



Ostomy NSW Limited

AGM 2022

Presentation

19 November 2022



Acknowledgement of Country

- Ostomy NSW Limited acknowledges the Dharawal speaking people who are the Traditional Custodians of the land of Sutherland Shire
- We pay respect to the Elders past and present of the Dharawal nation and extend that respect to other Aboriginal people visiting this site
- The Sutherland Shire is unique in Australia's history, as Kamay Botany Bay was the location of the first recorded contact point between our First Nations people and Europeans.

Agenda

11:00am – AGM

1. Bring the AGM to order – open the meeting. Stephen L
2. Zoom participants to be recorded (email to manager@ostomynsw.org.au) Adam
3. Record any apologies / acknowledge number of proxies. Ernie
4. Minutes of past AGM. Stephen L
5. Vice President's report. Stephen G
6. Director's Finance discussion. Adam
7. Manager's Report. Stephen L
8. Resolutions: Stephen L
 - Finance Report
 - Remuneration Report
 - Election of Directors
9. Questions Stephen L
10. Declare AGM closed Stephen L

Attendees | Apologies | Minutes

Vice President's Report

Objectives – Ostomy NSW



- ❖ Continue to provide efficient and accurate delivery of stoma appliances and ancillary products to members under the Stoma Appliance Scheme.
 - ❖ Improve the wellbeing and quality of life of all ostomates and the community in general.
 - ❖ A financial model that ensures long term viability, liquidity and solvency with capacity for growth.
 - ❖ Maintain a workforce that retains talent, is trained in all aspects of the Stoma Appliance Scheme and works in an efficient and safe manner.
-

Strategies – Ostomy NSW



To achieve our stated objectives, the company has adopted the following:

- ❖ Maintain adequate premises with the right use of technology to do good things for our members.
- ❖ Keep members informed of any issues that directly affect their deliveries or products, without attempting at any time to provide or imply any medical advice.
- ❖ Be recognised by its members as the Ostomy association that excels in member service.

Measures – Ostomy NSW



- ❖ Communication with members to ensure their voice is heard by asking stakeholders about ONL's service.

Action: Member survey

- ❖ The right balance between paid staff and volunteers.

Action: set the level of full-time equivalents (FTE).

- ❖ Financial viability.

Action: Monthly P&L, quarterly comparisons over 3 years, surplus result from sum of three years.

Vice President's Report

Good day fellow Ostomates

1. As portrayed by our Kangaroo, your Association has focused on keeping your pouch attached.. We have progressed through Covid with logistic disruptions providing stable item supply. Huge thanks to staff + volunteers who have absorbed the disruptions to keep us in products. Perhaps a day or three latter than in 2019. Refer Spring magazine page 19 for the numbers.
2. In 2021 we published the 3 ostomate surveys. Mid 2022 we issued a member survey. Sadly only some 50 members or 0.90% responded. A pity.
3. ONL continues to engage professional communication company to enable bulk emails, SMS, facebook etc to inform members of disruptions. To better connect with members. This has not achieved marked benefits.
4. Volunteers. Are wonderful people. Most are ostomates, or relations. They know SAS, relate to members, and provide services at little cost to members. Love them.

And they reduce ONL wage costs to members some \$200,000pa

5. The issue with continued unit entitlement ownership with Strata Plan has further progressed to resolutions. Annual report provided value update.

Vice President's Report

6. Revenue. Directors decided in April 2022, with then media talk of inflation, to replace the typical annual SAS access and membership fees increase with a voluntary contribution. We received some 327 contributions or 7% of membership. Much less than hoped. Campaign continues until 30 June 2023, planning for \$150,000,

7. Lack of member interest is surprising. I am a urostomate. Without ONLs' role with Federal Government my supplies annual cost: pouches;\$2,940 + washers \$1,120 + release spray \$180.10 = \$4,240.10 My contribution is \$60pa (concession) New revenue needs to be gained to maintain the supply with these cost saving benefits to ostomates.

