

ANNUAL REPORT

2017/2018



Caring Across Tasmania

SOUTHERN CROSS CARE (TAS) INC

&

MARYS GRANGE INC.



Residential Care



Home Care



Independent Living

A charitable service founded by the Knights of the Southern Cross

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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.

800 licensed beds

9 Residential Aged Care Facilities

Full accreditation of all sites

Completion of extensive refurbishments at Guilford Young Grove and Sandown Nursing Homes

Ongoing refurbishment of Rosary Gardens nursing home with completion of Stages 1, 2 and 3. Stages 4 and 5 are due to be completed by April 2019.



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



Independent Living

Southern Cross Care (Tas) Inc provides a wide and varied range of independent living options at 12 sites across Tasmania with a total of 586 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 12 sites





We are 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.

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

MEET OUR BOARD OF DIRECTORS



Dr Helen McArdle



Ray Groom AO



Chris Jones



John Shelverton



Stephen Shirley



*Michael
Mazengarb*



*Alex
MacAskill*



Bobby Court



Michael Hill

Strategic Plan - Key Strategic Objectives

Southern Cross Care (Tas) Inc's Plan for the years 2016 - 2020
inclusive addresses four strategic objectives.

continue to provide **Quality Care Services**

retain and grow our **Workforce** both paid and unpaid

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.

Meet the Executive Management Team



Left—Mr Richard Tyberek - Executive Manager Corporate Services & Retirement Villages,
Mrs Jacqui Marden—Bell -Executive Manager Home Care & Residential Services (South),
Mr Richard Sadek—Chief Executive Officer, Mrs Jenny Thomas - Executive Manager Human Recourses,
Mrs Carolyn Wallace—Executive Manager Clinical Services, Mrs Pauline Robson -Executive Manager Home
Care & Residential Services (North), Mr Andrew Crane—Executive Manager Finance

MESSAGE FROM THE CHAIRMAN

MR STEPHEN SHIRLEY



2017-18 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 under the leadership of the Hon Ray Groom AO who retired from the Board on 30 June 2018.

Care and Services

Throughout 2017-18 all of our facilities retained full accreditation status. During the year 4 of our facilities were the focus of planned accreditation visits and audits. Each facility fully satisfied each of the 44 outcomes which are tested during these visits.

Our Board acknowledges and congratulates the Facility Managers and staff who work so hard for our residents and also host the accreditors as they do their work.

There were also may unannounced visits which are intended to ensure that the standards evidenced during the formal visits are maintained throughout the year.

From 1 July 2019, the Federal Government have advised that accreditation visits will move from announced to unannounced to seek to give greater confidence to residents and their families that consistent standards are regularly maintained. Our facilities have been working hard to ensure our systems will be able to demonstrate continuous achievement of the 44 outcomes in this new environment.

The delivery of Home Care is also undergoing significant change with a central internet based portal for people to access care and individual budgets for clients. Our staff have risen to the challenge of this changed environment and have implemented new processes and systems to

continue to provide high quality care for clients supported by new computerised systems. The challenge remains to deliver a high quality service in the face of low cost competitors who may not last.

Staff and Volunteers

I acknowledge the continued dedication of our staff and volunteers during 2017-18 who enhance the experience of the residents and clients of the Southern Cross Care (Tas) Group.

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.

Both through retirement and untimely events the Southern Cross Care (Tas) Group farewelled staff who have provided long dedicated service. These people are more formally acknowledged in the report from the Chief Executive Officer.

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

Business Performance and Infrastructure

2017-18 was a solid year in terms of the financial performance of the Southern Cross Care (Tas) Group. This was led by the dedicated work of Andrew Crane as Executive Manager Finance and his staff and our Treasurer, Chris Jones. The result for 2017-18 was a satisfactory \$ 1,620,926 Surplus.

This was a good result given the tightening of funding initiated by the Federal Government which saw no indexation of finance during the financial year. There was also a tightening of funding restrictions in pain management where there was an effective doubling of the effort required for the same amount of funding, without any apparent focus on the benefit for residents.

During 2017-18 the Enterprise Agreement was approved by staff but remains to be finally approved by the Fair work Commission. Our organisation continued to plan for and deliver continued high quality facilities for the benefit of residents and clients.

The renovation of Rosary Gardens continues with the provision of modern single ensuite rooms and refurbished communal areas including dining, lounges, staff facilities and multi-use rooms. The refurbished facilities are being used as they become available and residents and their families are welcoming the improvements. This project will be fully completed by April 2019 at a cost of \$15.054M.



