

PHOENIX

Phoenix Society Incorporated
Annual Report 2008 – 2009

**A Systematic
Approach to Success**

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Phoenix will be...

Nationally recognised as the most innovative and dynamic employer of people with disabilities, operating successful commercial businesses providing outstanding opportunities for the development of our greatest asset ... **OUR PEOPLE**



A New Image

Phoenix is now recognised under the renamed "Australian Disability Enterprises" (ADE) national brand that assists in building a stronger corporate image for the supported employment sector.

Co-branding the Phoenix and ADE logos provides strength in marketing the services that we can offer to potential purchasers of our services including Australian Government agencies and the private sector.



A systematic approach to success

An organisation such as Phoenix is continually challenged to balance its duality of focus between commercialisation and support of people with a disability.

At times such as now where our financial position is challenged as the global financial crisis affects our activities, this challenge becomes even greater to ensure that we find ways to maintain our purpose so as not to impact on outcomes for people with a disability.

Having a systematic approach that ensures we clearly know where we want to go means that we can make solid and careful decisions to remain successful financially and continue to provide the programmes, employment and training for our employees and students with a disability.

This year we have done just that. Hard decisions have ensured that we are now financially stronger against adversity and that our programmes have again strengthened to ensure that our people benefit.

Our charter remains clear and it is being achieved even though the challenge gets harder.

Chairman's Report

I am pleased to be able to present my first report as Chairman of Phoenix Society having succeeded the previous Chairman, Tony Robins, at the February 2009 Board meeting. I would like to acknowledge the wonderful effort of Tony, who for a period of eight years guided the organisation through exciting and successful times to see Phoenix placed in the strong position that it is today. Tony retired from the Board in February of this year and we wish him well in his retirement.

We have a number of new Board members: Mr Leon Andrewartha, Ms Lyn Breuer, MP, Mr Mervyn Chappel, Associate Professor Bill Griggs, AM, ASM and Mr Marc Makrid. They join Mr Steve Whitham and myself and provide a substantial body of wisdom and experience to contribute to the good governance and future growth of the Society. I thank my fellow Board members for their contribution and support.

Phoenix is in excellent shape. Notwithstanding the economic slowdown, Phoenix has been able to maintain a successful financial return for the year to 30th June 2009. With an operating surplus of over \$185,000, a strong cash position and no debt we have weathered the recession and are well placed to continue to grow.

We are clearly focussed on our charter of providing employment and training opportunities for people with disabilities. We have not wavered from this and neither will we as we continue to maintain our employment numbers and programmes for people with disabilities in South Australia.

We hear quite a bit about social inclusion nowadays; the critical importance of providing disadvantaged South Australians with opportunities to play a meaningful role in society. Few groups are as disadvantaged as the intellectually disabled. Phoenix's mission is to provide meaningful employment opportunities to people with disabilities, particularly the intellectually disabled, and we do this at low cost to government.

Our work depends on the continuing support of the corporate sector in providing work opportunities and I would like to publicly acknowledge our many customers. We like to think that Phoenix provides them with cost-effective services and for their part they collectively support the employment of nearly 500 disabled people.



Dr Graeme Bethune
Chairman

I also acknowledge the ongoing support that we receive from the Federal Government and, in particular, the Parliamentary Secretary for Disabilities and Children's Services, the Honourable Bill Shorten. The Minister is a great advocate for the disabled and we appreciate his continuing encouragement and support.

Our School to Work Transition Programme for school students with a disability is an important Phoenix social inclusion initiative. This program gives disabled students the opportunity to experience work in a real environment. As a direct result, 80 of these students received jobs with Phoenix this year and we expect many more will in the future. Guaranteeing such a programme on an ongoing basis will require the support of Government funding. It is disappointing that to date, while many Government departments have acknowledged the wonderful outcomes that this programme provides, there still no funding is available. We now call upon Government to find a way to fund this for the benefit of students with a disability now and in the future.

A major part of our operations is our fundraising programme and this year we have achieved a record result. A major part of this is our ongoing membership as a Level One Charity with Channel 9 Telethon. I extend my thanks to the Board and Staff of Channel 9 Telethon and I offer congratulations as this year they celebrate 50 years of providing support to charities in South Australia.

At our Awards Ceremony in December 2008, it was pleasing that we were able to award Life Membership to six individuals who have excelled in their contribution towards the Society over many years. Life Memberships were awarded to Mr Tony Robins, Mr Peter White, Mr Robert Styling, AFSM, Mr Jeff Goodall, Mrs Christine Brown and Ms Vicki Bryant.



During the year we were saddened by the passing of Lady Wilson who at the time was a Vice Patron of the Society. Lady Wilson gave many years of her time in supporting numerous local charities, including Phoenix.

As the new Chairman, I thank my Board colleagues who continue to give of their time in furthering the ideals of Phoenix.

I extend my thanks to Ian Terry and his management team for the effort that they have put in over the past twelve months in what have been difficult circumstances in producing another successful result for the organisation and we look forward to that performance continuing for the next year and beyond.

Dr Graeme Bethune
Chairman

**Life Memberships were presented in 2008 by
His Excellency, Rear Admiral Kevin Scarce AC, CSC, RANR**
Back row: Tony Robins, Robert Styling AFSM, Jeff Goodall
Front row: His Excellency, Peter White, Christine Brown,
Vicki Bryant

Year in review



Mr Ian Terry
Chief Executive Officer

After the joy of our 50th year in 2008 I have to say that reality has returned this year as we, like many organisations, felt the impact of the global financial crisis on our operations.

Pleasingly however we were still able to generate an overall operating surplus of \$185,348 and whilst this was slightly below our expectations, it was a very pleasing result at the end of the day. It certainly could have been much worse had it not been for the good management practices that have been put in place where some very difficult decisions were implemented to ensure that costs were controlled that enabled us to achieve a sound financial return.

