



FROM FINANCE MANAGER BRUCE MOFFATT

OUR FINANCIAL REPORT FOR THE 2007/2008 FINANCIAL YEAR SHOWS THAT IN THIS YEAR MARILLAC HOUSE MADE A DEFICIT OF \$95,804.

This deficit arose primarily as a result of:

- a number of 'one-off' costs incurred to set up a range of systems and procedures to ensure compliance with the recently introduced Disability Services Act;
- on-going cost escalation due to the increased administrative demands placed upon us with the introduction of the above Act;
- difficulties in obtaining and retaining suitable staff have significantly increased our staff recruitment costs;
- an increased usage of agency staff, due to the problems in recruiting permanent staff, creates a higher than budgeted cost base;
- costs associated with interviewing all of our clients to ensure relevant, quality services are delivered to meet their individual needs;
- the deteriorating health of some of our clients necessitating a greater level of personal care which is over the normal funded staffing ratios;
- a major workcover injury during the year which has impacted directly on our cost structure;
- poor performance of the financial markets have meant our income from investments is down significantly on budget levels.

The State government provides approximately 80% of our total income and we gratefully acknowledge and appreciate the on-going financial support provided by the Department of Human Services. However, the changes to funding that have been progressively introduced over the past couple of years (away from a unit cost model to a more individualised model) present us with many challenges:

- working within the level of funding provided, and adapting to the cashflow implications of being paid in arrears for services provided;
- our ability to attract and retain a flexible workforce to respond to the changing individual needs of the people we support;
- developing systems that properly record income and expenditure against an individual (including allocating overheads and shared costs).

All of these require on-going infrastructure investment which, generally, is unfunded.

We also recognise the on-going financial support provided by the Catholic Church. We are extremely fortunate that the Daughters of Charity provide the capital resources at a 'peppercorn rental' to enable us to continue our vital work and support our clients from these various properties.

Total salary and related costs represent in excess of 82% of total expenditure. As such, we are potentially exposed to a financial risk if wages increase beyond the funded level. We are waiting to renegotiate a new enterprise agreement and the outcome of this will be vitally important for Marillac, and their staff.

At the end of the financial year, our balance sheet showed that we have a net asset position of \$710,762, and working capital of \$453,386. Despite the trading deficit, these figures indicate that we are still in a relatively healthy financial position, and reflect the continued success of our focus on prudent financial management.

When looking forward, we need to understand our sector continues to face financial pressures from normal cost pressures, increased competition for the charity dollar, and our desire to respond appropriately to the increasing demands for services. Pressures on our financial reserves will therefore continue, and increase, so the need for prudent financial management remains a challenge for us to overcome.

Following is a summary of the financial position of Marillac House as at 30th June, 2008. Full audited accounts are available from 47 Milroy St, East Brighton for anyone who would like to inspect them.

PROFIT & LOSS REPORT

INCOME	
Grants Received – DHS	\$ 2,570,805
Grants Received – Catholic Education	149,375
Client Fees	289,333
Interest	7,392
Donations	97,548
Other Income	63,451
	\$ 3,177,904

EXPENSES	
Salaries and Other Staff Related Costs	\$ 2,631,728
Client Services & Activities	199,626
Occupancy Cost	66,229
Depreciation	85,973
Other Expenses	290,152
	\$ 3,273,708
DEFICIT	\$(95,804)

BALANCE SHEET

CURRENT ASSETS	
Cash & cash equivalents	1,276,630
Trade & other receivables	66,387
Other current assets	10,900
	\$ 1,353,917

NON CURRENT ASSETS	
Property, Plant & Equipment	257,375

TOTAL ASSETS	\$ 1,611,292
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CURRENT LIABILITIES	
Trade & other payables	639,253
Leave provisions	261,277

TOTAL LIABILITIES	\$ 900,530
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NET ASSETS	\$ 710,762
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MEET THE DIRECTORS

GERARD DEMPSEY (joined Board 2003) is a Chartered Accountant with experience in corporate, financial and management accounting. His background includes involvement with Board Audit Committees and corporate governance issues. He has been Chairman of Marillac House Ltd since 2006.