▲ Tasmania's Governor, Professor the Honourable Kate Warner AC turned the first sod at the Springhaven Retirement Village

Our new Springhaven Lifestyle Village was blessed by Archbishop Julian Porteous and the first sod turned by Governor Kate Warner AC on Tuesday 15th May 2018.

This village includes 84 single residences and unit accommodation as well as a dedicated Community Centre for the use of residents and visitors. The village will also include extensive landscaping to maximise the use of the site. At the time of writing nearly all of the properties have commitments from prospective residents. This project will cost approximately \$36.662M with Stage 1 ready for occupation in January 2019 and fully completed by late 2019.



Springhaven Construction Site

The Board began the planning for the future use of Mary's Grange during 2017-18. This will be a major focus for the next few years to enable the Board to deliver a modern facility which maximises the potential of the area and for the benefit of future residents and their families.

The General Rates issue reported last year remains unresolved at the time of producing this report. The Board remains confident of a successful outcome which recognises that the Independent Lifestyle Units are provided for charitable purposes and consequently are exempt from the provision of the General Rate.

The Board

I wish to extend my appreciation of the dedication of all of my fellow Board Directors in guiding the work of the Southern Cross Care (Tas) Group. This work is undertaken in a collegial spirit with a focus on achieving the best results for residents, clients and the organisation generally.

During 2017-18 there were a number of retirements from the Board as part of the long planned rejuvenation.

Mr Ray Groom AO retired from the Board on 30 June 2018 after 16 years as a Director and 12 years as Chairman. Ray oversaw significant development of the Southern Cross Care (Tas) Group during his time as Chairman.



Former Chairman, Hon Ray Groom

Notable among these developments was the successful integration of Mary's Grange into the group, capital developments including the establishment of Fairway Rise RACF and Lifestyle Village, the increase in services to the community and the doubling in the size of the Southern Cross Care (Tas) Group into an organisation with an annual turnover of \$75M.

Mr John Mazengarb also retired from the Board in 2017-18 after 20 years of service providing his expertise in many areas. Most notable John was the Director who took the lead in the development of Fairway Rise. His dedication to this task delivered a complex project on time, on budget and to a high quality of finish.

Mr Brian Gallagher retired from the Board in 2017-18 after 20 years of service. Brian brought to the Board direct experience in the operation of aged care facilities from operational, risk and financial perspectives. Brian was

instrumental in assisting the Board in undertaking the due diligence in relation to integrating Mary's Grange into the Group.

Mr Michael Hill has advised the Board that he will not be seeking reappointment at the end of his current term.

Michael has provided a considered voice to the Board's deliberations during his relatively short time with the Group.

Other Thanks

The Southern Cross Care (Tas) Group is a significant presence in the Tasmanian community. We are supported in our work by many Tasmanian businesses and individuals who supply goods and services to our organisation. The Catholic Development Fund provides ongoing support to the Southern Cross Care (Tas) Group which allows us to plan for the future with confidence.

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 during 2017-18 is most appreciated.

We thank them all for their continued support.

Conclusion

2017-18 has been a successful year for the Southern Cross Care (Tas) Group over all of the strategic objectives which we have set. The future provides the opportunity for our organisation to build on the solid foundations and continue to provide high quality services to our residents and clients.



STEPHEN SHIRLEY
CHAIRMAN

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Mr Richard Sadek



As I write the Chief Executive Officer's Report for the financial year of 2017/18 it is apparent that the Aged Care Industry is being faced with a series of issues and challenges in terms of image, occupancy, staff shortages and importantly funding. The rapid ageing of our population and the ever-increasing demand for Aged Care Services continues to be one of the greatest challenges we face. Organisations such as Southern Cross Care (Tas) Inc. and Mary's Grange Inc. must not only ensure they have the capacity to meet the changing composition, needs and expectations of the community, but be able to sustain the quality and diversity of their service offerings within a regulated, compliance driven, financially pressured and competitive Aged Care environment.

It is particularly evident over the last twelve months that Aged Care sector has been portrayed in a negative manner with many media stories depicting the industry as uncaring and not providing adequate care and support services for the most vulnerable in our society. There also exists a severe shortage of recurrent funding and an inability to attract and retain qualified staff. This situation has led to a position whereby the quality and standard of care currently being delivered within our facilities are under threat.

