, it may also be necessary to have some additional 'special needs' funding to ensure services are affordable in very high cost locations.

The Issues Paper also asks whether the continuation of separate funding for residential care from other forms of aged care is appropriate. ACHCA considers there is a need for a difference in funding to recognise the differences in service types however there should be common elements where the care provided also has common elements.

Each service provider must perform appraisal of the care needs of the resident or consumer coming into the service however there should be a number of common assessment elements where again the care to be provided has common elements.

The integration of support for residential and community based care will occur when there is compatibility between assessment and appraisal methods, funding approaches and the ease with which a person moves from one type of care to another in a co-ordinated way.

The separation between the Commonwealth, state and territory jurisdictions over the provision of residential and community-based care and acute care with the various demarcation aspects and duplication and overlap matters are issues for resolution. An integrated approach that is as seamless as possible should be the goal.

ACHCA considers it appropriate for just one level of government to take primary responsibility for these integrated and co-ordinated service areas. This should be the Commonwealth as it has responsibility for income security and income taxing.

The only way to ensure equality of access and equality of the delivery of quality care is to have one government, the Commonwealth responsible for funding, access and quality.

ACHCA considers alternate funding arrangements should be introduced from 1 July 1999 as long as the alternate funding arrangement does not include a reduction in current subsidy levels. Any proposed reduction in subsidy levels would have to be phased in over a period of time, but as already pointed out, this would be a form of coalescence and therefore not in the interests of the achievement of accreditation and improvement in the provision of quality aged care.

In the absence of appropriate capital funding across the whole sector, care subsidies need to incorporate an adequate depreciation and debt servicing component.

The proposed alternative funding arrangements should include a level of accountability. Providers must demonstrate that subsidies are being spent in accordance with government requirements.

Such accountability should not require a reversion to the previous validation practices performed by government.

ACHCA commends the Productivity Commission on the breadth of its inquiry and welcomes this opportunity to make a submission and to subsequently appear before the public hearings.

Bentleys

Chartered Accountants

BENTLEYS CHARTERED ACCOUNTANTS
1995/96 National Aged Care Survey
INFRASTRUCTURE COST SURVEY RESULTS

