



Adventist[®]
Senior Living

2018–2021

STRATEGIC PLAN

ASL CORE BUSINESS, MISSION & VALUES

The Board of Adventist Senior Living is committed to the implementation of the organisation's Strategic Plan 2018 to 2021. This plan continues our focus on the fundamentals of providing care to older Australians in an ever changing operating and strategic environment.

Adventist Senior Living Core Business, and the foundation of everything we do, is to meet the physical, spiritual, social and emotional needs of our Consumers through a Christ centred approach which is both inclusive and anchored in our organisation's signature behaviours and the **ASL Way**.

THE ASL WAY

The ASL way is our approach to building and maintaining an intentional culture that is aligned to our Core Business and Mission. Five signature behaviours that underpin the ASL way;

- 1 We deliver on our commitments
- 2 Our actions support our financial future
- 3 Our attitude supports our mission to serve
- 4 We treat others as we would like to be treated
- 5 We are open and honest

VISION STATEMENT

ADVENTIST SENIOR LIVING 2018 - 2021

Adventist Senior Living (NNSW); enhancing the physical, spiritual, social and emotional wellbeing of older Australians through **Christ Centred Care**.

Our mission put simply is *servicing people*.

THE OPERATING ENVIRONMENT

The period June 2015 to June 2018 has been a turbulent period for the sector, continued funding cuts/revenue freezes by Government has led to 31% of providers making a loss in 2016/17 with this number increasing to 41% at December 2017. Deregulation of Home Care in February 2017 has exposed for the first time the size of the waiting list and subsequent demand for Home Care. In addition to this a number of high profile system failures both in Residential Aged Care (Oakden) and Retirement Village living (AVEO) have led to sustained media scrutiny of the sector with numerous enquiries and reviews being commissioned by government including;

- Carnell / Paterson Review of National Aged Care Quality Regulatory Processes
- Senate Inquiry - effectiveness of the aged care quality assessment and accreditation framework (Oakden Matter)
- Parliamentary Inquiry – Inquiry into the Quality of Care in Residential Aged Care Facilities in Australia (Greg Hunt)
- Ministerial Inquiry – Future of Australia's aged care sector workforce
- Greiner Review – Inquiry into NSW retirement villages (response to AVEO Matter)

In addition to this the Tune Review – Legislated by LLLB Reforms was also completed as scheduled with Government as yet to really take on the more substantial/contentious recommendations made in relation to the sustainability of the sector.

A key challenge will be interpreting the new Aged Care Standards which will be common across all forms of Government Funded Aged Care from 1 July 2019. It is worth noting when the first standards were implemented in 1997 *“More than one third of service providers failed to meet the new Standards and expectations in the first year of audits. Hundreds of aged care operators sold their homes, merged with other providers or were acquired by a larger organisation. Some simply closed”*.¹

In addition to this the Australian Union Conference of the Seventh-day Adventist Church has commenced a consultation process across the union with a view to exploring the pros and cons of a possible merger/consolidation of conferences thereby paving the way for the possible merger/consolidation of the five existing Conference based Aged Care companies.

It is probable that we will start to see as a result of the various reviews and enquiries another wave of policy announcements that will lead to a similar period of change as experienced in the 2015 to 2018 period, for the coming 2018 to 2021 planning period.

The coming 3 year period 2018/21 is expected to be as tumultuous as the previous three years as Government grapples with increasing costs and demand for Aged Care. Concurrently the Government is also expected to face the political challenges of introducing much needed reforms to return some confidence to the sector, consumers and capital markets. Providers in the sector are expected to remain under pressure financially and operationally from increasing competition, government funding failing to keep pace with costs, rapidly changing expectations of consumers and the wider community and patterns of demand for services.

