



Nadrasca

Dignity. Diversity. Community. Industry.



ANNUAL REPORT 2011-2012



Nadrasca

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Board of Directors

Mike Poole (Chairman)
Keith Kilner (Deputy Chairman)
Gus Koedyk (Company Secretary)
Richard James Copeland (retired 27/09/11)
Christopher Douglas James
Roderick Bruce Keuris
Yvonne Lynette Mahony (retired 27/09/11)
Douglas John Mitchell (appointed 12/12/11)
Christopher Patrick Pyke
Jennifer Elizabeth Reid (resigned 27/09/11)
Christopher Keith Tann (resigned 25/10/11)
Christopher Norman Woodward

Report from the Chairman and Executive Director – 2011-12 Highlights

Overview

As in previous years, 2011/12 was a year of policy changes and new challenges. These included:

- the move to Individual Support Packages and Person Centred Planning and Active Support for people with a disability;
- the Productivity Commission Report on a National Disability Insurance Scheme (NDIS), followed by the Commonwealth Government's decision to accept the Report recommendations;
- 'Vision for Sustainable Supported Employment', an Advisory Group report; and
- 'Inclusive Employment', an Australian Government report.

All of these will impact the way disability service providers, including Nadrasca, operate and provide support to people with a disability. Key themes influencing current disability thinking in Australia include:

- Choice as a key feature in funding and service delivery. That is, people with disability having control of their lives and the services that support them; and
- Specialist supports delivering mainstream inclusion wherever possible.

The Commonwealth Government has set up the Australian Charities and Not-for-Profit Commission (ACNC) to be the 'Not-for-Profit' regulator. In addition, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) commissioned KPMG to conduct an ongoing review of Case-Based Funding for Australian Disability Enterprises, like Nadrasca Industry. This review will probably lead to a different model/method of funding. The current Case-Based Funding Model replaced the old block funding model in 2004.

The Department of Human Services (DHS) Victoria is also moving through 'A Case for Change' as it restructures and moves from a programme-based to a person-centred model of service delivery.

The ACNC

In the 2011-12 Budget, a range of reforms to the Not-For-Profit (NFP) sector in Australia was announced. These included the creation of an independent regulator, the Australian Charities and Not-for-Profit Commission (ACNC), which will:

- receive advice from an Advisory Board;
- report to Parliament through the Treasurer;
- have a staff of around 90 officers, with potential for growth if additional functions are added; and
- be supported by the Australian Taxation Office in the provision of back-office services.

The ACNC will: establish and maintain a publicly searchable database of charities; provide a one-stop-shop for NFPs in their interactions across levels of government; and oversee NFP financial and governance practice.

NDIS

Following the Productivity Commission's Report in August 2011, the May 2012 Federal Budget allocated \$1 billion over four years to launch pilot sites for the NDIS. It was recently announced that sites in five states and territories (not including Melbourne's Eastern Region) would commence in July 2013. The NDIS has received significant media attention. It will require continued commitment and bipartisan support over the next few years to become a reality.

Board Matters

At the September 2011 AGM, three of our long-serving Board members and Directors, Yvonne Mahony, Richard Copeland and Beth Reid, did not stand for re-election and/or resigned. Chris Tann, another Director, resigned in October due to an interstate appointment. The Board thanks them for their vital contribution over the years. Nadrasca welcomes Doug Mitchell, appointed a Director in December 2011. Doug is a Chartered Accountant and Partner of Mitchell Wilson, which specialises in Business Strategy, Compliance, Financial Planning and Tax Consulting. Doug is also a member of the Finance & Audit Sub-Committee.



The Board held two Strategic Planning Days this year, working through 'Strategy Play', a document designed by Pitcher Partners to assist disability service providers to know their landscape and prepare for strategic direction. One of the major issues identified was the changing demographic in our target area, predominantly the outer eastern suburbs. We are currently doing more research to identify and understand the local demographic and unmet needs in this region.

Fabric Audit

During the year the Board commissioned a Fabric Audit on all Nadrasca-owned properties. The Asset Review Inspection Report assessed the standard of the buildings, their fixed plant and equipment, and life expectancy. It also projected costs for maintenance, repairs and

replacement of an immediate nature (i.e. less than one year), 1-5 years and greater than 5 years. The total estimated costs at today's values for asset maintenance are approximately \$1.5 million. The immediate work, budgeted at \$93,000, has mostly been undertaken. Over the next five years, asset maintenance will cost in the vicinity of \$750,000. This will be overseen by the Finance & Audit Sub-Committee.

Excellence in Business Award

In September 2011, Nadrasca was a joint recipient of the inaugural 'Community Award' category for the Whitehorse Business Group Excellence in Business Awards. This category was introduced to recognise the contribution the Not-For-Profit and Community Sector makes to the City of Whitehorse. The award recognises 'excellence in business practices, management, customer service and business vision'.