Southern Cross Care (Tas) Inc and Mary's Grange Inc. continue to demonstrate that they have the expertise, vision and organisational platform required to meet these challenges. The Executive Management Team of Southern Cross Care (Tas) and Mary's Grange (Tas) have taken a leadership role in Aged and Home Care Services delivery by actively contributing to policy and sector planning and by making periodic submissions and lobbying politicians and Industry Leaders. Ms Carolyn Wallace, Executive Manager Clinical Services, acts as a member of the Tasmanian Divisional Council of Aged Care and Community Services Australia. She has also contributed to the development of a Social Development Strategy for the Archdiocese of Hobart by being a member of the Social Impact Project Steering Committee.

Some of the planning and ongoing issues of concern for the Industry and in particular for our organisation are:

- The provision of appropriate and adequate funding to match the real costs of providing quality care to our consumers.
- Much needed workforce reforms to stem skill shortages to provide effective choice and supply of services and care.
- Greater pricing flexibility to meet consumer needs and preferences.
- Streamlining of regulations and compliance requirements to improve quality care and service delivery, flexibility and efficiency.
- Increasing consumer choice and expanded options between Residential and Home Care .

These major issues have placed great demands on our Board of Directors to guide management in the key elements of Aged Care changes that have occurred and are also likely to be progressed and implemented into the future. This has necessitated greater transparency and a real understanding of the drivers of corporate performance. The willingness of Southern Cross Care (Tas) Inc

and Mary's Grange Inc. to embrace policy and reviews affecting the delivery of care to the older community, affirms the organisations' professional standing, care and compassion as a recognised quality Aged Care provider in Tasmania.

Amidst this climate, Southern Cross Care (Tas) Inc and Mary's Grange Inc have performed very well in terms of quality of care outcomes, services, financial performance and growth. This success has been brought about by the guidance of a highly committed Board of Directors, together with a professional and dedicated team of staff. 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.

HIGHLIGHTS

Home Care—During 2017/18 many outstanding results were achieved across our facilities and services by Management with some of the major successes being summarised as follows:

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

The latest development with this pathway was the implementation of Home Care technology to support employees who deliver this valuable service. This project commenced in early 2018 and provided greater clarity on the use of the package by the client and an improved understanding of consumer choice and how this was to be budgeted for by the consumer. The development of personalised budgets with the consumer empowered to have a greater control of the services and support they require.

Retirement Villages

Springhaven Lifestyle Village

In late 2017, approval was received from the Clarence City Council to proceed with the construction of our new Springhaven Retirement Village at Gordons Hill Rd, Lindisfarne. Comprising of 84 Independent Living Units, the development will also include a community centre, children's entertainment, community gardens and beautifully landscaped surroundings.



A launch of the project was conducted at Blundstone Arena, Bellerive on 30th November, 2017. Over 300 people on our waiting list attended the launch. Within a matter of days commitments to purchase units in the proposed development were achieved.

As at the 30th June 2018, 80 units were sold without extended marketing. Civil works were commenced in May 2018. The first stage of the development comprising of 24 units will be completed in January 2019.

Glenara Lakes – Peter Patmore Homestead

The Homestead, named after the late Mr Peter Patmore AM, former Chairman of Southern Cross Care, has provided the residents of Glenara Lakes Retirement Village with

a state-of-the-art community centre. The Homestead was painstakingly restored and refurbished, providing a mini theatre, a library, bar, meeting rooms and indoor bowls.

Visitors and Residents alike are very complimentary of now having high quality amenities available within a central part of the village.



Residential Aged Care Facilities

As mentioned by the Chairman in his report, all of our Residential Aged Care Facilities maintain full accreditation compliance requirements with the Aged Care Quality Agency.

During the 2017/18 financial year re-accreditation surveys were undertaken at our Rosary Gardens, Sandown Apartments, Guilford Young Grove and Mary's Grange facilities. All four facilities were awarded a further three-year accreditation certificate.



Gaining accreditation is a tribute and a fulfilling testimony to the calibre and competency of staff in the Organisation who have worked tirelessly to ensure all outcomes were met.

From July 2018, the Government has imposed a transition period to the new Aged Quality Care Standards. This will begin with both Home Care and Residential Care Aged Care Facilities having to meet the same single set of standards. All of our Home Care Services and Residential Aged Care Facilities will be measured against the new framework from 1st July 2019.



