



**Southern Cross Care (TAS) Inc
& Mary's Grange Inc
2018/2019 ANNUAL REPORT**

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◀ Dancing in the sand L to R Janet Goodchild, Charmaine, Gwen Howell and a very excited Mary Williams all residents of Mount Esk.

Here To Help

Southern Cross Care Tasmania Group (Southern Cross Care (Tas) Inc and Mary's Grange Inc.) is a not-for-profit organisation. It is Tasmania's leading aged care provider and one of the State's largest employers with over 1100 full and part time employees.

With Christ as our light we embrace and respect the human dignity of each person in our care. True to our Catholic tradition and mission, we acknowledge diversity and welcome all who choose to belong to our community, enabling them to enjoy the fullness of their life. We value and demonstrate relationships founded on trust, justice, compassion, integrity and generosity.

The Southern Cross Care Way places our residents and their families at the heart of our commitment to quality and service. Grateful for our legacy and the environment in which we work, we are mindful of our responsibility to nurture and sustain our story and place, ensuring it continues to flourish with confidence into the future.



Our Mission

To demonstrate the love of Christ by providing a range of aged care services which meet the needs of people in our Tasmanian community.

Our Values

In the Spirit of Christ and in the tradition of the Catholic Faith, we value:

Compassion

- We respond willingly and positively to help meet the needs of those around us.
- We promote a sense of belonging and community.
- We demonstrate and foster empathy and sensitivity towards residents, clients, their families, our colleagues and the whole community.

Integrity

- We look for the good in all people and recognise the contribution of each individual as we work together.
- We demonstrate honesty and trustworthiness in all that we do.
- We are conscientious and ethical in our decision making and take responsibility for our own actions.

Respect

- We believe in the sanctity of life and that each life is unique and has special individual worth and dignity.
- We recognise and respect individuality and diversity
- We treat all people with courtesy and respect regardless of gender, ethnic background, religious belief or economic circumstances.
- We manage our resources wisely to minimise the impact on the environment.

Our Services

Residential Care

Southern Cross Care has residential aged care facilities across Tasmania. Our facilities are warm and welcoming, as are our staff and volunteers.

As everyone is different and peoples' needs change, we use a person-centred approach to ensure your goals are met. Our clinical and lifestyle care and services is delivered by highly qualified and committed staff who value older people.

All our facilities provide palliative support and dementia care, if required.

Home Care

Southern Cross Care's reputation and experience in maintaining quality of life and independence in your own home are widely recognised.

Experienced local staff understand the complexities of the various funded programmes to ensure you receive the right assistance at the right time. You are not alone, as caring expert help is close by to make you feel right at home.

Independent Living

Retirement village life is for those who want to get the maximum out of life with the minimum of worries. Because at Southern Cross Care we have a range of retirement village options across Tasmania there is bound to be one to suit your needs.



Stories

A Trip To The Salmon Ponds

A few of our Guilford Young Grove residents had a wonderful trip to the Derwent Valley to the Salmon Ponds. The residents enjoyed a lovely afternoon tea in the sun followed by a stroll alongside the ponds, feeding the fish as they strolled along.

- ▶ LLO Hannah Louden, Residents: Barbara Briggs & June Gibson – Feeding the fish.
- ▼ Left to Right Residents: Jack Sheehan, Wanda Sheehan, Rhona Winter, Barbara Briggs, Paul Miller, June Gibson, Helen Strange - having afternoon tea



Stories

Razor Anderson

Raymond 'Razor' Anderson. He is a champion, he was always destined for great things in cycling, and was on the cusp of his greatest victory, competing for the right to represent Australia at the Olympics. It was the night of the Olympic trials, 'I had won the first race, lost the second and was going past my competitor in the third and final race, I knew I was going to win when my front tyre exploded. I was doing about 80km's per hour. I didn't wake up for 2 weeks. Apparently I went up in the air, then crashed to the floor and smashed my head on the concrete surface. I found out later that I had brain damage.' Ray is a resident at Fairway Rise Aged Care.



Australia Day Celebrations at Yaraandoo

First Image: Carer Dave Ogden, Resident Trevor Scolyer and Volunteer Paul Hayes.

Second Image: Resident Brian Halpin and Peter Evans, Carer Dave Ogden



Expansion at Glenara Lakes Village



Cancer Council Afternoon Tea



Board Of Directors



Stephen Shirley
Chairman

Helen McArdle
Deputy Chairman

Chris Jones
Treasurer



Alex MacAskill

Bobby Court

John Shelverton

Damian Griffin

Executive Management Team



Left to right:
 Richard Tyberek - Executive Manager Corporate Services and Property Management
 Jenny Thomas - Executive Manager People and Culture
 Cherie Atchison - Executive Manager Finance
 Richard Sadek - Chief Executive Officer



Report from the Chairman

Stephen Shirley

2018-19 was a solid year for the Southern Cross Care (Tas) Group which is comprised of Southern Cross Care (Tas) Inc and Mary's Grange Inc.

In the key strategic focus areas of:

- Continuing to provide quality care and services;
- Retaining and growing our workforce both paid and volunteer;
- Ensuring our business performance and infrastructure is at an optimal level; and
- Managing our business and finances so that we remain competitive and successful,

The Southern Cross Care (Tas) Group achieved on every objective.

Providing Quality Care and Services

During 2018-19 we have been developing a written statement of the Southern Cross Care Way. Southern Cross Care is founded by the Knights of the Southern Cross and operates with an obvious Catholic ethos of respect for the human dignity of each person in our care. The Southern Cross Care Way is intended to be a statement of who we are, why we exist and a concise statement which will guide every decision we make to enhance the lives of those whom we impact.