8. Importantly, news Tom Flood is standing down as Emeritus President after 32 years...we wouldn't exist with out Tom.

On behalf of members, a big thank you for those at ONL who volunteer to serve, manage the business. They don't have to

Finally, the Government has left SAS with the ostomate Associations. We expect Government wants ostomates to manage the services for themselves. Very hands off. It could be very different.

What are we doing at ONL?

ONL believes in Ostomates managing and directing their services, with their Stoma Associations being an Ostomocracy!

Financial Report

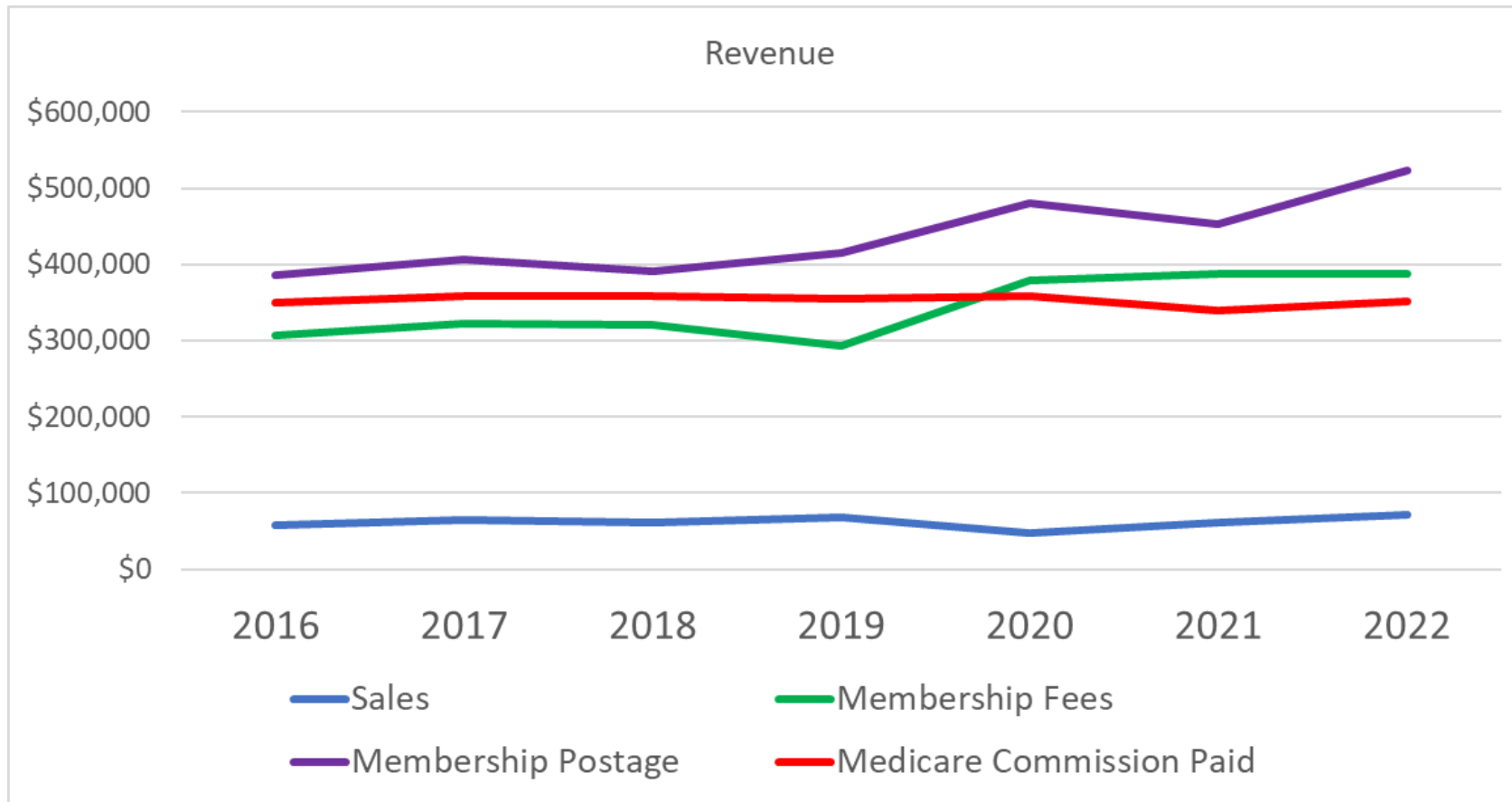
Financial Report

Statement of Profit or Loss – Past four years

<u>Ostomy NSW Limited</u>				
<u>Accounts</u>	2019	2020	2021	2022
Income from Operations				
Sales			\$61,151	\$71,221
Membership Fees	\$292,743	\$378,547	\$387,503	\$388,131
Membership Postage	\$414,990	\$480,850	\$453,230	\$523,319
Medicare PBS Payments	\$12,885,047	\$13,028,317	\$12,322,989	\$12,760,062