Facility Managers

Left :Marc Van Impe (Mary's Grange), Kylie Bennett (Guilford Young Grove), Helen Marshall (Glenara Lakes), Herma Waters (Fairway Rise), Ann Bingham (Rosary Gardens), Rebecca Eiszele (Mt Esk), Deb Austen (Ainslie Low Head), Alistair Cooray (Sandown)
Front Left: Patrick Anderson (Yaraandoo), Pauline Robson (Executive Manager Home Care & Residential Services North), Jacqui Marden Bell (Executive Manager Home Care & Residential Services South)

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 continued apace during the year on planned capital work developments at:-

- ◆ Sandown Apartments (completion of nine additional Resident Rooms)
- ◆ Guilford Young Grove (Refurbishment into a modern Residential Aged Care Facility with the conversion of internal space to single bedrooms with ensuites, and improved amenities)
- ◆ Rosary Gardens (with the progressive

refurbishment of the entire Facility into a modern Residential Aged Care Facility)

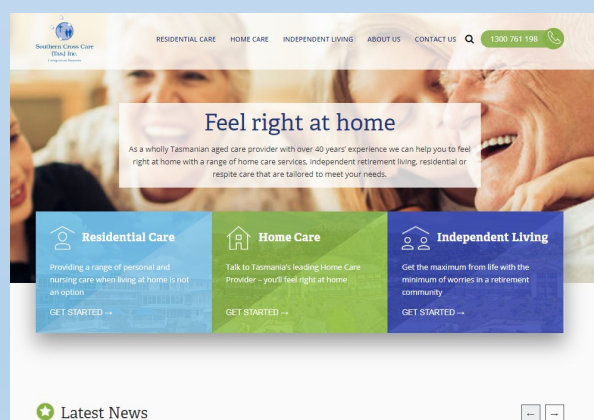
- ◆ Mount Esk (the upgrading of outdoor areas and gardens to improve external amenities for residents),
- ◆ Re-development of She-Oak Cottage at Ainslie Low Head to provide improved accommodation for residents and for attracting professional staff.

Corporate and Business

A number of Corporate and Business efficiency initiatives were also progressed as follows: -

As part of maintaining an appropriate Risk Management Framework the development of the “RISKTEQ” management software application was arranged. This application will assist in the provision of management reports on systems and processes to identify potential risks to the business.

Our Registered Training Organisation which had been operating since 2002 was closed. The reason for this decision was that the need for “in house” training of staff had evaporated due to the increased engagement of Aged Care providers with the Vocational Education and Training (VET) sector. In addition, the increasing costs of maintaining compliance requirements was also a deciding factor to cease operating the RTO.



Considerable time and effort were taken to re-design the outdated Southern Cross Care (Tas) Inc. webpage. The new website that was developed has a modern,

contemporary and user-friendly appearance.

The introduction of a more efficient Biometrics Staff Roster Management System. Staff now no longer have to “sign on and off” for work. The biometrics application allows use of fingerprint recognition and scanning for shift confirmation and payroll processing.

The bargaining process for a single Southern Cross Care (Tas) Inc and Mary’s Grange Inc. Staff Enterprise Agreement 2017 concluded with a successful ballot of employees in March 2018.

A Management Succession Plan and revised Management Organisational Structure was approved by the Board in January 2018. Implementation of the revised Organisational Structure was finalised with all Executive Managers invited to participate in a role clarification exercise facilitated by Mr Gerald Loughran.

An important feature of the Management Succession Plan was the Board’s approval of a Talent Management Program. The Talent Management Program will be coordinated by Ms Jenny Thomas, Executive Manager Human Resources, and will be supported by all members of the Executive Management Team. The program is intended to provide employees with an opportunity to acquire advanced leadership skills in support of their career aspirations with Southern Cross Care (Tas) Inc. and Mary’s Grange Inc.

Southern Cross Care (Tas) Inc and Mary’s Grange Inc last undertook a comprehensive survey of its employees in 2014. The objective of this survey was to measure levels of employee engagement and satisfaction across the organisation. Planning is underway for a second survey to be undertaken by Best Practice Australia in October 2018.

As indicated by the Chairman in his report, a significant amount of time and effort were incurred during the year in preparing a legal challenge against four Local Government Councils (Hobart City Council, Clarence City

Council, Kingborough and Meander Valley Councils) who decided to impose a General Rate levy against our Residents living in our Retirement Villages in these municipalities. Southern Cross Care (Tas) Inc engaged two prominent Barristers, Mr Bret Walker and Ms Faye Ashworth from Sydney, who were supported by local law firm, Page Seager to mount a legal challenge.