It is those decisions that provided a systematic approach to ensuring that the organisation was financially successful and by returning to the basics of management will continue to give us a strong spring board to take advantage when we come out of this recessionary period. I believe that we are well positioned to do this as we have negotiated with suppliers for the next twelve months to ensure that our costs are well maintained and have continued to develop partnerships with our customers and support them during this difficult time while at the same time improving the income base to the organisation.

At our **Torrensville** facility we have recognised the need to rebuild our customer base. In doing this we became a more solid unit as we integrated ourselves into our customers operations and provided them with the surety of knowledge that we could provide quality products as part of their day to day needs. This change has led to the success that we have seen for the Torrensville facility where our financial performance was well ahead of our expectations and has provided a solid platform for the future.

Our **Post Haste** mailing bureau has continued to go from strength to strength. Although a number of our major customers reduced substantially their spending as a consequence of their own impact from the global financial crisis, we have offset some of this with new customers and through our own creativity are providing outstanding solutions that is enticing organisations to use the services of Post Haste to supply their variable data printing needs and mailing solutions. Whilst we did not achieve our financial expectation at Post Haste, it was very pleasing that the surplus that we did make was well ahead of where we have been for many years and

we are now starting to get a good return on the investment that we have made in this technologically driven division.

Again, our **Gepps Cross** timber division continued to excel, as we returned a record operating surplus from this division. When we consider the obstacles that timber manufacturing faces, such as imported product and alternative product, it really is a remarkable performance from the management and staff that they are able to excel the way they have. Having said this, we are starting to see a lessening of demand and we have to be careful moving forward that we don't get ahead of ourselves and ensure that we continue to provide new solutions to our customers and maintain the level of activity that we require.

Our **Elizabeth** division last year had a very difficult time. At this facility we are heavily involved in both the automotive and wine industries and both of these have been severely impacted through financial downturns. Unfortunately, it is not as easy as just finding an alternative stream of work to replace what we have lost and it is going to take us time and effort to ensure that we do find a complementary service that we can introduce into Elizabeth to ensure that we can generate the financial returns that we need to sustain and grow this critical part of the total business operations of Phoenix. The growing current need for employment for people with disabilities in the northern suburbs ensures that we must have a strong Elizabeth Division to be able to provide the services required and this remains our immediate challenge.

Our **Whyalla** division went through substantial change over the past twelve months. A new Business Operations Manager was appointed in John Davis, to oversee the commercial operations of this division and already we are seeing an impact from him and his team as we start to grow our sales opportunities within the Whyalla region. In December of 2008 the previous General Manager, Terry Harris, retired from the organisation. Terry had been the General Manager since Phoenix took over the operations in Whyalla in 2000 and I extend my congratulations to him and thanks for a job well done over that eight year period. Moving forward there are certainly some very exciting opportunities on the horizon for Whyalla and we look forward to these evolving over the next couple of years as we continue to provide opportunities in a regional area for people with disabilities.



A very pleasing outcome for the Society this year has been the efforts of our **Fundraising** department. Technological investments that we have made over the last couple of years are now starting to generate good fundraising opportunities as we start to understand more clearly the capabilities of our new system and how we use our existing information to our own advantage. Not only are our existing lotteries growing considerably on a year by year basis, but our ongoing involvement with third party organisations such as Asthma and the Adelaide and Port Adelaide Football Clubs continue to grow also. During this year our fundraising results increased to unprecedented levels and when we consider this was against the adversity of such things as Bushfire Appeals, it has been an exceptional performance.

Our **people** of course are the reason why Phoenix exists to provide employment and training opportunities for people with disabilities in South Australia. It is important that when an organisation is going through difficult periods such as now, that we at all times remain clearly focussed on our purpose. Pleasingly even against the cost restraint of income downturn, we have in fact been able to grow our employee numbers this year.

Coupled with this is the substantial programme that we run for students with disabilities through our School to Work Transition Programme. It would have been all too easy to cease this programme and suggest that it was costing us too much in difficult times, but it is such an important part of our operations as it provides an avenue for new employees to the organisation. It has seen 80 students being given a job at Phoenix during this time. About 320 students participated in our programme this year and many of these will become employees of Phoenix in the future.

We are trying desperately to get funding from the State Government for our School to Work Transition programme. The Government recognises the positive outcomes of the programme but still fails to find funding to assist us. We will however continue the dialogue to get the financial support that we need to help students with a disability get a job or at least an opportunity.

Summary

There is no doubt that this year has been one of the most challenging in the history of Phoenix but we also understand that we are not alone. All industry is finding it financially very difficult at the moment. Our planning for the next twelve months clearly focusses on ensuring that the organisation remains financially positive and more so that we will continue to provide employment opportunities for at least the same number of people with disabilities and hopefully more over this period. We have put strategies in place to ensure that this happens not only for the next twelve months, but also to take advantage of the economic turn around that will eventuate.

I acknowledge the support of the staff, employees and management of Phoenix who have given of their time, given of themselves financially and understood and supported the decisions that have had to be taken to ensure that the organisation remains successful and strong moving forward. To all I say, thank you very much for your support in continuing to make Phoenix what it is, a clear leader in the field of disability.

Ian M Terry
Chief Executive Officer

Our People



Phoenix Society Management Group

Standing left to right: Barry Longhorn, John Davis, Hastings Chikuse, Andrew Ormandy, Ken Prosser, Peter Alderson, Nayan Perera, Geoff Brogan, Robert Styling, AFSM

Seated left to right: Jeff Goodall, Frances Whyte, Ian Terry, Nina Bau, Manny Tabone

Phoenix Society Incorporated

Patron

His Excellency, Rear Admiral Kevin Scarce AC CSC RANR
Governor of South Australia

