

TFSL AGM 2014



CEO's Report



The Journey to date



- Following the Extraordinary General Meeting in April 2014 where members determined to demutualise.
- As members were advised, the Board and Senior management have undertaken a comprehensive review of all business units.
- Some clear strategic risks were identified within three business units namely:
 - Transport Health Fund
 - Dental on Swan; and
 - Park Hill Gardens Nursing Home

Identified Risks



Regardless of the demutualisation vote TFSL is progressing through a period of significant strategic change. We have identified that not changing is in itself too high a risk. Some of the risk we are facing include:

- Inability to compete in aggressive markets
- Lack of size required to spread cost of compliance
- Being forced to sell or merge from a position of weakness
- A long, protracted, complicated sales process
- Not generating acceptable level of returns on investment
- Not identifying and setting long term strategic organisational goals.

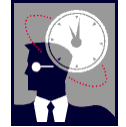
Developing Evaluation Principles



- We developed very clear and methodical principles for the asset disposal process; which we followed.
- The next slide contains those principles; are they still valid?
- Do we need to add any?
- The risks may have changed, the stakeholders have changed. What about our communications strategy.

Key Selection Principles

- Maximise return
- Align Corporate Values
- Stakeholder Management
- Minimise transition time
- Simplicity
- Risk Management evaluation