Residential Aged Care

The Southern Cross Care Group provides Residential Aged Care to over 700 residents across its 9 sites which are spread across all of the main geographical areas of Tasmania.

With the exception of Yaraandoo, all Southern Cross Care facilities maintained full accreditation throughout 2018-19.

Following sanctions being imposed on 9th November 2018, work progressed to address the cause of the sanctions including regular reviews by the accreditation agency, now the Aged Care and Quality Safety Commission. Following an accreditation visit on 12-13 June 2019 sanctions at Yaraandoo were lifted and accreditation was granted for one year to 28 August 2020.

The imposition of the sanctions demonstrated the greater emphasis on the individual care of residents led by their personal choices and the requirement under the standards, which came into effect on 1 July 2019, to put the resident at the centre of every decision.

Southern Cross Care has completed the upgrading of its Rosary Gardens facility in suburban Hobart and is ramping up to full occupancy. For the first time in memory Rosary Gardens has a waiting list for occupancy.

Work has also been completed at the Glenara Lakes facility in suburban Launceston to upgrade the heating and cooling system to replace a geo-thermal system which has been proving to be increasingly unreliable.

Financially residential aged care lost \$1.642 million during 2018-19. The direct cost of the sanctions at Yaraandoo are estimated to be in the order of \$1.5 million. The financial performance of residential



aged care demonstrates the pressures of stagnation in the level of funding as well as increased costs due to residents coming into residential aged care at an older age, more frail and consequently for shorter stays.

To be best placed to provide superior individually focussed care under the standards and to ensure the financial strength to deliver this care for the foreseeable future, the Board has decided to focus the Southern Cross Care Group in strengthening its foundations. This will be achieved by investing in technological and other systems which will enable all parts of the Southern Cross Care Group to deliver consistent, high quality care appropriate to the individual and to be able to monitor and demonstrate this.

Home Care

The Southern Cross Care Group provides Home Care support to people who are resident in their own homes. This care is provided throughout Tasmania including the Bass Strait islands. We support 203 clients across all Home Care package ranges. This is a valuable service to enable clients to remain in a familiar environment but supported in those aspects of daily living which they find difficult.

The Home Care teams have a reputation in the community for providing high quality services to our clients. A factor which many clients favourably comment on is our ability to have the same carer assisting a client which builds trust and knowledge of the clients' needs.

Home Care continues to provide a positive financial contribution to the Southern Cross Care Group.

Retirement Living

Work is nearing completion on the development of 20 additional units at the Glenara Lakes Lifestyle Village. All 20 of the units are sold and the demand for these units has encouraged the Board to make the decision to continue the contract with the architect and builder to construct another 6 units which should be completed by January 2020.

Work continues on the development of the Springhaven Lifestyle Village in Lindisfarne. Stage 1 has been completed and all available units occupied. The next stage will be completed by Christmas 2019 and the project fully completed in May 2020.

During 2018-19 the General Rates issue was finally resolved by the Full Bench of the Supreme Court deciding that the retirement living residents were entitled to the rates exemption under the Local Government Act and the High Court deciding that no further appeal would be heard. It is worth noting that unlike other developments, the public areas of roads, lighting and the like do not become council assets for them to maintain but remain our responsibility and are maintained by the residents' Service and Maintenance contributions. The State Government also directly benefits from the sale of homes vacated by residents as they enter retirement living. Every house sale generates Stamp Duty and turns a house

occupied by one or two people into a family occupied home which helps ease the residential strains we currently see in Tasmania.

During 2018-19 the Mt St Canice Lifestyle Village celebrated 10 years of its existence. A celebration was held to mark this anniversary. Those present included many of the original residents. The lifestyle which the retirement living residents enjoy is to be envied.

Royal Commission

During 2018-19 the Southern Cross Care Group has been closely involved in responding to information requests from the Royal Commission into Aged Care. The Southern Cross Care Group is fully supportive of the Royal Commission because it should encourage the consistent provision of quality aged care in a financially sustainable way.

The Royal Commission is scheduled to sit in Hobart in the week commencing 11th November and we anticipate that representatives from Southern Cross Care will be called to give evidence. While we can be proud of the long tradition of care provided to residents there will be instances highlighted which will demonstrate that we could have done better. It is important to remember both our residents and staff during the conduct of the Royal Commission to always strive for consistent, high quality care and to reaffirm to our staff that the work they do is valuable, rewarding and appreciated.

Our Workforce Paid and Volunteer

I acknowledge the continued dedication of our staff and volunteers during 2018-19 who enhance the experience of the residents and clients of the Southern Cross Care (Tas) Group.

The Board has decided to enhance the recognition of our workforce throughout Southern Cross Care week by conducting separate service award ceremonies in each of the three regions of Tasmania. At these ceremonies the Ken Lowrie Award recipients from across the state are also recognised.

I also wish to thank the Chief Executive Officer, Richard Sadek who continues to provide dedicated leadership to our Management Team.

I thank all of the members of our Senior Management Team, our Facility Managers and Service Managers who provide dedicated service in their areas of responsibility while supporting the vision of our organisation.

Our volunteers provide welcome care and assistance throughout our organisation and I thank them all on behalf of the Southern Cross Care (Tas) Group.

The Board

The SCC Board has appointed two new Directors being Mr Damian Griffin from Ulverstone and Mrs Maryanne Ingram from Hobart. This brings the Board numbers to 8.

Each of the retiring directors is offering themselves for re-election which demonstrates a shared commitment from the Board to the work of the Southern Cross Care Group.

I wish to thank each of my fellow directors for the dedication they have brought to their work for the Southern Cross Care Group. It is through their voluntary endeavours that we continue to prosper as an organisation dedicated to the care of others from a catholic perspective.