Medicare Commission Paid	\$354,545	\$358,298	\$338,891	\$350,870
Total Membership Income	\$14,015,345	\$14,293,588	\$13,563,764	\$14,093,602
Total Non Membership Income	\$97,866	\$64,865	\$104,541	\$92,364
Total Income	\$14,115,271	\$14,358,452	\$13,668,305	\$14,185,966
Total Cost Of Sales	\$12,856,909	\$13,028,952	\$12,451,406	\$12,781,646
Gross Profit	\$1,204,081	\$1,329,500	\$1,216,898	\$1,404,320
Total Operational Expenses	\$487,353	\$509,121	\$563,508	\$668,540
Total Administrative Expenses	\$76,555	\$93,452	\$62,815	\$67,485
Total Employment Expenses	\$733,891	\$758,551	\$718,270	\$702,770
Total Expenses	\$1,297,800	\$1,361,123	\$1,344,593	\$1,438,795
Operating Profit	-\$39,438	-\$31,624	-\$127,695	-\$34,476
Total Other Income	\$12,912	\$77,615	\$333,071	\$3,854
Total Other Expenses		-\$46,641	-\$120,000	-\$314,803
Net Profit / (Loss)	-\$26,526	-\$649	\$325,403	\$284,181

Financial Report

Revenue 7 year trend



Members are paying more for your service (green and purple lines)
Medicare rebate is trending flat to slightly down (red line).

