

Southern Cross Care (Tas) Inc.

and

Mary's Grange Inc.



ANNUAL REPORT

2016 - 2017

A charitable service founded by the Knights of the Southern Cross

Our Services



Residential Care

Southern Cross Care (Tas.) Inc. delivers the highest quality care within all our facilities across Tasmania. Residents are supported to live life to the full through provision of an interesting and diverse lifestyle program.

- 759 licensed beds
- 9 Residential Aged Care Facilities
- Full accreditation of all sites
- Ongoing bed replacement program
- Completion of extensive refurbishments at Mount Esk
- Opening of St Andrew's specific dementia unit and the commencement of the 'restore, reclaim, reconnect' project

Retirement Living

Southern Cross Care (Tas.) Inc. provides a wide and varied range of independent living options at 13 sites across Tasmania with a total of 540 units housing over 750 retirees. We pride ourselves on being able to offer accommodation to suit most personal requirements and financial circumstances. With our extensive Community Care services and Residential Aged Care accommodation, residents have a real sense of security in their ongoing care needs.

- 586 units over 13 sites
- Ongoing unit renovations at Ainslie Low Head, Westbury, Launceston, Sandown and West Hobart

Home Care

Southern Cross Care (Tas.) Inc. Home Care is known for its compassion and genuine caring for each person as an individual. This enviable reputation for quality and reliability has evolved over many years of delivering consistent high quality services with qualified and skilled staff.

- Veterans' Home Care
- Home Care Packages
- Extended Aged Care at Home Packages (including Dementia Packages)
- In Home Diversional Therapy Respite for carers of people living with dementia

Contents



(Margaret Coogan Resident at Ainslie Low Head)

<u>Report from the Chairman</u>	<u>3</u>
<u>Board of Directors</u>	<u>7</u>
<u>Key Strategic Objectives</u>	<u>7</u>
<u>Board Structure</u>	<u>8</u>
<u>Report from the Chief Executive Officer</u>	<u>9</u>
<u>Report from the Treasurer</u>	<u>12</u>
<u>Financial Highlights</u>	<u>14</u>
<u>Our Sites and Locations</u>	<u>17</u>

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:

- The sanctity of life
- Caring and compassion
- Individuality and diversity
- Integrity and dignity
- Excellence in professional practice
- A safe and fulfilling environment
- Each person regardless of ethnic background, religious belief or economic circumstances.



Report from the Chairman of the Board – Hon Ray Groom AO

2016/17 was another very satisfactory year for the Southern Cross (Tas) Group which includes both Southern Cross Care (Tas) Inc and Mary's Grange Inc.

Once again:

- We maintained the highest quality of care and support for our residents and clients.
- Further significant growth was achieved in the range of services and facilities we offer.
- Our finances were managed with appropriate skill and attention.

Impact of Government Policy Changes

A major challenge arose during the reporting year as a result of important changes to the Federal Government policies in both Home Care and Residential Care.

The Home Care Policy changes include: -

1. The Client is now the budget holder of funds provided by the Government
2. Surplus funds are returned to the Government when the Client leaves a service.
3. Vacated licences revert to the central national pool and are reallocated based on need and length of time on the waiting list. A provider no longer has a designated number of packages/licences around which to build their business model.
4. There are many new providers in the market place resulting in greatly increased competition for services.

There are also significant changes in Residential Care: -

1. Changes to the ACFI tool have resulted in an Australia wide reduction of \$2 Billion for the Aged Care sector.

2. The reduction for our own organisation is approximately 6% or \$2M in the present financial year.
3. In addition, there will be no ACFI indexation for the 2017/18 year and reduced indexation in 2018/19.

Thankfully we have sufficient expertise and agility within Southern Cross Care (Tas) Inc to address the challenges that arise from constantly changing Federal Government policies.



Southern Cross Care (Tas) Inc will continue to provide feedback to the relevant peak bodies, including Catholic Health Australia and Aged and Community Services Australia, on our own operational experience in dealing with these policy changes. This will help those bodies to be well informed and able to lobby ministers and other politicians for some adjustments to the new policy settings.

Care

Once again, I can report to this AGM that all of our aged care facilities and Home Care services have maintained their full accreditation status

Accreditation by the Federal Government agencies is a most demanding but necessary process. Great pressure is placed on our Managers and Staff members to ensure that when accreditation occurs we satisfy all of the very stringent requirements. I sincerely thank and congratulate our staff for meeting all of those high standards.

Financial Management

We are blessed with extensive financial expertise on our Board and within our management team including our Treasurer Chris Jones and Finance Manager Andrew Crane.

In the reporting year, we managed to achieve a surplus of \$2,794,300. This was an excellent result in all of the prevailing circumstances.

It must be remembered however, that this figure does not represent a profit to be paid to shareholders, but is a surplus of our not-for-profit organisation. That money is reinvested in its entirety to maintain our facilities and the services we provide.

Quite frankly I see a challenging period ahead, especially as we depend so heavily on Federal Government funding with that tier of Government seeking to limit the overall cost of providing aged care services.

Another major financial challenge we face, is to make sure we achieve a reasonable outcome from the negotiations currently underway with our Staff and Unions on a new Enterprise Agreement. The Board has approved the final offer for the new Southern Cross Care (Tas) Inc and Mary's Grange Enterprise Agreement which we trust will be accepted by our staff members and endorsed by the two Unions involved.

The offer that we have made for both salaries and conditions will mean that both Southern Cross Care (Tas) and Mary's Grange Inc will continue to exceed the entitlement provided in the Modern Award provisions.