A final thank you

The Southern Cross Care Group is a significant presence in the Tasmanian community both as an employer and the purchaser of goods and services in the Tasmanian community. We thank the many Tasmanian businesses and individuals who supply goods and services to our organisation and partner with us in delivering our vision.

We thank the Catholic Development Fund for its continuing support of the Southern Cross Care Group.

The Federal Government provides significant financial support to our organisation and we appreciate the support of the government and the officers of the department responsible for aged care.

We also receive great support from the Tasmanian Government and the various Councils where we have our facilities. Their continued assistance is welcomed.

We thank them all for their continued support.

Conclusion

2018-19 has been a year of solid performance but also one in which it is evident that we need to adapt and improve to continue to deliver high quality services to those who choose to use the Southern Cross Care Group.

2019-20 has been set as a year of consolidation to ensure that the foundations of Southern Cross Care are well set to allow further progress in the future. The recent period of building and acquisition of facilities needs to be consolidated with the resetting of systems and processes to ensure Southern Cross Care can provide consistent services to its residents and other clients.



Chief Executive Officer's Report 2018/2019

Richard Sadek

Southern Cross Care (Tas) Inc and Mary's Grange Inc. have concluded the 2018/19 financial year in a successful manner. Both continued to deliver quality resident and home care services whilst achieving performance indicators which have met and at the time exceeded industry benchmarks and standards.

The Board and Management of Southern Cross Care (Tas) Inc and Mary's Grange Inc. have adopted an objective of providing the highest possible care within the financial constraints being made available and by respecting the needs of every individual in our care. This philosophy is central to our model of care across the three streams of our services.

It is apparent that demand for the provision of Aged Care services in Australia will continue to grow. As our population continues to have increased life expectancy, greater pressure will be exerted on Government to increase funding to the Aged Care sector. Demand for 24 hour complex clinical care, specialised dementia care and support services will require Aged Care operators to develop a sub-acute system of Residential Aged Care services in the future.

However, it is clear that there will be an increasing preference for care to be delivered "in the home and community" as well as in Residential Aged Care facilities. If our Board is to remain faithful to its Mission Statement, Philosophy and Objectives, it will face increasing pressure to achieve an optimal balance between being a charitable body and adopting a business-like profile.

The Government's decision in 2018 of announcing a Royal

Commission into Aged Care Quality and Safety is welcomed. The Board and Management are heavily engaged in this review. It is hoped that the recommendations of the Commission will bring to light the need to prioritise funding and support to the Aged Care Industry to create a sustainable future for ageing Australians.

Given the prospect of positive outcomes arising from the Royal Commission and, in light of the introduction of the new Aged Care Quality Standards from the 1st July 2019, a willingness to diversify will be a prerequisite to ensure future sustainability. The New Quality Standards will enable consumers to make better informed decisions about their care and will serve to be a constant reminder that our customer is at the heart of everything we will do and be required to provide into the future.

Highlights

Home Care

During 2018/19 many outstanding results were achieved across our facilities and services by our Home Care Managers and Staff with some of the major successes being summarised as follows:-

A top priority was the continued transitioning of all of our Home Care consumers to the Government's Consumer Directed Care Model.

This included the full implementation of the Home Care Manager technology and software within the three regions designed to support both our employees and our consumers in the delivery of our valued Home Care Services.

This project commenced in March 2018. The key benefits of the new Home Care software relate to:

- improved staff rostering;
- calculation of staff travel to attend to consumers; and
- Maintaining individual budgets for our consumers.

The software provides greater clarity for our consumers and an improved understanding of choice and how this was to be budgeted for by the consumer. The development of personalised budgets with consumers empowers them to have greater control of services and support provided.

Retirement Villages

Following approval being received from the Clarence City Council to proceed with construction of our new Springhaven Lifestyle Village at Gordons Hill Rd, Lindsfarne, civil works were commenced on site on the 9th July 2018. This major capital works project (\$38M) comprises of the construction of 84 Independent Living Units, a Community Centre, children's entertainment area, community garden and beautifully landscaped surroundings. Our first resident, Mrs Louise Frendin (*pictured below*) moved into her newly completed Independent Living Unit on the 16th April 2019. It is expected completion of all 84 Independent Living Units and the Community Centre will occur by late May 2020.



Village Manager, Carol Joseph and Board Chairman, Stephen Shirley welcome first resident Mrs Louise Frendin.

In addition to this major project, work continued to construct an additional 20 Independent Living Units at the Glenara Lakes Retirement Village in Launceston. Also Residents at our Glenara Lakes Residential Aged Care Facility benefited from the replacement of a 20 year old GEO THERMAL heating system. The previous system which became inefficient and subject to failure was replaced providing both heating and cooling capacity to the entire facility. Work was also undertaken to upgrade heating systems for residents living in the Independent Living Units at A.A Lord Homes, West Hobart.

Southern Cross Care (Tas) Inc and Mary's Grange Inc. proudly maintained and provided accommodation, care and services to over 800 residents living in 601 Independent Living Units across 13 Retirement Villages in Tasmania during 2018/19.

Residential Aged Care Facilities

Both Southern Cross Care (Tas) Inc and Mary's Grange Inc. are fortunate to have committed Facility Managers and well-trained staff who are devoted to ensuring the provision of the highest possible quality of care and services to our residents.

Work to refurbish Rosary Gardens into a modern Residential Aged Care Facility was completed in June 2019. This project was undertaken over a 3 year period and resulted in improved amenities and single bedrooms with ensuites for residents. Ensuring quality accommodation "for our residents to live in and for our staff to work in" has never been more important with people entering into residential aged care later in life and in a frailer state with more acute care needs.

The Management and Staff of Southern Cross Care (Tas) Inc and Mary's Grange Inc. remain committed to providing the highest possible quality of care to our residents at an important time in their lives.