SR MARGARET ARMSTRONG (joined Board 2007) is the Daughters of Charity delegate on the Board. Sr Margaret is a trained nurse who has over 40 years' experience in health, disability and housing services with the Daughters of Charity. She was first connected with the Marillac House community in 1951.

MARY CLANCY (joined Board 2008) is a trained teacher with 36 years experience as an infants and special teacher, including nine years as principal in a special school. Mary has been a member of the Pastoral Care Team at Cabrini for Health for 12 years, and volunteers at 'Wellsprings for Women', a Dandenong centre supporting migrant, refugee and isolated women.

RHONDA FITCH (joined Board 2005) has been a registered psychologist since 1980, working initially in schools as an educational psychologist, and later in general private practice. Now retired from practice, Rhonda also volunteers at the Victorian Women's Trust.

JULIE KING (joined Board 1998) holds qualifications in general nursing (RN), midwifery (RM) and community and maternal and child health, including a Diploma of Nursing Education and a Bachelor of Applied Science (Community Health). She currently teaches Child Studies in TAFE.

PAUL LUBY (joined Board 2002) works as a Senior Human Resources Consultant in the financial services industry, and also spends time caring for his two children. He has 20 years' experience in a variety of Human Resource roles in the private and public sector. Paul has an Advanced Certificate in Human Resources Operations and a Graduate Diploma in Business (HR Management).

DAMIEN WALSH (joined Board 2004) is a Certified Practicing Accountant, holds a Business Degree and is currently undertaking a Masters in Business Administration. Damien's experience is in the finance sector, predominantly credit unions (with areas of responsibility including Finance, Administration, Human Resources, Information Technology and Company Secretary). He is a member of the Finance Sub-Committee.

JOHANNA SNELLEMAN attends all Board meetings in her capacity as Chief Executive Officer of Marillac House Limited. Appointed in October 2000, Johanna came to the position of CEO with professional qualifications and considerable experience in the disability sector, both in Australia and overseas.

