



ST MAURICE AGED CARE LTD  
ABN 16 160 441 770

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22<sup>nd</sup> December 2018

RE: Response to statement issued on 20/12/2018 by HG Bishop Daniel regarding dealings with St. Maurice Aged Care Limited

To our Holiness Pope Tawadros II, Pope of Alexandria and the See of St Mark,

After kissing your Blessed hands and seeking your Holiness blessings and prayers, St. Maurice Aged Care Limited (SMAC) Board wish to respond to the statement issued on the 20th of Dec 2018 by HG Bishop Daniel to all Reverend Fathers and members of the congregation in Sydney.

#### Executive Summary

Since approaching the Diocese of Sydney to support the project in 2016. The Diocese has changed their minds multiple times during the negotiations and has made it very difficult to reach an agreement by changing the facts and insisting on enforcing their authority to manage the project, even though they don't have the knowledge or expertise.

SMAC consists of dedicated servants who are highly experienced professionals with expertise in the Aged Care Industry and their main interest is to use this knowledge and expertise to serve the Lord and the Coptic Orthodox Aging community. We have been working on this project for several years and the funds raised at the start of this project were mainly coming from its own members. However, due to the size of the project, it required support beyond our financial capability and could have not been accomplished just on the collected donations. Therefore, the Diocese was approached to support and has been provided with all the necessary information they would need, to make an informed decision.

It is very sad and disappointing that after more than two years of working on this project and spending all our time and effort to serve the Coptic Community of Sydney. The SMAC members are accused of involving the Diocese in an unviable project and exposing them to debt and are accused of potentially providing misleading facts in response to their claims. Whereas, the SMAC Board Members had no other interest, but to use their knowledge and expertise to serve the Coptic Orthodox Community of Sydney.

**The Diocese claims that the project is not viable. THIS IS AN INCORRECT STATEMENT.**

It has a shortfall of \$9.6 million and based on the financial operation plan (refer to Appendix B) the annual income is \$1,156,320, assuming the interest rate of 4.5% for the shortfall. The interest is \$450,000 which leaves over \$700,000 profit, per annum (EBIT).



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The above number does not take in consideration any donation before or during the operation, any Government Grants that might be received, any income from the ground floor shops (rent or sale).

It is worth noting that many migrant communities have recognized the need and established culturally based facilities (such as the Greek, Italian, Lebanese, Serbian, Chinese, Vietnamese, Spanish, etc...)

In fact, the government itself recognizes the need and provide grants under the ACAR scheme.

### Background

Serving the elderly was the priority of the Coptic congregations of Sydney, as it was the outcome of the questionnaire, HG Bishop Daniel conducted, upon his appointment as a Bishop for Sydney.

SMAC is set up as a Company under the Australian Corporation Law. The Board of Directors of this company are held liable to act bona fide and responsible. Therefore, they cannot be under the authority of any other parties.

SMAC Membership is currently open to all the Coptic Congregation to participate and to be part of the strategic decisions and to choose the members on the Board, annually. The benefit of this, is so that the current members continue serving and allows for new members to contribute to this service. The Diocese is proposing to be the sole member of SMAC, which is a major hinderance for any new members willing to support and serve. There is no need for the Diocese to have full control over SMAC, when they have the upper hand on the NSW Aged Care Facilities (ACF) Board, which is controlling the project and when a lease is prepared.

St. Maurice Aged Care was established to care for the elderly and frail. Although, at the beginning, HG had announced the donation to SMAC of \$500,000 from monies collected for serving the elderly, (Two Mites Project) - that did **NOT** eventuate.

On the contrary, there has been negative feedback emanating from the Diocese about SMAC for several years which resulted in limiting and not encouraging the donations.

SMAC was issued an Approved Provider of Aged Care, by the Commonwealth Government. This approval was obtained following submissions dating back to Sept 2015 with the assistance of Professional Consultants, appointed and paid by SMAC. Therefore, SMAC is fully qualified and approved to manage and oversee the operations of both residential and Home Aged Care. As to Bed Licenses, they can currently be obtained by either being granted by Government through ACAR Application, or by purchasing Licenses from the Open Market.



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Even the Bankstown Facility was made available to SMAC through one of my patients and was initially boycotted by the Diocese, until your Holiness instructions became clear to the Diocese. It's very sad, your Holiness, that our Coptic community is being **let down again** by our Diocese in caring for the elderly & frail in favour of other projects.

### Securing blocks of land in Blacktown

SMAC had initiated and from its very limited resources secured the site in Blacktown. SMAC paid the following expenses: -

- 5% of the price of the 3 blocks of land in Blacktown (\$265,000);
- Approximately \$160,000 to obtain the "Concept of DA (Development Application)" from Blacktown Council; and
- SMAC obtained the approval of that concept on 6/12/2017 – well before the Diocese became the actual owner of the site in February 2018, for the 6 Storey building comprising of 3 Levels for Aged Care and 3 Levels for Retirement/Residential units, to be sold to cover some of the project costs.
- The Diocese became the "formal owner " of the land at the end of February 2018.
- NO deposit was paid by the Diocese to purchase the land.
- The funds were raised from the equity of properties owned by the Diocese.
- The amount of interest paid by the Diocese for \$5.3 Million is approximately 4.5% for 10 months so far is about \$198,750. This was calculated in our original submission to the Diocese as part of the "holding costs" of the project whilst approvals were being obtained.

(Your Holiness may recall, at the time of exchanging the preliminary contracts in Sydney) Your Holiness asked when would the "Project" be completed, I answered "2 years from the time of obtaining council approvals".

