

NURSING HOME SUBSIDY ENQUIRY

METHODOLOGY:

It has been our intention to present accurate and unbiased figures from which it is hoped that, with suitable input and discussion, satisfactory outcomes and decisions may be achieved.

To this end are enclosed:

1. A copy of the Umina Park Annual report and financial statements at 30.1, June 1998. These have been audited by external professional auditors (P.B.S. Partners - previously Messrs Price Waterhouse) and can, we believe, be relied upon for accuracy and completeness. The audit report is, unqualified.

2. A copy of consolidated management accounts reconciling to the audited statements.

All inter departmental management charges have been eliminated - these are at best estimates - and accurate raw figures only are supplied.

The variety and inter dependence of our operation makes the allocation of service departments to operating cost centres a very 'ad hoc' and near impossible task.

POPULATION:

Population of Umina Park is made up as under:-

(a) HIGH AND LOW CARE

1. COURT AND GRANGE - High care nursing - Commonwealth Government funded	
Permanent Residents	70
Respite Residents	4
	<u>74</u>
2. LODGE - Low Care nursing - Commonwealth Government funded	
Permanent Residents	43
Respite Residents	1
	<u>44</u>
3. HOLLYBANK	
Permanent residents receiving Commonwealth Government funding, (7 High Care: 3 Low Care)	10
Permanent residents receiving no Government Funding (residents pay 87.5% of pension only)	22
Respite residents receiving State Government Funding (\$96 per day)	<u>3</u>
	<u>35</u>
GRAND TOTAL	<u>153</u>

(b) OTHER OPERATIONAL ACTIVITIES

1. Day Centre: Accounts for a population of about 10 persons each week day
2. Student Accommodation: Accommodation is made available to 13 students (ex nearly schools and university). Students pay \$110 per week - applies only to school and uni terms.
3. Cottage Accommodation: 25 elderly persons live in these rental and "owner donor" cottages.

SALIENT FEATURES:

Whilst it would be presumptuous to suggest that we run a perfectly efficient unit, we have received commendation and were rated highly in a recent Standards Monitoring review. The comment was made that we had "a home to be proud of".

At the financial audit no deficiencies were found and the comment was made that the accounting and management structure was "simple and streamlined".

Review of Annual Accounts reflects however:-

- a) On a turnover of 5.2 million dollars net surplus is **\$67,000** (1.27%)
- b) Return on capital employed is .78% - hardly acceptable in the commercial world.
- c) Depreciation on buildings is at a rate of 1 % - expected to last for 100 years - and whilst this is quite feasible (the building stock has recently been upgraded) the charge is probably inadequate given that 2:1 capital grants from Government are no longer available.

1 % depreciation represents \$90, 100 per annum	
∴ Surplus	\$67244
Less: Suggested additional 2%	
Depreciation on Buildings	<u>\$180200</u>
DEFICIT!!	<u>\$112956</u>

COMMENT:

Given the above information and attachments you will appreciate that the introduction of coalescence - in its final form a reduction of some \$200,000 per annum to us -would impact drastically on our operation and involve a major overhaul of our Modus Operandi. It would force us to radically reduce our staffing levels which must adversely reflect on nursing care (very labour intensive) and all other standards.

UMINA PARK :CONSOLIDATED MANAGEMENT ACCOUNTS 1998/99 - SUMMARY

	COURT & GRANGE	DAY CENTRE	LODGE	HOLLY/ BANK	STUDENTS	COTTAGE	ADMIN	CATERING	DOMESTIC	LAUNDRY	MAINT	TOTAL	%
TOTAL INCOME	3,319,463	200,990	922,893	559,447	71,394	77,700	105,107	22,303				5,279,297	100.00%
TOTAL EXPENSES	2,460,491	184,333	486,215	353,911	20,527	32,479	331,630	810,682	312,911	119,971	98,903	5,212,053	98.73%
SURPLUS/(DEFICIT)	858,972	16,657	436,678	205,536	50,867	45,221	-226,523	-788,379	-312,911	-119,971	-98,903	67,244	1.27%

CONTRIBUTION AS %
OF TOTAL INCOME

16.27%	0.32%	8.27%	3.89%	0.96%	0.85%	-4.29%	-14.93%	-5.93%	-2.27%	-1.87%	1.27%
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SURPLUS AS A RETURN ON CAPITAL EMPLOYED (\$8,575,932) 0.78%