Growth and Capital works

I and our Board have a policy of pursuing continuing growth for our organisation. An example is our proposed Springhaven Retirement Village which will be built on land opposite the Fairway Rise Village at Lindisfarne.

I am pleased to report that we have now obtained full planning approval. It is expected that civil works will commence in December this year with construction of the 84 Villas and Apartments and the community Centre to be completed by mid-2019. We have a waiting list for the Village of an amazing 500 interested people

But as well as achieving ongoing growth, we must also make sure that we maintain and improve our existing facilities so that they remain attractive to residents and their families.

Major Capital works have been undertaken in the course of the reporting year including the following: -

Sandown

- The conversion of the ground floor former kitchen area to provide an additional 9 new resident bedrooms and associated amenities. This project cost \$2.1M.

Guilford Young Grove

- This project involved the refurbishment of 27 residential bedrooms to single rooms with ensuites. The project also enabled improved amenity areas such as lounge rooms, a new entrance, dining room, library etc. This project cost \$2.1M.

Rosary Gardens

- This refurbishment was required to enable Rosary Gardens to remain competitive within the Northern suburbs of Hobart. A complete refurbishment of the existing 143 bed RACF to a contemporary 95 bed RACF, with single bedrooms with ensuites and improved recreational facilities. This project will cost approximately \$13.5M and will be fully completed by the end of 2018.

Refurbishment of the Glenara Retirement Lakes Village Homestead

- The conversion of the existing Homestead into a contemporary community centre with associated leisure amenities was completed and opened on the 22nd September 2017. This project enables Independent Living Unit residents to enjoy improved recreational and social amenities and facilities. This project has cost approximately \$1.5M.

Glenara Lakes Heating & Cooling System

- The Board of SCCT has agreed to replace the entire heating and cooling system at Glenara Lakes due to the current Geothermal System failing regularly. This project will replace the existing system with heat pumps at an estimated cost of \$1.5M. Work associated with this project is due to commence in early 2018 and will improve the comfort levels for residents and staff.

General Rates

Everyone present would be aware of the decision by four Councils, Hobart, Clarence, Kingborough and Meander Valley to impose the General Rate on Villas and Apartments in Retirement Villages.

Traditionally that rate, which is the largest element of Council rates, has not been imposed on retirement village properties because of an exemption in the Local Government Act.

We received legal advice from Mr Bret Walker SC who is widely considered to be one of Australia's best Lawyers. Mr Walker advised that the properties we own continue to be exempt from the General Rate.

Following Mr Walker's advice, we lodged an appeal against the decision of those Councils. The hearing was held in May. Mr Walker represented us at the hearing and presented excellent arguments in support of our case. We are still awaiting the Magistrate's decision.

The Board

I wish to express my great appreciation to all of our Board Directors for their commitment and hard work throughout the year.

I express special thanks to Deputy Chair Dr Helen McArdle, to Treasurer Chris Jones and to those Directors who have Chaired or participated in our committees or assumed other additional tasks during the year.

Directors are ultimately responsible for the performance of the organisation. It is a heavy duty that Directors willingly bare despite the fact that they act in an honorary capacity.

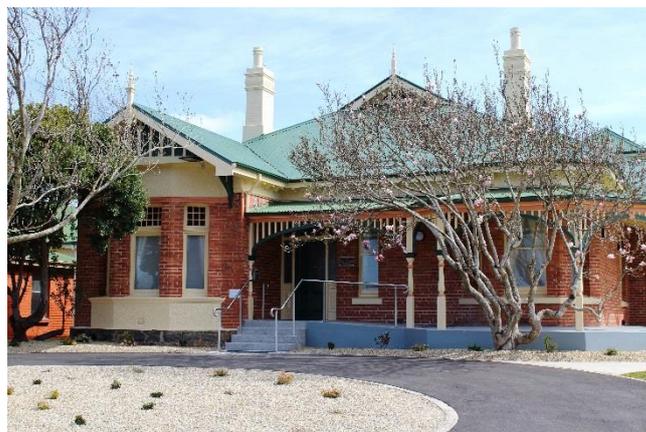
As Chairman, I very much appreciate the collegial spirit that exists among Board Directors. Team work and mutual respect are critical to our ongoing success

In my last report, I mentioned two new Directors Bobby Court, Former Principal of Guilford Young College and Michael Hill former Chief Magistrate of Tasmania. Both have proved to be excellent additions to our Board.

It is with great sadness that I report the passing of two of our former Board colleagues.

Peter Patmore was a long standing Board Member and former Chairman of Southern Cross Care (Tas). Peter made a magnificent contribution to the organisation and was one of its true champions.

Recently, we had the Blessing and Official Opening of the Peter Patmore Homestead at Glenara Lakes. The Homestead was named after Peter in recognition for his long and distinguished service.



(The newly renovated Peter Patmore Homestead)

I also record the passing of Brian Gibson. Brian was on our Board for a relatively short period following the merger with Mary's Grange. He was a Board member of Mary's Grange for many years and at the time of the merger, was Acting Chairman of that organisation. Brian made a wonderful contribution to both organisations and also to the wider Tasmanian community.

Staff and Volunteers

I wish to thank all of our staff for their wonderful service through 2016/17.

I particularly thank the Chief Executive Officer Richard Sadek for his excellent contribution and for providing sound leadership to our Management Team.

I thank all members of our Senior Management Team and our Facility and Service Managers for their outstanding efforts throughout the year.

Also a special thank you to all of our volunteers who provide very valuable assistance at all of our Facilities around the state.

