



NOTICE TO STAFF AND RESIDENTS

New Era in SA Aged Care

31 January 2022

South Australia's two largest Lutheran aged care providers are proposing to consolidate, creating a new entity in the aged care sector caring for more than 1,100 people and employing some 680 staff.

Under the proposal, LHI Retirement Services (LHI), which operates facilities at Glynde and Hope Valley, and Fullarton Lutheran Homes (FLH), will operate together as Lutheran Homes Group (LHG) from early-mid 2022.

With more than 150 years' experience collectively in the delivery of residential aged care, retirement, and community services, LHG will have the size and scale to operate a best practice service delivery model, supported by a dedicated team of specialist staff and contemporary systems.

LHG will be able to offer expanded services to its residents, including home care, respite and residential care, as well as additional healthcare and ancillary lifestyle services.

Importantly, the consolidation of LHI and FLH will take place in the spirit of the Lutheran Church's teachings; LHG will continue to operate in alignment with the values and mission of the Church.

As a consolidated entity, LHG will be a leading South Australian provider with the scale to remain financially sustainable in what is an increasingly challenging operating environment and sector.

Aged care is progressing through a reform agenda that is changing the way in which residential care operates. Funding changes and regulatory reform are moving at a rapid pace. The removal of bed licences and the allocation of funding to consumers will create a competition amongst providers that has not been seen before. Compliance with ever increasing government regulation will require significant investment in suitable experts to create and maintain robust systems for required reporting and policy adoption, as well as additional staffing to achieve new day-to-day tasks required by Government regulators.

To meet these obligations, organisations require size and scale to remain financially sustainable and to allow the continued delivery of high-quality care.

Several smaller aged care providers closed or were sold last year due to this changing environment and the lack of ability to adapt to the changes.

In SA, Lutheran aged care providers currently operate independently as small to medium sized organisations, and some are struggling with the challenges of this new environment. In recent years, the LCA Governance Project has discussed the potential for creating a position of strength by either merging or by the larger organisations supporting the smaller and less resourced providers.

The Boards of LHI and FLH have been working together over the last year to consider the benefits of an alliance that might set the way forward as a consolidated Lutheran entity whilst maintaining local and individual identities.

We believe that time has now come to seize the opportunity and to secure the future of both organisations.

The proposal requires the approval of both Boards and as a requirement of the FLH Constitution, the approval of FLH Members at a special meeting to be held in February. We will keep you informed as the process unfolds and expect the next update to be mid-February.

Authorised by:

Mel Blondell, LHI Chair
Andrew Cannon, FLH Chair