



Southern Cross Care
(Tas.) Inc.

Caring across Tasmania

ANNUAL REPORT

2019/2020

Contents

Our Mission, Vision and Values	3
Board of Directors	4
Organisational Chart	4
Report from the Chairman	5
Report from the CEO	8
Report from the Treasurer	11
Locations listing	14

Feel right at home.

Southern Cross Care is Tasmania's largest not-for-profit aged care provider dedicated to delivering flexible health and lifestyle services to suit you and the people you love.

Lifestyle Villages



Supporting independent living across Tasmania with lifestyle village communities, perfectly designed for those who want to get the maximum out of life, with the minimum of worries.

Home & Community Care



Helping people to stay independent at home by providing personal and clinical services, and helping you to remain connected to your community with transport and social outing assistance.

Residential Care



Providing Residential Care in a safe and nurturing environment with a professional care team including 24/7 on-site nurses, professional chefs, allied health staff and activity coordinators.

We tailor your care to suit your individual needs and budget. Talk to us today to find out more about one or a combination of services designed to suit you.

Our Mission, Vision and Values

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 Vision

To be recognised as a leading provider of aged care services and an employer of choice in Tasmania.

Our Values

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

Integrity

- We look for the good in all people and recognise the contribution of individuals 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.

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.

The Southern Cross Care Way

Influenced by the Catholic faith, SCC challenges itself to see the face of Christ in everyone who entrusts themselves to our care regardless of whether they share our faith or world view.

We will be respectful of every person for whom we care while remaining faithful to ourselves.

We do this through everyone who works for SCC whether paid or voluntarily.

It is our people who give effect to our desire for each person in our care to live with dignity and respect and have the best quality of care and life.

We seek to provide leadership, and direction to our people to empower them to be the best they can be in providing innovative and best practice care to our residents and clients, and to have fulfilling and rewarding experiences through their employment lifecycle.

We seek to do all of this in a sustainable way that allows us to have the lightest possible effect on our environment and enables our organisation to provide a valuable contribution to the community and flourish, remaining viable and sustainable well into the future.