We have more than 320 volunteers giving freely of their time to assist our residents. We could not do without them.

I am confident our organisation will continue to provide quality care, achieve further growth in our Facilities and Services as well as ensuring ongoing sound financial management.

RAY GROOM AO
CHAIRMAN



(SCC Chairman, Ray Groom with Mrs Pat Saunders, recognised for her 30 years of voluntary service)

Other Assistance

A special thank you to the Catholic Development Fund for its ongoing support and to the many Tasmanian Businesses and individuals who have supplied goods and services or in other ways have supported our organisation.

We very much appreciate support from the Federal Government and officers of the Department responsible for Aged Care. In addition, I express thanks to the Tasmania State Government and those local Councils who have supported us in 2016/17.

Conclusion

This year has been another successful year for the Southern Cross Care (Tas) group.

Everyone involved in our organisation is determined to ensure that next year will again be a successful year.

Southern Cross Care (Tas.) Inc. and Mary's Grange Inc. Board of Directors



John
Mazengarb



Dr Helen McArdle
Deputy Chair



Ray Groom AO
Chairman



Chris Jones
Treasurer



Brian
Gallagher
OAM



John
Shelverton



Stephen
Shirley



Michael
Mazengarb



Alex
Macaskill



Bobby Court

Strategic Plan - Key Strategic Objectives

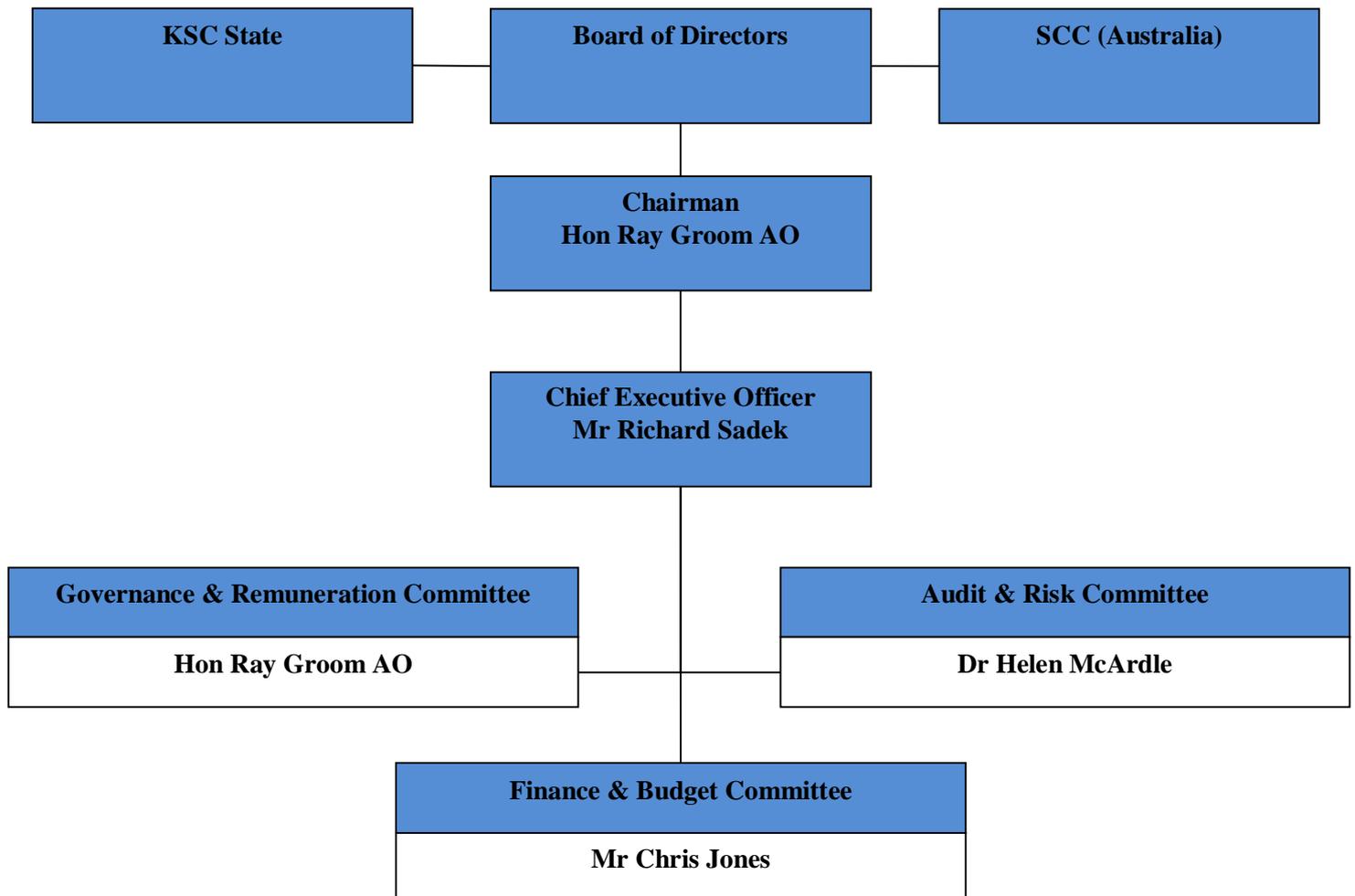
Southern Cross Care (Tas.) Inc.'s Plan for the years 2017 - 2020 inclusive addresses four strategic objectives.