| DETAILS (Income and costs are in dollars per resident per day) | *NAT AVERAGE-PRIVATE* | | | *NAT AVERAGE-VOL GOVT* | | | *NAT AVERAGE-ALL HOMES* | | |
|---|---|---|---|---|---|---|---|---|---|
| | *AVG1* | *COUNT* | *AVG2* | *AVG1* | *COUNT* | *AVG2* | *AVG1* | *COUNT* | *AVG2* |
| Occupancy Rate | 99% | 13 | 99% | 99% | 77 | 99% | 99% | 91 | 99% |
| OPERATING INCOME | | | | | | | | | |
| SAM @ £37 p.s.p.d | 37.22 | 13 | 37.22 | 37.22 | 77 | 37.22 | 37.22 | 91 | 37.22 |
| Other Minor Infrastructure Subsidies | 0.56 | 10 | 0.43 | 0.50 | 37 | 0.24 | 0.52 | 47 | 0.26 |
| Other Minor Items | 0.41 | 7 | 0.22 | 0.35 | 48 | 0.21 | 0.35 | 56 | 0.22 |
| TOTAL OPERATING INCOME | | | 37.87 | | | 37.67 | | | 37.70 |
| OPERATING COSTS | | | | | | | | | |
| Admin Sundries | 0.40 | 13 | 0.40 | 0.40 | 76 | 0.39 | 0.40 | 90 | 0.39 |
| Accounting | 0.28 | 9 | 0.20 | 0.55 | 17 | 0.12 | 0.44 | 27 | 0.13 |
| Audit | 0.08 | 3 | 0.02 | 0.14 | 46 | 0.08 | 0.14 | 50 | 0.07 |
| Chemist Supplies | 0.71 | 12 | 0.65 | 0.75 | 76 | 0.74 | 0.74 | 89 | 0.72 |
| Cleaning Contracts | 0.25 | 9 | 0.17 | 0.62 | 54 | 0.43 | 0.56 | 64 | 0.39 |
| Cleaning Materials. | 0.44 | 13 | 0.44 | 0.37 | 0 | 0.36 | 0.39 | 88 | 0.38 |
| Conference & Education | 0.14 | 10 | 0.11 | 0.24 | 74 | 0.23 | 0.22 | 85 | 0.21 |
| Craft & Activity Supplies | 0.11 | 6 | 0.05 | 0.10 | 51 | 0.06 | 0.10 | 58 | 0.06 |
| Dep'n of Plant, Equipment | 0.99 | 11 | 0.84 | 1.72 | 70 | 1.56 | 1.62 | 82 | 1.46 |
| Food Contracts | 4.10 | 1 | 0.31 | 5.93 | 11 | 0.83 | 5.78 | 12 | 0.75 |
| Food Costs | 3.87 | 12 | 3.57 | 4.10 | 66 | 3.59 | 4.11 | 79 | 3.63 |
| Fuel, Light-Power | 1.44 | 13 | 1.44 | 1.85 | 77 | 1.85 | 1.79 | 91 | 1.79 |
| Incontinence Aids Kylies | 0 30 | 11 | 0.25 | 0.78 | 52 | 0.52 | 0.70 | 64 | 0.49 |
| Infrastructure Staff on-costs | 0.93 | 9 | 0.64 | 0.99 | 53 | 0.67 | 0.98 | 62 | 0.66 |
| Insurance (not Workers' Comp) | 0.44 | 13 | 0.44 | 0.36 | 74 | 0.34 | 0.38 | 88 | 0.36 |
| Laundry Contracts. | 1.16 | 5 | 0.44 | 2.20 | 48 | 1.37 | 2.09 | 54 | 1.24 |
| Laundry Materials | 0.61 | 8 | 0.38 | 0.25 | 63 | 0.20 | 0.29 | 71 | 0.23 |
| Management Charges | | | | | | | | | |
| - Consultants | 0.48 | 8 | 0.29 | 0.36 | 30 | 0.14 | 0.39 | 38 | 0.16 |