Board of Directors



Helen McArdle
Deputy Chairman



Stephen Shirley
Chairman



Christopher Jones
Treasurer



John Shelverton
Director



Alex MacAskill
Director

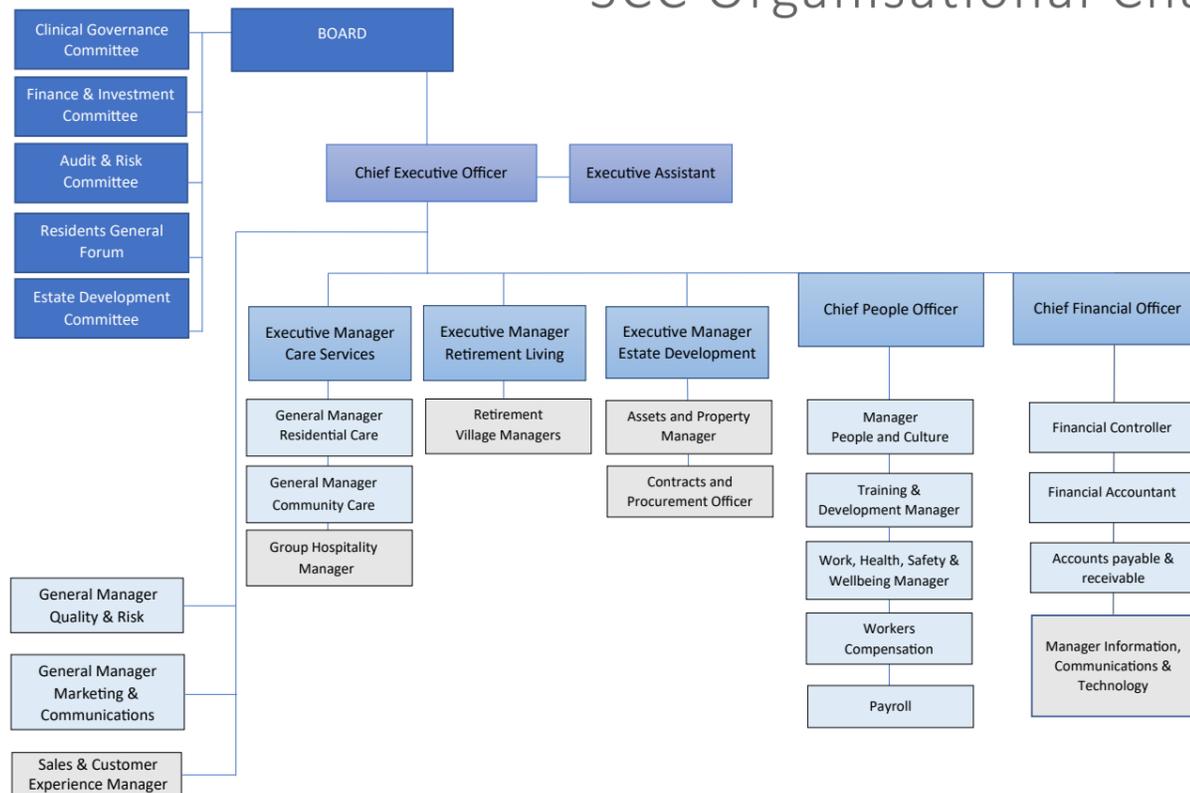


Damian Griffin
Director



Maryanne Ingram
Director

SCC Organisational Chart



Chairman's Report

Stephen Shirley



Royal Commission

The Royal Commission sat in Hobart in the week commencing 11th November 2019 with an emphasis on Residential Aged Care. The Southern Cross Care Group was invited to attend and gave evidence over two and a half days. Five resident experience witnesses were heard, as well as five current and seven former staff and Board members.

The Commissioners heard evidence of care failures within the Southern Cross Care Group and also focussed on governance issues. During my appearance it was apparent that the Commission was focussing on how to improve aged care rather than just focussing on failures.

In that environment of seeking improved aged care and governance oversight, the Commissioners asked the Southern Cross Care Group to consider trialing innovative care models in conjunction with our interstate Southern Cross Care colleagues and to offer advice about an annual attestation by aged care providers. The offer to trial alternative care models has not been taken up by the Royal Commission and work continues on developing an effective attestation.

Following the appearances at the Royal Commission, the Southern Cross Care Group Board and advisers met to gather the learnings from our appearance at the Royal Commission.

Three major themes came out of that meeting:

- that there needed to be explicit acknowledgment that the Southern Cross Care Group was a care first organisation;
- that our systems needed to be enhanced to deliver and demonstrate consistent high-quality care; and
- that we must improve our engagement with staff and volunteers to ensure that the intention of the Southern Cross Care Group to deliver consistent, high-quality care, based on its foundations in the Knights of the Southern Cross and its catholic ethos, is delivered.

The successful delivery on each of these themes is a multi-year task to change the landscape, and then constant activity to ensure that a high standard is maintained.

Retirements and Appointments

2019-20 has been a period of significant change.

Mr Richard Sadek retired on 5th February 2020 having achieved 25 years as the first CEO of Southern Cross Care (Tas) Inc.. When Richard commenced with Southern Cross Care (Tas) Inc. it operated three aged care facilities. By the time of his retirement Richard oversaw an organisation consisting of nine aged care facilities, 12 retirement villages and home care services throughout all of the major regions of Tasmania.

Mr Richard Tyberek retired as Executive Manager Corporate Services and Retirement Villages in April 2020 after having delayed his retirement to enable the appointment of the new Chief Executive Officer.

Following an extensive process, the Southern Cross Care Group appointed Mrs Robyn Boyd as Chief Executive Officer. Mrs Boyd took up her role on 18th March 2020 just as the Covid-19 pandemic was ramping up.

Following Mrs Boyd's appointment, a complete review of the executive structure and focus of the executive team has been undertaken. This review has delivered the necessary structure to have effective control over the various aspects of Southern Cross Care's operations as well as a focused development of

the reporting structures and systems to enable the Board to have an effective oversight of the entirety of Southern Cross Care operations.