- to continue to provide **Quality Care Services**
- to retain and grow our **Workforce** both paid and unpaid
- to ensure **Business Performance and Infrastructure** is at an optimal level
- manage our **Business and Finances** so that we remain competitive and successful

The attainment of these strategic objectives will ensure Southern Cross Care (Tas.) Inc. and Mary's Grange Inc. fulfils their Mission and Vision.

Southern Cross Care (Tas.) Inc. and Mary's Grange Inc.

Board Structure



Report from the Chief Executive Officer – Mr Richard Sadek

Southern Cross Care (Tas) Inc and Mary's Grange Inc concluded the 2016/17 financial year in a successful manner. During 2016/17, both organisations continued to deliver quality, Home Care, Retirement Living and Residential Aged Care Services in a cost efficient manner, whilst achieving performance indicators which have met and at times, exceeded Industry Standards.

2016/17 saw the continued implementation of the Federal Governments far-reaching policy and funding changes in Aged Care Service delivery. These policies resulted in changes to funding of the Industry, de-regulation of supply and a focus on a continuum of care regime. As a consequence, the structure of Home Care, and Residential Aged Care Services continues to undergo significant change resulting in a shift in Aged Care Funding policy. The focus of the policy change has re-affirmed the Government's commitment to support older Tasmanians to age with independence, choice and dignity, within their own homes.

This structural reform has necessitated that our organisation review its strategic direction for the future, to ensure that resources are used efficiently in the management of finances and assets, service delivery, resource allocation, care standards, consumer and resident satisfaction and infrastructure.

If our organisation is to remain faithful to its Mission Statement, Philosophy and Objectives it will continue to face increasing pressures to achieve an optimal balance between being a charitable body and also adopting a business like profile.

This climate and continued period of change has placed great demands on managers within our organisation to understand the key elements of regular aged care policy changes that occur, and to communicate the prerequisites for success more effectively to the community at large.

This has necessitated greater transparency, and a real understanding of the drivers of corporate performance. Southern Cross Care (Tas) Inc and Mary's Grange Inc willingness to embrace policy and funding changes and reviews affecting the delivery of care to the older community, affirm the organisations professional standing, care and compassion as a large and recognised quality Aged Care provider in Tasmania.



This performance coupled with a period of expansion and growth with the proposed development of Springhaven (an 84 Independent Living Unit Retirement Village at Lindisfarne) in early 2018, and the upgrade of the Rosary Gardens and Guilford Young Grove Residential Aged Care Facilities, is a testimony to the organisations management performance, vision and foresight in a rapidly changing and ageing society.

HIGHLIGHTS

During 2016/17, many outstanding results were achieved across our services and facilities covering a wide and diverse spectrum. These achievements illustrate not only the expertise and professionalism of staff, but also their total commitment and dedication to the Mission Statement of Southern Cross Care (Tas) Inc and Mary's Grange Inc.

Some of the major highlights were as follows: -

- The change of name from Community Care to Home Care was undertaken to reflect a shift in focus to a care model. Also a restructure of Home Care South was implemented to incorporate the amalgamation of the Mary's Grange Home Care Service, and a change of focus to strengthen the culture of Consumer Directed Care to reflect client choices.

- Deregulation of Home Care in February 2017, resulted in aggressive marketing by competitor providers, as well as many new providers entering the Home Care market in Tasmania. Management responded by developing a new brochure with the tag of “Feel Right at Home” coupled with self-promotion by increased community involvement and targeted speaking engagements.
- The continuation of an internal refurbishment program for Independent Villa Units at Sandown Village, A.A Lord Homes West Hobart, Ainslie Launceston and Low Head. This program was implemented as outdated units became vacant and to meet future resident’s expectations.
- The conversion of the existing Glenara Lakes Homestead into a contemporary Community Centre with associated leisure amenities was completed. This project will enable Independent Living Unit residents to enjoy magnificent facilities for various activities, events and social functions incorporating a modern, fresh appeal whilst still retaining the heritage feature of the original Homestead.
- The conversion of the ground floor former kitchen area at the Sandown Residential Aged Care Facility to provide an additional 9 new resident bedrooms and associated amenities.
- Continual planning and work, as part of the Federal Governments accreditation requirements of all Residential Aged Care Facilities. All Southern Cross Care Aged Care Facilities, Mary’s Grange and Home Care Services maintained full accreditation status. Caring for our residents remains fundamental to the way Southern Cross Care and Mary’s Grange operates.
- The celebration of Mary’s Grange 60th anniversary on the 17th March 2017, with a mass by his Grace Archbishop Julian Porteous D.D which was followed by a Garden Party.
- The commencement of the first “work for the dole” project at Mount Esk on the 26th October, 2016, with the support of the auxiliary.
- The opening of the “Tranquillity” Wellness Centre at Glenara Lakes Apartments.



(Inaugural Glenara Lakes Management Staff.
Stephanie Bellinger and Christine Bateman
with Richard Sadek)

- The recruitment of volunteers specifically to assist in the ongoing operation of Men’s Sheds at retirement Villages to assist in improving the health and wellbeing of our male residents and facilitating the development of new relationships.
- The opening of the “Links” Café at Fairway Rise Apartments which is operated by Volunteers.
- The holding of a successful graduation ceremony in the St Basil’s Chapel at Mount Esk for two Pastoral Care Staff who achieved their Clinical Pastoral Education qualification.
- The commencement in December, 2016 of negotiations for a 2017 Staff Enterprise Agreement (EBA) with improved wages and conditions for all of our 1100+ staff for the next 3 years to the 31st December, 2019. The lead work undertaken by Ms Jenny Thomas, Human Resources Officer has been invaluable in this arduous process.
- Work being commenced on the development of a Management Succession Plan with the added aim of identifying management talent in the organisation. Special recognition needs to be provided to Mr Gerald Loughran who has assisted and facilitated this exercise in a

constructive and engaging manner. In addition, the Executive Management team and Managers are committed to investing in its people, developing their skills and abilities to ensure they bring the best care to our clients and residents. Our reputation as one of Tasmania's largest Aged Care Providers coupled with continued growth means that Southern Cross Care and Mary's Grange is very well positioned to offer career opportunities and pathways to staff.

