

Chief Executive Officer's Report 2018

I am delighted to present my first report as the newly appointed CEO of LHI Retirement Services in what is quite possibly one of the most exciting and at the same time challenging times to be in aged care in the last 40 years. Having worked almost 35 years of my career in senior roles in aged care across South Australia, New South Wales and Queensland, I honestly believe now is the best time to be involved in the sector which is undergoing significant and much needed change. Six months on in my role as CEO I am convinced that LHI is well placed to not only survive but to thrive in the emerging consumer directed environment that is expected to become mainstream within five years.

Changing Aged Care Landscape

Following the public outrage over the failings of the Oakden residential aged care facility in 2017, we have seen a welcome shift in the regulatory environment for aged care with the focus shifting from provider processes to quality outcomes for consumers.

This change, supported by the new aged care standards that are being introduced, will make it much easier for consumers, their families, carers and representatives to understand what they can expect from an aged care service.

Importantly, these new standards reinforce the requirement for providers of aged care services to change outdated institutionalised, top down practices and systems to practices that are geared to residents exercising choice and control over their own lives. This is both exciting and challenging – exciting in that this is the way all of us would like to be treated and challenging in that we have to rethink a number of our embedded practices and routines that have just become, without questioning; “the way we do things around here”.

The other significant challenge that is facing the aged care sector is financial viability with the fiscal tightening that has occurred in the sector over the past 12 – 18 months. In 2016/17 LHI reported its income increased 1.2% compared to an increase in its costs of 4.9%. This pattern has continued in 2017/18 not just for LHI but for the aged care sector as a whole to the point where, according to benchmark data released by Chartered Accountants, Stewart Brown and Associates, 41% of aged care providers nationally reported financial deficits as at the end of December 2017. LHI's challenge, is twofold; we are relatively small in scale and our costs, given our scale, are too high.

A culture of caring

It is important, particularly as this is my first annual report for LHI, to acknowledge the legacy that has been left by LHI's outgoing CEO, Tim Gray. Tim has been a much loved and respected leader of LHI for the past 23 years and he is greatly missed by all those who worked closely with him during his time at the helm. LHI enjoys a wonderful reputation as an organisation with a culture of caring thanks largely to Tim's strong focus on the provision of excellent care, achieved by valuing staff.

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Our Strategic Plan

Finalising LHI's strategic plan 2018 – 2025 in March 2018 has been an important milestone and together with the General Management Team we have spent the second six months of 2017/18 actively translating the agreed strategic direction into our operational goals for 2017/18 and 2018/19.

In May 2018 we engaged the services of Tierra Health to assist us in mapping the changes that will be required for LHI to remain financially viable and operationally relevant in the changing funding and consumer directed environment. Implementation of these changes with input from Tierra Health will be our primary focus for 2018/19.

I am very conscious that as we implement change, we must not lose focus on who we are and why we exist. In what is expected to become an even more competitive market, our distinctives:

- Being Lutheran
- Our strong sense of community
- Our focus on ageing well

will influence and be reflected in all that we do.

Glynde Community Centre

Work has continued on the construction of the new Glynde Community Centre with an anticipated completion date of late 2018 for the main building and early 2019 for the car parking area and surrounding landscaping. At a cost of approximately \$5.0 million, it is expected that once completed, the facility will be a wonderful asset not only for our LHI community but the St Andrews Lutheran Church community as well.

Engagement with Lutheran Church Australia (LCA) and our Churches

This year we have been exploring some new and emerging partnership opportunities with the LCA most notably in the Information Technology space through shared software and network solutions. LHI has also engaged actively in the Governance Review consultation process that has been undertaken with Lutheran aged care and community service providers from around Australia.

LHI welcomes this ongoing dialog as together we explore opportunities to work more collaboratively across the network of Lutheran providers. The future must be about working together, not in isolation.

LHI has enjoyed a very positive relationship with our community churches, St Andrews at Glynde and Trinity at Hope Valley and I am committed to ensuring that this relationship continues to strengthen as we move forward. LHI is proud to be a ministry of the Lutheran Church in Australia.

Service highlights – consumer engagement and choice

Under the guise of the LHI One Community – Our Future project launched in April / May 2018, we have commenced a number of new initiatives focussed on increasing choice mainly for residents living within our Hope Valley and Glynde residential care settings.

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The introduction of Buffet breakfasts and “wishing trees” where residents have expressed their personal preferences in regard to their morning routine and activities they might like to engage in has been positively received by residents, families and staff who have expressed the view that “it is much more relaxed in the mornings now”.

The launch of the Cycling Without Age - Trishaw program into both our Hope Valley and Glynde villages in June 2018 has proven to be a wonderful initiative as both residents and volunteers have enjoyed getting out and about in their community. The program is aimed at facilitating residents who in most cases are no longer capable of riding a bike, getting out in the fresh air to “feel the wind in their hair” by riding in the trishaw accompanied by a volunteer pilot.

A South Australian first, the program was launched at a celebration function held at our Hope Valley village attended by over 300 people including federal, state and local government representatives, the Danish Consul of SA and the Cycling Without Age Co-Founder, Dorte Pederson from Denmark.

Resident Committees - active engagement

It has been inspiring to see the great work that is undertaken by our two resident committees on behalf of residents living in our Hope Valley and Glynde villages. This year we farewelled Mrs Betty Mattiske who has been an active member of the Glynde Residents' Committee for over 18 years and served as the Committee's President for almost 7 years. Betty continues to serve in the village shop and we are truly appreciative and thankful for her many years of faithful and ongoing service.

Our staff and our volunteers

The reputation that LHI enjoys within the aged care sector in South Australia is largely built on the valuable contribution of LHI's staff and its volunteers. LHI has a strong service ethos that is closely linked to its Christian values and its Lutheran origins.

Whilst I have only recently joined LHI, it is very clear that there is a strong commitment to the health and well-being of staff and volunteers that has existed for many years. As we move forward, the challenge will be to avoid a sense of complacency that sometimes comes with believing you don't need to improve.

As we enter this new consumer directed environment I expect this to challenge our understanding of what constitutes good care. Encouraging staff and volunteers to not just accept the status quo and instead actively seek improvement opportunities will be a challenge for those who believe LHI is the best it can be.

Personally, I see this as one of the biggest challenges as the last thing I want to do is belittle the wonderful contribution our staff already make to those we are privileged to care for and interact with. I look forward to an exciting season ahead as we plan for 2018/19 and beyond.

Graham Reed
Chief Executive Officer