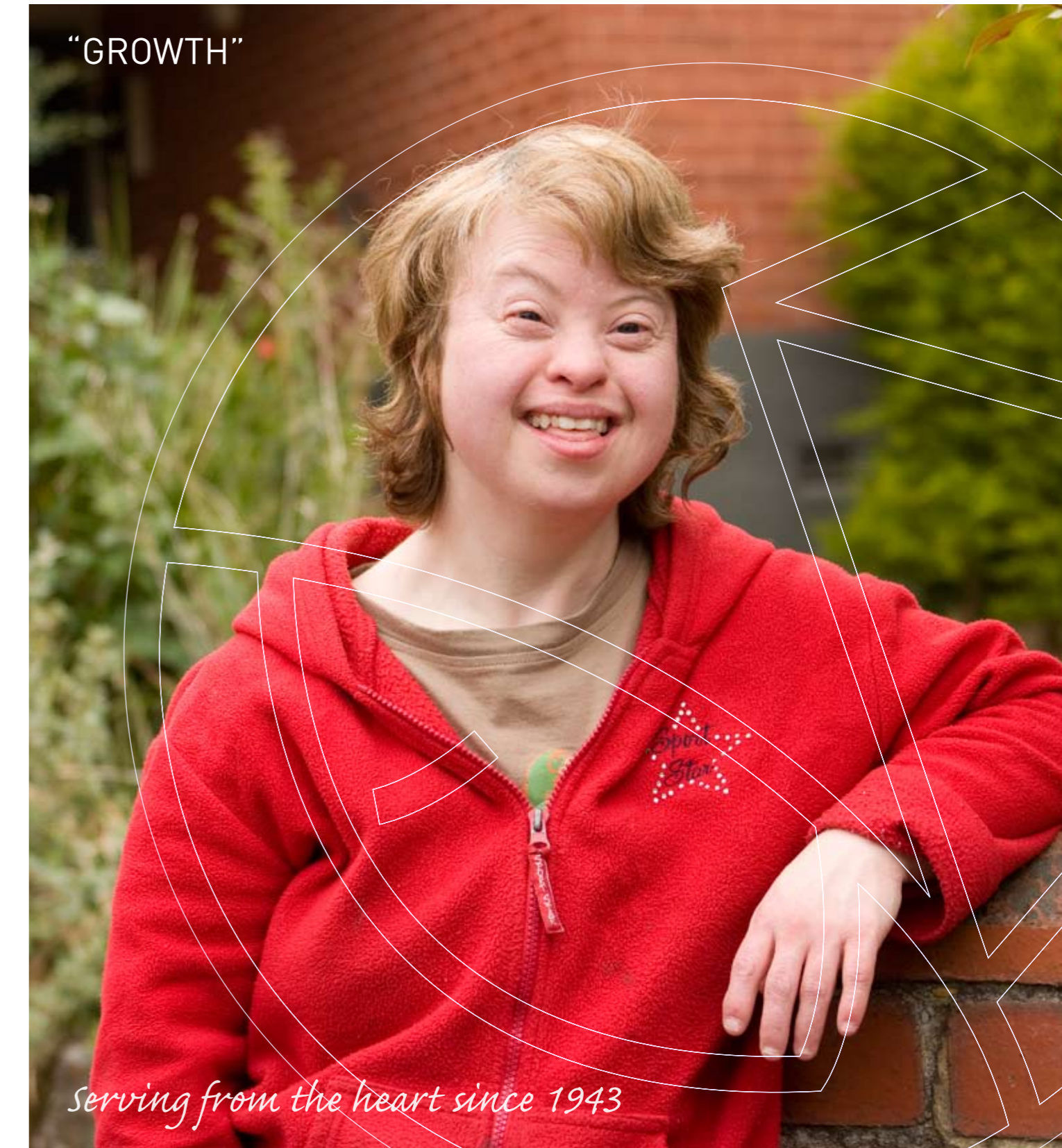
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Marillac 790 Glen Huntly Road South Caulfield Victoria 3162, PO Box 4070 Hopetoun Gardens LPO Victoria 3162
Telephone 03 9591 6400 Facsimile 9591 6401 ACN: 050 463 717 www.marillac.com.au



"GROWTH"



Serving from the heart since 1943

MARILLAC
ANNUAL REPORT
2007/2008

FROM CHAIRMAN GERARD DEMPSEY

IT'S A PLEASURE FOR ME TO REPORT ON THE 2007/2008 YEAR ON BEHALF OF MY FELLOW DIRECTORS ON THE MARILLAC HOUSE BOARD.

Our theme for this year's report is 'growth'. For many company directors, growth would be all about getting bigger, increasing profits and beating competitors. For all of us on Marillac's Board, though, it is about overseeing an organisation that is able to deliver more services to more people, keeps getting better at what it does and is financially strong enough that everyone can trust Marillac will do what it promises, this year and for years to come.

And above all it is about knowing that everything we do is helping people grow, when they become part of the Marillac community – as people using services, families and friends, staff or donors. If people have grown in happiness, and confidence, and opportunity through their relationship with Marillac, then we have had a good year.

In 2007/2008 we were able to grow, and help others grow, in these important ways. You can read about some of these areas of growth in this report.

On behalf of the Board I would like to thank those who helped us throughout the year, including some people and organisations that have helped us for many years. We are very aware of how much we rely on our partners and friends, and we are grateful to everyone who worked with us during the 2007/2008 year.

I especially thank Catholic Education for their continued support, which enabled us to provide targeted therapeutic support to children and young people with intellectual disabilities, and those exhibiting behaviours of concern. We were also fortunate to have the Communication Resource Centre (part of Scope Victoria) as our partners in our growing work with children and young people.