Corporate and Business

A number of corporate and business efficiency initiatives were also progressed as follows :-

During the year, work was commenced to strengthen our Clinical Management Systems and Governance regime. A review of all policies and procedures was initiated to align with the New Aged Care Quality and Safety Standards introduced from 1st July 2019. Management's objective going forward is to continually review the processes that have been implemented to support a transparent culture within each of our Residential Aged Care Facilities and Home Care Services for our staff, residents and their families.

A Risk Management Framework is also being developed to undertake and assist in the provision of management reports on systems and processes to identify potential risks to the business.

During the year, Information Technology (IT) Consultants from KPMG were engaged to perform an IT review and to develop our IT Plan and roadmap for the future. Management acknowledged that this was necessary to determine the "current state" of the operating systems and infrastructure that were being used and to develop an IT Strategy to move forward to modernise Southern Cross Care (Tas) Inc and Mary's Grange Inc. IT services. The IT strategy and five (5) year staged implementation plan was approved by the Board in March 2019. Currently stage 1 is being implemented.

Southern Cross Care (Tas) Inc and Mary's Grange Inc. is predominantly a caring for people business. Approximately 1200 staff are employed to provide quality care and services to nearly 2000 residents and consumers across Tasmania. Having an engaged workforce which feels supported in their day to day responsibilities is important to providing high quality care and services.

In December 2018, Best Practice Australia was engaged to undertake a Staff Survey to measure our workplace culture. The results were encouraging. Fifty Three Percent (53%) of our staff participated in the staff survey and overall, they rated our staff culture as one of "consolidation". This was an acceptable result and not dissimilar to their response in 2014. The survey results will assist the Executive Manager People and Culture to design leadership development programs to address systemic culture issues across our Residential Aged Care Facilities and services.

Southern Cross Care (Tas) Inc and Mary's Grange Inc. is committed to investing in its staff and their skills and abilities to ensure they bring their best to those who need our care and services.

In late 2018, the Board approved the implementation of a Talent Management Program. The primary purpose of the program is to provide employees with an opportunity to acquire advanced leadership and commercial skills in support of their career aspirations with Southern Cross Care (Tas) Inc and Mary's Grange Inc. Twenty-seven (27) employees applied and were sponsored. Each staff member was allocated a development fund designed to expand their career horizons within the organisation through the accumulation of new experiences and development opportunities.

Activities undertaken by participants in the program to date have included opportunities to act in more senior roles, Senior Manager Coaching, enrolment in advanced Leadership Courses, Enrolled Nurse and Registered Nurse scholarships, attendance at National Industry Conferences, and participation in mentoring courses.

The Talent Management Program is in addition to the annual Ken Lowrie Scholarships which are awarded to staff for future education purposes.

Southern Cross Care (Tas) Inc and Mary's Grange Inc. is committed to investing in its staff and their skills and abilities to ensure they bring their best to those who need our care and services.

FINANCIAL HIGHLIGHTS

The financial year ended 30 June 2019 saw a significant shift in financial performance as Southern Cross Care (Tas) Inc and Mary's Grange Inc. which, along with others in the industry, were impacted by a minimal income increase to the funding for Residential Aged Care.

There were additional income contributions made by the Federal Government to assist with the transition to the new Aged Care Quality Standards which came into effect on 1st July 2019. However, this also included 'realignment' of prior year funding that saw one-off income payments for the months of April, May and June 2019.

As a result, the organisations recorded a deficit for the year, driven mainly by the residential aged care operations.

Despite this, the Balance Sheet (Statement of Financial Position) remains strong, with assets exceeding liabilities and maintenance of the low debt structure of previous years.

Volunteers

I wish to thank the 325 registered volunteers who have given so freely of their time and support to assist Southern Cross Care (Tas) Inc and Mary's Grange Inc. Inc during the 2018/19 financial year. Our volunteers are very much valued by our staff and make a significant contribution to the lifestyle and leisure services provided to our residents and help keep the wheels of service turning.

I also want to mention that I am particularly grateful and appreciative of the tireless efforts and personal generosity of all the clergy and people associated with providing Pastoral Care to our residents and staff.

Forward Outlook

2018/19 has been an extremely busy and challenging year. The highlights mentioned in this report provide a clear indication of how everyone connected with Southern Cross Care (Tas) Inc and Mary's Grange Inc have worked hard to maintain the provision of quality of care and services, to grow and improve our organisations to meet community expectations and remain financially sustainable.

Our greatest challenge for the future will be to continue to embrace "best practice" and continuous improvement principles in order that the needs and aspirations of current and future residents and consumers can be met.

I am confident Southern Cross Care (Tas) Inc and Mary's Grange Inc. by virtue of its size, diversity, brand name and reputation is well placed to meet the challenges and changes in the future and remain an industry leader.

Appreciation

I would like to place on record my thanks to the Chairman, Mr Stephen Shirley for his professional support and guidance over the last 12 months.

I also extend my thanks to all of our Board Directors for their commitment and assistance during 2018/19.

I especially want to thank my hard-working Executive Management Team Members, my Executive Assistant, Managers and staff of Southern Cross Care (Tas) Inc and Mary's Grange Inc. who are all responsible in delivering high levels of care and services to our residents and consumers each and every day and for providing a solid performance and result in 2018/19.



Message from the Treasurer

Chris Jones

The consolidated Financial Report for the financial year ended 30th June 2019 incorporates the results of the two entities, Southern Cross Care (Tas) Inc and Mary's Grange Inc. Mary's Grange Inc. became part of Southern Cross Care (Tas) Group on and from the 29th February 2016. The key financial challenge the Board faces is to ensure that it achieves over time the financial sustainability necessary to support the delivery of the group's Strategic Plan. As it has been in previous years, and in particular this year, this challenge has not been easy to achieve.

