

# PRESIDENTS REPORT TO ANNUAL GENERAL MEETING

October 24, 2012

## Introduction

It is with great pleasure that I present this report for Yass Valley Aged Care Limited (YVAC Ltd) for the year 2011 – 2012.

Yass Valley Aged Care Limited formally commenced operations immediately following the Annual General Meeting held on October 18, 2011. At this meeting Yass Valley Aged Care Services was wound up with all functions transferred to the new entity. Yass Valley Aged Care Limited is a Not-for-Profit Company limited by Guarantee and established under the Corporations Act 2001.

I am proud to report that at the time of writing, the Company is debt free; has increased its asset base during the year; has increased the number and range of community based services to the people of the Yass Valley; and continues to provide high quality residential services to those living in Horton House and Warmington Lodge.

However, the real success of YVAC Limited is the community ownership and involvement in the Company expressed in increasing applications for membership, the ongoing commitment of volunteers across many facets of YVAC Ltd life; and the passion and dedication of all staff.

## Financial Position

The year has produced a satisfactory financial outcome with an operating surplus of \$195,000 after all provisions including depreciation. This is particularly pleasing given the constant need to balance income against expenditure in an environment of ever increasing costs. The recent rises in energy costs will continue to have an impact on our operations, and the Board will need to remain vigilant as it explores measures to reduce electricity costs in particular.

The accommodation bonds paid by some residents are held in trust and currently amount to in excess of \$3million. The *Aged Care Act 1997*, allows aged care providers to use a proportion of bonds held for capital purposes, and indeed, the Board did access these funds to pay the remainder of the debt owing to Yass Valley Council following the rebuilding of Warmington Lodge. Sound financial management has resulted in all bonds now being fully funded once more.

In addition, YVAC Ltd purchased a property at 29 Mount Street Yass during this year. This property shares a rear boundary with Warmington Lodge and the purchase was deemed an important element in the Board's strategy to diversify income as opportunities arise. A small Sub-committee of the Board is currently investigating redevelopment options for the site, and in the meantime, the homestead has been rented.

The Board of YVAC Ltd is grateful to the ongoing financial support offered by the Yass Aged Care Foundation, which continues to fund the Nursing Scholarship in Aged Care at the Canberra campus of the Australian Catholic University. Again, the provision of this scholarship is an initiative of the Board to attempt to meet the challenge of securing sufficient Registered Nurses to meet the ongoing care needs of residents.

## Risk Management

The Board constantly monitors the risks faced by the Company and together with management, develops strategies to manage these risks.

The major issues faced by YVAC Ltd include:

- **A shortage of Registered Nurses required to maintain high standards of care 24 hours per day/ 7 days per week.**

As mentioned above, the Board, together with the Yass Aged Care Foundation is funding a scholarship for a graduate Registered Nurse from the Australian Catholic University to undertake his/her graduate year at Horton House and Warmington Lodge. The plan thus allows for an additional RN for a 12 month period each year. Co-incidentally, an annual prize in aged care nursing is also being funded by the Foundation.

- **Financial viability in the longer term.**

The Board is keen to diversify income sources to alleviate a total reliance on government subsidies. The Australian government through the Department Of Health and Ageing does however, place some restrictions on what alternative activities can be undertaken. To provide future expansion into self funded operations, the Company now owns 2 additional properties – 29 Mount Street and 43 Castor Street, with development options being explored. In addition, provision of ‘user-pays’ community based services are being explored, although the Board is ever conscious of the realistic capacity of people to pay.

- **Changes in government policy.**

A recent Productivity Commission report into Aged Care has provided a number of recommendations for changes to delivery of aged care services into the future. Whilst the Board generally supports the recommendations, there will be implications for our operations. For example, the Commission recommends substantially increasing the level of care delivered to aged folk in their homes – a concept we support. Unfortunately, the Commission has not adequately dealt with the issue of staffing levels and staff rates of pay which are too low and which require a significant investment of taxpayer funds in order to address staff shortages. A formal adoption of the recommendations has not yet been forthcoming through the legislative process – so we will wait and see!

## **Care**

As mentioned, YVAC Ltd continues to provide residential care to 65 residents in Horton House and Warmington Lodge. In addition, care is provided in the community through 16 Community care packages (CACPS) and 3 extended or high care packages (EACH). The funding for these operations is delivered from the Commonwealth Department of Health and Ageing. Due to ever increasing demand, we constantly deliver up to 6 additional ‘unfunded’ community care packages – to which clients contribute some of the cost and the remainder is cross subsidized from the funded packages.

The high quality care delivered is only possible because of the skill, dedication and commitment of all our staff. To Penny Temple and her team, we again offer our profound thanks.

Penny will be leaving us early in the new financial year having served residents, clients and the Yass community for 20 years. Also, Sue Ponton who joined the team shortly after Penny will also retire. To both, and to all other staff who have left, many of whom have also given years of loyal service, we extend our very best wishes for a bright, pleasurable and interest packed future!

We look forward with anticipation to welcoming Christine Grafitti as the new CEO. Christine will join us in July, after bidding farewell to a life in Sydney. We wish her well!

In conclusion, I would like to acknowledge the ongoing support and commitment from our many volunteers, including local Service and Social Club members, who continue to contribute significantly to the quality of life of residents. To the Friends of Horton House and Warmington Lodge – we salute your ongoing efforts to raise money for extras for residents that otherwise would be unaffordable.

To my fellow Board members – your contribution to overseeing the affairs of the Company is of the highest order and I thank you for your support, skill, dedication and commitment. Tony MacQuillan, Gillian Storey and Graham Hayden, who have indicated their desire to retire at this AGM, have been wonderful colleagues and we wish them well. Indeed, Graham in particular, has devoted an enormous amount of time over the last couple of years to ensure our financial systems and policies are up to scratch, for which we offer our sincere thanks and gratitude.

To the incoming Board I offer my very best wishes. The future holds some exciting challenges for YVAC Ltd. and it is my belief that the Company will be in good and safe hands.

Ginny Hewlett