Vice Patron

Mr MJB Evans

Ambassadors

Miss Alison Carle, Mr Wayne Phillips, Mr Christopher Knights

Management Group

Chief Executive Officer, Mr Ian Terry
General Manager, Human Resources, Mr Robert Styling
Group Financial Controller, Mr Hastings Chikuse
General Manager, Elizabeth Division, Mr Geoff Brogan
General Manager, Timber Products Division, Mr Jeff Goodall
Business Operations Manager, Whyalla Division, Mr John Davis
General Manager, Post Haste, Mr Barry Longhorn
General Manager, Torrensview Division, Mr Ken Prosser
General Manager, Business Development, Public Relations
and Fundraising, Mr Andrew Ormandy
Systems Manager, Ms Nina Bau
Training & Development Manager, Mr Peter Alderson
Manager, Engineering Services, Mr Emmanuel Tabone
Information Technology & Communication Manager,
Mr Nayan Perera
Executive Administrator, Mrs Frances Whyte

Employee Representative Committee

Mr R Styling
(Chairperson)

Mr C Antic
Mr P Byrne
Mr P Chandler
Mr I Dutton
Mr M Fisher
Ms K Gourlay
Mr R Mitura
Ms M Smith
Mr I Terry
Mr A Turner

Enterprise Development Committee

Mr J Newton
(Chairperson)

Mr R Brotherson
Ms P Burness
Mr P Byrne
Mr R Darling
Mr A Downing
Ms A Drysdale
Mr I Dutton
Mr G Edwards
Mr M Evans
Mr M Fisher
Ms D Hollitt
Mr K Pinchback
Mr J Todd
Mr A Turner

Our Board



Dr Graeme Bethune
Chairman
B Ec (Hons), PHD, FCPA, FAICD
Joined the Board in 2000
Chief Executive Officer
EnergyQuest



Dr Bill Griggs, AM
Deputy Chairman
MB, BS, Dip AV Med, FANZCA,
FJFICM
Joined the Board in April 2008
Director of Trauma Services
Royal Adelaide Hospital



Mr Leon Andrewartha
BE, MBA, AICD
Joined the Board in August 2008
Managing Director
Orrcon Operations Pty Ltd



Ms Lyn Breuer, MP
Joined the Board in August 2009
Member for Giles (ALP)



Mr Mervyn Chappel
ACA, CA(SA), FCMA
PMD (Harvard), BCom
Joined the Board in August 2008
Retired General Manager



Mr Marc Makrid
B Bus (Mkt)
Joined the Board in May 2008
Managing Director
Marc Makrid & Associates



Mr Steve Whitham
Joined the Board in 2002
Managing Director
Whitham Media Australia

Honorary Life Governor

1977 Mr GM Reid, MBE †

Past Presidents

1961 - 66 Sir Herbert Mayo †
1966 - 67 Mr GM Reid, MBE †

Previous Chairmen

1958 - 61 Dr DM Williamson
1961 - 70 Mr GM Reid, MBE †
1970 - 77 Mr JBL Tucker
1977 - 85 Mr G Templer †
1985 - 91 Mr RA Footner, AM
1991 - 96 Mr WJ Stamm, AM
1996 - 00 Mr KF Kelly
2000 - 09 Mr AJ Robins

Honorary Life Members

1973 Mr RE Carter, OBE, MM †
1974 Miss DJ Forward †
1975 Mrs C Marks †
1975 Mr LA Polkinghorne †
1976 Mr GM Soper
1978 Miss G Dickson
1978 Miss B Sandford †
1978 Mr JH Trenergy †
1978 Mr JBL Tucker
1979 Mr AW Burnell
1979 Miss M Kither †
1979 Mrs VJ Maurice
1979 Mrs BD Morish
1979 Mrs JH Reid †
1980 Mr JJ Barber †
1980 Mr G Templer †
1982 Rev GH Young †
1984 Mr RR Martin
1987 Mr JB Hastwell †
1987 Mrs CE Rushby †
1988 Mr IC Snaith
1989 Mr SG Hocking
1991 Mr KC Rogers, OAM
1992 Mr RA Footner, AM
1996 Dr AB Black, OAM
1996 Mrs ED Kosmala, OAM
1997 Mrs EE Bone †
1997 Mr WJ Stamm, AM
2002 Mr KF Kelly
2008 Mr AJ Robins
2008 Mr PG White
2008 Mrs CM Brown
2008 Ms VK Bryant
2008 Mr RJ Styling, AFSM
2008 Mr JC Goodall

Women's Auxiliary Life Members

2003 Mrs M Hayward

Commercial Operations

Post Haste



It is very pleasing to be able to report that this year, Post Haste has produced an excellent financial result as a consequence of the investment that we have made in technology supporting all aspects of our mail house business. Post Haste is clearly a major operator in the variable data printing and mailing field in South Australia. The ongoing growth that we are seeing in our turnover and increasing customer base is testament to our professionalism and service delivery.

Like all businesses, the last twelve months have been very difficult as customers reassess their investment in printing and mailing and in many instances, reduction in advertising, all of which have made the excellent result of Post Haste so much better.

Not only is Post Haste now servicing a local market but through its creativity and growing skill base, we are now providing services for a number of customers in the Eastern States.

The use of advanced technology and in particular integration through the internet, has seen Post Haste become unique in its service delivery and a key leader in the field.

We will continue to invest in new opportunities for Post Haste and in particular new technology and people. Many of the high skilled employees of Phoenix Society are now part of the Post Haste team and through their efforts, coupled with those of the staff, have a clear direction of ensuring that Post Haste is successful now and into the future. Whilst we recognise that the next twelve months will remain difficult, we are very well placed to take advantage of opportunities to support our customer base in their business, while they in turn develop ours.

Commercial Operations

Torrensville Assembly & Packaging



We are in the final year of our current 3 year Strategic Plan, which is a prime time to look back and review our progress.

There have been many changes at Torrensville over the past couple of years and the last twelve months have been no exception. At the beginning of the plan Wine Services had moved to our Elizabeth facility, creating the need to find new work for Torrensville.

Customers often considered our Assembly and Packaging service as a short term solution to get them through difficult production periods. Waiting for a customer to get into production difficulty or make mistakes provided a very erratic supply of work.

We undertook a systematic approach to rebuilding Torrensville's customer base and sales. Rather than providing a fix-it service, we have endeavoured to integrate ourselves into our customer's operations and be part of their production processes. We offer an out-sourcing alternative for our customers, allowing them to focus on their core activities.