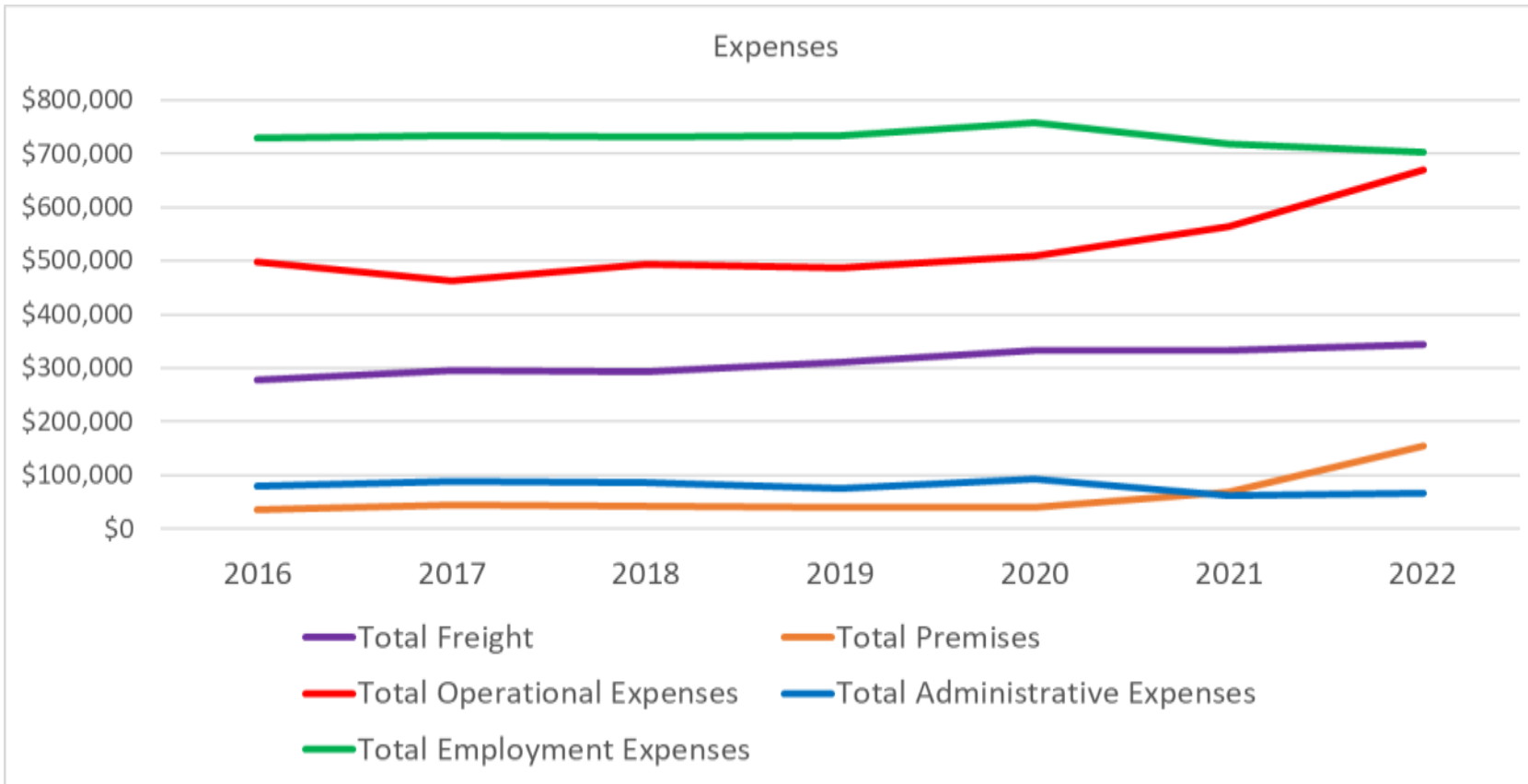
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Financial Report

Expense 7 year trend



Staff salaries are flat over the period; trending down (**green** line)

Total Operational (**red** line) includes rent (premises **orange** line), insurance and fees to ACSA, all of which have increased significantly.

Freight is increasing (postage and cartons). (**purple** line); offset by membership postage increasing by \$2.

Other Administrative costs (**blue** line) are flat and relatively insignificant.

Financial Report

Key Comments

- We celebrate making another surplus for this year, which has increased our member reserves.
- It has been assisted by insurance payments that recognised the additional cost to our business over the past two years.
- Underlying revenue is static or slightly growing; expenses are increasing faster.
- Long term financial position is improving – as explained in the 7-year analysis.
- Funds are available to maintain the association well into the future.

Financial Report

Statement of Financial Position

Assets	2021	2022	
<u>Current Assets</u>			
Cash and Equivalents	\$2,179,006	\$2,387,581	<i>Insurance settled in June 2022</i>
Trade and Other Receivables	\$546,487	\$674,160	<i>Claim owed from Medicare</i>
Inventories	\$182,807	\$272,636	<i>Increased stock of high volume items</i>
Other Assets	\$40,012	\$50,418	
Total Current Assets	\$2,948,312	\$3,384,795	
Other Assets	\$450	\$450	
			<i>Building at cost (see Note 8a)</i>
Property, Plant and Equipment	\$1,235,361	\$1,214,491	
Total Non Current Assets	\$1,235,811	\$1,214,941	
Total Assets	\$4,184,123	\$4,599,736	
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Trade and Other Payables	\$1,410,012	\$1,526,682	<i>Change to Medicare claims.</i>
Other Liabilities	\$27,040	\$31,107	
			<i>Increased current provision for Long Service</i>
Provisions	\$117,769	\$169,635	
Total Current Liabilities	\$1,554,821	\$1,727,424	
<u>Non-Current Liabilities</u>			
Other Liabilities	\$0	\$0	
Provisions	\$53,141	\$11,970	<i>Reduced provision for Long Service Leave</i>
Total Liabilities	\$1,607,962	\$1,739,394	
<u>Equity</u>			
Retained Earnings	\$2,576,161	\$2,860,342	<i>Increased with 2022 surplus.</i>
Reserves	\$0	\$0	
Total Equity	\$2,576,161	\$2,860,342	