The case was heard in the Hobart Magistrates Court over a three-day period in May 2017. Magistrate Marron finally handed down his decision on the 23rd February 2018. Unfortunately, the decision did not favour Southern Cross Care (Tas) Inc.

After seeking further legal advice and consideration by the Southern Cross Care Board, this case was referred to the full Court of the Hobart Supreme Court. This case was heard by three judges on 1st October, 2018.

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

During the financial year a number of managerial resignations occurred from our Senior Management Team. These included, Ms Judi Baker, Ms Brigid Flynn, Ms Mandy Woodorth and Mr Glenn Wickham. I acknowledge the commitment and contributions of each individual with thanks.



Mrs Margot Combes

In addition, sadly and suddenly Mrs Margot Combes a long-standing former staff member of Rosary Gardens and Facility Manager at Sandown died due to tragic circumstances.

Financial Performance

As also mentioned in the Chairman's and Treasurer's Report, Southern Cross Care (Tas) Inc and Mary's Grange Inc achieved an acceptable financial result. This was despite the changes and challenges imposed on the organisations and generally on Aged Care operators by the Government, and Fair Work Australia granting a 3.5% minimum wage increase.

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 Residential Aged Care Facilities and the development of the new Springhaven Lifestyle Village at Lindisfarne. In addition, the significant increase in the average house sale prices in Hobart created a notable increase in the capital appreciation provision in our Retirement Village balance sheet.

Volunteers

I wish to thank the 354 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 2017/18. 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

2017/18 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, and 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, equipment and Home Care Services etc. 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 expects to see improved results of this planning and work during 2018/19.

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 planning, 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 continued growth.

Appreciation

I thank the Board Chairman, Mr Ray Groom for his valuable support and guidance. It has been a privilege to perform the role and responsibilities as Chief Executive Officer of Southern Cross Care (Tas) and Mary's Grange Inc. and to report directly to Mr Groom for the last 12 years whilst he has been Chairman of our Board.

I have found it very professionally satisfying in working with him as the third Chairman in the history of Southern Cross Care (Tas) Inc.

I also extend my thanks to 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 Personal Assistant, 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



Southern Cross Care (Tas) Inc
Winner of the
"Largest Corporate Team"
at this year's Mothers Day Classic

MESSAGE FROM THE Treasurer



Mr Chris Jones

The consolidated Financial Report for the financial year ended 30th June 2018 incorporates the results of two entities, Southern Cross Care (Tas) Inc and Mary's Grange Inc. 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 group's Strategic Plan. As it has been in previous year's, and in particular this year, this challenge has not been easy to achieve.

The Group Report for the financial year ended 30th June 2018 is a \$1.621M accounting surplus. This was a disappointing result being well short of the surplus of the prior year and falling considerably below the year's Budget estimate. In summary, the impact of no indexation on our Government Subsidies; rule changes designed to reduce claiming of Government Subsidies and a Fair Work Australia minimum wage adjustment of 3.5% were significant in this result.

Consolidated Statement of Financial Position

The Group's net assets at year end amounted to \$111M compared to \$114M in 2017. The change in net assets is made up of an accounting surplus of \$1.691M and a revaluation decrement of \$4.671M with respect of Rosary Gardens. Rosary Gardens is being significantly refurbished at a cost of over \$15M. In refurbishing Rosary Gardens, the Board has recognised that the current building needs a significant rebuild to meet community standards and therefore has reached the end of its useful life. This requires a write-down of its value in our balance sheet.

Southern Cross Care's Statement of financial position is very strong and provides a great opportunity for growth and development to support our Mission into the future.

Consolidated statement of comprehensive income

Southern Cross Care (Tas) Inc has had a most difficult

financial year in returning a surplus of \$1.621M Financial Year compared to \$2.794M in 2017.

In comparing this result to the previous year, it should be noted that there was no indexation on our Government subsidies and Fair Work Australia granted a 3.5% minimum wage increase. The rule changes to our Government funding in 2017 continued to impact on our revenue and the Government's changed approach to validating our claims resulted in reductions in Government subsidies. The impact of the Influenza virus on our sick leave costs was well above previous years.