It has been exciting and challenging to introduce new processes that often involve specialized machinery. Staff and employees have had to develop new skills and it is fortunate that developing skills is part of our core business.

Maintaining quality, delivering on time and at a competitive price would not be possible without the commitment of all employees and staff. Working together as a team, we have built strong relationships with a valuable cross section of customers.

It is the systematic approach to building these long term relationships that has proven successful and is the key to our future.

Commercial Operations

Gepps Cross Timber Products



Again it is pleasing that this has been another very successful year for the timber products division. Against the adversity of global financial downturns it is pleasing that we were able to generate record surpluses for this division. We generated growth in a number of areas but particularly in relation to the mining industry with the need for specialised packaging including pallets and boxes for large machinery and export packaging.

Sales for furniture componentry continued to be strong but were still impacted severely as we fight the ongoing influx of imported product. It is a credit that we have been able to maintain the strength that we have against such competition.

Our past investment in people, technology and buildings continues to be the catalyst for our success now and I would suggest well into the future. It is essential that we continue to maintain the skill base that we have established so that we can provide support and solutions to our extensive customer base.

There is no doubt however that late in the financial year we have seen a downturn in demand from all associated industries. As the global financial crisis continues to impact, our order book is now much shorter than we have seen in the past and it has meant that we have had to take other actions in managing costs to ensure that we can still produce excellent financial outcomes whilst maintaining employment levels and dollar returns to the organisation.

The team effort from all of the staff and employees at Gepps Cross has been exceptional and stands us in good stead for the future. Whilst we recognise that the next twelve months is going to be a difficult time with this ongoing commitment and the support of the organisation, we will weather the storm and still be a very successful commercial unit.

Commercial Operations

Elizabeth Industrial Services



Since the commencement of commercial operations at our Elizabeth facility in 2002 we have not experienced a more difficult financial period than we have in this last year.

The global financial crisis impacted heavily on our automotive work as well as our lucrative and exclusive labelling opportunities. However, we did not panic but went about a planned process that enabled us to reduce our costs, manage our resources effectively and begin the regrowth of the facility. While creating a leaner operation we did not at any stage lose the focus of employment for people with disabilities or stop providing our commercial customers with the best possible service.

Our modern manufacturing system has enabled us to become diverse in our thinking and to continually improve our methodologies in quality control. Having these established systems in place allows us to explore opportunities in other major areas, such as the Defence Industry, and our staff and employees are ready for that challenge.

On a tactical level, it is our duty to move forward from the difficulty of 2008/09, where we expect to see a resurgence of the automotive industry and further increases in labelling, bottling and packaging work.

This will be achieved through a planned sales approach as well as utilising the skills of our professional management structure. We continue to provide the highest quality service to all of our customers and have endorsed the Phoenix customer feedback tool to ensure that the relationship we have with our customers is both rewarding and satisfying to all parties.

Commercial Operations

Whyalla Division



The Whyalla facility has seen a number of changes over the past twelve months. Most significantly has been the retirement of Terry Harris as General Manager and the commencement of John Davis in the position of Business Operations Manager. John has settled in well to the role at Phoenix and he and his wife have settled into their new life in Whyalla.

The past twelve months has also seen a change in work focus for this facility. We have seen a downturn in the operations of the main and largest employer in Whyalla, which has had a flow on effect to other manufacturing industries in the region. This has enabled Phoenix to review its operations and deliberately increase our outside property and environmental maintenance section.

Our maintenance section has grown from a small team working twenty hours per week to our current team of two supervisors and six

employees performing a total of nearly seventy hours per week. To enable us to expand, we have purchased new vehicles and a large range of equipment to undertake these maintenance services.

We now offer the services of maintenance of council and recreation areas that provides improved environmental services and we are clearly helping Whyalla to remain clean and tidy. This work diversification has also assisted to increase employee work satisfaction and an overall contentment within the facility.

As the biggest and most professional employer of people with a disability in the region, we are hopeful that more employment opportunities will be created through our growth and we enhance new opportunities to our expanding workforce.

Business Development, Public Relations and Fundraising



Phoenix is very fortunate to have great long standing relationships in place with many South Australian businesses and we will continue to develop strategies for growth of services that will deliver mutually beneficial outcomes for all stakeholders.

Taking a systematic approach to all areas of our business will ensure that Phoenix makes a successful transition through the current economic downturn that will enable us to identify further opportunities for growth.

The mining and defence sectors in South Australia are already providing new avenues for the services that Phoenix has to offer and indications are that this demand will continue.

The dialler technology that was introduced last year for the fundraising of Phoenix and third party lotteries has proven to be a very sound decision delivering great results. We are now seeing greater efficiencies in the way we manage our fundraising and this is allowing us to consider other enquiries from organisations keen to access our services.

This year some specialised sales training was put in place for our call centre team and the feedback from the group has been very positive.

The Adelaide Football Club, Asthma Foundation SA and the Port Adelaide Football Club have continued

their partnership this year with Phoenix through the telemarketing of lotteries and also through print and mailing services provided by Post Haste.

Our business partnerships have been strengthened by becoming a Foundation Partner with SA Great and this will assist in developing new business opportunities.

The partnership with Telethon is now into its 23rd year and this year our congratulations go to their Board and staff as they celebrate 50 years of supporting South Australian charities.

Our thanks are extended to our Phoenix Ambassadors Ali Carle, Wayne Phillips and Chris Knights for their continued support in promoting Phoenix in the community. Thanks also to the Port Club for making Phoenix the Charity Partner for their regular luncheons throughout the year.

In closing while the last twelve months has been a difficult time the signs for the future are encouraging. Phoenix is well positioned to take on the challenges ahead and this is due in no small part to the wonderful efforts of all involved in the organisation.

Training

Human Resources



This year has not been without its difficulties and the Human Resources Division has not been immune. We have restructured the Division but in doing so have still been able to deliver on our Strategic Plans and targets.