Value of Land & Building at 30 June 2022

Key Comments

- Total Land & Buildings - \$1,235,361. This is reported at “cost” less depreciation – the price we paid for it.
- Revaluation is not required for June 2022.
- The Strata Plan insurance claim on the whole building has been declined and further action is underway to recover the claim.
- A note to accounts:
“8a. Directors are engaged with the Strata Plan Committee (SP43344) and other unit owners as to various options for the building and also potential legal action. Decisions rely on a majority vote by strata unit owners. The Strata Plan Committee have obtained property valuations for the damaged building, where if sale realised, ONL entitlement is expected to match or exceed the building asset recorded book value.”

Financial Report

Key Comments

- Net Working Capital is strong at \$1.65m – cash to use to support members and increased in 2022.
- Buildings valued at depreciated cost – see note that follows
- Retained Earnings have grown with the 2022 surplus by \$284,000

- It is expected the premises owned at 555 Princes Hwy Kirrawee will be sold prior to 30 June 2023 end of financial year.
- The Board will determine how to use the proceeds to further enhance member equity.

Auditor Comments – extract from pages 18 and 19

BUSINESS PARTNER ACCOUNTANTS

ABN 31 254 110 993

Chartered Accountants and Business Advisors

PO Box 634
Miranda NSW 1490

Principal: Mark J. Lennon B.Comm., FCA

Tel: (02) 9524 2966

Fax: (02) 9524 2933

E-mail: info@bpaccountants.com.au

Suite 6, First Floor
525 Kingsway
(Cnr. Clubb Cr.)
Miranda NSW 2228

Independent Auditor Report

To the members of Ostomy NSW Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Ostomy NSW Limited ("the Company"), which comprises the Statement of Financial Position as at 30 June, 2022, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors Declaration.

In our opinion, the financial report of the Company has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Company financial position as at 30 June, 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

“true and fair view”
“complying with Australian
Accounting Standards”

Demystifying our Financials

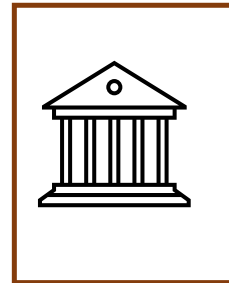
How do we generate income?

- Whilst 100% of the direct costs associated with Stoma Appliances and Accessories is covered by the Federal Government, the day to day running costs to administer and distribute products to Members is the responsibility of Stoma Associations



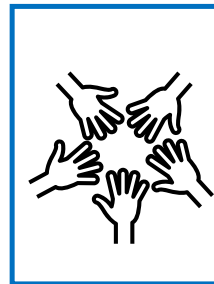
Department of Health **25%** Medicare/PBS

- DoH provide a flat contribution of 2.75% of the cost of product supplied to Members* ¹



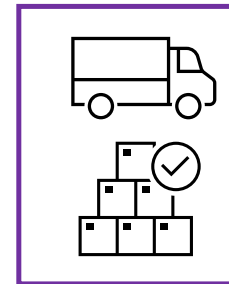
SAS Access Fee **23%**

- Annual fee determined by the Department of Health
\$60 or \$50 for concession card holders