The Daughters of Charity continue to provide us as a Board, and as an organisation, with outstanding financial, personal and spiritual support. As Marillac House continues to grow, so do our longstanding bonds of friendship and gratitude with the Daughters.

This year I have especially appreciated the work of Sr Pauline, Provincial of the Daughters of Charity, as she has facilitated a very significant practical and symbolic change for Marillac House, through the purchase of a new Head Office. We will be moving to this new property, at 790 Hawthorn Rd in South Caulfield, in early 2009.

Once again I warmly thank Sr Margaret for her work during the year. Sr Margaret has a very complex role, as both a Daughter delegate on the Board, and a pastoral care provider for the wider Marillac House community, and her many contributions are made with great skill, compassion and humour.

Sadly, during the year, we also joined with Melbourne's Catholic community in mourning the loss of Archbishop Frank Little. He was a warm and very much loved person in the church, and someone we knew well from his many years working with the Daughters of Charity to support children with disabilities.

Finally, I thank Johanna, Anne, Bruce and all the people who worked with Marillac House during the year. The Board aims to provide guidance and support, but it is only through our wonderful staff that Marillac House can meet its goals and help people grow to the fullness of life they want and deserve. I hope you enjoy reading about the many ways they have delivered growth during this year.

Gerard Dempsey



FROM CHIEF EXECUTIVE JOHANNA SNELLEMAN

THIS YEAR WE HAVE FELT THE EXCITEMENT OF BEING PART OF AN ORGANISATION THAT IS GROWING AND TAKING UP NEW OPPORTUNITIES TO POSITIVELY INFLUENCE PEOPLE'S LIVES.

It has also been a year that brought great challenges, which demanded creativity and a lot of hard work from all our staff, partners and volunteers.

In February 2008 our Board held a special strategic planning session. Two important decisions were made at that time, which affect all of us who work for Marillac House and will continue to be a big focus for me in leading the organisation.

- We recognised that the whole disability services sector is having problems recruiting enough good people to provide services. There are more and more people with disabilities and people getting older in Australia who need support, and not enough people to support them.

Marillac decided to respond in a range of ways. We are focusing on making Marillac somewhere people will choose to work, looking overseas for suitable people to come here and provide caring support as part of our team, and partnering with Calvary Silver Circle and Villa Maria Society on a Creative Recruitment project that helps us all find great staff.

- We decided we needed to make sure we are big enough to survive and keep delivering quality services. To do that, we have committed to expanding services and possibly merging with other services. We were growing already, but we have accelerated our process of growth by adding new services this year, and intend to continue along this path.

I see it as one of my major challenges to make sure that, as we get bigger, we keep the best characteristics about being a relatively small service provider. Staff, people using our services and families like being part of Marillac because it is easy to get to know people, and feels friendly. So this year we started work on better ways to communicate across Marillac and maintain an approachable, friendly style across all our different services.

One thing that won't change as we grow is our absolute focus on listening to what each person wants from our services and giving them the support they want to reach their own goals and live their lives the way they choose.

We now complete My Life Plans with every person who uses any of our services, to record people's choices and hopes and the support we will give them. We also do follow up interviews to check whether people feel they are reaching the personal outcomes they want. This has been our highest priority and we have measured an increase in the skills of our staff to deliver personal outcomes.

We have continued our work with the US-based Council on Quality and Leadership (CQL). This year, as we have pursued accreditation with CQL under independent quality measures QM2005, we have concentrated on:

- How well we deliver agreed personal outcomes
- Basic assurances (the non-negotiable principles of the service we provide)
- Shared values
- Responsive services
- Integrated data collection.

As I lead our team through this time of growth and change, I know we must be guided by our basic assurances and shared values so we achieve growth with responsibility – growth that makes our services better for the people using them, as well as more widely accessible.

Responsible growth is also very much tied up with prudent financial management. As a service provider, we need to make sure people using any of our services know we can be relied on, for as long as they need our support. Operating on a sound financial footing, while continuing to improve staff capabilities and service delivery, is a significant challenge in our sector. It's a challenge we take very seriously and work creatively to meet.