The award is a credit to all the staff, employees and clients of Nadrasca and was accepted on behalf of the people Nadrasca supports.



Nadrasca Industry

Nadrasca Industry went through significant change during 2011/12, while continuing to fulfil its core criteria to provide Quality Supported Employment opportunities and a financial return to Nadrasca. From a financial perspective, Nadrasca Industry achieved its gross revenue budget and exceeded its forecast surplus.

During 2011/12, Nadrasca Industry made some strategic changes to its business operations, initially with the cessation of Timber operations. The closure of the Timber Processing & Assembly area in September 2011 was a major decision after many years of operation, as it had become uneconomic to operate. Over the past nine years, the operating deficit of this business unit (which employed two staff and 15 people with a disability) was \$944,000. While closure was disappointing for those involved, a strategic decision was made to exit and expand into more sustainable areas, to ensure future viability.

In Timber's physical location at Rooks Road, a small expanded industry-standard Third Party Logistics (3PL) Warehouse now sits. This is part of Nadrasca Industry's expansion into Vertically Integrated 3PL to support Nadrasca's historic Consumer Ready Services. Nadrasca has also invested heavily in web-enabled State-of-the-Art Supply Chain Management software to enable growth of the \$680,000 investment in 3PL. It is envisaged that 3PL will provide increased employment opportunities for Nadrasca's Supported Employees within a growing 3PL employment market segment.

Peter Ray retired in December 2011 after seven years as General Manager, Nadrasca Industry. Under Peter's management, Nadrasca Industry enjoyed a period of quality improvement, consolidation, continual growth and profitability - the revenue stream almost doubled. Peter was replaced by Chris Bourke, who has a background in Not-For-Profit management and an extensive knowledge of Supply Chain Management.

As we're all too aware, workplaces sometimes have accidents. Nadrasca Industry has continued to focus on safety and safe work practices, with an all-time low Lost Time Injury Rate during 2011/12. This is due to continued involvement in improved OH&S risk assessments, methods and focus from every level in the organisation.

Although the business environment in Victoria has tightened, Nadrasca Industry's Supported Employees, Staff and Management are all looking forward to the challenges and opportunities of the coming year, on the back of another excellent year.

Nadrasca Community

The major highlight for the year was certification to the Standards for Disability Services Victoria (SDSV). To achieve this, over the last 12 months Nadrasca Community Options made significant changes to service delivery and implemented training. This included:

- changing our method of service delivery across Day Services to introduce more flexibility rather than programme-driven activities; and
- encouraging people attending our services to be more accountable for their own activities and finances, where applicable.
- a Personalised Lifestyle Assistance workshop on the Art of Relationships;
- a three-day conference on 'Value-Driven Leadership';
- 'Attitudes and Values', 'Power and Control' and a 'Positive Behaviour Support Framework' training, which instructed staff in the accepted language to be used throughout the organisation - language that is empowering for individuals;

During the year, Morack Ward Councillors for the City of Whitehorse and the Forest Hill Member of Parliament, Mr Neil Angus, updated local residents on the development of the Healesville Freeway corridor between Springvale Road and Boronia Road. Nadrasca's Farm occupies part of this reserve. A steering committee, which includes a Nadrasca representative, will consult and make recommendations on the best future use of the land reserve. We would hope to continue to use the property as a Farm.

In line with the Bus Safety Act of 2009, we have introduced improved Policies and

Procedures for our Bus Fleet Registration Quality System. Our application to Transport Safety Victoria to be a registered organisation was successful.

This year, the Nadrasca Amateur Drama, Dance & Song conducted after-hours rehearsals to enable Nadrasca Industry employees to participate. On 30 June, 'Chicago' was performed to a sell-out audience at the Whitehorse Civic Centre. We appreciate the support from the R E Ross Trust and the City of Whitehorse for their sponsorship.



Certification

After three years of hard work, Nadrasca Community Services were audited against the DHS 'Standards for Disability Services Victoria' Quality Framework and gained certification. The external auditors commented that the Personal Plan Process and service specific procedures were very thorough, easy to follow and of 'best practice' quality. They also found that clients and parents/carers were generally happy with Nadrasca's services.

Community Options and Accommodation Services have been working together to achieve the philosophy of 'One Person, One Plan' by delivering services in collaboration with the people we support.

As a part of implementing the Quality Framework and continuous improvement, Nadrasca clients, parents/carers and support workers took part in a Satisfaction Survey. Questions rated people's satisfaction with Nadrasca services, and rated Nadrasca's services against the Disability Services Standards. Nadrasca's management and staff are using the collated feedback to plan strategies to improve service delivery.

Nadrasca Industry continues to maintain its certification against the FaHCSIA Disability Service Standards for Employment Services and ISO 9001:2008 certification.

