

To the Productivity Commission:

I wish to bring to your attention the inequity that occurs for those residents who enter high care and are obliged to pay an accommodation charge. Assuming that the asset is earning income, some residents would earn enough from this asset to cover the accommodation charge, while others would be required to use this asset, their capital, to cover this charge. The inequity occurs for those residents whose assets fall between \$70,000 and \$150,000.

I am giving examples to demonstrate this:

Notional Interest rate 7.5%

Asset	50,000	Interest earned per day	\$10.27	Accommodation
Charge	\$5.29	Difference	\$4.98	
Asset	70,000	Interest earned per day	\$14.38	Accommodation
Charge	\$14.90	Difference	-\$0.52	
Asset	100,000	Interest earned per day	\$20.55	Accommodation
Charge	\$29.33	Difference	-\$8.78	
Asset	120,000	Interest earned per day	\$24.66	Accommodation
Charge	\$30.55	Difference	-\$5.89	
Asset	150,000	Interest earned per day	\$30.82	Accommodation
Charge	\$30.55	Difference	\$0.27	

Based on this comparison those that have assets less than \$70,000 or greater than \$150,000 are not required to use this asset to pay for their care, while those whose assets fall within this bracket would be required to do so.

I support the proposal to provide a range of options for all residents to contribute to the costs of their care.

Kind Regards

Barbara Lott
Finance Manager

Sawtell Catholic Care of the Aged