UMINA PARK: CONSOLIDATED MANAGEMENT ACCOUNTS 1998/99 - INCOME

	COURT & GRANGE	DAY CENTRE	LODGE	HOLLY/ BANK	STUDENTS	COTTAGES	ADMIN	CATERING	DOMESTIC	LAUNDRY	MAINT	TOTAL	%
Govt. Subsidy	2,687,481	193,223	459,967	283,204								3,623,875	68.64%
Residents' Fees	624,371		381,367	273,956								1,279,694	24.24%
Residents'													
Families Meals								11,419				11,419	0.22%
Staff Meals								10,884				10,884	0.21%
Amortisation			81,559			25,033						106,592	2.02%
Maintenance Levy						12,586						12,586	0.24%
Rental					71,394	40,081						111,475	2.11%
Deet							36,330					36,330	0.69%
Donations							43,325					43,325	0.82%
Interest							8,036					8,036	0.15%
Sundry Income	7,611	7,767		2,287			9,916					27,581	0.52%
M/ment Fees - Dem Care							7,500					7,500	0.14%
Total Income	3,319,463	200,990	922,893	559,447	71,394	77,700	105,107	22,303				5,279,297	100%

UMINA PARK: CONSOLIDATED MANAGEMENT ACCOUNTS 1998/99 - EXPENSES

	COURT & GRANGE	DAY CENTRE	LODGE	HOLLY/ BANK	STUDENTS	COTTAGES	ADMIN	CATERING	DOMESTIC	LAUNDRY	MAINT	TOTAL	%
Salaries:													
Nursing	1,946,737	115,703	367,821	268,322								2,698,583	51.12%
Transport		25,882										25,882	0.49%
Admin							229,452					229,452	4.35%
Catering								494,000				494,000	9.36%
Domestic									262,093			262,093	4.96%
Laundry										80,934		80,934	1.53%
Maint											81,552	81,552	1.54%
Superannuation	120,646	6,854	15,193	16,066			13,184	27,512	15,753	4,856	4,507	224,571	4.25%
Insurance/W.Comp	105,001	7,501	14,500	15,504			11,496	25,500	18,504		4,704	202,710	3.84%
SUB TOTAL	2,172,384	155,940	397,514	299,892			254,132	547,012	296,350	85,790	90,763	4,299,777	81.44%
Laundry Contract										407		407	0.01%
Catering-Food & Bev D/Centre		8,327										8,327	0.16%
Physiotherapist	20,944											20,944	0.40%
Staff Training	12,213	2,340	1,967	1,996			2,643	996				22,155	0.42%
Staff Medicals	2,272											2,272	0.04%
Uniform	10,828	727	1,942	2,172				6,020		2,288	881	24,858	0.47%
Insurance-Other							20,779					20,779	0.39%
Advertising							182					182	0.00%
Audit Fees		1,460					10,538					11,998	0.23%
Bank Charges							492					492	0.01%
Computer Costs							1,749					1,749	0.03%
Consultant Fee							2,612					2,612	0.05%
Depreciation	66,593	3,996	27,584	14,430	2,911	13,625	2,836	9,655		6,672		148,302	2.81%
Fire Protection	5,343		2,042	917								8,302	0.16%
Garden Supplies											1,098	1,098	0.02%
Gas										8,054		8,054	0.15%
Heating & Lighting	58,153	3,606	33,187	25,931	8,288		3,260					132,425	2.51%
Interest Payable							3					3	0.00%
Legal Expenses							816					816	0.02%
Bad Debts Provision					2,000							2,000	0.04%
Cleaning Supplies									14,243	8,370		22,613	0.43%
Medical Expenses	69,342		825	397								70,564	1.34%
Motor Expenses	1,434										2,083	3,517	0.07%
Motor Expenses - Bus		5,545										5,545	0.10%
Occ. Health & Safety	588											588	0.01%
Occ. Therapy/Supplies	570	191										761	0.01%
Pest Control											855	855	0.02%
Postage & Telephone							12,375					12,375	0.23%
Printing & Stationery							16,341					16,341	0.31%
Provisions								233,515				233,515	4.42%
Rates & Taxes	8,336		4,436	3,140	783	3,139						19,834	0.38%
Repairs & Maintenance	28,081	1,376	16,404	4,729	6,128	15,491		8,892	2,318	3,477	3,223	90,119	1.71%
Replace Crockery, Linen etc								4,592		4,913		9,505	0.18%
Subscriptions							808					808	0.02%
Sundry	3,410	825	314	307	417	224	2,064					7,561	0.14%
	2,460,491	184,333	486,215	353,911	20,527	32,479	331,630	810,682	312,911	119,971	98,903	5,212,053	98.73%



UMINA PARK

ANNUAL REPORT

AND

FINANCIAL STATEMENT

FOR THE YEAR ENDED 30 JUNE 1998