| - Head Office | 3.97 | 5 | 1.52 | 3.76 | 48 | 2.34 | 3.78 | 53 | 2.20 |
| - Service Bureau- | 0.38 | 1 | 0.02 | 0.40 | 15 | 0.07 | 0.40 | 16 | 0.07 |
| Paper Products | 0.25 | 9 | 0.17 | 0.25 | 50 | 0.16 | 0.25 | 59 | 0.16 |
| Provision for major R M | 0.91 | 2 | 0.14 | 1.24 | 13 | 0.20 | 1.19 | 15 | 0.19 |
| Rates – Taxes | 0.61 | 13 | 0.61 | 0.43 | 74 | 0.41 | 0.46 | 87 | 0.44 |
| R M – Buildings | 0.49 | 10 | 0.38 | 0.86 | 65 | 0.72 | 0.82 | 76 | 0.69 |
| - Plant Equipment | 0.70 | 12 | 0.64 | 0.85 | 71 | 0.78 | 0.83 | 83 | 0.75 |
| - Furniture – Fittings | 0.26 | 4 | 0.08 | 0.30 | 61 | 0.24 | 0.30 | 65 | 0.21 |
| - Lawns, Grounds and Gardens | 0.07 | 11 | 0.06 | 0.22 | 69 | 0.20 | 0.20 | 80 | 0.18 |
| Replacements | 0.51 | 11 | 0.43 | 0.44 | 75 | 0.43 | 0.44 | 87 | 0.43 |
| Superannuation | 0.73 | 13 | 0.73 | 0.96 | 71 | 0.88 | 0.92 | 85 | 0.86 |
| Telephone, Postage, Stationery | 0.47 | 13 | 0.47 | 0.50 | 76 | 0.49 | 0.49 | 90 | 0.49 |
| Travel, Vehicles, Entertainment | 0.47 | 13 | 0.47 | 0.50 | 76 | 0.49 | 0.49 | 90 | 0.49 |
| Wage Costs | | | | | | | | | |
| - Cleaners/Domestic | 3.78 | 11 | 3.20 | 6.14 | 46 | 3.66 | 5.77 | 58 | 3.67 |
| - Laundry Staff | 2.76 | 10 | 2.12 | 2.79 | 38 | 1.37 | 2.78 | 48 | 1.47 |
| - Kitchen Staff | 6.15 | 10 | 4.73 | 6.10 | 44 | 3.49 | 6.11 | 55 | 3.69 |
| - Clerical/Admin Staff | 2.23 | 8 | 1.37 | 3.11 | 49 | 1.98 | 2.98 | 58 | 1.90 |
| - Maintenance/Gardens | 1.08 | 9 | 0.74 | 1.30 | 48 | 0.81 | 1.28 | 58 | 0.81 |
| - Other Staff | 4.16 | 4 | 1.28 | 8.71 | 45 | 5.09 | 8.33 | 49 | 4.49 |
| Unallocated Items | 0.45 | 9 | 0.31 | 1.01 | 59 | 0.77 | 0.94 | 68 | 0.70 |
| SUBTOTAL OPERATING COSTS | | | 30.11 | | | 37.57 | | | 37.01 |
| SURPLUS (DEFICIT)M Before other costs | | | 7.76 | | | 0.10 | | | 0.69 |
| OTHER COSTS | | | | | | | | | |
| Depreciation of Buildings | 0.92 | 3 | 0.21 | 1.99 | 53 | 1.37 | 1.98 | 57 | 1.24 |
| Interest | 2.67 | 7 | 1.44 | 1 83 | 6 | 0.14 | 2.26 | 14 | 0.34 |
| Rent | 9.43 | 4 | 2.90 | 0.72 | 6 | 0.05 | 4.20 | 10 | 0.46 |
| SUBTOTAL ~ COSTS | | | 4.55 | | | 1.56 | | | 2.04 |
| TOTAL COSTS | | | 34.66 | | | 39.13 | | | 39.05 |
| SURPLUS/(DEFICIT) (PRPD) | | | 3.21 | | | -1.46 | | | -1.35 |

