

Chief Executive Officer's Report 2016

As I write this report the days are just beginning to become warmer and longer. The Olympic Games have just finished in Rio de Janeiro, and Federal Parliament has just resumed, following three months of campaigning and an indecisive outcome. This does not 'bode well' for the economic future of Australia in general, and for the future of aged care in particular.

However, in this, my twenty-third annual report, I am again able to record how, during the past twelve months; we have continued to adjust to the many changes that have already been imposed on us by government, and also on the many positive achievements that have benefited us here at LHI.

The Ever Continuing Government Changes to Aged Care

My annual reports over recent years have highlighted the continuing and consistent reductions in government funding for aged care. Not only has this continued during the past twelve months, but the amount of the funding reduction announced for the coming 2016/17 year has been announced to be a staggering \$1.5 billion dollars. The steady decline in government funding is now the major challenge for our Board and management, and clearly sets the scene for yet further cost increases for future residents.

Glynde Community Centre Project

In my report last year I referred to the significant 'headway' made in the concept work on the Glynde Community Centre project. As anticipated Council Planning Approval was received just before Christmas 2015, and, as kindly and generously promised, the transfer of the 'Property Title Deed' was completed by St Andrews congregation. At the time of writing my previous report, we were hopeful of completing the building of the new centre by August 2017.

However as an outcome of the subsequent Board review, and recognising the increase in both scope and costs since the original concept of building a community centre, the Board decided to seek further strategic development concepts, as well as architectural advice on possible options. This 'due diligence' process is likely to add further time to the previously estimated completion date.

The delay is a great disappointment to everyone who has been looking-forward to the new building; however the opportunity to review and improve upon the design of the new facilities will bring worthwhile benefits.

2 - Bed Room Conversions – Hope Valley and Glynde

Following the completion of 'trial-rooms', at both sites, which were received very positively by residents, families and staff, the LHI Property Committee recommended to the Board that the full refurbishment project, for the remaining shared rooms at both sites, be undertaken as soon as possible. Work is now underway and will take approximately 12 months to complete.

The combined total cost for the work at both sites will be approximately \$3M. As a result of the projects being undertaken, there will be reduced overall income, due to the necessary vacant beds being unavailable during the refurbishment period (4 beds at each site). This will impact on our finances during the current financial year, the results however will greatly improve privacy and dignity for residents.

Hope Valley Kitchen and Coonawarra Upgrade

The works to significantly refurbish the main kitchen and aspects of the Coonawarra Special Care Unit, at Hope Valley, are currently nearing completion. This programme will

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help to significantly improve services for the residents and staff, living and working in these areas.

Glynde RCF Single-Rooms Upgrade

The refurbishment programme for the remaining single-rooms at Glynde was completed during the year, and the project outcomes have been outstanding. The rooms now create a much nicer living environment for residents, and a safer working environment for staff. The new ceiling-mounted lifters provide more dignity for the residents who need to be assisted with their mobility, and a much reduced Work Health Safety risk for staff. The more ergonomic bathrooms, and increased room size, means increased comfort for residents.

The major benefit of the project will be to the resident's quality of life, which will be greatly increased and will reduce the likelihood of having to move to alternative accommodation, if acuity increases.

Glynde RCF Dining Room/Lounge Upgrades

An impressive outcome from the initial two dining room/lounge upgrades at Glynde, Heysen and Taylor, and the very positive reaction to the outcomes, from residents, families and staff, has led the Board to agree to the upgrade of the remaining Glynde dining room/lounge areas.

Both the Bates and Mitchell upgrades have now been completed, with similar positive feedback, and the upgrade of the two remaining lounge/dining areas is now planned to commence during this September.

The present conversion of double bed rooms to singles, together with refurbishment of remaining communal areas and staff facilities, at both sites, are all intended to create a nicer environment for residents, staff, and volunteers, as well as ensuring that LHI is presented well to future potential clients and their families.