At years end we were employing some 457 people with a disability. Although slightly up from this time last year, we did have a workforce as high as 470 during the year. We have continued to have a funded capacity of 434 through the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) program, the remainder we fund ourselves through returns from our commercial operations and fundraising programs. However, overall we have supported some 542 people through our employment programs.

We have continued with our work experience program with a variety of Schools that have classes for children with disabilities. This year we have had 24 schools involved and have offered work experience to over 320 students. As a result of this program we have offered full time employment to 80 students and part time school/work options to others. It is unfortunate that this program is recognised by a number of Government Departments and Ministers as best practice, yet none are prepared to assist us in any way by providing funding support for it. We will continue to

seek support from any area we can to continue this as we see it as an important part of the programs we provide to people with disabilities.

We are also conducting training programs for the students and in some cases this learning is credited to their SACE. We are now a Registered Training Organisation (RTO) and have the capacity to deliver the Certificate 1 in Work Skills for Life. We are currently offering this accredited training to our employees and hope to expand this to be included as part of the Work Experience Program as resources permit. The total number of people supported by Phoenix programs this year has exceeded 900.

We continue to develop our partnership with Persatuan Daybreak in Ipoh Malaysia. As previously reported we have conducted a staff exchange program between the two organisations for the last 3 years. This program has seen a number of staff from Daybreak come to Phoenix and learn about our programs and increase their skills in relation to service delivery to people with disabilities. Staff from Phoenix have also travelled to Daybreak and conducted organisational development activities with them as well as staff training. The partnership has developed to such an extent that we are having discussions with the Malaysian Government on how we can assist in improving employment programs for people with disabilities in Malaysia.

The staff exchange program has been supported by the South Australian Chapter of the Australia Malaysian Business Council.

This year we have seen a significant improvement in our OHS&W performance. We have achieved our target of a further 10% reduction in the Frequency of injuries across the organisation. Post Haste has done an outstanding job now being injury free for some 2 years, and Torrensville, our largest site, has achieved 8 consecutive months with out an injury. The other sites have also recorded significant down turns in relation to reported injuries.

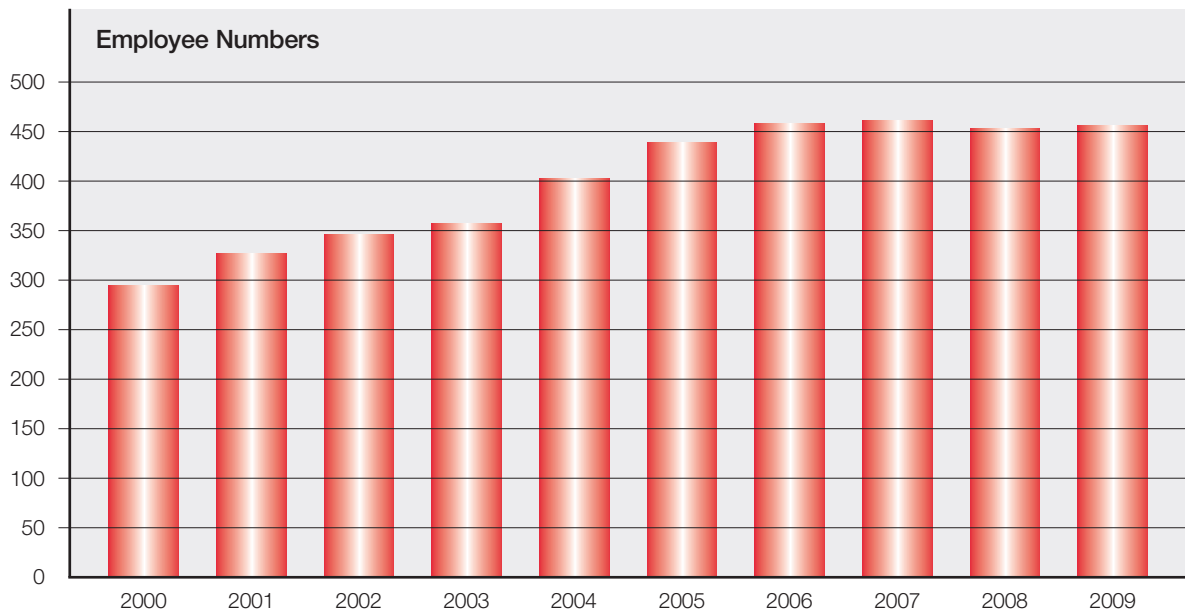
The other measure of our injury management performance is Severity and like our Frequency levels we were seeking to achieve a 10% reduction on the previous year's performance. It is exceptionally pleasing to report that we achieved a 61% reduction in our Severity measure across the organisation.

In relation to our ongoing compliance with various systems, we have had a number of external audits during the year and have passed all of these with flying colours. The compliance levels continue to increase. In spite of a desire to reduce the red tape and a commitment by government to do this we are still burdened with significant bureaucratic systems that take a huge amount of staff time to comply with. However, it is our systems that enable us to do the work we do and ensure we are successful in what we do.

To deal with this increasing level of reporting we have made a significant investment in a new Payroll/Human Resources Information System. The Payroll component and new time keeping system, that uses fingerprint scanning, was installed over the Christmas break and is now fully operational. The Human Resources Information System is in the process of being installed and will be progressively rolled out in the second half of 2009.

The new Industrial Relations Laws will have an impact on how we do business. In response to these changes and other pressures we have been successful in negotiating a one year Enterprise Agreement with our Staff and Employees. The overall outcome of this will give us a good starting point to move forward through the Global Financial Crisis and ensure both the organisation and its employees gain as a result, as things begin to rebound.

There will be further challenges in the next year as the full impacts of the new laws are felt, however, we are well placed to deal with these issues as they arise.