The group report for the Financial Year ended 30th June 2019 is a \$3.5M accounting deficit for the year. This was a most disappointing result being well short of the budget forecast for the year and that of the surplus of the prior year. In summary, the impact of no indexation of our Government subsidies rule changes designed to reduce claiming of Government subsidies. It is to be noted the industry has been subjected to no indexation on subsidies for the prior two years. A further impact on the years results was the loss of accreditation to one of our sites Yaraandoo which was Sanctioned for eight months having a material financial impact on the years results. In addition, Rosary Gardens result for the year was impacted by the continuing refurbishment of the site. This has now been completed.

Consolidated Statement of Financial Position

The groups net assets at year end amounted to \$138M compared to \$111M in 2018, this change in Net assets of \$27M comprise an

accounting loss of \$3.518M and a revaluation increment of \$30.7M. The prior year had a decrement of \$4.7M due to the significant rebuild of Rosary Gardens. The rebuild was essential to meet community standards and was completed on the 13th June 2019 at a cost of \$16M in line with budget.

Consolidated Statement of Comprehensive Income

Southern Cross Care (Tas) Inc has had a most difficult financial year in returning a loss of \$3.5M. Prior year returned a surplus of \$1.6M. The result for the year has been devastating, the worst performance for many years.

In comparing this result to the previous year it should be noted that there was no indexation of Government subsidies due to the rule changes to our Government funding in 2017 that continued to impact on our revenue and the governments changed approach to validating our claims. This resulted in reductions in Government subsidies amounting to \$1M. The loss of accreditation to our Yaraandoo Aged Care Facility whereby in November 2018 the Facility failed to comply with 18 Accreditation Standards. The failure was a cost to the groups bottom line for the year being \$1.5M.

In addition, the notable increase in the average house selling prices in Hobart created a significant increase in the capital appreciation provision in our Retirement Village Balance sheet. The provision for the year was \$2.4M.

The impact of these external changes was significant. The majority of our Aged Care Facilities had difficulty in achieving a breakeven position in residential. Internal factors were also unfavorable,

Rosary Gardens being totally refurbished occupancy being at 75% and Yaraandoo at 73%. A number of cost centers being Direct Care, Utility Catering and administration being well in excess of budget.

It is to be noted that the result for the year is inflated by interest of \$3.9M the capacity to earn interest at this rate is only temporary as a significant amount of the group's cash reserves have been applied to the redevelopment of Rosary Gardens and working capital for Springhaven and Glenara Lakes developments. Returning on equity for the year was -2.5% and in 2018 was positive at 1.46%.

Revaluation Increment

Southern Cross Care assets are independently revalued every three years. The valuation was conducted in March 2019 and resulted in land and buildings being revalued at \$30.7M to \$310.7M.

Significant Points To The Year

Total income for the year decreased from \$75.2M to \$74.3M a percentage decreased of 1.20% over the prior year.

Total expenditure for the year increased from \$73.5M to \$77.9M a percentage increase over the prior year 6%.

Residential Aged Care Services

Residential Aged Care Services recorded a loss of the year of \$1.64M compared to a surplus \$1.116K in 2018. The result for the year was most disappointing impacted by non indexation on subsidies, low occupancy at several sites loss of accreditation at one site, cost centers, direct care, utility and administration being well over budget. Residential Aged Care costs increased by 3.3% to that of the prior year. Our Aged Care Funding Instrument claiming was in line with prior year under budget by 3.5%.

Home Care

Home Care recorded a net surplus of \$170K compared to 2018 of \$836K. The market that is emerging under changed Government policy is highly competitive and maintaining a share of new clients is extremely difficult under the Government allocation processes.

Retirement Villages

Retirement Villages recorded a loss for the year 2019 of \$1.8M 2018 surplus \$692K. The loss for the year was due to decrease in income due to the decline in deferred management fees due to our residents having long durations of stay at out villages. The current decline will be offset upon the completion of the stages of Springhaven Village and Glenara Lakes development in addition running costs were unfavorable to budget.

Property Plant and Equipment

Southern Cross Care (Tas) Inc invests significantly in property, buildings, technology, furniture and equipment in support of Residents and Clients.

The group's investment in technology supports staff and clients that live in their own home and is the key to the group's success in ensuring the group's financial viability. Southern Cross Care (Tas) Inc invested \$26.5M in building plant and equipment for the year 2019 compared to \$12.1M in 2018. The amount to be invested will be approximately \$27M for the remaining refurbishment of Rosary Gardens and the village developments of Springhaven and Glenara Lakes.

Borrowings

Internal

Residents liabilities as at 30th June 2019 amounted to \$176M, 2018 \$166M. This increase is due to the refurbishment of Guilford Young Grove, first stage of Rosary Gardens and the 9 new units at Sandown Village.

External

Represent loan commitments to Council, State and Federal Government and the Catholic Development Fund being non-resident funded. Borrowings as at 30th June 2019 amounted to \$22.1M, prior year \$23.1M, Debt repaid during the year was \$1M.

Financial Assets

As at 30th June 2018 this amounted to \$23.3M, representing term deposits of \$22.5M and a share portfolio of \$880K, with shares in nine blue chip public companies. Term deposit source of funds is from cash flow and resident's deposits.

The Outlook 2019/2020

The Aged Care Industry will continue to be a complex industry. Margins will remain tight, with the industry struggling to maintain occupancy and ACFI funding due to budget reductions in Government Funding. An increase will occur in utility charges, representing Council Rates, water rates, electricity. There is likely to be an increase in food costs and the cost impact of the decline in Deferred Management Fees. The Groups Home Care market will face continual strong competition from competitors. The forecast financial result for the ensuing year is for a loss of \$5.5M with an EBITA of \$1.36M.