Risk Management & Compliance

In the last twelve months, a Risk Management & Compliance Sub-Committee has been working hard to maintain a robust risk management system for Nadrasca. The Sub-Committee has been preparing for the pending National Workplace Health and Safety (NWHS) legislation, and is currently engaging

an independent consultant to conduct a workplace, health and safety gap analysis audit of all Nadrasca services and sites.

During the year we completed a National Disability Services self-assessment. The Board is comfortable with the results of this self-assessment. A Risk Management matrix was also developed to identify risks to Nadrasca, their likelihood and severity. For each risk, a risk assessment sheet was developed to identify strategies and actions to deal with them. As part of the self-assessment, the Risk Management & Compliance Sub-Committee identified 96 State & Commonwealth laws and regulations with which we must comply. Compliance and regulation continue to be an additional regulatory burden and cost to the company, despite rhetoric by governments that they are trying to reduce red tape.

Financials

The Statement of Comprehensive Income and Statement of Financial Position (see overleaf) again reflect a surplus result in 2011/12, albeit not as positive as in the previous year. A surplus of \$536,404 was achieved, despite the fact that some costs continue to exceed revenue increases and funding indexation. Of particular concern is an increase of more than 25% in the cost of utilities across our sites over the last twelve months – and further increases are anticipated after 1 July 2012, plus the impact of the carbon tax.

Most of the surplus was driven by investment income and Nadrasca Industry. Nadrasca Community Options struggled to make a small surplus due to one-off costs during the year, while Accommodation Services continues to operate in deficit, due to historic underfunding issues and the costs associated with the changing needs of residents, particularly as they age.

The net equity of Nadrasca has increased to \$10,365,066. This is the first time it has exceeded \$10M.

This result was achieved as a result of the commitment of Nadrasca management and staff, who balanced the financial outcomes with our purpose 'to Establish and Develop a Range of Services for People with a Disability'.

The Board of Directors would like to thank all Nadrasca's staff and stakeholders for their ongoing support.

Gus Koedyk
Executive Director



Mike Poole
Chairman



Statement of Comprehensive Income for the Year Ended 30 June 2012

	2012 \$	2011 \$
Revenue	10,169,572	9,919,639
Cost of sales	(470,622)	(517,409)
Employee benefits expenses	(7,222,763)	(6,805,845)
Marketing expenses	(14,860)	(20,235)
Depreciation and impairments	(303,200)	(312,711)
Consulting and professional fees	(38,419)	(40,801)
Repairs and maintenance	(354,147)	(332,600)
Rent and occupancy expenses	(226,006)	(200,330)
Motor vehicle and travel expenses	(249,620)	(218,128)
Cleaning and housekeeping expenses	(194,692)	(212,444)
Other expenses	(558,839)	(598,529)
Surplus for the year	536,404	660,607
Other comprehensive income	—	—
Total comprehensive income for the year	536,404	660,607

Statement of Financial Position as at 30 June 2012

	2012 \$	2011 \$
ASSETS		
Current assets		
Cash and cash equivalents	367,208	766,355
Trade and other receivables	410,691	506,360
Inventories	56,620	137,985
Financial assets	3,710,247	2,613,483
Other current assets	159	11,565
Total current assets	4,544,925	4,035,748
Non-current assets		
Other receivables	212,500	212,500
Property, plant and equipment	7,721,088	7,640,721
Total non-current assets	7,933,588	7,853,221
TOTAL ASSETS	12,478,513	11,888,969
LIABILITIES		
Current liabilities		
Trade and other payables	492,971	530,171
Borrowings	36,190	11,782
Other current liabilities	323,508	343,573
Short term provisions	1,142,922	1,121,719
Total current liabilities	1,995,591	2,007,245
Non-current liabilities		
Other long term provisions	117,856	53,062
Total non-current liabilities	117,856	53,062
TOTAL LIABILITIES	2,113,447	2,060,307
NET ASSETS	10,365,066	9,828,662
EQUITY		
Reserves	96,331	55,557
Accumulated surpluses	10,268,735	9,773,105
TOTAL EQUITY	10,365,066	9,828,662



Statement by Independent Auditor – Saward Dawson

We, Saward Dawson have been appointed Auditor of the company for the year ended 30 June 2012. In our opinion, the information reported in the summarised Statement of Comprehensive Income and Statement of Financial Position for Nadrasca for the year ended 30 June 2012 is consistent with the annual statutory report from which it is derived and upon which we intend to express an unqualified opinion in our report to members. For a better understanding of the scope of our audit, this report should be read in conjunction with our audit report on the annual statutory financial report.



Statement on behalf of the Board

I, Gus Koedyk being the officer in charge of the preparation of this Special Purpose (Reduced Disclosure Regime) Annual Financial Report comprising the Statement of Financial Performance and Statement of Comprehensive Income of Nadrasca for the year ended 30 June 2012, state that the financial report has been extracted from the books and records of the Company and shows a true and fair view of the state of affairs of Nadrasca. A full set of audited accounts is available upon request or can be viewed on the Company website - www.nadrasca.com.au