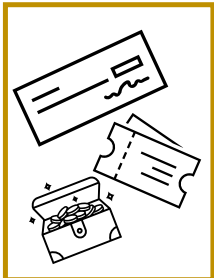
Membership Fee **4%**

- Annual ONL Membership Fee
currently \$10



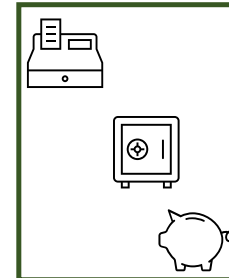
Postage & Handling **37%**

- Postage and handling fee
Primarily a pass-through expense



Generous Donations & Fund Raising Actvitiy **6%**

- ACSA Membership levy
- Accounting & Bookkeeping

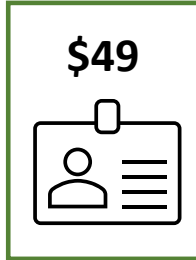


Other **5%**

- Advertising revenue (quarterly journal)
- Cash sales
- Bank interest

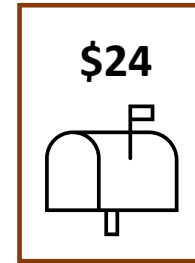
Demystifying our Financials

ONL is committed to transparency over how we spend Members funds | for every \$100 we spend...



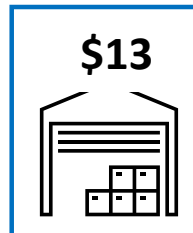
Our Awesome Team* 1

- Salaries & Wages
- Superannuation
- Leave loading



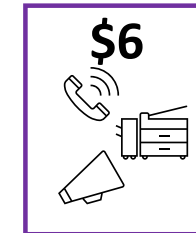
Postage

- Australia Post
- Boxes & packaging



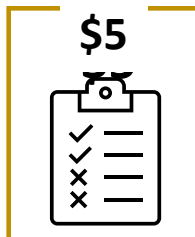
Maintaining our Premises

- Rent
- Water & Electricity
- Council Rates
- Strata Levy
- Security
- Insurance



Office & Administration

- Office Expenses
- Communication
- Computers & Software



Ensuring Good Governance

- ACSA Membership levy
- Accounting & Bookkeeping
- Audit
- Legal Fees
- Bank Charges



Supporting STN Development

- Annual Nurse scholarship
now in its 8th year...



Giving Back

- Volunteer thank you lunch
contributing an average of 172 hours a week!
- or
- \$260,000**
of savings annually

Manager's Report

Manager's Report

What have we achieved in 2022?

- 80% of orders received are dispatched in 2 or 3 days.
- 90%+ orders are dispatched in 3 or 4 days.
- Some COVID-19 disruption to orders from our suppliers – difficulty with transport.
- Generally, excellent service from suppliers: 24-48 hour delivery.
- Updated our online ordering with reply email now sent after you place your order.
- Some lockdown disruption to our staff and volunteers; minimal member impact.
- 14 paid staff and 36 volunteers – we kept them all despite Covid!
- Employed a new Warehouse Supervisor following a retirement.
- Increased email and mobile phone database.
- Maintained our work practices at Yalgar Road temporary premise.
- All staff and volunteers fully vaccinated for COVID-19.

Manager's Report

What have we achieved in 2022?

Covid-19 response – We have been able to maintain our service to members throughout the financial year. Whilst there have been many days of staff and volunteer absence, we have been able to cover with our existing team.

Fire Insurance – we are continuing to rent temporary premises and it is only very recently that the owners are close to reaching a consensus on our building insurance claim.

Member meetings – In June we held our first joint meeting with NSW Stoma in Newcastle and October in Sydney. We were pleasantly surprised with around 140 guests at each. We commenced monthly Zoom meetings for new members this year where we present on how the association runs and how to order and an information session such as Skin Health and Diet and Exercise.

Click To Boot – commenced this year and has gained in popularity. This is our alternative to a counter service, with our council not permitting members to come on site, as that is considered retail.

Manager's Report

What have we achieved in 2022?

STN Clinic – a new Stomal Therapy Nurse has been employed this year, replacing our retiring STN who left during 2021. All of her consults are via telehealth as we do not have a clinic available on site.

STN Scholarship – We continue to offer scholarship fund support for RNs to undertake the Graduate Certificate in Stoma Nursing through the Australian College of Nursing. This year we were able to support three scholarships for RNs in NSW.

Board of Directors – the Board continues to meet monthly to review the operation of ONL and financial reports. All directors are actively involved in the business as volunteers, except we do not see Tom Flood these days. Tom will be retiring from our board at this year's AGM. He is keeping good health and is unable to travel now to be at our association.