Sector as a Whole

The period 2018 to 2021 for the sector as a whole will likely continue to be characterised by and operate with:

- **Consumer Choice:** In addition to the reforms already introduced with home care there will be an ever increasing focus on consumer-directed care in Residential Aged Care.
- **ACAR to remain for the moment:** at this point in time the ACAR will remain that is; bed licenses will still be issued by Government. The Tune review has recommended the deregulation of bed licenses proceed however Government also needs to look at deregulation (with safety nets) of provider fees particularly the Basic Daily Care Fee and market coverage particularly in Rural and regional Australia.
- **Consumer Classification and Funding:** ACFI will remain in the short term however a move to create a single funding model for CHSP, Home care and Residential Care is forecast. In the short term there will be continued tuning of the ACFI funding matrix to both allocate more funds to the high acuity end of the care continuum and as a relatively blunt instrument to control Government spending.
- **Free/Managed Market:** Continued expansion and operation of a free/managed market in which private businesses, public businesses and Not for profits will rigorously compete. The growth in Approved Providers of Home Care is an example of this with a 40% increase in Approved Providers of Home Care since 2016.
- **True Cost, Margin and Price:** managers needing to continuously focus on actual costs, required margins, actual prices and projected profits, in order to survive in a highly competitive, consumer driven marketplace.
- **User Pays:** There will be a greater emphasis on User Pays with more and more people being means tested out of the system. There should be increased capacity by providers to charge for services that are tailored to an individual's wants and desires.
- **Intensity of Competition:** the intensity of competition from both existing and new aged care providers, particularly those with new and innovative business and service models, and that operate outside the normal government regulated space of residential aged and home care will intensify.

Residential Aged Care

The period 2018 to 2021 for the Residential Aged Care component will likely continue to be characterised by and operate with:

- **Supported, Partially Supported and Non Supported:** The current resident classification system is likely to remain at least for the short to medium term.
- **New/Amended Standards:** The introduction of the amended Aged Care quality standards covering all forms of government funded Aged Care. This could present significant disruption similar to that experienced when the Aged Care standards were first introduced in 1997. The amended standards are clear that outcomes will be assessed on an individual consumer basis not at a service level.
- **Refundable Accommodation Bonds (RADS):** The possibility of more changes to the way RADS are managed with the potential for products to begin appearing that release home equity into the market.
- **Consolidating Industry:** a continuing consolidation of this sector of the aged care industry as shrinking profits, increasing losses, increasing regulation, and lack of certainty for the sector continue to take its toll.
- **Allied Health and Medical Support:** an increased use of allied health specialists and medical practitioners operating within or supporting management and staff of residential aged care organisations.
- **Service Development:** residential aged care organisations continuing to develop retirement living, independent living, community care, allied health services and/or associated services.
- **Industry Consolidation, Service Growth:** an increase in the number of sites and/or services an organisation will develop and operate, but a continuing reduction in the number of approved providers.
- **Organisational Research:** organisations undertaking their own demographic, business/service research and planning with the aim of constructing residential care facilities or establishing a range of community care services in anticipation of ongoing deregulation of the sector.
- **Clinical Skills:** an increasing need for highly skilled clinical carers and/or nurses, supported by allied health and medical practitioners in both residential care and community care organisations.
- **Occupancy/Sustainability:** As the number of consumers receiving care at home continues to grow and means testing begins to take hold maintaining viable occupancy levels will be a major challenge.

Home Care

The period 2018 to 2021 for the Community/ Home Care component will likely continue to be characterised by and operate within:

- **New Standards:** The introduction of the Aged Care quality standards. This could present significant disruption similar to that experienced when the Aged Care standards were first introduced in 1997. Whilst the Home Care Sector has been subjected to a Quality Review process the increasing level of acuity of consumers in home care means that quality and accreditation standards will need to be lifted.
- **Community Care Approved provider growth:** The continuation of a significant growth period for the Home Care Sector due to relatively low barriers to entry and the release of higher than normal levels of packages into the market.[^]
- **Technology, the New Way:** The continuing expansion and use of telehealth, telecare and telemedicine. The growth of B2B applications and technologies will allow clients to make their own care arrangements direct with providers of their choice.
- **Allied Health and Medical Support:** The increased use of allied health specialists within community aged care organisations and with the increasing acuity of clients there will be an increased need to be able to liaise and co-ordinate with GP's and other medical professionals.
- **Core Business:** Their core business being "the selling of community care skills and knowledge, in agreed time, at a defined price and determined standard".
- **Occupancy/Sustainability:** The challenge for providers will be maintaining occupancy at sustainable levels given consumers are now able to choose their own provider and Government retains control of the supply of packages.