### Negotiations with the Diocese

The preliminary feasibility scenarios were presented and discussed at the meeting with the Diocese held on 25<sup>th</sup> July 2017. The Three (3) scenarios were as follows: -

- Option 1 (which was preferred by the Diocese) - was to purchase 3 blocks of land and had a shortfall of \$9-10 Million;
- Option 2 – was to purchase 4 blocks of land and had a shortfall of \$4 Million; and
- Option 3 - was to purchase 5 blocks of land and would be positive return of \$300,000 in the first year. The building and the outer structure / shell of the Aged Care facility as "free" after the disposition of the units on top of the facility. All we would do is collect donations for the Internal Fit-out of the Aged Care Facility.



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- It was stated that SMAC will apply for a Grant under the Commonwealth Government - Aged Care Approvals Round (ACAR) - no guarantees were or could be given as this is a matter for Government Policy and Decision. The date for announcement of the successful applicant(s) is kept confidential, as it is politically driven.
  - HG Bishop Daniel and his Administration Committee after deliberations chose, Option 1.
  - The delegation from SMAC explained in very clear & unambiguous terms in that meeting, that although SMAC is applying for the Government Grant, HG and the Administration Committee should **NOT** rely on any funds coming from the Government when making their decision.

In May 2018, the Diocese produced a new constitution for SMAC and an "Umbrella" company (NSW Aged Care Facilities Board) was proposed by the Diocese, to oversee SMAC and any other future Aged Care companies.

By August 2018, the SMAC board and its negotiating committee lost confidence in the sincerity, sense of fairness and intentions of the Diocese.

Following the October meeting and to be precise on 26/11/2018, SMAC declared the following:

- SMAC is happy to accept the constitution of the Umbrella company created by the Diocese with Three (3) members from SMAC, Two (2) members from the Diocese and HG Bishop Daniel to be on the board. In the event of adding another aged care facility in a different part of Sydney, then SMAC would relinquish the right to these numbers of the board.
- SMAC is not happy following the events of August 2018 to change its own constitution and to have the Diocese as its sole member. Mr. Maged Zaki advised that he obtained the legal advice from the Diocese legal firm that we can have a "commercially binding lease" with the Diocese.
- SMAC also indicated that according to the "agreed" terms of that lease, that it would be very happy to be "removed" or replaced by the Diocese in case of non-performance.

The Diocese claims that they are the owner of the project, therefore, they need to be in full control.

The Diocese claims that the project is not viable which is incorrect due to the following:

1. It is not realistic that the Diocese Administration and Financial Committees had all the opportunities to seek financial advice before they commit to the project. Why then are they coming now, after two years with the conclusion that the project is not viable; and



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2. Based on the scenario in Option One (1) which was chosen by the Diocese, it had a shortfall of \$9.6 million and based on the financial operation plan (refer to Appendix B) the annual income is \$1,156,320, assuming the interest rate of 4.5% for the shortfall. The interest is \$450,000 which leaves over \$700,000 profit, per annum (EBIT).

The above number does not take in consideration any donation before or during the operation, any Government Grants that might be received or any income from the ground floor shops (rent or sale)

Finally, we place the above facts before your Holiness and abide by your directions and decision. Please remember St. Maurice Aged Care (SMAC), in your prayers.

For and on behalf of SMAC

Chairman  
Dr Atef Ghaly

Attached: Appendix A & B



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## Appendix A – SMAC Board Members Profile

The SMAC Board comprises of Four (4) Doctors, Two (2) Accountants and other relevant professionals. It has access to Engineers, etc

Current Board members are, as listed below.

Name	Qualification	Experience
Dr. Atef Ghaly	General Practitioner	Family Care
Dr. Hany Ghobrial	General Practitioner	Family Care
Dr. Mourad Nosir	General Practitioner	Family Care
Dr. Raouf Selim	General Practitioner	Family Care
Prof. Abd Elmessih Malak (OAM)	PhD	Healthcare Executive
Hany Salib	Accountant	Accountant and Financial Planning
Morris Hanna (AM)	Councillor/Mayor	Retired
Samer Farag	Accountant	Working for Tier 1 Aged Care Providers
Takouhie Tadros	Business Administration	Business Administration
Suzanne Tawadros	Business Administration	Office Manager
Samier Sirry	Engineer	Consultant – Governance and Assurance

Other Founding and still Honorary Members of SMAC include **Dr. Farag Gobran, Mr. Saad Sefein and Eng. Hammam Awad** who served the Coptic Church in Sydney in a founding capacity for several decades.



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## Appendix B - Operational plan

Assumptions are as follows: -

- 80 beds, Average ACFI is 180 and average room price is \$350,000
- With current rates (December 2018): Accommodation Supplement for Newly Refurbished over 40% concessional of \$56.59 and basic daily care fee of \$50.66 and the MPIR of 5.94%
- The resident mix is 45% concessional, 20% RAD and 35% DAP

**Total RAD (bond) =  $80 \times 0.20 \times \$350,000 = \$5,600,000$**

The daily income will be:

Government funding:

ACFI Subsidy =  $80 \times 180 = \$14,400$

Accommodation Supplement =  $80 \times 0.45 \times 50.66 = \$1,824$

DAP/ RAD MPIR =  $80 \times \$350,000 \times 0.55 \times 0.0594 / 365 = \$2,506$

**Total Daily income = \$18,730 or \$234 per bed**

The cost usually measured per bed day, consists of: -

Staff cost =  $80 \times \$160 = \$12,800$

Non-staff cost =  $80 \times 25 = \$2,000$

Other support functions =  $80 \times 5 = \$400$

**Total Daily cost = \$15,200 or \$190 per bed**

**If we apply an average occupancy of 90%, the daily estimate profit "EBITDAR" is \$44 per bed or \$3,520 X 0.90 = 3,168 per day or \$1,156,320 per annum.**