Note: Average 1 is the average of count, i.e. the average for those homes that had any posting to that item
Average 2 is the average of the total population (given for surplus / (deficit) calculations.

Bentleys

Chartered Accountants

BENTLEYS CHARTERED ACCOUNTANTS
1995/96 National Aged Care Survey
INFRASTRUCTURE COST SURVEY RESULTS

| DETAILS (Income and costs | *CATHOUC NURSING HOMES* | | |
|---|---|---|---|
| are in dollars per resident per day) | AVG1 | COUNT | AVG2 |
| Occupancy Rate | 99% | 15 | 99% |
| OPERATING INCOME | | | |
| SAM @ $37.22 p.r.p.d | 37.22 | 15 | 37.22 |
| Other Minor Infrastructure Subsidies | 0.44 | 7 | 0.20 |
| Other Minor Items | 0.47 | 10 | 0.31 |
| TOTAL OPERATING 1NCOME | | | 37.73 |
| OPERATING COSTS | | | |
| Admin Sundries | 0.33 | 15 | 0.33 |
| Accounting | 0.27 | 3 | 0.05 |
| Audit | 0.19 | 12 | 0.15 |
| Chemist Supplies | 0.79 | 15 | 0.79 |
| Cleaning Contracts | 1.10 | 12 | 0.88 |
| Cleaning Materials | 0.47 | 13 | 0.40 |
| Conference and Education | 0.26 | 15 | 0.26 |
| Craft and Activity Supplies | 0.16 | 9 | 0.09 |
| Dep'n of Plant , Equipment | 1.93 | 13 | 1.67 |
| Food Contracts | 5.31 | 2 | 0.70 |
| Food costs | 4.10 | 13 | 3.58 |
| Fuel, Light – Power | 1.93 | 15 | 1.93 |
| Incontinence Aids Kylies | 0.87 | 9 | 0.52 |
| Infrastructure Staff on-costs | 0.50 | 12 | 0.40 |
| Insurance (Not Workers' Comp) | 0.46 | 15 | 0.46 |
| Laundry Contracts | 2.68 | 12 | 2.14 |
| Laundry Materials | 0.24 | 9 | 0.14 |
| Management Charges | | | |
| - Consultants | 0.29 | 9 | 0.17 |
| - Head Office | 2.93 | 8 | 1.56 |
| - Service Bureau | 0.74 | 4 | 0.19 |
| Paper Products | 0.27 | 10 | 0.18 |
| Provision for major R M | 2.99 | 2 | 0.38 |
| Rates – Taxes | 0.47 | 15 | 0.47 |
| R M - Buildings | 1.36 | 9 | 0.81 |
| - Plant Equipment | 0.99 | 11 | 0.73 |
| - Furniture - Fittings | 0.59 | 10 | 0.39 |
| - Lawns, Grounds and Gardens- | 0.13 | 12 | 0.10 |
| Replacements | 0.37 | 14 | 0.34 |
| Superannuation | 0.90 | 14 | 0.84 |
| Telephone, Postage, Stationery | 0.49 | 15 | 0.49 |
| Travel, Vehicles, Entertainment | 0.49 | 15 | 0.49 |
| Wages Costs | | | |
| - Cleaners/Domestic | 6.48 | 13 | 5.61 |
| - Laundry Staff | 2.63 | 8 | 1.40 |
| - Kitchen Staff | 6.08 | 11 | 4.46 |
| - Clerical/Admin Staff | 2.43 | 12 | 1.94 |
| - Maintenance/Gardens | 1.26 | 13 | 1.09 |
| - Other Staff | 2.88 | 6 | 1.15 |
| Unallocated Items | 0.55 | 11 | 0.40 |
| SUBTOTAL OPERATINGCOSTS | | | 37.68 |
| SURPLUS / (DEFICIT) | | | 0.05 |
| Before other costs OTHER COSTS | | | |
| Depreciation of Buildings | 2.93 | 8 | 1.56 |
| Interest | 2.79 | 3 | 0.55 |
| Rent | 0.00 | 0 | 0.00 |
| SUBTOTAL OTHER COSTS | | | 2.11 |
| TOTAL COSTS | | | 39.79 |
| SURPLUS / (DEFICIT) (PRPD) | | | -2.06 |

Note : Average 1 is the average of count, i.e. the average for those homes that had any posting to that item
Average 2 is the average of the total population (given for surplus / (deficit) calculations.

| | | STATE | | | | | | CLASSIFICATION: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL | NSW/ ACT | VIC | QLD | WA | SA/NT | TAS | CAP- ITAL CITY | OTHER MAJOR URBAN | RURAL MAJOR | RURAL OTHER | REMOTE |
| INTERVIEWS | 665 | 181 | 160 | 140 | 94 | 65 | 25 | 334 | 53 | 103 | 156 | 19 |
| ROW % | 100.0% | 27.2% | 24.1% | 21.1% | 14.1% | 9.8% | 3.8% | 50.2% | 8.0% | 15.5% | 23.5% | 2.9% |
| - | | | | | | | | | | | | |
| AVERAGE OPERATING COST PER APPROVED RESIDENT PLACE | | | | | | | | | | | | |
| AVERAGE COST | $35.96 | $32.70 | $41.46 | $33.65 | $34.58 | $38.03 | $36.80 | $36.33 | $34.33 | $35.09 | $34.95 | $47.01 |
| **A.** STAFF EXPENDITURE | $24.13 | $20.71 | $28.29 | $23.04 | $22.81 | $26.67 | $26.42 | $23.77 | $22.83 | $24.73 | $23.72 | $34.57 |
| -CARE STAFF WAGES | $14.59 | $12.81 | $16.97 | $13.08 | $14.36 | $17.23 | $14.54 | $13.50 | $13.18 | $15.05 | $15.56 | $27.42 |
| -NON-CARE STAFF WAGES | $7.32 | $6.12 | $7.99 | $8.41 | $6.48 | $6.74 | $9.93 | $7.98 | $7.62 | $7.38 | $6.12 | $4.49 |
| -AGENCY STAFF | $.03 | $.03 | $.05 | $.01 | $.09 | $.00 | $.00 | $.05 | $.02 | $.01 | $.01 | $.09 |
| -PAYROLL TAX | $.21 | $.15 | $.28 | $.22 | $.27 | $.18 | $.00 | $.02 | $.19 | $.37 | $.46 | $.71 |
| -STAFF RECRUITMENT | $.00 | $.00 | $.01 | $.00 | $.02 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.12 |
| -SUPERANNUATION | $.72 | $.61 | $.85 | $.67 | $.68 | $.82 | $.87 | $.75 | $.73 | $.74 | $.62 | $1.00 |
| -TRAINING | $.08 | $.07 | $.09 | $.09 | $.06 | $.09 | $.06 | $.07 | $.07 | $.10 | $.09 | $.03 |
| -UNIFORMS | $.01 | $.00 | $.01 | $.00 | $.00 | $.00 | $.05 | $.01 | $.01 | $.01 | $.00 | $.00 |
| -WORKERS COMPENSATION | $.53 | $.34 | $.87 | $.24 | $.47 | $.79 | $.72 | $.59 | $.44 | $.48 | $.45 | $.54 |
| -OTHER | $.13 | $.13 | $.26 | $.05 | $.12 | $.08 | $.02 | $.10 | $.06 | $.15 | $.22 | $.03 |
| **B.** PROPERTY AND MAINTENANCE EXPENDITURE | $1.90 | $2.18 | $2.01 | $1.82 | $1.57 | $1.61 | $1.63 | $1.98 | $1.78 | $1.74 | $1.90 | $1.60 |
| -REPAIRS AND MAINTENANCE - BUILDINGS | $.54 | $.53 | $.53 | $.57 | $.51 | $.62 | $.48 | $.58 | $.56 | $.37 | $.55 | $.69 |