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 impact of these external changes was significant. A number of Aged Care Facilities had difficulty in achieving a breakeven position in residential operations. Internal factors were also unfavourable. Rosary Gardens is being totally refurbished. Guilford Young Grove was partially refurbished and this impacted on their occupancy. Six sites experienced a change of Facility Manager and there were fluctuations in direct care costs and utility costs not in line with budget.

It is to be noted that the result for the year is inflated by interest of \$3.93M, the capacity to earn interest at this

rate is only temporary as a significant amount of the group's cash reserves will be applied to the redevelopment of Rosary Gardens and working capital for Springhaven and Glenara Lakes developments.

Return on equity for the year was 1.46% and in 2017 2.45%.

Revaluation Decrement

The revaluation decrement (note 7 (a) Consolidated Statement of Comprehensive Income) of \$4.71M refers to the refurbishment of St Catherine's Wing at Rosary Gardens, retiring part of the original cost, to represent the current cost of refurbishment.

Significant points to the year

Total income for the year increased from \$73.9M to \$75.2M a percentage increase over the prior year of 1.8%

Total expenditure for the year increased from \$71.1M to \$73.5M a percentage increase over the prior year of 3.4%.

Residential Aged Care Services

Residential Aged Care Services recorded a net surplus of \$116.5K compared to \$975K in 2017. The result for the year was disappointing, impacted by the non-indexation of ACFI; Fair Work Australia wage decisions of 3.5% and the loss of occupancy mainly due to the refurbishment of Rosary Gardens and Guilford Young Grove. The result for this year was inclusive of interest income of \$2.618M.

Our ACFI claiming was well managed but still declined by 0.8% on the previous year. Residential Aged Care costs increased by 1.4% to that of the 2017 Financial Year.

Home Care

Home Care recorded a net surplus of \$836K, compared to \$943K. 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 net surplus of \$692K (2017 \$1.207M). The Deferred Management Fees at Fairway Rise Village effectively more than offset the decline of management fees from other sites. Due to our Residents having long durations of stay at our Villages, future decline of fees will naturally occur but will be offset upon the completion of the stages of Springhaven Village and Glenara Lakes developments.

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 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 \$12.1M in building plant and equipment for the year 2018 compared to \$7M in 2017. The amount to be invested will be approximately \$28M for the remaining refurbishment of Rosary Gardens and the village developments of Springhaven and Glenara Lakes.

Borrowings

Internal—Residents liabilities as at 30th June 2018 amounted to \$166.6M, 2017 \$158.6M. 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 2018 amounted to \$20.9M, prior year \$23.2M, Debt

repaid during the year was \$2.3M.

Financial Assets

As at 30th June 2018 this amounted to \$42.8M, representing term deposits of \$42.1M and a share portfolio of \$756K, with shares in nine blue chip public companies. Term deposit source of funds is from cash flow and resident's deposits.

The Outlook – 2018/2019

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 surplus of \$2.8M



Chris Jones

Treasurer



Opening of the Graeme Denehey Wing at Sandown Apartments

Chairman of SCC Board Hon Ray Groom AO with Gwen and Graeme Denehey and Mrs Jill Groom

Financial Highlights

The financial year ended 30 June 2018 provided reasonable financial performance given the Federal Government provided no indexation and unfavourably changed the rules for our Residential Aged Care funding. The statement of financial Position indicates an adjustment has been made to the Reserves to reflect the refurbishment of Rosary Gardens to meet current community accommodation standards. The Balance Sheet is exceptionally strong and is structured with low debt.