During this period, a number of existing staff chose to leave Southern Cross Care. I thank each of them for their service. Other members of existing staff have accepted the challenge to step up in their roles at Southern Cross Care, and other people have actively joined Southern Cross Care to assist in the development of the organisation.

I am encouraged by the quality of the people who have sought to join Southern Cross Care which has enabled us to appoint high quality people to these positions.

I am encouraged by the quality of the people who have sought to join Southern Cross Care which has enabled us to appoint high quality people to these positions.'

Strategic Review

The current Strategic Plan for the Southern Cross Care Group covers the period to 2020.

During 2019-20 and following the appointment of Mrs Boyd, Southern Cross Care has reviewed and refreshed its Strategic Plan. The Strategic Plan will cover the period from 2021 to 2026. The Strategic Goals do not differ greatly to those in the current plan. What is changing is a more direct alignment of corporate plans and reporting to the Board to regularly report on and demonstrate performance towards achieving the Strategic Goals using specific indicators where possible.

SCC Services

Since early in 2019-20 the Southern Cross Care Group has maintained full accreditation in all of its residential facilities.

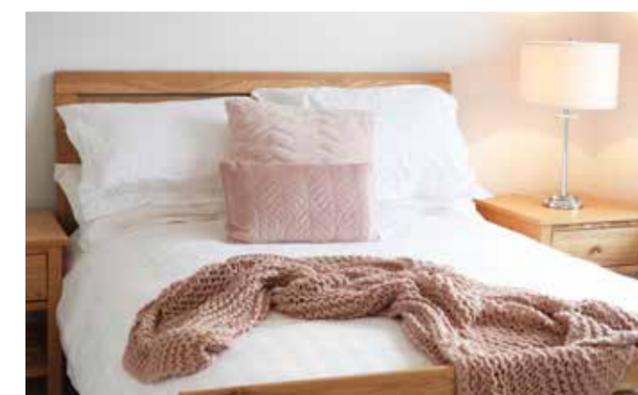
Early in the Covid-19, pandemic the CEO implemented a specific Covid-19 team to oversee preparation for daily activity during this time and response should there be an outbreak in any of our residential facilities.

Much of the work that is being undertaken to improve systems and processes, both physical and technological, is not as obvious but is essential to ensure consistent high-quality care is delivered. These improvements allow for a more proactive approach.

Independent Living remains an attractive option for many people and demand for this type of accommodation remains high. During 2019-20 work was completed on the development of 21 additional units at the Glenara Lakes Lifestyle Village. The development of the 84-unit Springhaven Lifestyle Village in Lindisfarne was finalised in August 2020. Both villages have been fully occupied since shortly after the completion of each development.

Southern Cross Care's Home Care continues to support people to remain in their own homes while receiving assistance with daily living. This will be an important area of service increase, as the Commonwealth Government continues to release home care packages.

The Board has instituted a governance review to ensure that its constitution supports a skill-based Board, while honouring the heritage of the Knights of the Southern Cross and a strong catholic ethos. As well as being prudent, and to regularly ensure that the Constitution of the Southern Cross Care Group is up to date, there is a need to ensure that the primary selection criterion for appointing directors is the skill they bring to the work of Southern Cross Care. This was a key matter of discussion at the Royal Commission. Our members will be fully consulted as the review of the constitution progresses.



Springhaven Community Centre bar and recreation area, streetscape, and townhouse bedroom. Images: Fairbrothers Pty Ltd

Appreciation

The Southern Cross Care Group commenced the period of consolidation which I reported on at the last Annual General Meeting.

This has required the Board to focus on its governance responsibilities and approve significant change throughout Southern Cross Care. It is difficult to give a sense of the work each Director does in support of Southern Cross Care. I wish to express my appreciation to all of the Board for their dedication to their duties as Directors of Southern Cross Care and their support of me as Chair.

During 2019-20 Bobby Court resigned as a Director. Bobby joined the Board in January 2016. I wish to thank Bobby for her service to Southern Cross Care and the skill she brought to her duties as a Director.