FINANCIAL HIGHLIGHTS

The financial year ended 30 June 2019 saw a significant shift in financial performance as Southern Cross Care (Tas) Inc and Mary's Grange Inc, along with others in the industry, were impacted by minimal income increase in relation to the funding for residential aged care.

There were additional income contributions made by the Federal Government to assist with the transition to the new Aged Care Quality Standards which came into effect on 1st July 2019 and also a 'realignment' of prior year funding that saw one-off income payments for the months of April, May and June 2019.

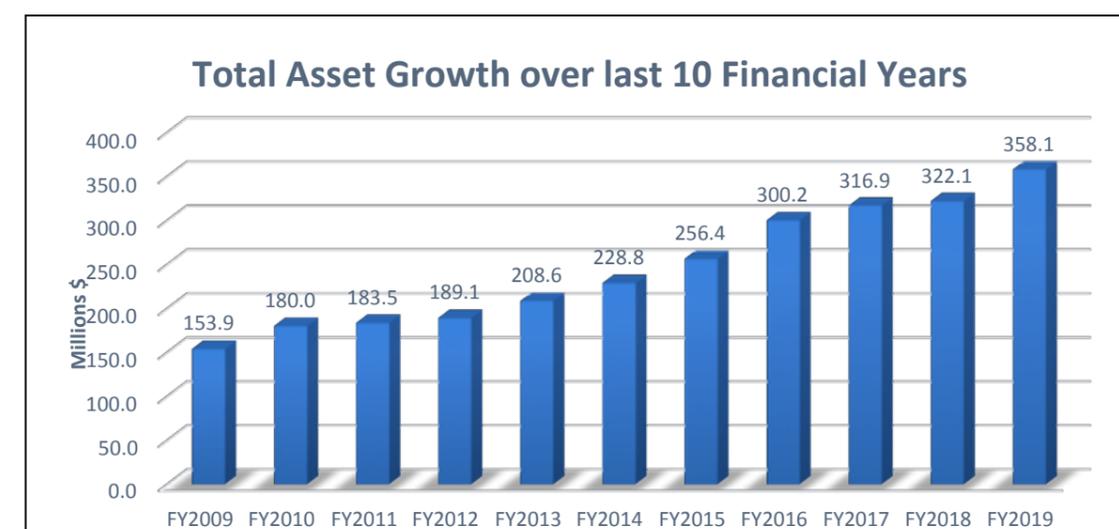
Southern Cross Care (Tas.) Inc.

Consolidated Statement of Financial Position as at 30 June 2019

	2019	2018
	\$	\$
ASSETS		
Cash and cash equivalents	22,090,239	17,303,778
Trade and other receivables	1,228,726	1,059,540
Other financial assets	23,371,301	42,825,134
Prepayments	176,860	162,624
Intangible assets	562,879	562,879
Property, plant and equipment	310,704,240	260,213,558
TOTAL ASSETS	358,134,245	322,127,513
LIABILITIES		
Trade and other payables	6,548,319	8,181,398
Employee Benefits	6,924,115	6,697,574
Provisions	10,348,829	8,764,999
Borrowings	19,931,250	20,870,986
Other Liabilities	176,214,738	166,648,086
TOTAL LIABILITIES	219,967,251	211,163,043
NET ASSETS	138,166,994	110,964,470
EQUITY		
Reserves	93,285,518	62,412,705
Accumulated Surpluses	44,881,476	48,551,765
TOTAL EQUITY	138,166,994	110,964,470

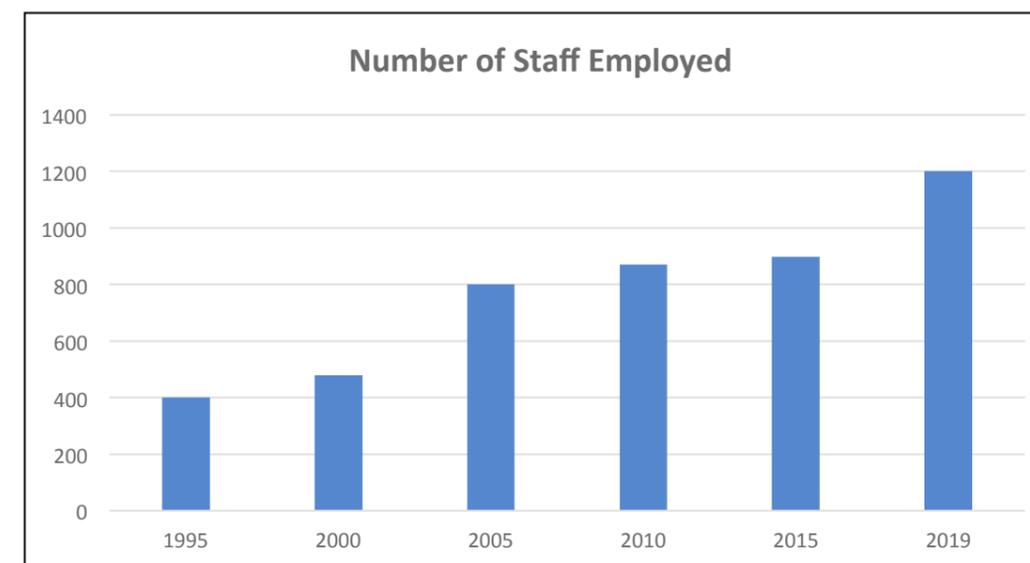
As a result, the organisation recognised a deficit for the year, driven mainly by the residential aged care operations. Despite this, the Balance Sheet (Statement of Financial Position) remains strong with assets exceeding liabilities and maintenance of the low debt structure of previous years.