As you read the reports from Anne and Bruce you can see some of the ways we have met these challenges this year. I thank them and everyone who was part of the Marillac team during the year for their wonderful contributions. I also thank the Board of Directors for their support and enthusiasm.

Johanna Snelleman



FROM CHIEF EXECUTIVE SERVICES MANAGER

MANAGING THE DELIVERY OF ALL OUR SERVICES WAS ALREADY A CHALLENGING JOB, AND INTEGRATING NEW STAFF AND SERVICES INTO A GROWING MARILLAC CERTAINLY ADDS EXTRA CHALLENGES.

I have been fortunate to lead a skilled, enthusiastic and very committed team of people. The way the whole team rose to the challenges it faced – delivering quality support, integrating new services and team members, improving skills, making the most of resources and creating innovative solutions to issues – made the year a satisfying one to reflect on.

Highlights included:

- Four new individual units were set up in Eumemmerring, supporting up to four people so they can live more independently in the community.
- We doubled the delivery of Youth Respite Service 18 packages, which support young people with disabilities in the community, and doubled the scope of Support and Choice service delivery.
- We established a Neighbourhood Connections (KeyRing) group in Frankston, with the support of the Helen McPherson Smith Trust.
- We commissioned a strategic report into future plans for Neighbourhood Connections in Victoria by Chris Fyffe and Chris Bigby, with funding from the Helen McPherson Smith Trust.
- We started discussions with Casey Kidz Klub about a possible merger, to jointly support children with disabilities outside school hours.
- We developed a concept plan, with a wonderful design by Catherine Drew Landscape Design and funding from the David Galt Trust, to upgrade Marillac Park in Brighton (owned by the Daughters of Charity) into a Sensory Garden and Trail and create a safe, stimulating environment for people with disabilities.
- I participated in the DHS review into Individual Support Packages.
- Catholic University and Werner Utri again supported our innovative housing project, funding a student living as a neighbour to two people we support.
- We completed renovations to the houses we manage making the homes more modern, safe and comfortable.

Our highlights also included many day to day successes, as people reached goals they had set for themselves. These are all special things that happened for people using different Marillac services during the year, usually as part of their My Life Plans:

- Better communication by using Makaton signs.
- BIST and medical intervention helped reduce behaviours of concern and enhance enjoyment of life.
- Improving relationships with families.
- Successful holidays for people who had never travelled interstate.
- Enjoying recreation activities including swimming, going to the football, socialising in restaurants, interacting other customers and being seen as a valued member of the community.
- Annual health checks and reviews ensuring best possible health.
- Using Support and Choice package to move into independent living.

Probably the biggest issue facing us and our whole sector this year was the difficulty of recruiting support workers we need. This year we began some specific strategies to help recruitment:

- We have sponsored two staff from the United Kingdom who are experienced in the field.
- We started an exciting partnership with Villa Maria and Calvary Silver Circle called the Creative Recruitment Project. It can help us reach more potential staff, offer staff greater flexibility and recruit more efficiently.
- We sought staff feedback and will use this information to become a more attractive employer.

Meeting the recruitment challenge will help us make sure we can keep delivering quality services and help us have the flexibility to give people using our services the staff they want to support them.

I thank all our staff who have delivered support this year, and our volunteers – Marillac relies on your commitment and skill and we certainly appreciate your value. Thanks to Kostka Hall for support to help people living in our residential services celebrate Christmas and Easter.

Fiona Porter, who Coordinates Neighbourhood Connections, visited the UK this year to learn more first-hand about KeyRing, and we thank KeyRing and Neighbourhood Networks for their support during her visit. Also a thank you to the CQL affiliated organisations that hosted me while I travelled in the USA

And thanks to everyone who used a Marillac service, and all the families, friends and other members of natural support networks who have worked with us this year. So much of our job satisfaction comes from how you think we've performed, and we do appreciate all your feedback and the opportunity to work with you.

Anne Bavington