Self Care/Retirement Village Living

Retirement villages are seen by Government as an important part of each state's economy, providing housing and services for older Australians. A small number of high profile system failures especially in 2016/17 has lead to greater resistance to the model from potential consumers, and greater government scrutiny of the sector. This will likely lead to increased regulation and consumer protections. The period 2018 to 2021 for the Retirement Villages & Independent Living Services component will likely continue to be characterised by and operate with:

- **New Business and Service Models:** Which are emerging, and will continue to emerge particularly as it relates to issues such as the deferred management fee (DMF) and the provision of care. Increased growth of Land Lease Communities and other forms of accommodation e.g. Naturally Occurring Retirement Villages (NORC's), will continue to offer choice to potential consumers and put pressure on existing operators and Retirement Villages.
- **Increased Regulation:** With a number of recent and high-profile failures within the sector there will be a pressure on Government to be seen to be acting. This action is likely to include increased levels of regulation with the possible introduction of a Retirement Village Accreditation System.
- **A New Focus:** On wellness and restorative health supported by a lifestyle, leisure and wellbeing approach as distinct from a residential care or community care focus.
- **Community Care:** A range of community care services will increasingly be delivered within retirement villages and independent living services.
- **Business Drivers:** Land availability, interest rates, consumer demand, competition and the emergence of new care business/service models will be key drivers of boards' decisions.
- **Solid Margins/Profits:** Well-led and managed retirement villages and independent living services will continue to deliver sensible margins and cashflows.
- **Resident Demands:** With a shift from post WW2/ Depression residents to baby boomers, there will be an increasing number of residents who will have high expectations, requirements and financial resources.
- **Resident Profile:** The demographic and care profile of residents will continue to increase with the average age on entry being 80+ years, the majority of whom could have low - medium care needs which they will expect to be met in their own home.

[^] As at June 2018 the number of Approved Providers of Home Care was 869

THE FUTURE FOR ADVENTIST SENIOR LIVING

Based on our best estimate of the operating context we will continue to develop and grow Self Care, Home Care and Residential Aged Care in a way that provides the necessary returns to ensure the organisation remains sustainable and aligned to its mission.

KEY ASSUMPTIONS OF OUR AGREED SCENARIO

- **The Scenario:** We have determined the most likely scenario for our future growth is to continue to develop our existing services i.e. residential care, self care, community care (both fee for service and government subsidised).
- **Stakeholder Engagement:** We will actively seek internal and external stakeholder feedback and use this information to better help us deliver our Mission and Vision and remain relevant to the changing needs and expectations of stakeholders and the wider community.
- **Holistic Care Model:** We believe that more than ever there is a need to deliver care in a holistic manner that provides care for the whole person including their emotional and spiritual wellbeing
- **Financial Sustainability:** We recognise the need to operate the organisation in a way that is financially sustainable and we will utilise/introduce systems and processes that ensure this is achieved.
- **Commercial Approach:** We will continue to be commercially focused, robustly apply commercial principles and practices and ensure we meet our financial and operational key performance indicators and industry benchmarks.
- **Consumer Dignity and Choice:** An increased number of consumers will take up CDC and/or similar models of individualised care both with government or private financial support. At the centre of the consumer journey will be Consumer Dignity and Choice. As a result of this our staff must be highly flexible and adaptable, listen to requirements and respond in a timely, caring and efficient manner that respects consumer dignity and choice.
- **Assistive Technologies:** The use of assistive technologies will be common place as market forces drive down costs and customers demand more services to be provided into the family home. Assistive technologies will help leverage needed efficiencies as well as provide less intrusive ways of providing care and other services.
- **Legislative and Quality Framework:** Legislation, standards and performance requirements will continue to increase. We believe that accreditation is a minimum requirement and not a differentiator. In addition to accreditation we will rigorously pursue organisational wide improvement with a continued focus on applying the principles of continuous improvement in all that we do.
- **Structure and Positions:** Continuing to strengthen our organisational and service structure and positions will be crucial to the ongoing growth of the organisation. As such we will continue to develop the technical, customer service and management skills of our staff at all levels, while also achieving measurable and demonstrable engagement to our organisational values and culture. This action will in turn create an engaged and competent workforce well equipped to continue to grow the organisation.