The Organisation has continued to grow with Total Assets exceeding \$358M. This is detailed in the following Table, highlighting the past 10 years:



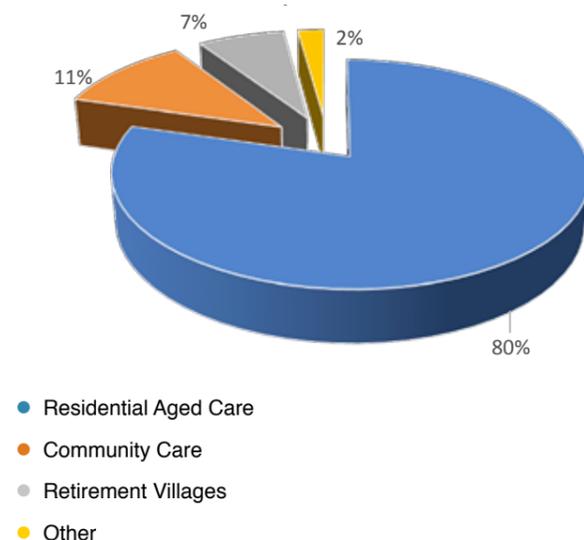
EMPLOYEE NUMBERS

Employee numbers remain consistent, as indicated in the Table below:



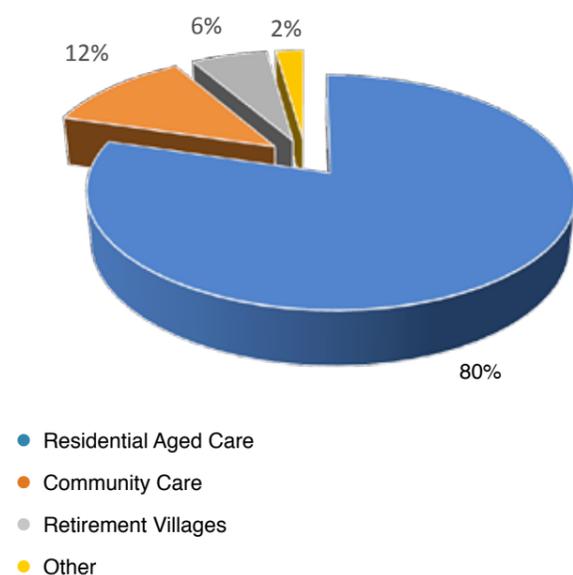
REVENUE BY DIVISION

For the year ended 30 June 2019, the group revenue base was \$74.3M. The chart below breaks this down into area of service or segment:



EXPENDITURE BY DIVISION

For the year ended 30 June 2019, group expenditure was \$77.8M. The chart below breaks this down into area of service or segment:



OTHER INFORMATION THAT MAY BE OF ASSISTANCE:

- The general rates issue – details per letter from Stephen Shirley dates 18th March 2019
- Finalisation of the Rosary Gardens refurbishment

INFORMATION & TECHNOLOGY 5 YEAR STRATEGY

During the FY2019 financial year, Southern Cross Care (Tas) Inc engaged the services of KPMG to perform an Information technology (I.T.) review and develop an ongoing strategy and roadmap.

It was acknowledged that this was necessary to determine the 'current state' of our systems and infrastructure and to define a strategy to move forward, modernise SCC's IT offering, stabilise the existing environment and construct a pathway to grow and develop in this space. The IT Strategy and subsequent 5-year plan was approved by the Board in March 2019.

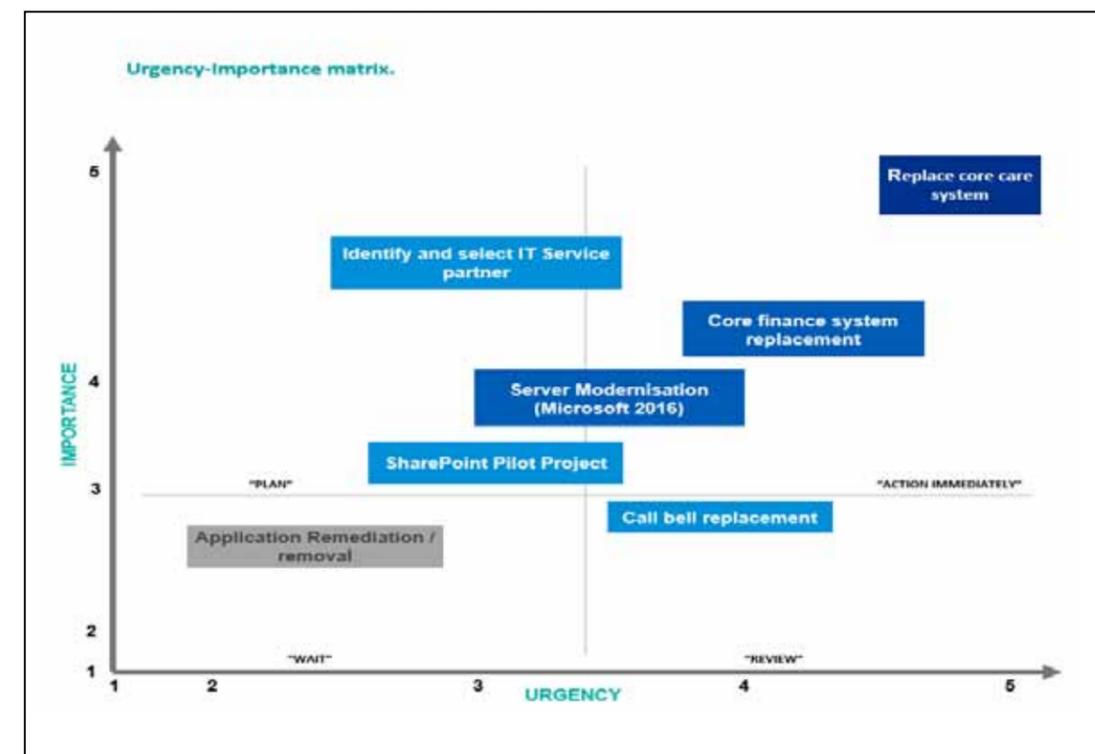
The I.T. Strategy has seen the restructure of the I.T. team and the creation of two new roles with the aim to better align the skills and abilities that sit within these roles with the future expectations of IT within Southern Cross Care.