*MEAN  BASED ON THOSE WITH ANSWERS TO FINANCIAL SECTION AND QUESTION 6

| | | STATE | | | | | | CLASSIFICATION: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL | NSW/ ACT | VIC | QLD | WA | SA/NT | TAS | CAP-ITAL CITY | OTHER MAJOR URBAN | RURAL MAJOR | RURAL OTHER | REMOTE |
| INTERVIEWS | 665 | 181 | 160 | 140 | 94 | 65 | 25 | 334 | 53 | 103 | 156 | 19 |
| ROW % | 100.0% | 27.2% | 24.1% | 21.1% | 14.1% | 9.8% | 3.8% | 50.2% | 8.0% | 15.5% | 23.5% | 2.9% |
| AVERAGE OPERATING COST PER APPROVED RESIDENT PLACE | | | | | | | | | | | | |
| -REPAIRS AND MAINTENANCE - PLANT | $.23 | $.17 | $.24 | $.24 | $.16 | $.39 | $.27 | $.24 | $.23 | $.20 | $.20 | $.25 |
| -REPAIRS AND MAINTENANCE - EQUIPMENT | $.20 | $.22 | $.17 | $.17 | $.13 | s.34 | $.20 | $.23 | $.25 | $.13 | $.15 | $.14 |
| -TOTAL REPAIRS AND - MAINTENANCE | $1.23 | $1.14 | $1.41 | $1.21 | $.94 | $1.60 | $1.05 | $1.32 | $1.18 | $1.08 | $1.15 | $1.40 |
| -REPLACEMENT - LINEN AND BEDDING | $.05 | $.06 | $.04 | $.06 | $.07 | $.03 | $.06 | $.05 | $.07 | $.05 | $.05 | $.08 |
| -REPLACEMENT OF PLANT, EQUIPMENT AND FURNISHING | $.23 | $.30 | $.23 | $.19 | $.21 | $.14 | $.25 | $.21 | $.30 | $.24 | $.23 | $.24 |
| -TOTAL REPLACEMENT | $.33 | $.38 | $.32 | $.30 | $.33 | $.23 | $.39 | $.30 | $.44 | $.34 | $.32 | $.56 |
| -GROUNDS AND GARDENING | $.16 | $.21 | $.13 | $.09 | $.29 | $.08 | $.09 | $.15 | $.10 | $.11 | $.24 | $.10 |
| -INSURANCES | $.28 | $.29 | $.27 | $.26 | $.29 | $.32 | $.24 | $.24 | $.24 | $.26 | $.38 | $.31 |
| -HIRE OF EQUIPMENT | $.00 | $.00 | $.00 | $.00 | $.01 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 |
| -LOSS OR GAIN ON SALE | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.00 | $.01 | $.00 | $.00 |
| -MOVEMENT IN THE PROVISION FOR FUTURE R & M | $.17 | $.26 | $.17 | $.18 | $.06 | $.06 | $.15 | $.23 | $.25 | $.10 | $.08 | $.06 |
| -RENT | $.08 | $.15 | $.10 | $.05 | $.00 | $.00 | $.12 | $.06 | $.02 | $.03 | $.18 | $.00 |
| - SECURITY | $.03 | $.03 | $.04 | $.03 | $.02 | $.01 | $.01 | $.04 | $.01 | $.02 | $.01 | $.01 |
| **C.** FOOD EXPENDITURE | $4.41 | $4.50 | $4.62 | $4.03 | $4.78 | $4.27 | $3.64 | $4.44 | $4.36 | $4.01 | $4.52 | $5.27 |