Mr Chris Jones has indicated that he will not seek re-election to the position of Treasurer while remaining a member of the Board. Chris has been Treasurer since 2008 and has dedicated many hours to this work by analysing the financial performance of Southern Cross Care over this time. Chris remains active across many of the Board sub-committees.

I wish to thank the executive staff of Southern Cross Care, past and present, for their dedication to the work of the Southern Cross Care Group. There is much work to do and the executives are undertaking this work in a focused way to ensure Southern Cross Care achieves its strategic objectives.

I also wish to express my deep thanks to all of the staff and volunteers at the Southern Cross Care Group. It is these people who support our residents and customers to live a full life and to animate the vision of Southern Cross Care.

I acknowledge our many partners in all levels of government and in commerce who assist Southern Cross Care in delivering our services.

CEO's Report

Robyn Boyd



In March 2020 I arrived in Tasmania as the new Chief Executive Officer to Southern Cross Care Inc. and Mary's Grange Inc., little did any of us realise the challenges we would face as the global pandemic came to the fore.

Our initial response to the pandemic was the development of an Outbreak Prevention and Management Team and the development of an outbreak prevention and management plan.

Following the World Health Organisation's guidelines and the Director of Public Health's advice, Southern Cross Care have rolled out strategies and initiatives to ensure the best possible outcomes for the health and wellbeing of our residents, clients and workforce, through what have been unprecedented times.

To that end SCC has representation on the Aged Care Emergency Operations Centre (ACEOC) - Sector and Peak Bodies Reference Group, ensuring we advise and participate in the ongoing development strategies of government in preventing and managing the pandemic for the state of Tasmania.

I am proud to announce that SCC has avoided any COVID-19 outbreaks within any of the care services or villages it operates and to this end I congratulate SCC staff, residents and their families across the organisation for their vigilance and resilience through these challenging times.

Whilst times have been challenging, I commend the work of the Executive and Management teams that have worked tirelessly to achieve the strategic objectives, delivering the organisation through to its next phase.

Quality Assurance

Our achievements in each of the business areas have been significant, particularly in the area of information technology advancement, with the implementation of an integrated work health and safety (WHS) and risk management system, ionMy which has provided an online platform for reporting and managing organisational incidents, hazards and risks, allowing our workforce to report in real-time through an application on their individual devices, regardless of their location.

In addition, a Safety and Quality System has been implemented to provide an integrated system for the development and review of organisational policy and procedures as well as governance frameworks to support the organisation's quality of services and products, and reporting.

People and Culture

Online training platform, the Altura Bridge Learning Management System, has recently been purchased to support and enable the implementation of the organisation's Learning and Development Plan. The Learning Management System is currently being implemented throughout the organisation and will facilitate online training that is environment agnostic, allowing staff to log-on and complete their training anywhere at any time, providing flexibility to our workforce in their ongoing training and development.

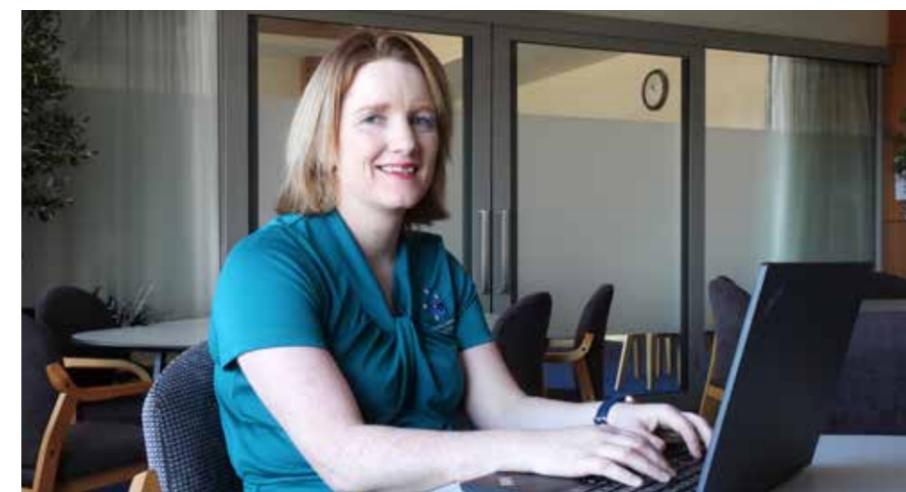
'I am proud to announce that SCC has avoided any Covid-19 outbreaks within any of the care services or villages it operates and to this end I congratulate SCC staff, residents and their families across the organisation for their vigilance and resilience through these challenging times.'