- Progress has continued in the delivery of improved workplace Health and Safety outcomes and additional processes have been implemented to improve Health and Safety management systems. This has included investment and the provision of additional training and support for staff.

The success of these achievements and outcomes, directly relates to the quality, dedication and professionalism of staff that are employed by Southern Cross Care and Mary's Grange.

The importance of delivering a range of care, support and professional services to elderly citizens and the Southern Cross Care and Mary's Grange community cannot be overestimated. Southern Cross Care (Tas) Inc and Mary's Grange Inc are two organisations that create a community of care and provide a broad range of support services for all persons associated with our organisation.



(Mary's Grange Facility Managers, Past and Present) (Left to Right – L McDavitt, A Bingham, J Barwick, J McLeod, A Mackay-Smith, R Campbell)

Financial Performance

As mentioned in the Chairman's and Treasurer's Report, Southern Cross Care (Tas) Inc and Mary's Grange Inc improved on the 2015/16 financial outcome. The net financial result was encouraging, in view of the significant changes in Government funding programs and specifically within the Home Care and Residential Aged Care sectors. The result was also very gratifying given the added responsibility of funding major capital work upgrades being undertaken at the Sandown, Guilford Young Grove and Rosary Gardens facilities.

Volunteers

I wish to thank the 322 registered volunteers who have given so freely of their time and support and assist Southern Cross Care (Tas) Inc and Mary's Grange Inc work during the financial year of 2016/17. 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

2016/17 has been an extremely busy year. The highlights mentioned in this report provide a clear indication of how all connected with Southern Cross Care and Mary's Grange have worked to maintain the provision of quality of care and services, to grow and improve our organisations to meet community expectations and remain financially sustainable.

Both Southern Cross Care (Tas) Inc and Mary's Grange continue to significantly invest to position our organisations for future growth. This includes significant investment in Human Resources, ICT Systems, Capital Works and equipment etc. With the backdrop of the Government's decision to implement a freeze on Government Residential Aged Care Funding in 2017/18, an operational business plan was initiated during the year to optimise revenue and closely review costs without compromising on Care and Quality. The Executive

Management Team expect to see the results of this planning and work during 2017/18. Looking ahead, Management expect the 2017/18 financial year result to be in line with or slightly above the results for 2016/17.

Our organisation has developed a sound, diversified growth strategy underpinned by a well-developed focus to provide high quality consumer and resident care services. This strategy is supported by a strong balance sheet which allows capital management and development scope. These two aspects provide an excellent base to allow both Southern Cross Care (Tas) Inc and Mary's Grange (Inc) to achieve term growth.

Appreciation

I thank the Board Chairman, Mr Ray Groom for his valuable support and guidance, and all our Board Directors for their commitment and assistance over the last 12 months.

I especially want to thank my hard working Executive Management Team Members, my Secretary, Managers and staff of Southern Cross Care (Tas) Inc and Mary's Grange (Inc) without them, we would not be able to deliver the range of care and services so successfully. As a team we have all achieved excellent outcomes, recognition and standing within the industry and community during a period of challenging change.

Finally, all connected with Southern Cross Care (Tas) Inc and Mary's Grange Inc look forward to continuing to support and serve the communities we live in during the coming year.

RICHARD SADEK
CHIEF EXECUTIVE OFFICER



CEO, Richard Sadek at a farewell function for Facility Manager, Glenn Wickham at Yaraandoo.
(Joan Lamprey, Glen Wickham, Martin Jones, Judith Jones and Ken Lamprey)



(Assets & Projects Manager, Nic Fabrizio and HR Officer, Miss Jenny Thomas)

Report from the Treasurer of the Board – Mr Chris Jones

The consolidated Financial Report for the year ended 30th June 2017 incorporates the results of two entities, Southern Cross Care (Tas) Inc and Mary's Grange Inc for twelve months. Mary's Grange became part of Southern Cross Care (Tas) group on and from 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 groups 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 2017, is pleasing being an improvement to the surplus of the prior year and in line with budget. A number of sites had problems in achieving a break even position at operations. This was due to a reduction in occupancy having a marked impact on achieving a consistent ACFI rate per resident per day, fluctuations in salaries, and major refurbishment work being carried out at two sites, Rosary Gardens and Guilford Young Grove.

Consolidated Statement of Financial Position

I am pleased to report that the group's net assets grew to \$114.01M from \$111.2M in FY2016. This position has been built on strong stewardship; careful planning and a strong strategic assessment process supporting our growth. It is a very strong position and provides a great opportunity for the group in the future.

Consolidated Statement of Comprehensive Income

Southern Cross Care (Tas) Inc has had a financially successful year achieving a surplus of \$2,794,300 (2016: \$731,236). The result in 2016/17 was inflated by our interest earned from late bonds and funds invested at \$3.17M. It is to be noted that the groups capacity to earn interest at this rate is only temporary as a significant amount of the groups cash reserves will be applied to the Rosary Gardens redevelopment.