Village Care Services

As I mentioned in my report last year, the (then) Minister for Ageing and Disability announced that from early in 2017, the process of applying for Home Care 'licences' by Providers, will cease and be replaced by a system that will enable recipients of services to choose their own service provider. This will mean that our village Residents will, in future, be able to nominate LHI as their service provider, regardless of the level of care to which they are entitled.

Having reviewed the changes to the government Home Care system, and recognising the 'gaps' in the proposed system, together with the overwhelming wish of residents to remain in their homes for as long as possible, the LHI management team reviewed our current services, currently referred to as 'Care Choices', which include services such as cleaning, personal care, transport, meal preparation and clinical support. Given that the government has now confirmed that, despite earlier announcements, they now intend to control the actual number of Home Care Packages, through a rationing system (only providing a package if there is a 'vacancy' on the list), LHI has decided to extend our current user-pays system. Wherever possible a government funded Home Care Package will be offered. However, where no government package is available, an 'LHI Extras' specially 'tailored' service will be offered as an alternative. In reality, in many instances the 'LHI Extras' services may prove less expensive than the government packages. I encourage anyone interested in additional services to talk with our village staff.

Both Home Care Packages and 'LHI Extras' involve a fee for service, however there are options available for Residents experiencing financial difficulty.

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Financial Accounts as at 30th June 2016

The financial accounts for the past year again resulted in 'a positive bottom-line', despite further reductions in funding by the Federal Government.

During 2015/16, there were 67 new admissions to our aged care facilities (there were 59 in 2014/15), of these 67 new admissions, 24 came from our LHI villages. The average ILU occupancy of these 24 'village' admissions was 12 years. This statistic again affirms our organisation's commitment to caring for our ILU Residents, that, if and when they are no longer able to continue living in their units, their longer-term future with LHI is assured.

32 Independent Living Units were also re-licenced during the year.

Disappointingly, indexations of Government Subsidies, relating to care, were increased for 2015/16 by 1.5%, and only 1.3% for 2016/17. This is again absolutely inadequate, and is even lower than the average of just 1.5% per year, for each of the previous 5 years.

Frustratingly, the Government has also made changes to the funding instrument, used to calculate care funding for each resident, and decided to apply only half of the above increase to residents who have the highest need levels. Unbelievably, the government will introduce a further change to their funding instrument on the 1st January 2017, which will even further impact negatively on our income revenue.

To further compound the financial pressures, the government also announced that the 'Fair Pay Commission' increase for 2016/17 was to be 2.4% (2015/16 was 3%). This means that the gap between our income and expenditure will continue to increase.

Thankfully, despite all of the above, the LHI Board approved this year's recommended (2016/17) LHI Capital and Recurrent Budgets at their July meeting. This is a very affirming 'show of support' from the Board and confirms their continuing commitment to the best possible staffing levels, buildings and equipment at LHI.

National Aged Care Alliance

As mentioned last year, it has become increasingly important, particularly at a national level, that the concerns and needs of older people are heard. Through my representation of the Board of Lutheran Aged Care, I, together with my colleague from Queensland, have taken every opportunity to raise such matters at the National Aged Care Alliance meetings.

Board of Lutheran Aged Care

As reported last year, LHI has become a significant voice on aged care issues, within church circles, Colleen Fitzpatrick and I, together with former Chairman, Richard Bartholomaeus, continued to attend the BLACA meetings during the year, and Bishop Henderson and Peter Schirmer, from LCA, have taken several opportunities to update the BLACA Board members on the strategic directions of the church, particularly in relation to Aged Care.

Lutheran Retirement Villages Alliance and Lutheran Aged Care Residential Network

Throughout the year, we have again continued to actively support other Lutheran organisations. Most members of these organisations do not have access to the levels of expertise and experience that we have at LHI; therefore we willingly share our knowledge and resources with them. Phil Auricht, LHI's General Manager Assets, was again re-elected Chairperson of the Lutheran Retirement Village Alliance, and is also a member of the SA District's Aged Care Council, together with Megan De Vries, General Manager Resident Services Hope Valley.