Residential Care

In residential care, SCC has implemented an electronic care and documentation system, icare.

The icare system supports the residential care team with real-time documentation and care planning for each individual resident within each of the homes.

This implementation will provide more comprehensive reporting, clinical data collection, and critical analysis, to improve the care outcomes for our residents. Further, the system allows care team members to mobilise with electronic tablets allowing them to care for residents at the point of care.



Extended Care Assistant & Leisure and Lifestyle Officer, Clare Lampkin, undertakes icare training at Fairway Rise Aged Care Home

To ensure our care and services across the care setting, in both resident and community care, SCC has recruited our very own Nurse Practitioner who specialises in Psychogeriatrics – Hazel Bucher. Hazel joins SCC in November and will bring with her a wealth of knowledge, specialist skill and expertise. She will enhance our existing clinical teams across the state to provide high quality clinical care services, decision making to our residents and clients, and will act as an exemplar of mentor and coach.

Community Care

In-home monitoring systems have been implemented in community care recipients' homes to provide ongoing care and monitoring through the COVID-19 pandemic for select clients who are particularly impacted due to health-related issues exacerbating individual risk.

The Commonwealth Home Support Program (CHSP) Flexible Respite program has been extended to 2022, and with COVID-19 and the announcement of the ability to expand services, SCC have been able to provide care to more people within our community.

Announced in the 2020-21 budget were an additional 23,000 home care packages across the nation.

Community Care have realigned aspects of the team function to allow a focus on CHSP funding spend and new client acquisition. Technology solutions are currently being investigated that will provide a seamless, transparent, and interactive interface with clients and the workforce. This will increase satisfaction and maximise package spend with a customer centred focus.

Independent Living

Major highlights for villages this year saw the completion of two significant projects for Southern Cross Care. The expansion of Glenara Lakes in the North of the state, consisting of an additional 26 three-bedroom villas, now makes this village the largest within Southern Cross. This Village consists of 126 Independent Living units and beautifully landscaped gardens, which were completed by our own Glenara Lakes gardening team.

The Springhaven Lifestyle Village in Lindisfarne reached completion in August 2020 with the construction of 84 independent living units; a mix of standalone 2-bedroom villas and 2- and 3-bedroom townhouses that offer either a balcony or courtyard for outdoor living. All units have now been sold.

The community centre is fully operational and is being enjoyed by our new residents who frequently participate in a number of activities that enhance their lifestyle and increase social interaction. The communal areas of Springhaven also include a central garden area with raised garden beds and an orchard of fruit trees to enjoy in the future.



The recently completed expansion of Glenara Lakes Independent Living Village and adjacent village resident managed vegetable garden.

In Conclusion

As the sector anticipates the final report from the Royal Commission into Aged Care in February 2021, there will be ongoing challenges and opportunities for aged care as the report addresses future reforms, such as changes to the Commonwealth funding instruments and deregulation of residential care, amongst many other prospects.

Southern Cross Care continues to grow its capability and capacity at a senior management level to ensure the organisation is on the front foot of reforms to ensure viability, sustainability and success well into the future, implementing forward thinking business and care models in anticipation of future care and consumer expectations.

Treasurer's Report

Chris Jones



The consolidated Financial Report for the financial year ended 30th June 2020 incorporates the results of the two entities of Southern Cross Care (Tas) Inc. and Mary's Grange Inc.. 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 previous years, and in particular this year, it has proved not possible to fully achieve.

The budget for the year was a deficit of \$7M.

The group report for the financial year ended 30th June 2020 is an accounting deficit of \$12.413M. This result was well outside of the budget forecast for the year.