Manager's Report

What have we achieved in 2022?

Supplier Performance – there has generally been good support from suppliers by maintaining frequent and consistent supply of products. Where problems have occurred, we have addressed these with suppliers. There is some impact on our delivery performance due all the warehouses being located in Melbourne and only one in Sydney. Most suppliers had periods where items were unavailable due to covid-impacted supply chain.

Working with other associations – We have maintained professional working dialogue and discussions with NSW Stoma during the year, including regular visits to each other's facilities. There have also been discussions with many other associations. We look forward to introducing the Member Portal to our business early in 2023.

Manager's Report

Future Developments in 2023

- Member portal development will provide secure access to your personal information and ordering options.
- Finalising our insurance claim.
- Princes Hwy site will be finalised in 2023.
- Options for our location will be worked on with our Board.

Resolutions

Resolutions

1. Receive and adopt the Annual Financial Statements and Reports for the year ended 30th June 2022.
2. Adopt the Remuneration Report in the Annual Financial Statements for the year ended 30th June 2022.
3. Re-election of the following Directors:
 - Mr. Gregory Doyle (continuing as a director)
 - Mr. Stephen Grange (continuing as a director)
 - Mr. Perry Johnstone (continuing as a director)
 - Mr. Michael Rochford (continuing as a director)
 - Mr. Ernest Schmatt (newly joined in 2022)
4. Election of Members as Directors submitted after the AGM Notice and recommended by the Board
 - Mr. Peter Bettini
 - Mr. David Turner

Proxy votes Received

				1. Receive and adopt the Annual Financial Statements and Reports for the year ended 30th June 2022.								
				2. Adopt the Remuneration Report in the Annual Financial Statements for the year ended 30th								
				3. Re election and election of directors								
	<u>Name</u>	<u>Member No</u>	<u>Proxy</u>	<u>Resolution 1</u>	<u>Resolution 2</u>	<u>Doyle</u>	<u>Grange</u>	<u>Johnstone</u>	<u>Rochford</u>	<u>Schmatt</u>	<u>Bettini</u>	<u>Turner</u>
	TOTAL "FOR"											
	TOTAL "AGAINST"											
	TOTAL "ABSTAIN"											
1	Brian Newman	225416S	Chair	For	For	For	For	For	For	For	For	For
2	Bertie San	135665M	Chair	For	For	For	For	For	For	For	For	For
3	David Parkin	233600N	Chair	For	For	For	For	For	For	For	For	For
4	Andrew Lewis	90688Y	Chair	For	For	For	For	For	For	For	For	For
5	Anne Frank	480295K	Chair	For	For	For	For	For	For	For	For	For
6	Pamela Fry	477872B	Chair	For	For	For	For	For	For	For	For	For
7	Carol Furse	51239U	Chair	For	For	For	For	For	For	For	For	For
8	Robyn Weaver	471306P	Chair	For	For	For	For	For	For	For	For	For

Questions

Does ONL have systems in place to prevent a Medibank-style hack of members' details?

Answer - SAMS

From a SAMS server security perspective, we would fair much better with regards to protecting against an *Optus-style* hack. This hack was via an unsecured application programming interface on the server containing customer data.

Our SAMS production database servers, which contain member data, are protected by multi-layered defences, including:

- multiple monitored firewall levels at the data centre (by Data Centre staff), partner hosted server pool (by our hosting provider) and on each individual server (by ACSA technical staff)
- database servers are secured against remote access via IP-white listing. Only specified devices can connect to these servers (SAMS application servers and technical staff PCs on a fixed IP internet connection)
- all access to these servers are secured by appropriate usernames and passwords. Access by default system accounts are disabled. New custom account names are setup specifically for access.
- servers are patched regularly to ensure all software used by SAMS is on current and supported versions, and have the latest security patches installed
- SAMS user passwords are stored as salted and encrypted

We also ensure that critical member data on our test systems is scrambled to reduce the footprint where this data could be compromised.

Answer – other internal systems

Declare AGM closed