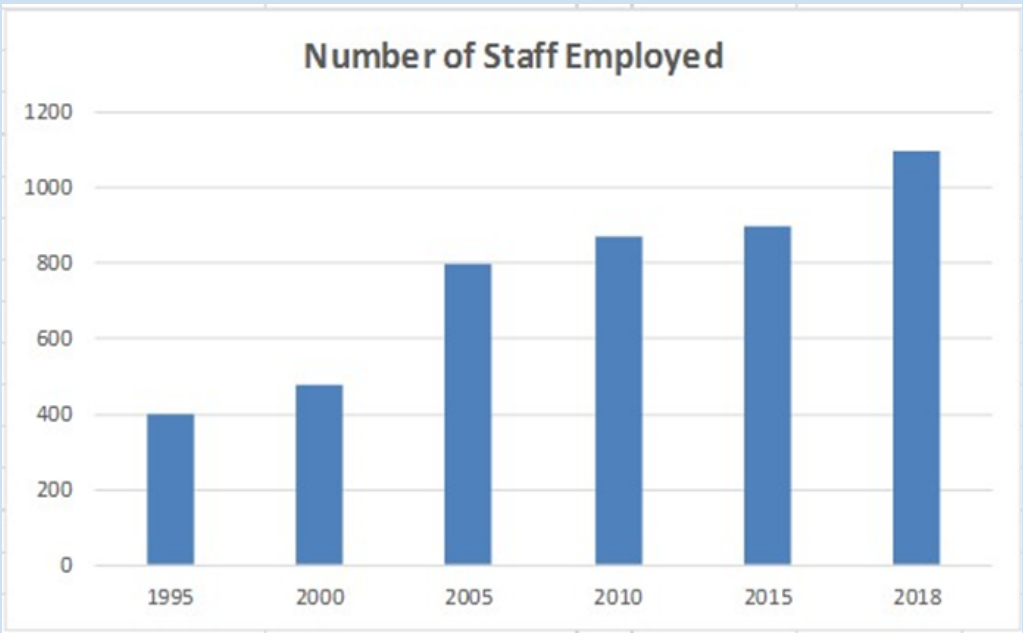
Southern Cross Care (Tas.) Inc.			
Consolidated Statement of Financial Position as at 30 June 2018			
	2018	2017	
ASSETS	\$	\$	
Cash and cash equivalents	17,303,778	14,072,199	
Trade and other receivables	1,059,540	942,345	
Other financial assets	42,825,134	41,512,956	
Prepayments	162,624	207,257	
Intangible assets	562,879	562,879	
Property, plant and equipment	260,213,558	259,579,502	
TOTAL ASSETS	322,127,513	316,877,138	
LIABILITIES			
Trade and other payables	8,181,398	6,473,139	
Employee Benefits	6,697,574	6,467,459	
Provisions	8,764,999	8,487,198	
Borrowings	20,870,986	22,856,250	
Other Liabilities	166,648,086	158,578,548	
TOTAL LIABILITIES	211,163,043	202,862,594	
NET ASSETS	110,964,470	114,014,544	
EQUITY			
Reserves	62,412,705	67,083,705	
Accumulated Surpluses	48,551,765	46,930,839	
TOTAL EQUITY	110,964,470	114,014,544	

The significant growth of Southern Cross Care (Tasmania) Inc. over the last decade is evidenced by a \$172.7M. increase in Total Assets. This is detailed in the following Table.