The industry has been subjected to no indexation on Government subsidies for the past three years. This, combined with the changes to Government subsidiary claiming criteria, have negatively impacted results for the financial year ending 30th June 2020.

Further impact on the year results was the loss of accreditation in November 2018 at our Aged Care Facility Yaraandoo that continued into the 30th June 2020 financial year. Being sanctioned, meant that 25 beds remained vacant for the year resulting in a loss of income to the facility of \$1.6M. In addition, staff salaries were required to be held as if the facility was fully occupied.

This resulted in staff salaries being in excess of the budget by \$490K for the year.

The Rosary Gardens refurbishment was completed July prior to the 30th June 2019 and has had difficulty in filling 12 vacant beds for the year, with an income loss compared to budget of \$1M.

All sites experienced difficulty during the year in filling vacant beds resulting in a further loss of income to budget of \$700K.

In addition, all facilities experienced unbudgeted costs incurred by complying with COVID-19 requirements.

Consolidated Statement of Financial Position

The group's net assets at year-end amounted to \$125M compared to \$138M in 2019. This change in net assets of \$12.8M comprises an accounting loss of \$12.4M and a revaluation decrement of \$398K.

In the prior year 30th June 2019 land and buildings were revalued by \$30.7M. Revaluation only occurs every three years and the next revaluation will occur in the financial year ending 30th June 2022. Asset revaluations are recorded in the group's financial statements and the group's asset revaluation reserve.

Consolidated Statement of Comprehensive Income

Southern Cross Care (Tas) has had a most difficult financial year in returning a loss of \$12.413M. In the prior year the homes result was a loss of \$3.5M. The loss increment of \$9M over the past year is \$2M over the budget for the year of \$7M. The year's result, as it was in the previous year, was due to the following factors:

- no increment in the indexation of Government subsidies since 1st of July 2017, which has continued to impact on our revenue;
- the Government's changed approach to validating our claims, the impact for the year was in excess of \$1M, in line with that of the prior year;

- the sanction of Yaraandoo continued to the 1st of March 2020. The result of this was a \$1.4M cost to the group for the year; and
- the increase in average vacant beds for the year to 59 beds, which resulted in a loss in income to the group of \$3.9M.

In addition, the increase in the average house selling prices in Hobart created an increase in the capital appreciation provision in the group's balance sheet in independent living units. The provision for the year equals \$5.45M. The prior year was \$2.5M.

The impact of these external changes was significant to the majority of our age care facilities. In residential, our Ainslie facility was the only site to return a surplus for the year. The remaining homes returned losses in total of \$8.2M. A number of cost centres including direct care costs, utility, catering and administration, which were \$1.6M over budget.

It is to be noted that the results for the year included interest from term deposits of \$551K. Interest at this rate is only temporary as a significant amount of the group's cash reserves have been applied to the working capital for the Springhaven and Glenara Lakes developments, total \$30M.

Return on equity for the year was nil and in 2019 was 2.5%.

Significant Points of the Year

Total income from the year increased from \$74.3M in 2019 to \$74.6M in 2020.

Total expenditure for the year increased to \$87.01M from \$77.9M; a percentage increase of 11.7% to the prior year.

Residential Age Care Services

Residential Aged Care Services recorded a loss for the year of \$8.6M compared to the prior year's loss of \$1.6M. This was impacted by non-indexation on subsidies and low occupancy at all sites but mainly at Yaraandoo and Rosary Gardens, as previously mentioned in the report. Cost centres including direct care, catering, utility and administration were over budget. Residential aged care costs increased by \$7M to that of the prior year. Our age care funding instrument claiming was in line with the prior year, under budget by \$700K.

Home Care

Home Care recorded a net surplus of \$738K for the year compared to \$711K in 2019. The market that is emerging under changed Government policy is highly competitive and maintaining share of new clients is extremely difficult under the Government allocation process. Efficiency changes were made to Home Care that will enhance the service to the community.