Our Award Recipients

Special Merit



Paul Jones
Gepps Cross

Sponsored by the
Esmé Bone and
Belinda Marie Winter
Trust Fund

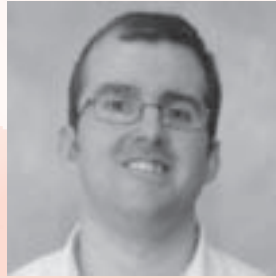
Special Merit



David Shaw
Whyalla

Sponsored by the
Jim Griggs Memorial Trust

Special Merit



Adam Wall
Elizabeth

Sponsored by the
RT Patterson Fund

Sporting Achievement



Katherine Ring
Torrensville

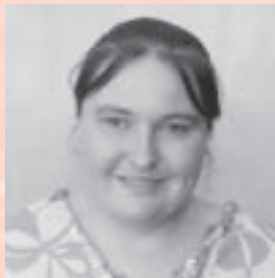
Sponsored by the
Port Adelaide Football Club

Most Improved Employee



Leigh Brabyn
Gepps Cross

Sponsored by the
Phoenix Women's Auxiliary



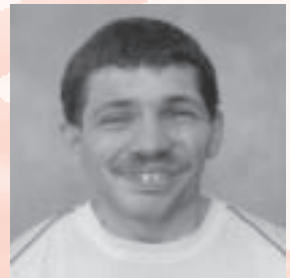
Lauren Johnson
Fundraising

Sponsored by the
Phoenix Women's Auxiliary



Tony Smallacombe
Whyalla

Sponsored by the
Phoenix Women's Auxiliary



Michael Williamson
Elizabeth

Sponsored by the
Phoenix Women's Auxiliary



The Gordon Reid Medalist

Timothy Sarkies
Elizabeth

Sponsored by the Gordon Maxwell Reid Trust Fund

Occupational Health Safety & Welfare



Glenda Curtin
Whyalla

Sponsored by
OneSteel, Whyalla



Robert Jozic
Gepps Cross

Sponsored by the
Firebird Committee



Roland Mitura
Torrensville

Sponsored by the
Rotary Club of Kidman Park



Ling Mok
Elizabeth

Sponsored by the
RT Patterson Fund

Employee of the Year



Alison John
Torrensville

Sponsored by the
Rotary Club of Thebarton



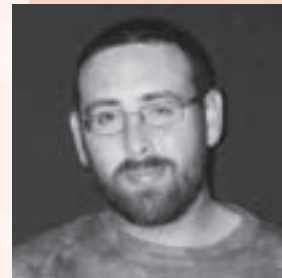
David Stitt
Gepps Cross

Sponsored by
Plan 4 Financial Services



Janice Berwick
Elizabeth

Sponsored by the
RT Patterson Fund



Stephen Walter
Whyalla

Sponsored by the
Rotary Club of Whyalla



Phoenix Society Incorporated
Annual Report 2008 – 2009

Income and Expenditure Statement

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Cash Flow Statement

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Independent Audit Report

Financial Statements

Income & Expenditure Statement

for the year ended 30th June 2009

	2009		2008	
	\$	\$	\$	\$
Gross Sales from Commercial Operations		8,488,351		8,637,195
Less Cost of Sales (See Note 2)		<u>6,407,630</u>		<u>6,251,605</u>
Gross Contribution from Commercial Operations		2,080,721		2,385,590
Operational Government Subsidies and Special Grants		3,605,349		3,473,497
Gross Fundraising Income	1,744,500		1,423,212	
Less Cost of Prizes	<u>348,458</u>		<u>300,055</u>	
Gross Income less Prize Costs	1,396,042		1,123,157	
Less Fundraising Costs	385,907		451,418	
Less Public Relations Costs	<u>664,134</u>		<u>461,016</u>	
Net Fundraising Contribution		346,001		210,723
Bequests and Donations	185,542		70,986	
Interest Received	99,258		103,578	
Membership Subscriptions	<u>1,390</u>		<u>1,987</u>	
		<u>286,190</u>		<u>176,551</u>
		6,318,261		6,246,361
Less Cost of Operations and Services (See Note 2)		<u>5,138,058</u>		<u>4,991,420</u>
		1,180,203		1,254,941
Less Employment Support		<u>994,855</u>		<u>907,668</u>
Net Operating Surplus / (Loss) for Year		185,348		347,273
Add Capital Grants		0		65,000
Surplus Including Non Recurring Capital Grants		<u>\$185,348</u>		<u>\$412,273</u>

Balance Sheet

as at 30th June 2009

	2009		2008	
	\$	\$	\$	\$
ACCUMULATED FUNDS				
OPERATING FUND				
Balance brought forward	4,519,028		4,171,755	
Net Operating Surplus/(Loss) for Year	<u>185,348</u>		<u>347,273</u>	
		4,704,376		4,519,028
CAPITAL FUNDS				
Balance brought forward	5,524,488		5,459,488	
Add Capital Grants	<u>-</u>		<u>65,000</u>	
		5,524,488		5,524,488
TRUST FUNDS				
(See Note 3)		46,050		45,540
TOTAL FUNDS		<u>\$10,274,914</u>		<u>\$10,089,056</u>
represented by:				
NON CURRENT ASSETS				
Land and Buildings - at cost		5,831,635		5,788,935
Plant, Equipment and Vehicles	7,729,324		7,271,929	
Less Provision for Depreciation	<u>4,389,151</u>		<u>4,065,509</u>	
		3,340,173		3,206,420
Capital Development Fund (See Note 4)		<u>544,366</u>		<u>703,776</u>
		9,716,174		9,699,131
CURRENT ASSETS				
Trade Debtors and Accrued Items (after providing \$25,000 for Doubtful Debts - 2008 \$25,000)	1,341,906		1,701,238	
Stocks on Hand (See Note 5)	321,769		329,469	
Cash at Bank and on Hand	(1,322)		147,188	
Capital Development Fund (See Note 4)	159,409		149,514	
Investments (See Note 4)	<u>1,508,328</u>		<u>1,104,430</u>	
		3,330,090		3,431,839
TOTAL ASSETS		13,046,264		13,130,970
CURRENT LIABILITIES				
Sundry Creditors and Accruals	1,150,982		1,381,324	
Provision for Annual Leave	301,636		306,235	
Provision for Long Service Leave (See Note 1(ii))	399,064		321,493	
Deferred Purchase Agreement				
Elizabeth Facility (See Notes 4 & 6)	<u>159,409</u>		<u>149,514</u>	
		2,011,091		2,158,566
NON CURRENT LIABILITIES				
Deferred Purchase Agreement				
Elizabeth Facility (See Notes 4 & 6)	544,366		703,776	
Provision for Long Service Leave (See Note 1(ii))	215,893		179,572	
		760,259		883,348
NET ASSETS		<u>\$10,274,914</u>		<u>\$10,089,056</u>

