

PRESIDENTS REPORT
to the Annual General Meeting of
YASS VALLEY AGED CARE Ltd, 21 October 2013

I am again privileged to present this report to members of Yass Valley Aged Care Limited (YVAC), and more broadly to members of the Yass Valley Community. YVAC is a community owned not-for-profit Company, comprising the operations of Horton House, Warmington Lodge and a range of Community Care packages, and assets associated with these operations including land holdings at 41 and 43 Castor Street, Yass and 29 Mount Street, Yass.

In many ways this has been a hallmark year for the Company. In July, new CEO, Christine Grafitti took over the reins as we farewelled long standing general manager Penny Temple. The year also witnessed the departures of Sue Ponton and Lyn Morgan – all of whom had given 20 years of outstanding and valuable service to the organisation. The new staff team has embraced change with energy, enthusiasm, intelligence and loyalty- for which we thank them all. To Christine we offer special thanks – her work has ensured the Company embraces the next stage of its development and growth.

Operationally, the year has again been successful, with a satisfactory financial outcome of an operating surplus of \$122,000 after all provisions and in light of reduced income from bank deposits, and the Board extends its thanks to staff for ongoing fiscal control in a tight operating environment. Further, the Board's thanks again are extended to the Yass Aged Care Foundation which continues to support YVAC financially through sponsorship of scholarships and distribution of income from the Trust.

Aged care throughout Australia is under constant scrutiny, and provision of services for the frail and aged has again been the subject of a review by the Productivity Commission. The Commission's report and its recommendations have resulted in a wide ranging response from the Australian Government entitled "*Living Longer: Living Better*". The Government has accepted many of the Commission's recommendations and if implemented, the proposals within the Government response will herald the most exciting and far reaching reforms in the delivery of services to the aged. To date, early legislation has been passed by both Houses of Parliament to begin the processes of change, and we look forward with anticipation to key implementation dates for introduction of new services, programs or service methodologies. Staff have been busy for months modeling the impact of proposed changes and we are well prepared as a result. These changes have also underpinned the Board's strategic planning process, and the outcome of this year's planning is described below.

Financial Position

As mentioned above, the financial outcome for the 2012 – 2013 year has been most satisfactory, given the difficult operating environment in which the Company operates. Readers will note an 'unqualified' audit report, and all areas of operation have returned a positive result. Lower than anticipated interest rates have had a significant impact on the earning capacity of the Company, and as always, there has been constant upward pressure on essential costs.

The Company remains debt free, and all accommodation bonds are fully funded – a position that is testament to the sound financial management of staff, and which leaves the Company well placed for future development and/or expansion as opportunities arise.

Future Planning

As mentioned above, the Board is conscientious in its commitment to planning for the future and this year has provided some planning challenges.

- Utilities costs – all households will have experienced increases in gas and electricity costs and YVAC is certainly no exception. The increase in utilities costs for YVAC during the year amounted to \$34,000 – from \$158,000 in 2012 to \$192,000 in 2013. The Board has agreed to the installation of a 100 kW solar/ photovoltaic system and currently is awaiting quotes. Whilst a solar system will not eradicate electricity costs, the Board is mindful of the potential contribution that such a system will make.
- Future expansion- the Board understands that a key element of long term financial viability for YVAC is diversification of income sources. At present the Company is almost exclusively dependent on government sources for income. Thus a change in government policy that impacts on the income the company relies upon could be disastrous.

The Board has agreed to set aside funds for a consultancy to undertake the research necessary to provide the Board with a range of options for future expansion. The Terms of Reference for this consultancy will include options for maximizing the use of existing properties and buildings; options for developing the sites at 43 Castor Street and 29 Mount Street; and options for introducing 'fee-for-service' programs that will be in addition to but complimentary of, existing community based subsidized services and programs. Fundamental to any expansion plans will be the requirements of "*Living Longer: Living Better*" on the one hand – and most importantly, the views of the Yass Valley community on the other.

Consultation with the Yass Valley community will therefore provide the evidence base for future planning.

- Extension of the Ron Clarke Memorial Scholarship scheme – readers will have noted the introduction of this scholarship for students of Nursing at the Catholic University in Canberra some years ago. The rationale for the scholarship was to encourage recipients to spend their graduate year working for YVAC as Registered Nurses, and was developed to deliver us a secure pool of Registered Nurses from which to draw. The scholarship to date has been funded each year by the Yass Aged Care Foundation – and this Board again acknowledges the value of this relationship and thanks the Foundation sincerely for its ongoing support.

The need to extend the parameters of the scholarship arose from the desire to make scholarships available to Nursing students at other tertiary institutions in addition to the Catholic University; and also extend the option of tertiary training for students other than Nursing students. Examples of other disciplines include, but are not limited to, business studies, accountancy; and allied medical studies such as massage. The Yass Aged Care Foundation has agreed to the proposal, and whilst the focus will remain on securing registered nurses, the prospect of enabling and supporting a range of studies is exciting.

- Living Longer Living Better

I have alluded to the reforms to aged care outlined in this report, and whilst the future of the reform process may be affected by a change of government, it is the Board's intention that members of the Yass community will be kept informed of the changes and the impact of those changes on YVAC operations.

Of benefit to the community will be an increased focus and funding level for care delivered at home with choice and range of services to be increased. A further change will be the removal of the distinction between high and low residential care. Historically, Horton House has provided 'high' care, with Warmington Lodge providing 'low' care for residents. The future will allow for **care** – irrespective of the level.

Details of these changes will be provided to the community as they are released by the Department of Health and Ageing.

Care

The care extended to both residents and community clients continues to be of a very high standard and continues to be offered by the most dedicated and professional staff. The Board congratulates CEO Christine Grafitti, who, together with her key management team, has built a dynamic, enthusiastic and innovative staff group.

Care is more than nursing care, although, of course, this is vital, and those in ancillary roles such as the kitchen, laundry, on the floor and activities staff all have a valid and complimentary role to play, - as do maintenance and grounds staff. Together, all staff provide the complete care package and the Board acknowledges the effort and loyalty expressed by all staff at all times. On behalf of the community the Board expresses its thanks and gratitude.

Volunteers also play an integral role in caring for residents and clients and to all those who freely give of their time and talents I express thanks. To the Friends of Horton House and Warmington Lodge I extend particular thanks as the efforts of this wonderful group ensure that the quality of life of residents and clients is maximized.

In conclusion, as my term as President of YVAC comes to an end, I would like to reflect on a range of amazing achievements over the years. The small group of people who got Horton House off the ground 21 years ago, laid the foundations for what has become a larger, progressive, and innovative business, consistently delivering care of the highest quality to residents and community clients. The Company is an integral part of the Yass Valley – the community that is the Yass Valley is integral to YVAC. 21 years ago we dreamed this relationship would grow – 21 years later we are humbled at the strength of the commitment of the community to Horton House and Warmington Lodge and to the aged people of our local environment.

Fundamental to the success of Yass Valley Aged Care Ltd is the ongoing contribution of my Board colleagues - to whom I offer my sincere thanks and gratitude. To those who will continue to serve – I

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honour your commitment. To those who have served the Board and who are unable to continue – we say thank you.

Being a member of the Board of YVAC is voluntary, with members giving freely of their time and their skills. Without this commitment and dedication, the operations of the Company would be seriously affected and the outcome for the aged of our community would suffer accordingly. For the support my Board colleagues have given me – I thank you.

I offer my best wishes to the incoming Board – both now and in the future.

Ginny Hewlett