It is to be noted that the prior year result was impacted by a necessary increase of \$897K to the provision for future capital refunds.

Significant Points to the Year's Results

Total income for the year increased from \$65.2M to \$73.9M a percentage increase over the prior year of 13.34%.

Total expenditure for the year increased from \$64.5M to \$71.1M a percentage increase over the prior year of 10.23%.



Residential Aged Care Services

Residential Aged Care Services recorded a net surplus of \$974,588 (2016: \$182,458). This result is favourably impacted by interest income of \$1,938,977. Our ACFI claiming was well managed with a 13.5% increase on previous year. Residential Aged Care costs increased by 11.9%.

Home Care

Home Care recorded a net surplus of \$943,189 (2016: \$334,778). This result is favourably impacted by retention on un-used funds which ceased to be available to all providers on 29th February 2017, as unused funds are now required to be returned or transferred to a new provider.

Retirement Villages

Retirement Villages recorded a net surplus of \$1,206,831 (2016: \$899,189). Our deferred management fees at our newest Fairway Rise village effectively offset the deferred management fees which had matured at our other villages.

All Managers need to be commended for their continued efforts in contributing to the operational success of Southern Cross Care (Tas) Inc.

Property Plant and Equipment

Southern Cross Care (Tas) Inc invests significantly in Property Buildings, Technology, Furniture and equipment in support of the aged. The group's investment in technology supports staff and clients

that live in their own home and is the key to the groups success in ensuring the group's financial viability.

For the year ended 30th June 2017 investment in property plant and equipment was \$6.870M, prior year \$25.128M. For the year ending 30th June 2018 this will be approximately \$18M. For the Rosary Gardens, Glenara Lakes, Guilford Young Grove and Springhaven developments, the groups forward budget for Capital Works is \$50.3M.

Borrowings

Internal

Resident liabilities as at 30th June 2017 amounted to \$158.6M, with the prior year being \$145M. This increase is primarily due to ingoings paid by Residents to the "Fairway Rise" Residential Aged Care Facility

External

Represent loan commitments to Council, State and Federal Government and the Catholic Development Fund being non-resident funded, borrowings as at 30th June 2017 amounted to \$23.2M, prior year \$25.4M, Debt repaid during the year was \$2.5M.

Financial Assets

As at 30th June 2017 this amounted to \$41.5M, representing term deposits of \$40.7M and a share portfolio of \$0.8M with shares in nine blue chip public companies. Term deposit source of funds is from cash flow and resident's deposits.

The Outlook – 2017/2018

The Aged Care Industry will continue to be a complex industry. Margins will remain tight, with the industry struggling to maintain occupancy and ACFI levels due to budget reductions in Government Funding. There is to be no indexation to Commonwealth 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 providing our staff with a significant and well deserved wage increase. It is expected the groups Home Care market will experience strong competition from competitors.

The Forecast surplus for the ensuing year is in line with the prior year. I thank our Managers and our staff for their excellent endeavours ensuring the groups finances continue to improve.

CHRIS JONES
TREASURER

Financial Highlights

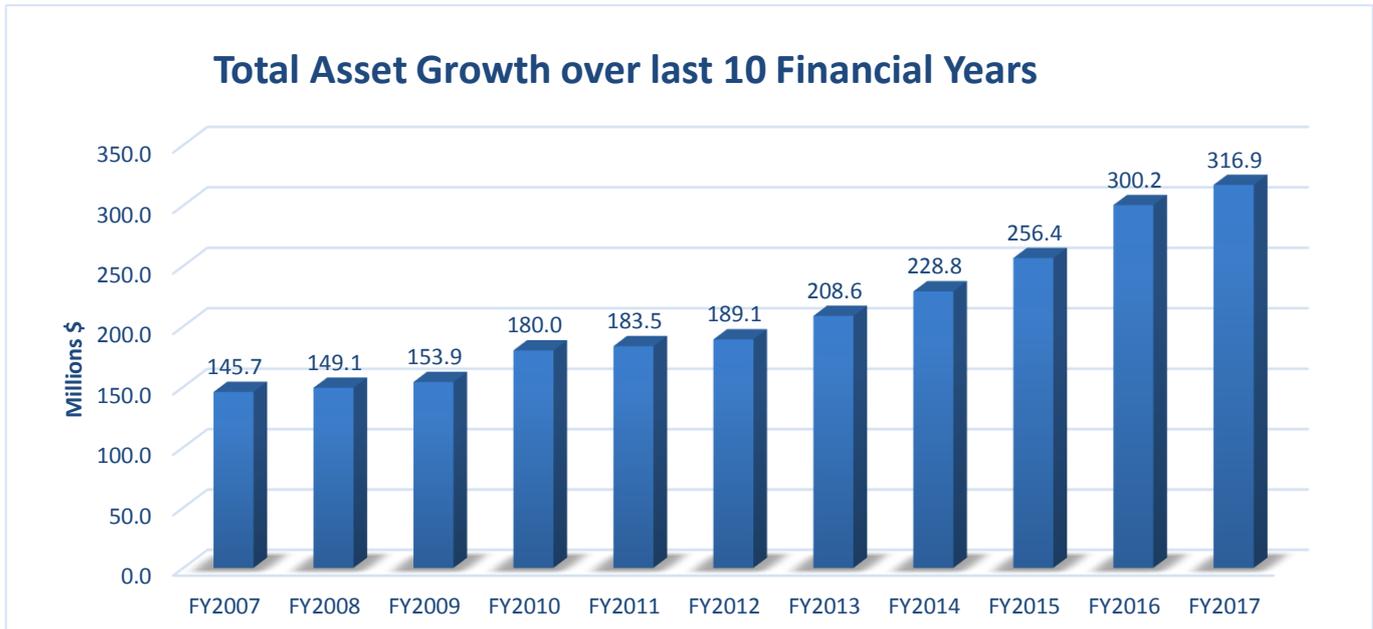
The financial year ended 30 June 2017 continued the trend of Southern Cross Care (Tas.) Inc. of sound financial performance and strong financial position. The structure of our balance sheet has been enhanced by the success of Fairway Rise and the inclusion of Mary's Grange Inc. into the Group.