Cash Flow Statement

for the reporting period ended 30th June 2009

	2009		2008	
	\$	\$	\$	\$
Cash Flows from Operating Activities				
Receipts from Customers	9,732,450		9,371,425	
Government				
Operating Subsidies & Grants	3,965,884		3,820,847	
Capital Grants	-		71,500	
Payments to Suppliers and				
Employees	(13,274,074)		(12,571,371)	
Interest Received	99,258		103,578	
Interest Paid	(51,549)		(60,830)	
Membership Subscriptions	1,390		1,987	
Gross Fundraising Income	1,744,500		1,423,212	
Cost of Prizes and Fundraising Costs	(1,398,499)		(1,212,489)	
Bequests and Donations	185,542		70,986	
Net Cash Provided by				
Operating Activities (Note 8.1)		1,004,902		1,018,845
Cash Flows from Investing Activities				
Payment for Property, Plant,				
Equipment and Vehicles	(1,131,704)		(890,472)	
Proceeds from Disposal of				
Property, Plant Equipment & Vehicles	381,679		280,893	
(Increase)/Decrease in investments	(254,383)		(406,885)	
Net Cash used in Investing Activities		(1,004,408)		(1,016,464)
Cash Flows from Financing Activities				
Repayment of Borrowings	(149,514)		(140,233)	
Award Trust Funds Receipts and Interest	2,560		2,933	
Cost of Awards	(2,050)		(2,350)	
Net Cash provided by Financing Activities		(149,004)		(139,650)
Net Decrease in Cash Held		(148,510)		(137,269)
Cash at the Beginning of the				
Reporting Period		147,188		284,457
Cash at the End of the Reporting				
Period (Note 8.2)		<u>\$(1,322)</u>		<u>\$147,188</u>

Notes to and forming part of the Accounts for the year ended 30th June 2009

NOTE 1

The Society is not a reporting entity. These accounts are therefore "Special Purpose Financial Reports" that have been prepared solely to meet the requirements of the *Associations Incorporation Act 1985* and Regulations and the Constitution of the Society.

The Society has applied the following Accounting Standards in the preparation of these accounts.

- (a) AASB102 - Inventories
- (b) AASB1031 - Materiality
- (c) AASB107 - Cash Flow Statement
- (d) AASB108 - Accounting Policies, Changes in Accounting Estimates and Errors
- (e) AASB110 - Events After Balance Sheet Date.

No other Standards or professional reporting requirements (Urgent Issues Group Consensus Views) have mandatory applicability and as such have not been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of significant accounting policies adopted by the Society in the preparation of the financial statements.

(i) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net value of each item of plant, equipment and vehicles over its expected useful life. Buildings have not been depreciated as the Society considers it inappropriate to depreciate the cost of buildings.

(ii) Employee Entitlements

The amounts expected to be paid to employees for their pro rata entitlement to Long Service and Annual Leave are accrued annually at current pay rates having regard to period of service. The accrual for long service leave is calculated after the completion of four (4) years service. The current liability as at 30th June 2009 in accordance with existing statutory requirements being seven or more years of service is \$399,064 (2008 - \$321,493)

(iii) Cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with less than 14 days to maturity.

NOTE 2. THE COST OF SALES AND COST OF OPERATIONS AND SERVICES INCLUDES THE FOLLOWING:

	2009	2008
	\$	\$
Depreciation of Plant and Equipment and Vehicles	580,115	576,689
Bad and Doubtful Debts	966	-
Audit Fees and Associated Services	42,535	45,374
Profit/(Loss) from sales of Fixed Assets	6,544	24,294
Interest on Deferred Purchase Agreement for Elizabeth	51,549	60,830

NOTE 3. TRUST FUNDS

Trust Funds are made up of the following:

	2009	2008
	\$	\$
Education Trust Fund	8,640	10,534
RT Paterson Trust Fund	4,229	1,857
Firebird Committee Personal Development Fund	3,641	4,242
Belinda Winter Trust Fund	4,784	4,645
EE Bone Trust Fund	2,868	2,834
Gordon Reid Trust Fund	10,670	10,577
Jim Griggs Memorial Trust	11,218	10,851
	\$46,050	\$45,540

NOTE 4. CAPITAL DEVELOPMENT FUND AND INVESTMENTS

Investment Funds have been allocated to Capital Development Funds to provide for known expenditure on the building at the Elizabeth Facility as at 30th June 2009. The principal amount due on the deferred purchase agreement for the Elizabeth Facility at 30th June 2009 is \$703,775 (2008 - \$853,290).

The principal repayments for the Elizabeth Facility for the year ended 30th June 2010 is \$159,409 and are shown as a Capital Development Fund in Current Assets. The balance of the principal, being \$544,366 is provided for in the Capital Development Fund in Non-current Assets.

These funds and the balance of the investments being \$1,508,328 are invested in term deposits and bank bills.

NOTE 5. STOCKS ON HAND

Stocks on hand are made up as follows :

	2009	2008
	\$	\$
1. Raw Materials	256,908	227,770
2. Work in Progress	27,345	30,857
3. Finished Goods	37,516	70,842
	\$321,769	\$329,469

Stocks are valued at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads.

NOTE 6. DEFERRED PURCHASE AGREEMENT - LAND AND BUILDINGS

During the year ended June 30th 2003, the Society finalised its option to repay by way of principal and interest deferred purchase agreement the cost of the construction of the buildings at the Elizabeth facility in the amount of \$1,472,645 out of a total cost of construction of \$1,972,645. The principal on the deferred purchase agreement is repayable over ten years in instalments which commenced on 30th September 2003. The total interest cost over the life of the agreement is \$537,984 which when added to the principal of \$1,472,645 will make a total repayment of \$2,010,629.