Retirement Villages

Retirement Villages recorded a loss for the year of \$4M compared to the prior year loss of \$1.8M. The result for the year 2020 includes an increase in the deferred management fee over the prior year of \$929K due to the lease of 81 apartments and villas from the Springhaven and Glenara Lakes developments. As at 30th June 2020, nine units remained unleased, as at 31st August 2020 all units have now been leased. The

Village's loss for the year was due to the Capital Refund provision of \$5M for the year compared to the prior year of \$2.5M.

Property Plant and Equipment

Southern Cross Care (Tas) invest significantly in property, buildings, technology, furniture and equipment in support of our residents and clients. The group's investment in technology supports staff and clients that live in their home and is the key to the group's success in ensuring its financial viability. Southern Cross Care (Tas) has since 1st July 2018 to 30th June 2020 invested \$50M in building plant and equipment. The amount to be invested for the 2020 to 2021 financial year will be approximately \$12M.

Borrowings

Resident liabilities at 30th June 2020 amounted to \$201M, resident liabilities in 2019 were \$176M. This increase is due to stages two, three and four of Rosary Gardens, and the Springhaven and Glenara Lakes developments.

External

Represents loan commitments to the Federal Government by Zero Real Interest Loans of \$13.99M being repaid over 20 years, a line of credit from the Catholic Development Fund, and a loan of \$5M. In total, \$28.5M.

Funds available at the 30th June 2020 to meet immediate commitments:

Cash at bank	\$21M
Term Deposit	\$17M
Shares in public companies	\$800K
Total	\$38.8M

The Outlook

2020/2021

Aged care will continue to be a very complex industry, margins remain extremely tight with the industry struggling to maintain occupancy, and Aged Care Funding Instrument (ACFI) funding due to budget reductions in Government funding. Increases will occur in major cost centres, utility charges, direct care costs, catering, administration an ongoing maintenance to property plant and equipment. The group's Home Care market will face continually strong competition from competitors. The forecast financial result for the insuring year is for a loss of \$5M with an earnings before interest, taxes and amortization (EBITA) of \$2.8M.

Location Listing

SOUTHERN CROSS CARE HOUSE

Southern Cross Care (Tas.)
Inc. 85 Creek Road, New Town

RESIDENTIAL AGED CARE FACILITIES

Guilford Young Grove

13 St Canice Avenue, Sandy Bay

Sandown Apartments

Southerwood Drive, Lower Sandy Bay

Rosary Gardens

85 Creek Road, New Town

Glenara Lakes

390 Hobart Road, Youngtown

Ainslie – Low Head

196-244 Low Head Road, Low Head

Yaraandoo

1A Cardigan Street, Somerset

Mount Esk

38 Station Road, St Leonards

Fairway Rise

2 Toogood Drive, Lindisfarne

Mary's Grange

5 Grange Avenue, Tarooma

HOME & COMMUNITY CARE

South

1 Kirkham Drive, Lindisfarne

North

5 Waverney Street, launceston
196-224 Low Head Rd, Low Head

North-West

29 Wragg Street Somerset
81A Gunn Street Devonport

INDEPENDENT LIVING VILLAGES

AA Lord Lifestyle Village

131 Hill Street, West Hobart

Fairway Rise Lifestyle Village

1 Toogood Drive, Lindisfarne

Springhaven Lifestyle Village

1 Kirkham Drive, Lindisfarne

Sandown Lifestyle Village

Southerwood Drive, Lower Sandy Bay

St Canice Lifestyle Village

15 St Canice Avenue, Sandy Bay

Guilford Young Grove Village

13 St Canice Avenue, Sandy Bay

Grange Lifestyle Village

26 Channel Highway, Tarooma

Tarooma Villas

100 Channel Highway, Tarooma

Glenara Lakes Lifestyle Village

390 Hobart Road, Youngtown

Ainslie House and Chalet Lifestyle Village

5 Waverney Street, South Launceston

Ainslie House Westbury

87 Meander Valley Road, Westbury

Ainslie Low Head Lifestyle Village

165-255 Low Head Road, Low Head

Yaraandoo Lifestyle Village

27 Wragg Street, Somerset

www.scctas.org.au