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| Chinese aged care initiative |
| Information day (08 July 2021) – Questions and answers |
| OFFICIAL |

# Questions from participants:

## What is the timeframe and stages for the project?

We hope to respond to the EOI process quickly, anticipating that this will occur in October/ November 2021.

If it is determined to proceed to a further stage, a request for proposals (RFP), will be released and remain open for a 3-month period, and anticipated to close end of Feb 2022.

Assessment of submitted proposals would occur within 1-2 months and will include independent financial advice, engaged by the Department, on the financial capabilities of submitting organisations and the financial aspects of proposals submitted. Expert review of proposals will occur.

It is anticipated that results of the RFP process will be advised in the first half of 2022. However, this timeframe may be impacted by other government priorities.

## What is the expected completion time?

Documentation published with any Request for Proposals (RFP) will include a copy of a draft Agreement that the successful organisation will enter into with the department.

The format of the documents is an Agreement for Lease (effectively a development agreement) and the Lease itself.

The lease will give an organisation tenure of the land for 25 years with the option to extend for a further 25 years. The Agreement for Lease has embedded:

* a timetable that indicates the organisation’s responsibilities to seek planning approvals and source a builder,
* milestones for building deliverables. Negotiation of extensions to milestones needs to occur if milestones are not met. It is anticipated that approximately two years would be allocated for planning approvals with another two years for building construction. This ensures that building will occur expeditiously.

## How much of the public funds have been spent on the purchase of the land? If there is left over funds, can the money be spent other parts of the project?

Public funds have been committed to this site to allow the state to acquire the land and support successful organisations to lease the land at a substantial discount to a full commercial rent. The value of the property is greater than $7.25 mill.

The funds have been appropriated in an Act of Parliament for this specific purpose and may not be used for other purposes.

## What is the value of the site?

Consistent with normal practice, the Valuation is confidential and has not been made public.

It is larger site than required for an aged care service, at greater than a hectare. This gives an organisation the opportunity to build complementary services on the site.

## Will the department consider extending the timeframes for the lease as surely a longer timeframe will be beneficial for raising capital?

A 50-year lease is sufficient to attract capital from mainstream lenders. It is also linked to the life of the building. A 25 year + 25 year lease allows the operator to determine after the first 25 years whether it wants to commit to the major refurbishment that would likely be required after that time and continue for another 25. At the end of the second period, negotiations for renewal of the lease may be initiated by the lessee if they desire.

## What does 90 aged care places mean?

This equates to 90 people in residential aged care.

Language has changed from 90 beds to 90 places. This equates to 90 individual bedrooms.

Proposals can be larger and aim for more than 90 places.

The property size is over 10,000 square metres (1.024 hectares).

Zoning is General Residential Zone, Schedule 1 – which allows a height limit of 9.0 metres (2 storeys of aged care). This would allow up to 120 places on the site or more, depending on design.

## Given that government is invested in the success of the project, would there be a matchmaking service between interested parties available to facilitate partnership?

The department has an established Aged Care Branch but given that Aged Care is regulated and funded by the Commonwealth, the state has limited engagement with mainstream providers. The Department is therefore not in a position to provide detailed facilitation.

In the early stage of the EOI, if an organisation is interested in forming partnerships to deliver this initiative, it would be advisable to commence talks with mainstream not-for-profit providers and foreshadow potential partnerships in their application. It will be equally important that proposals give clear indication of the strengths of their Board and the governance structure for any proposed partnership.

## Being for Chinese population, would there be a preference for a Chinese organisation to operate this project? We understand that the Springvale project went to a mainstream aged care provider.

Only Chinese community-based not-for-profit organisations are eligible to submit proposals in this initiative – either alone or in partnership. It is important that the Chinese community has clear ownership of the project.

The Chinese Community Council of Australia (Victoria) (CCCAV) is the lead organisation in the Springvale project and works in partnership with Doutta Galla. That is an example of a Chinese led project with expertise and knowledge from a mainstream aged care provider.

## Is there a plan for other offerings in other locations for the Chinese Community?

At this time, there are no further plans for multicultural projects other than those announced prior to the last election.

## What are the recommendations and insights regarding capital and how to raise this?

There is a section in the Call for EOI document in the Appendix, in which the criterion regarding capacity for raising capital funds is described. Some suggestions are also made regarding existing capital reserves, potential fund-raising plans and evidence of approvals for borrowing.

Historically, organisations needed to raise at least 50% of project requirements as banks and other mainstream capital providers would lend only to that level. That proportion may have changed, and organisations will need to make their own enquiries with banks or other financiers. However, this project is advantaged by the contributions of the State and Commonwealth committing over $14 m. between them.

## How does the changes in ACAR rounds impact on licence applications?

Please note that the response given in the meeting of the 8 July 2021 indicated that the Royal Commission into aged care has recommended ACAR rounds to providers be discontinued and that **the Commonwealth response did not accept that recommendation,** but was not clear on future directions. It was also stated that an agreement between the Department and an organisation might be revisited if a project could not proceed because of failure to secure licences.

**The actual recommendation of the Royal Commission** (recommendation 25) was agreed in principle by the Commonwealth and called for an integrated system with “genuine choice and flexibility accorded to each individual about how their aged care needs are to be met (including choice of provider and level of engagement in managing care)”.

The Commonwealth response was that under the proposed new aged care system, “senior Australians will have more control and flexibility to select a residential aged care provider of their choice. It is intended that this will be achieved by discontinuing the Aged Care Approvals Round (ACAR) and instead allocating packages directly to consumers from July 2024.”

While that change may not occur in the announced timeframe, providers need to be aware of the changed environment of competition that the new approach would imply. However, it would mean a lower risk of a project not being able to proceed because of a failure to secure licences.

The Department will work with providers if changes to regulations impact the feasibility of the project.

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