Workshops have been held with staff across the state, and the following priorities have been identified:

- Core care system replacement
- Server modernisation
- Identification and selection of an external IT partner
- Core finance system replacement
- Application remediation / removal
- SharePoint
- Call bell replacement or remediation

Southern Cross Care (Tas) Inc will continue to work with KPMG to advance the strategy in line with our Vision, Mission and Values.

PRIORITISATION



ACSA TASMANIA DIVISIONAL COUNCIL APPOINTMENT

Following the resignation of Carolyn Wallace, Cherie Atchison was appointed to the ACSA Tasmania Divisional Council. Cherie has since been appointed as the Tasmanian representative to the ACSA National Finance Advisory Committee. Representation on external committees is a positive way Southern Cross Care (Tas) Inc can contribute to the greater aged care agenda and remain abreast of changing expectations within the industry, whilst empowering staff to further develop and share their existing skills and experiences.

TRIENNIAL LAND & BUILDING VALUATIONS

Financial year 2019 saw the valuation of Southern Cross Care (Tas) Inc's land and building portfolio in line with the Group's three year periodic revaluation program. The final report, conducted by independent valuers Herron Todd White, saw an increase in the value of land and buildings within the portfolio, which is further evidence of the strength of the organisation and support for its ongoing investment in residential aged care & independent living buildings and operations.

Contact Listing

Head Office

Southern Cross Care (Tas.) Inc.
85 Creek Road New Town Tas. 7008
(PO Box 815 Moonah Tas. 7009)
Phone: (03) 6246 1800 Fax: (03) 6278 9177
Email: southerncrosscaretas@scctas.org.au
www.scctas.org.au
ABN: 18 773 507 851
Auditor: Crowe Horwath
Bankers: Catholic Development Fund

Residential Aged Care Facilities

Residential Enquiries Officer - Sth

Mrs Louise Graham
PO Box 815 Moonah Tas 7009
Ph: (03) 6146 1802 Fax: (03) 6278 9177

Residential Enquiries Officer - Nth

Mr Robert Crumpton
5 Waveney Street
Sth Launceston Tas 7250
Ph: (03) 6343 0240 Fax: (03) 6343 3420

Guilford Young Grove

13 St Canice Avenue Sandy Bay Tas 7005
Facility Manager - Emma Melbom
Ph: (03) 6225 1025 Fax: (03) 6225 3225

Sandown Village

1 Wayne Avenue Sandy Bay Tas 7005
Facility Manager - Rebecca Eiszele
Ph: (03) 6216 7100 Fax: (03) 6225 4821

Rosary Gardens

85 Creek Road New Town Tas 7008
Facility Manager - Ann Bingham
Ph: (03) 6144 5200 Fax: (03) 6228 3856

Glenara Lakes

390 Hobart Road Youngtown Tas 7249
Facility Manager - Louise Scambler
Ph: (03) 6343 6777 Fax: (03) 6343 3100

Ainslie – Low Head

196-244 Low Head Road Low Head Tas 7253
Facility Manager - Heather Currant
Ph: (03) 6382 1477 Fax: (03) 6383 3438

Yaraandoo

1A Cardigan Street Somerset Tas 7322
Facility Manager - Kylie Bennett
Ph: (03) 6435 1010 Fax: (03) 6435 2522

Mount Esk

38 Station Road St Leonards Tas 7250
Facility Manager - Heather Robinson
Ph: (03) 6339 1205 Fax: (03) 6339 6113

Fairway Rise

2 Toogood Drive Lindisfarne Tas
Acting Facility Manager - Lesa Kerstan
Ph: (03) 6246 7200 Fax (03) 6246 7300

Mary's Grange

5 Grange Avenue Taroona Tas
Facility Manager - Mr Marc Van Impe
Ph: (03) 6227 7000 Fax (03) 6227 9001

Home Care

HOBART

85 Creek Rd New Town Tas 7008
Ph: (03) 6146 1850 Fax: (03) 6228 0512

BURNIE/SOMERSET/DEVONPORT

29 Wragg Street Somerset Tas 7322
Ph: (03) 6435 0340 Fax: (03) 6435 3259

LOW HEAD

196-224 Low Head Rd Low Head Tas 7253
Ph: (03) 6382 4907



Independent Living Units

AA Lord Retirement Village 131 Hill Street West Hobart Tas 7000

Taroona Villas 100 Channel Highway Taroona Tas 7053

Yaraandoo 1A Cardigan Street Somerset Tas 7322

Sandown Village 1 Wayne Avenue Sandy Bay Tas 7005

Guilford Young Grove 13 St Canice Avenue Sandy Bay Tas 7005

Glenara Lakes 390 Hobart Road Youngtown Tas 7249

Ainslie – Low Head 196-224 Low Head Road Low Head Tas 7253

Ainslie – Launceston 5 Waveney Street South Launceston Tas 7249

Ainslie – Westbury 85 Meander Valley Road Westbury Tas 7303

Saint Canice 15 Saint Canice Avenue Sandy Bay Tas 7005

Fairway Rise 55 Gordons Hill Road Rosny Tas 7018

Springhaven Lifestyle Village 38 Gordons Hill Road Lindisfarne Tas 7015

Mary's Grange 26 Channel Highway Taroona Tas 7053