STRATEGIC FRAMEWORK

Strategic Themes	Operational Effectiveness	Sustainable Growth	Engaged and Competent Workforce	Customer Excellence
Strategic Results	In 2021 we will be delivering consumer centred services that enhance consumer experience. We will avoid duplication and focus on achieving the best possible outcome for the business and our consumers irrespective of unit or division. All business units are generating operational surpluses.	In 2021 we will have a growth strategy to guide our decision making that is tested and based on a deep understanding of: Opportunities for growth aligned to our mission vision and values The Why Our target customers and key stakeholders and what they value The Who An understanding of our financial and business model and organisational strengths The How An understanding of our unique selling proposition The What	In 2021 we will have a workforce that is committed to the ASL Way, collaborates across functions and activities, is clear on performance standards and transparent in their operations and expects to be held accountable to these standards.	In 2021 we will be meeting the needs of our consumers. We will be adept at understanding and managing their expectations and building strong customer loyalty. We will approach our consumers' needs from a holistic partnership perspective with a shared understanding of agreed goals and the outcomes to be achieved.

STRATEGIC THEMES

STRATEGIC THEME

1

Operational Effectiveness

Functional Strategy

Continue to drive efficiencies in service delivery in residential Aged Care.

Self Care will be operating balanced Recurrent Charges budgets and the business unit will be contributing between 10-15% of income to the bottom line.

Good Governance and Risk Management go hand in hand. The organisation will continue to improve both its Governance and Risk Management approach by ensuring it maintains a strategic focus allocating time at every board meeting for strategy. The board and its various sub-committees will ensure that the Board governs and managers manage.

Plan and complete refurbishments for;

1. Avondale House
 2. Alton Lodge
 3. Administrative Office (Avondale)
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STRATEGIC THEME

2

Sustainable Growth

Functional Strategy

In light of the move to more people wanting care to be provided in their home ASL will continue to grow its "Care in the Home" Service.

Finalise development at both Wyee and Jewells Lifestyle Communities.

Research and develop a new integrated model of care that builds a feeling of connectedness and community, and provides staff and consumers with a sense of meaning and purpose and builds trust and assurance with key stakeholders.

Research and develop a built environment response to the integrated model of care.

STRATEGIC THEME

3

Engaged and Competent Workforce

Functional Strategy

We believe that our staff are key to our future success. In light of this we will systematically invest in our staff through our Strategic Human Resources Plan.

Continue to build an intentional organisational culture that seeks to align staff behaviours with the organisation culture, mission and vision as identified in the signature behaviours (The ASL Way).

Design and implement a workforce development plan that delivers our integrated model of care.

STRATEGIC THEME

4

Customer Excellence

Functional Strategy

We believe that how we interact with our consumers and in particular how we respond to their requests and issues is crucial to our success as an organisation. We also believe that care needs to be inclusive with the organisation being able to support consumers to express their culture, diversity and identity.

This care encompasses all aspects of a person's life including their emotional and spiritual care. On this basis we will seek to engage with our consumers in a meaningful way that leads to improved holistic outcomes and services for them. This care will be delivered in a way that is respectful of our consumers dignity and choice.

For further information on Adventist Senior Living Strategic Plan, contact:

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