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David Philips, General Manager Finance, and I continue to represent LHI on the South Australian Lutheran Aged Care Residential Network group. As the challenges associated with aged care and retirement living continue to increase, it is important to share our knowledge and expertise with other Lutheran organisations.

Our Chaplains

Again, we acknowledge and offer grateful thanks for the very significant service of our Pastors and Chaplains; Pastor Gallasch, Pastor McNicol, Pastor Gerhardy and Chaplain Ziersch. We also again give thanks to God for the many retired Pastors residing in our villages, who continue to provide their support to the LHI Pastors and Residents, and also add so much to the spiritual environment at LHI.

Our Volunteers

Throughout the year our volunteers again provided a wonderful service to our Residents, especially to those in the Residential Care Facilities whose lives are so enhanced through the contact with these wonderful people on a daily basis.

In addition to the many hours that volunteers donate to our RCFs, are the many more hours given by the volunteers who, every day, undertake innumerable roles and tasks within our LHI villages. All of these people add so much to the quality of Residents' lives, and we thank them for their generous Christian service.

Resident Committees

Our Resident committees continue to work very hard and do so much to encourage our LHI management team and fellow Residents.

As always, with both committees, I have again enjoyed attending their monthly meetings and again admired the enthusiasm and interest of the members. I offer my sincere thanks to the two Presidents, Betty Mattiske at Glynde, and Maxine Gilbert at Hope Valley. I also thank their respective committee members for their ongoing commitment, support and advice.

Our village communities continue to raise funds and provide voluntary services to their respective communities. The efforts of the Coffee Shop, Village Disposals, Thrift Shop, Corner Shop, Recycling Sheds, Card Shops, Craft groups, Market Days, Samaritan's Purse and many more, are quite outstanding. To everyone who has contributed in any way to the success of these ventures, please accept the heartfelt thanks of the Residents, staff, and the Board for all the time and effort that you have given during the past year.

Lutheran Women of South Australia

During the past year, our Glynde Ladies Auxiliary of the Lutheran Women of South Australia continued to provide outstanding service to LHI, through organising several fundraising events in support of the Glynde Residential Care Facility. The events organised by the LWSA do not just raise money for the LWSA selected projects, they also bring additional and welcome events to the social activities of the village.

To the LWSA President, Mrs Marina Fielke, and all of the lady committee members, we again offer our sincere thanks.

The LHI Management Team

To our General Management Team, Phil Auricht (GM Assets), John Boland (GM Hospitality), Megan De Vries (GM Resident Services Hope Valley), Julie Le Cornu (GM People and Culture), David Phillips (GM Finance), and Yasmine Ruysen (GM Resident Services Glynde), I again offer my personal thanks for your continuing

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loyalty, support, wisdom and enthusiasm. With all of the Government and other changes that have confronted us again during the past year, our journey has again not been easy. As always, your support has again been the major factor in our success throughout. Thank you all.

To our very special LHI staff, in all departments, who continue to be challenged by the ever-reducing funding and ever increasing workloads, I again say that you are a very special blessing to our organisation. Thank you all, and may God continue to bless you in all that you do here.

Our Board

To Julie-Anne Burgess, who has also had challenges in her role as LHI Chairman, but again managed to lead the team of Board members very successfully during the year, thank you.

To all Board members, Julie-Anne, Bryon Andretzke, Dr David Burrow, Colleen Fitzpatrick, Tony Materne, Robert Newcombe, Cathy Oster, Geoff Thiel, Mel Blondell and Philip Riquier, also Mark Fielke (resigned October 15), and Richard Bartholomaeus (retired July 15), thank you all for your work and dedication during the year.

May He, who knows what is truly in our hearts, continue to bless this very special community, now and into the future.

In His name.

Tim Gray
September 2016