

President's Report for 2018 YVAC AGM

After some delay the first stage of the refurbishment of Horton House was completed in August and residents were able to move into the new rooms early September.

I compliment Lyn on the fantastic job she has done with the new wing. She has overseen the design and layout of the facilities to ensure they provide first class accommodation for the residents and a safe and efficient working environment for staff. She also did the interior design and her choice of colours, carpets and finishes make the new wing a warm and inviting home for the residents and a great place to work. Well done Lyn.

We are now well into the second stage, being the construction of the new link from the lounge to the existing link and addition of ensuites to 4 rooms that look across to Warmington Lodge. This stage should be completed early December and stages 3 and 4 should be completed by May 2019, if no more time is lost.

The project is running behind time as completion was due by November. I cannot really explain why except that the builder's dealings with the private certifier have been difficult and he took an inordinate amount of time to issue the occupancy certificate for the first stage. But on the positive side we do have a very good relationship with the builder, Complete Construction. The quality of their work is excellent and they have done everything possible to ensure that the impact of the construction on the residents and staff is kept to a minimum.

There have being a number of variations to the contract price of \$3,173,617. There is a contingency fund of \$110,000 included in the contract price and this should be sufficient to cover all contract variations except for a major additional cost not covered by the contract. It was discovered that the roof space above the existing Horton House does not comply with the fire safety code. Some of the original ducting does not have dampers and conduits passing through smoke walls have not been properly sealed. Rectifying these breaches will cost in the vicinity of \$70,000 and must be carried out before the final occupancy certificate is issued.

As previously mentioned we are funding the project internally from cash reserves and a percentage of accommodation bonds and refundable accommodation deposits and we are still on course to do this. The Yass Aged Care Foundation have offered financial support if the need arises and for this offer we are very thankful.

When the project is completed there will be an opening ceremony for the new wing and it will be given a name. We will keep you informed.

During the year the aged care industry has been the subject of a great deal of negative publicity for mistreatment of residents. These incidents are isolated but the whole industry is tarnished and as a consequence we end up with a royal commission. This may not be a bad development if the commission examines all facets of the industry particularly funding or the lack thereof. We also need to get the message out that the vast majority of facilities including our own treat their residents with dignity and respect and provide them with the best care possible.

The audited financial statements show another loss of \$201,484, which is nearly identical to last year's loss. By way of explanation the Federal Government provides over 50% of revenue via a funding instrument known as ACFI. Earlier this year the Department conducted a review of YVAC's funding. As a consequence the review determined that some residents were incorrectly classified and the funding for direct care was reduced. Further any "over payments" from the time each resident reviewed was admitted permanently had to be repaid. This money was deducted from the June payment and reduced the payment to \$91,796 compared to the budget payment figure of \$242,000.

Despite the accounting loss, when depreciation is taken into account there is a positive cash flow of just over \$218,000 which is largely due to the generous donation from the Foundation.

I take this opportunity to thank the Foundation for its very generous support of Yass Valley Aged Care. I note the passing of Peter Doyle the long time President of the Foundation and I acknowledge his contribution to the establishment of both Horton House and Warmington Lodge and the support he has given over a long period of time. He will not be forgotten and I pass on my deepest sympathies to Geraldine.

Back onto finance, we are budgeting for another significant loss for the current year which may result in a small cash flow loss. Apart from the loss of funding there are extenuating factors. Rooms have been lost due to the refurbishment. Further a sum of \$80,000 has been allowed for a maintenance program for the interior and exterior of both Horton House and Warmington Lodge.

While Lyn and her staff are always looking at ways to reduce expenditure our revenue should improve on completion of the refurbishment. One of the incentives for the refurbishment is extra funding which YVAC should be entitled to provided certain criteria is met. Also because nearly all the rooms in Horton House will have en-suites we may be able to increase our accommodation charges.

Recently Reg Moebus advised he would be standing down from the Board. He has been a member for some 16 years and has been an outstanding member and in recent years served on the audit and risk committee. I thank Reg for his contribution particularly in relation to financial matters which is his expertise and I wish him well for the future.

My thanks to all Board members for their contribution during the year and in particular to Melina Waters, the convenor of the audit and risk committee and Tony Reeves, the convenor of the personnel and remuneration committee for all their work during the year.

A big thank you to Lyn and her staff for the great work they do looking after the residents. They are all very committed and help make the facility a wonderful home for our elderly citizens and a facility we can all be proud of.

Thank you for your attendance tonight.

Michael Walker

President