Southern Cross Care (Tas.) Inc.

Consolidated Statement of Financial Position as at 30 June 2017

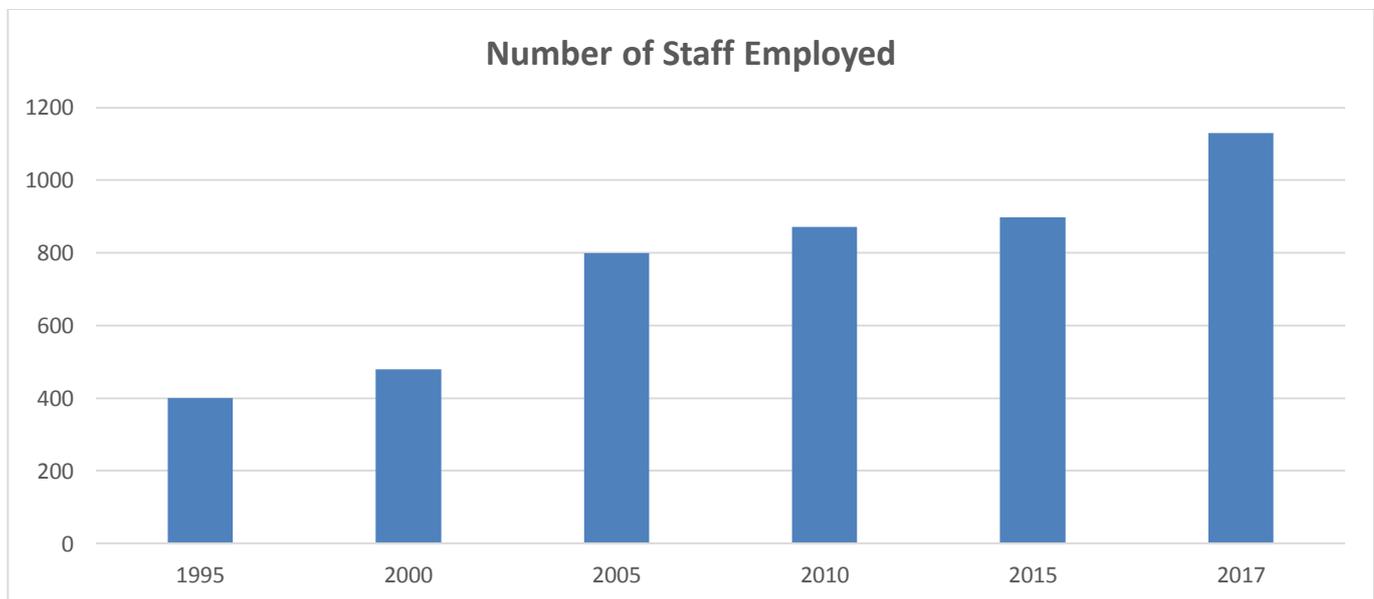
	2017	2016
ASSETS	\$	\$
Cash and cash equivalents	14,072,199	11,422,072
Trade and other receivables	942,345	2,622,957
Other financial assets	41,512,956	26,133,128
Prepayments	207,257	171,723
Intangible assets	562,879	562,879
Property, plant and equipment	259,579,502	259,239,148
TOTAL ASSETS	316,877,138	300,151,907
LIABILITIES		
Trade and other payables	6,473,139	4,028,763
Employee Benefits	6,467,459	6,272,535
Provisions	8,487,198	8,502,048
Borrowings	22,856,250	25,390,848
Other Liabilities	158,578,548	144,737,469
TOTAL LIABILITIES	202,862,594	188,931,663
NET ASSETS	114,014,544	111,220,244
EQUITY		
Reserves	67,083,705	67,083,705
Accumulated Surpluses	46,930,839	44,136,539
TOTAL EQUITY	114,014,544	111,220,244

The significant growth of Southern Cross Care (Tasmania) Inc. over the last decade is evidenced by a \$171.2M increased in Total Assets. This is detailed in the following Table.



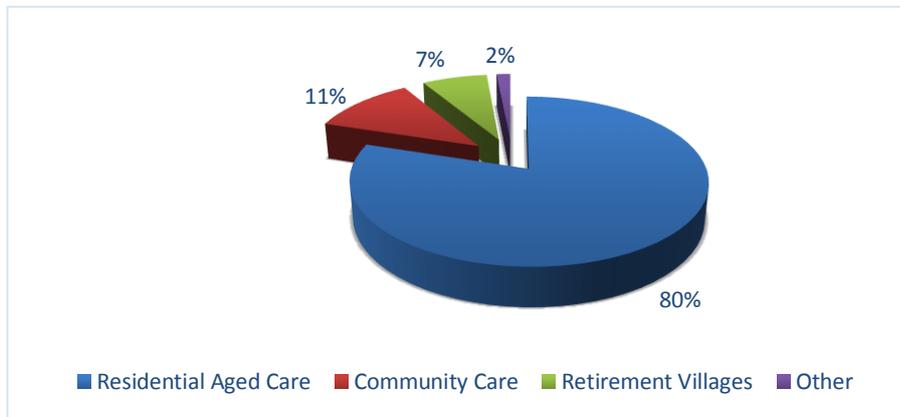
Employee Numbers

The growth of the Southern Cross Care has seen a significant increase in staff numbers.