*MEAN BASED ON THOSE WITH ANSWERS TO FINANCIAL SECTION AND QUESTION 6

| | | STATE | | | | | | CLASSIFICATION: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL | NSW/ ACT | VIC | QLD | WA | SA/NT | TAS | CAP- ITAL CITY | OTHER MAJOR URBAN | RURAL MAJOR | RURAL OTHER | REMOTE |
| INTERVIEWS | 665 | 181 | 160 | 140 | 94 | 65 | 25 | 334 | 53 | 103 | 156 | 19 |
| ROW % | 100.0% | 27.2% | 24.1% | 21.1% | 14.1% | 9.8% | 3.8% | 50.2% | 8.0% | 15.5% | 23.5% | 2.9% |
| AVERAGE OPERATING COST PER APPROVED RESIDENT PLACE | | | | | | | | | | | | |
| -FOOD | $3.05 | $2.93 | $3.18 | $3.26 | $2.93 | $3.05 | $2.31 | $3.15 | $2.62 | $2.79 | $3.04 | $3.87 |
| -CATERING | $1.31 | $1.53 | $1.33 | $.77 | $1.83 | $1.14 | $1.32 | $1.24 | $1.72 | $1.21 | $1.39 | $1.38 |
| **D.** RATES AND ENERGY EXPENDITURE | $2.00 | $2.01 | $2.20 | $1.67 | $2.07 | $1.98 | $2.26 | $2.03 | $1.82 | $1.83 | $2.06 | $2.43 |
| - COUNCIL RATES/GARBAGE | $.21 | $.16 | $.12 | $.43 | $.08 | $.25 | $.24 | $.21 | $.37 | $.20 | $.17 | $.20 |
| - POWER | $1.53 | $1.61 | $1.78 | $1.07 | $1.59 | $1.45 | $1.89 | $1.53 | $1.27 | $1.43 | $1.64 | $1.83 |
| - WATER | $.17 | $.15 | $.20 | $.10 | $.30 | $.14 | $.04 | $.19 | $.11 | $.12 | $.15 | $.32 |
| **E.** OTHER EXPENDITURE | $3.05 | $3.24 | $3.52 | $2.49 | $2.78 | $3.32 | $2.22 | $3.50 | $3.04 | $2.50 | $2.45 | $3.00 |
| - ACTIVITY THERAPY SUPPLIES | $.05 | $.04 | $.05 | $.07 | $.04 | $.03 | $.05 | $.06 | $.04 | $.05 | $.03 | $.04 |
| - ADVERTISING | $.03 | $.03 | $.03 | $.02 | $.02 | $.03 | $.01 | $.02 | $.01 | $.02 | $.04 | $.03 |
| - AUDIT AND ACCOUNTANCY | $.15 | $.14 | $.19 | $.16 | $.08 | $.15 | $.16 | $.16 | $.10 | $.11 | $.18 | $.10 |
| - BANK CHARGES | $.02 | $.01 | $.02 | $.01 | $.02 | $.02 | $.01 | $.01 | $.01 | $.01 | $.02 | $.02 |
| - CLEANING MATERIALS | $.40 | $.39 | $.47 | $.40 | $.37 | $.34 | $.33 | $.39 | $.39 | $.41 | $.39 | $.64 |
| - CONTRACT CLEANING | $.16 | $.18 | $.18 | $.16 | $.13 | $.11 | $.08 | $.22 | $.10 | $.09 | $.09 | $.05 |
| - LAUNDRY SERVICE | $.34 | $. 33 | $.45 | $.27 | $.32 | $.34 | $.28 | $.32 | $.44, | $.38 | $.31 | $.44 |
| - INTEREST | $.10 | $.11 | $.12 | $.15 | $.03 | $.06 | $.01 | $.09 | $.36 | $.10 | $.05 | $.00 |
| - LEGAL CHARGES | $.02 | $.01 | $.07 | $.01 | $.01 | $.00 | $.00 | s.01 | $.01 | $.01 | $.06 | $.00 |