Under the terms of the deferred purchase agreement the title to the land at Elizabeth South will not transfer to the Society until the final payment on the principal and interest deferred purchase agreement is made on 30th June 2013. The rights to ownership of the building therefore do not transfer until the same date as the transfer of the land.

During the year ended 30th June 2009 principal and interest repayments totalling \$201,063 were made under the agreement.

NOTE 7. COMMITMENTS

Operating Leases

During the year ended 30th June 2005 the organisation entered into the following contracts:

- i) Rent of Premises - Post Haste for 10 years commencing 1st July 2005 with an option to renew for a further 5 years.

	2009	2008
	\$	\$
Not later than 12 months	119,366	114,670
Between 12 months and five years	527,156	506,420
Greater than five years	145,226	284,608
	\$791,748	\$905,698

The lease amount was renegotiated at the start of the fourth year.

- ii) Computer Hardware Lease for 5 years commencing 1st October 2005.

	2009	2008
	\$	\$
Not later than 1 year	104,280	104,280
Later than 1 year but not later than 5 years	86,900	191,180
	\$191,180	\$295,460

- iii) Docucolour Lease 250 for 5 years commencing 15th January 2008.

	2009	2008
	\$	\$
Not later than 1 year	69,264	69,264
Later than 1 year but not later than 5 years	176,046	245,310
	\$245,310	\$314,574

NOTE 8. CASH FLOW STATEMENT

- 8.1 Reconciliation of Net Cash provided by Operating Activities to Net Surplus for the year

	2009	2008
	\$	\$
Surplus for the Year	185,348	412,273
Depreciation	580,115	576,689
(Profit)/Loss on Disposal of Property, Plant, Equipment and Vehicles	(6,544)	(24,294)
(Increase) Decrease in Trade and Sundry Debtors and Prepayments	359,332	(117,717)
(Increase) Decrease in Stocks	7,700	(51,345)
Increase (Decrease) in Sundry Creditors and Accruals	(230,342)	145,650
Increase (Decrease) in Employee Entitlements	\$109,293	77,589
Net Cash Provided by Operating Activities	\$1,004,902	\$1,018,845

- 8.2 Reconciliation of Cash at Bank and on Hand

	2009	2008
	\$	\$
	\$(1,322)	\$147,188

NOTE 9. TAX STATUS

The activities of the entity are exempt from income tax.

Statement by the Board

for the year ended 30th June 2009

The Board has determined that the Society is not a reporting entity.

The accounts are "Special Purpose Financial Reports" that have been prepared solely to meet the requirements of the *Associations Incorporation Act 1985* and Regulations and the Constitution of the Society. The Society has applied the Accounting Standards as detailed in Note 1 to the accounts.

In the opinion of the Board:

- (a) the accompanying accounts comprising the Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the notes to and forming part of the accounts, present fairly the results of the operations and the cash flows of the Society for the financial year ended 30th June 2009 and the state of affairs of the Society as at that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Board.

(Signed)
G. Bethune
Board Member

(Signed)
M. Chappel
Board Member

Adelaide, 17th August 2009

Report by the Board

for the year ended 30th June 2009

During the financial year to which the accounts relate and in the opinion of the members of the Board:

- (a) no officer of the Board of the Society, a firm of which an officer is a member, or a body corporate in which an officer has a substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between the officer, a firm of which the officer is a member or a body corporate in which the officer has a substantial financial interest and the Society, and
- (b) no officer of the Society has received directly or indirectly from the Society any payment or other benefit of a pecuniary value other than in the ordinary course of business.

Signed in accordance with a resolution of the Board.

(Signed)
G. Bethune
Board Member

(Signed)
M. Chappel
Board Member

Adelaide, 17th August 2009

Independent Audit Report

to the Members of Phoenix Society Incorporated

We have audited the financial report of Phoenix Society Incorporated for the financial year ended 30th June 2009, being a special purpose financial report which comprises the Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, Notes to and forming part of the Accounts and the Statement by the Board.

The Board's Responsibility for the Financial Report

The Society's Board is responsible for the preparation and fair presentation of the financial report and has determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the needs of members. The Board's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report so that it is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with Australian Accounting Professional and Ethical Standards relating to audit engagements and to plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and other disclosures in the financial report. The procedures selected depend on the auditor's judgement, including an assessment of the risk of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, the auditor considers relevant internal controls to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal controls. The audit also includes evaluating the application of the accounting policies used, as described in Note 1, and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for the distribution to members for the purpose of fulfilling the Board's financial reporting requirements under the *Associations Incorporation Act 1985* and Regulations and the Constitution of the Society. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Australian Accounting Professional and Ethical Standards.

Audit Opinion

In our opinion the financial report of Phoenix Society Incorporated present fairly, in all material respects, the financial state of the Society as at 30th June 2009, and the results of its operations and cash flows for the year ended on that date in accordance with the accounting policies described in Note 1 of the financial report.

We have received all the information and explanations we requested for the purposes of the audit.

G. R. Ashby

NELSON WHEELER NEXIA
Chartered Accountants,
100 Hutt Street, Adelaide, SA

17th August 2009

Corporate Values

All Phoenix people will...

- **Respect** the needs and aspirations of each other
- Be **honest** and **truthful** with each other, our customers and the public
- Be **tolerant** and **understanding**, always acting with **dignity** and treating others equally
- Promote **trust** across Phoenix by being **caring** and **ethical**
- Maintain the **privacy** of all associated with Phoenix
- Foster **growth** and **prosperity** of Phoenix through teamwork
- Maintain a **customer focus** in outcome delivery
- **Resolve** issues quickly, equitably and professionally
- Be **proud** of Phoenix and **help** the public understand what we do
- Be **respectful** of the environment and be **aware** of our impact on the earth's natural resources



PHOENIX



Phoenix Society Incorporated

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