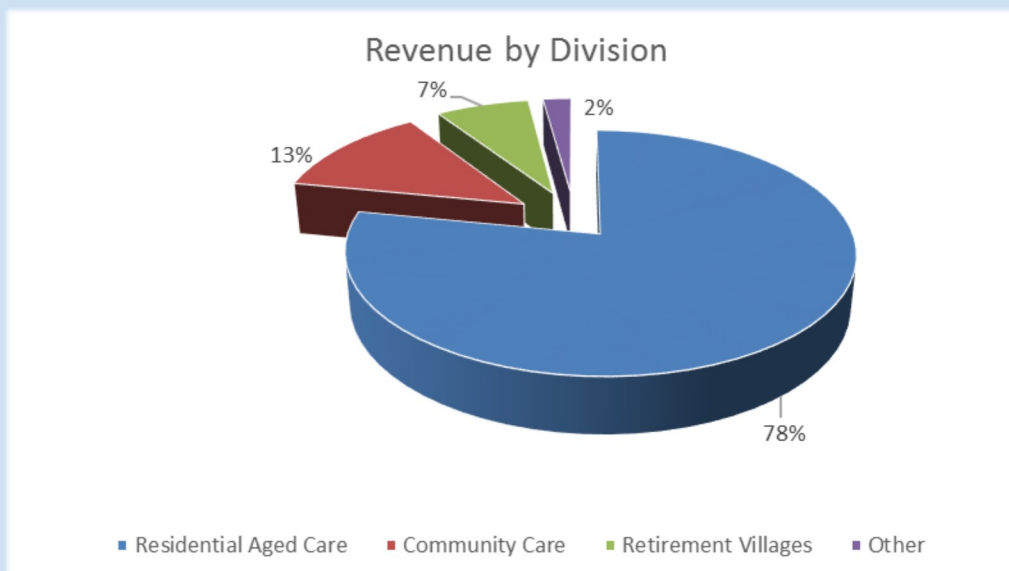
Employee Numbers

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



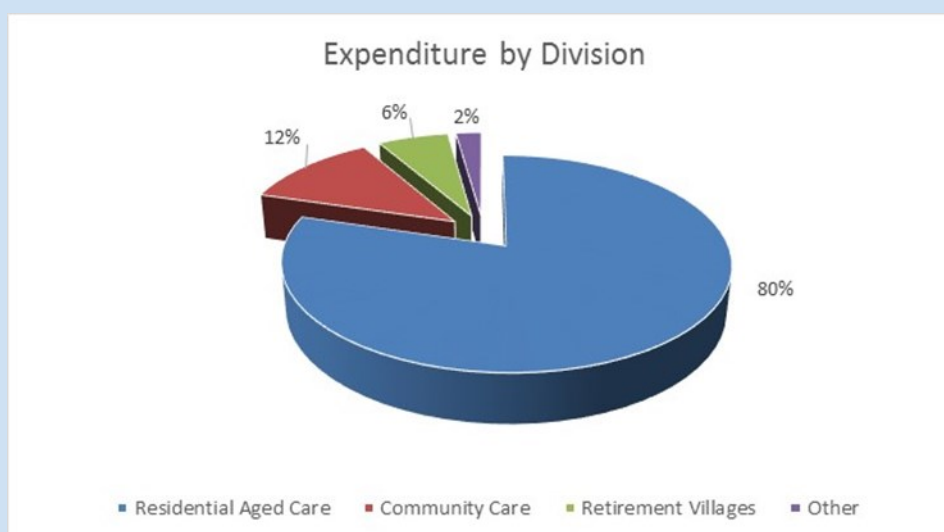
Revenue by Division

For the year ended 30 June 2018, our revenue base was \$75.2M. The following Table shows the breakdown of areas of service.



Areas of Expenditure

The following Table shows the breakdown of areas of expenditure:



CONTACT LISTING

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:

southerncrosscasetas@scctas.org.au

Web:

www.scctas.org.au

ABN: 18 773 507 851

Auditor

Crowe Horwath

Bankers

Catholic Development Fund

Solicitors

Wallace, Wilkinson & Webster

Home Care



Residential Aged Care Facilities

Residential Enquiries Officer - Sth
Mrs Louise Graham

Residential Enquiries Officer - Nth
Mr Robert Crumpton

Guilford Young Grove

Mr Alistair Cooray

Sandown Village

Mr Alistair Cooray

Rosary Gardens

Mrs Ann Bingham

Mount Esk

Mrs Rebecca Eiszele

Glenara Lakes

Mrs Helen Marshall

Ainslie – Low Head

Mrs Deborah Austen

Yaraandoo

Mr Patrick Anderson

Fairway Rise

Ms Herma Waters

Mary's Grange

Mr Marc Van Impe

PO Box 815 Moonah Tas 7009
Ph: (03) 6214 9717 Fax: (03) 6278 9177

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

13 St Canice Avenue Sandy Bay Tas 7005
Ph: (03) 6225 1025 Fax: (03) 6225 3225

1 Wayne Avenue Sandy Bay Tas 7005
Ph: (03) 62167100 Fax: (03) 6225 4821

85 Creek Road New Town Tas 7008
Ph: (03) 6214 9700 Fax: (03) 6228 3856

38 Station Road St Leonards Tas 7250
Ph: (03) 6339 1205 Fax: (03) 6339 6113

390 Hobart Road Youngtown Tas 7249
Ph: (03) 6343 6777 Fax: (03) 6343 3100
196-244 Low Head Road Low Head Tas 7253
Ph: (03) 6382 1477 Fax: (03) 6383 3438

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

Ph: (03) 6246 7200 Fax (03) 6246 7300
2 Toogood Drive Lindisfarne Tas
5 Grange Avenue Tarooma Tas
Ph: (03) 6227 7000 Fax (03) 6227 9001

HOBART

Community Care Co-ordinator
Ms Tanya Patterson

85 Creek Rd New Town Tas 7008
Ph: (03) 6214 9750 Fax: (03) 6278 9177

BURNIE/SOMERSET/DEVONPORT

Community Care Co-ordinator
Ms Judy Freeman

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

LOW HEAD

Community Care Co-ordinator
Ms Liz Torma

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
Mary's Grange	26 Channel Highway Taroona Tas 7053