*MEAN BASED ON THOSE WITH ANSWERS TO FINANCIAL SECTION AND QUESTION 6

| | | STATE | | | | | | CLASSIFICATION: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | TOTAL | NSW/ ACT | VIC | QLD | WA | SA/NT | TAS | CAP-ITAL CITY | OTHER MAJOR URBAN | RURAL MAJOR | RURAL OTHER | REMOTE |
| INTERVIEWS | 665 | 181 | 160 | 140 | 94 | 65 | 25 | 334 | 53 | 103 | 156 | 19 |
| ROW % | 100.0% | 27.2% | 24.1% | 21.1% | 14.1% | 9.8% | 3.8% | 50.2% | 8.0% | 15.5% | 23.5% | 2.9% |
| AVERAGE OPERATING COST PER APPROVED RESIDENT PLACE | | | | | | | | | | | | |
| - LICENSE AND REGO FEES | $.01 | $.01 | $.02 | $.01 | $.01 | $.01 | $.02 | $.01 | $.01 | $.01 | $.02 | $.02 |
| - MOTOR VEHICLE EXPENSES | $.10 | $.09 | $.09 | $.11 | $.11 | $.14 | $.11 | $.10 | $.10 | $.10 | $.07 | $.46 |
| - PHARMACEUTICALS | $.12 | $.10 | $.14 | $.11 | $.08 | $.22 | $.14 | $.12 | $.11 | $.14 | $.11 | $.22 |
| - POSTAGE/FREIGHT/ COURIER | $.04 | $.03 | $.03 | $.03 | $.06 | $.03 | $.04 | $.03 | $.04 | $.04 | $.04 | $.05 |
| - PRINTING/ STATIONERY | $.11 | $.10 | $.12 | $.11 | $.11 | $.10 | $.15 | $.10 | $.11 | $.12 | $.12 | $.11 |
| - CHARGE FOR CENTRAL ADMIN | $.99 | $1.12 | $1.11 | $.64 | $.93 | $1.36 | $.50 | $1.49 | $.90 | $.58 | $.31 | $.22 |
| - SUBSCRIPTIONS | $.08 | $.10 | $.06 | $.07 | $.10 | $.04 | $.06 | $.08 | $.08 | $.06 | $.08 | $.04 |
| - TELEPHONE | $.24 | $.24 | $.24 | $.23 | s.27 | $.21 | $.22 | $.23 | $.23 | $.22 | $.25 | $.36 |
| - TRAVEL/ ACCOMMODATION | $.05 | $.04 | $.07 | $.04 | $.06 | $.03 | $.06 | $.05 | $.04 | $.04 | $.05 | $.18 |
| PERCENTAGE OCCUPANCY | 85.50 | 85.61 | 85.69 | 89.29 | 81.83 | 81.08 | 87.34 | 83.59 | 87.58 | 89.63 | 85.67 | 89.67 |

* MEAN BASED ON THOSE WITH ANSWERS TO FINANCIAL SECTION AND QUESTION 6