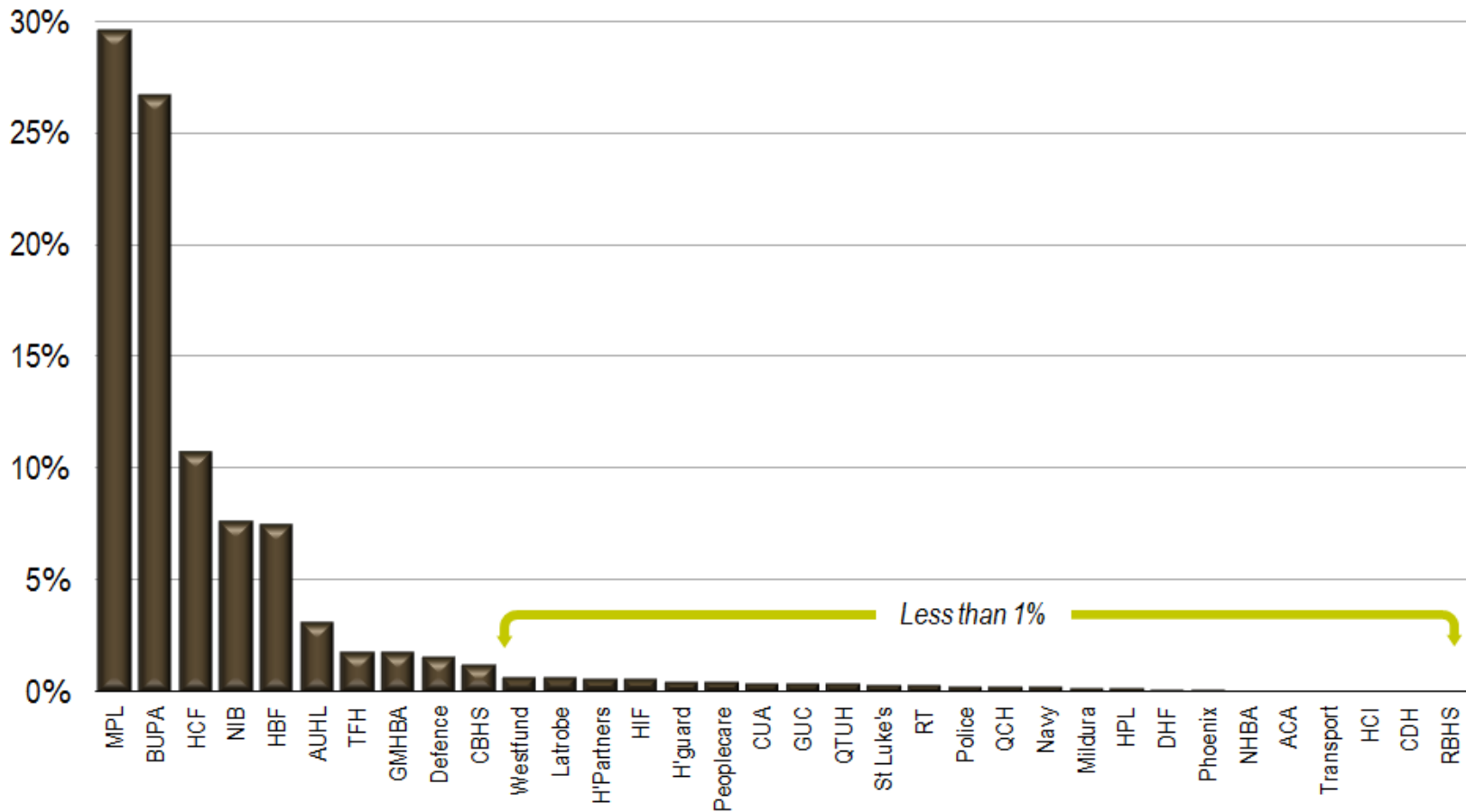
Targeting Purchasers

Private Health



- There is a limited pool of existing funds (35)
- The next slide will show a comparison of each fund based on market share
- We determined that we would not move our members/shareholders into a fund that we do not see as viable in the long term
- We do not want to move our members/shareholders to a fund that doesn't share our values our enhance services

Australian private health insurance market - total policies insured by insurer



<http://phiac.gov.au/consumers/consumer-statistics/>

Targeting Purchasers

Aged Care



- PHG is permanently embedded in our retirement village and is a key element in our ageing on site strategy; we need to identify purchasers that are aligned to participating in this strategy.
- We want a partner with a long term vision and strategy for aged care.
- We do not want to establish a relationship with a provider that doesn't share our values.
- We have identified an agency which has the capacity to add value to this process.

Steps in the Sales Process



1. Establish value of assets
2. Develop one EOI – 3 services 1 process.
3. Agree on Key Selection Criteria
4. Address major identified risks
5. Commit to a targeted process
6. Conduct an internal process, including Identifying and engaging expert advice
7. Cost, develop & implement Communications Strategy
8. Set and stick to long term strategic goals.
9. Establish timeline and milestones for all of the above

Best Practice Boards



- There is no best fit Board size.
- function, which changes over time; should determine size.
- Board structure and size should be periodically reviewed as the needs of the organization evolve.
- Issues to review include: work load, legal dictates, phase in the business life cycle, need for diversity, and maintaining a manageable group.

Functions of a Board



Important Lessons we have Learnt



- Research has paid off
- Sticking to plans and timelines paid off
- Always establish milestones
- Evaluation methodology paid off
- Risk Management has been important
- Targeted processes deliver results
- Obtain expert advice
- High quality communications deliver results
- We know our business and our people better than anyone else.

Developing a future Strategy



Some things we considered:

- What we already know
- Resources available
- How much time we had available
- What we do well
- What we want to avoid
- Risk management strategies
- How will we measure our progress

Establishing some basic goals



- Financial
- Business Growth
- Compliance
- Service Excellence



Future Service Options - Evaluated

Management identified member needs from the strategic planning session and evaluated these needs against existing organisational skillsets and the capacity of other organisations to offer the same or superior services.

Needs of Members	Management Skills and Expertise/ Organisation set up to deliver now	Alternative options	Explore Yes/No
Housing Development	Yes		Yes
Children's Education	No	Other training providers	No
Training	No	Other training providers, Union, Employer	No
Wealth Management Services	No	Licenced financial advisors	No
Finance	No	Credit unions and banks	No
Job security	No	Union	No
Retirement living	Yes		Yes
Aged Care	Yes		Yes
English as a second language	No	Training providers	No
Diversity	No	Unions and other government bodies	No



Our Vision

To expand TFSL into a sustainable provider of profitable and excellent property services.





Our Mission

TFSL develops distinctive residences and provides access to a range of quality assured services that deliver.

- Safety and security.
- Hassle free living.
- Lifestyle packages.

Working through;

- Our experienced and dedicated staff.
- Tested quality systems.
- TFSL's alliance partners that meet our quality assurance standards.

To promote an active community model.



Our Values

At TFSL we value:

- Respect
- Integrity
- Service Excellence
- Systematic Organisation
- Diligent Risk Management
- Trust
- Transparency
- Innovation
- Collaborative Communication
- Robust Evaluation



Our Goals & Standards

Generation of maximum financial return to Shareholders.

Establish the viability of TFSL as a sustainable market entity.

Maintain our core values of service excellence to minimise risk.

Successfully manage development projects to achieve time, quality and financial parameters.

Promote and build a culture of service excellence through strategic partnerships.

A commitment to clear communications with all stakeholders.

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