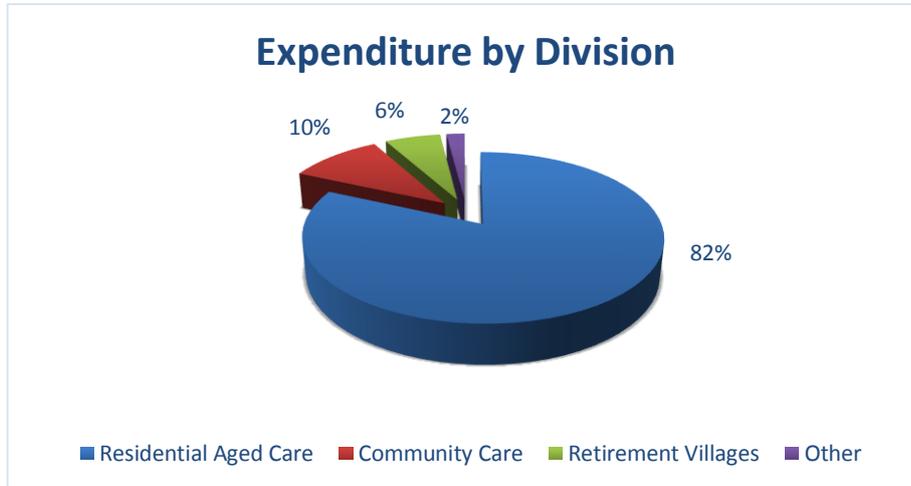
Revenue by Division

For the year ended 30 June 2016, our revenue base was \$64.4M. The following Table shows the breakdown to areas of service.



Areas of Expenditure

The following Table shows the breakdown to areas of expenditure.



Contact Details

Head Office

Southern Cross Care (Tas.) Inc.
85 Creek Road
New Town Tas. 7008
(PO Box 815 Moonah Tas. 7009)

Phone: (03) 6214 9717

Fax: (03) 6278 9177

Email:

southerncrosscaretas@scctas.org.au

Web:

www.scctas.org.au

ABN: 18 773 507 851

Auditor

Crowe Horwath

Bankers

Catholic Development Fund

Solicitors

Wallace, Wilkinson & Webster

Residential Aged Care Facilities

Residential Enquiries Officer - Sth PO Box 815 Moonah Tas 7009
Mrs Louise Graham Ph: (03) 6214 9717 Fax: (03) 6278 9177

Residential Enquiries Officer - Nth 5 Waveney Street Sth Launceston Tas 7250
Mr Robert Crumpton Ph: (03) 6343 0240 Fax: (03) 6343 3420

Guilford Young Grove 13 St Canice Avenue Sandy Bay Tas 7005
Mr Marc Van Impe Ph: (03) 6225 1025 Fax: (03) 6225 3225

Sandown Village 1 Wayne Avenue Sandy Bay Tas 7005
Mrs Margot Combes Ph: (03) 62167100 Fax: (03) 6225 4821

Rosary Gardens 85 Creek Road New Town Tas 7008
Mrs Judi Baker Ph: (03) 6214 9700 Fax: (03) 6228 3856

Mount Esk 38 Station Road St Leonards Tas 7250
Mrs Rebecca Eiszele Ph: (03) 6339 1205 Fax: (03) 6339 6113

Glenara Lakes 390 Hobart Road Youngtown Tas 7249
Mrs Brigid Flynn Ph: (03) 6343 6777 Fax: (03) 6343 3100

Ainslie – Low Head 196-244 Low Head Road Low Head Tas 7253
Mrs Deborah Austen Ph: (03) 6382 1477 Fax: (03) 6383 3438

Yaraandoo 1A Cardigan Street Somerset Tas 7322
Mr Glenn Wickham Ph: (03) 6435 1010 Fax: (03) 6435 2522

Fairway Rise 2 Toogood Drive Lindisfarne Tas
Ms Mandy Woodworth Ph: (03) 6246 7200 Fax: (03) 6246 7300

Mary's Grange 5 Grange Avenue Tarooma Tas
Ms Ann Bingham Ph: (03) 6227 7000 Fax: (03) 6227 9001

Home Care
Director of Community Care 85 Creek Rd New Town Tas 7008
Mrs Jill Savell Ph: (03) 6214 9750 Fax: (03) 6278 9177

HOBART

Community Care Co-ordinator 85 Creek Rd New Town Tas 7008
Ms Carol Gadd Ph: (03) 6214 9750 Fax: (03) 6278 9177

BURNIE/SOMERSET/DEVONPORT

Community Care Co-ordinator 29 Wragg Street Somerset Tas 7322
Ms Judy Freeman Ph: (03) 6435 0340 Fax: (03) 6435 3259

LOW HEAD

Community Care Co-ordinator 196-224 Low Head Rd Low Head Tas 7253
Ms Liz Torma Ph: (03) 6382 4907

Independent Living Units

AA Lord Retirement Village 131 Hill Street West Hobart Tas 7000

Tarooma Villas 100 Channel Highway Tarooma 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

Mary's Grange 5 Grange Avenue Tarooma Tas 7053