



Dear Members,

As we move into 2024 the Board felt that it was important to keep you informed about events at and around the hospital. These are detailed below.

Finance

In the six months ending 31 December 2023, the Association has incurred an operating loss of \$238,190. The main contributions to this loss come from unavoidable costs including insurance (\$28,666), repairs and maintenance costs (\$48,412), Energy, Waste & Water (\$27,533), Legal Costs (\$43,252) and Depreciation (\$72,138). These costs, in the main, reflect the reality of trying to maintain what is now an old and tired building. Despite being well maintained over the years the building is beginning to suffer from the inevitable accumulated wear and tear that afflicts any building as it ages.

Legal Action – R. L. H. Davis v McLaren Vale & Districts War Memorial Hospital Inc (CIV 23-007502)

After many delays, the applicant, Mr Davis has finally presented the court with a revised claim. This has enabled the Association's lawyers to begin preparation of a detailed amended defence to the claim. This process has required many hours of work by me and Ms Jane Ross, Facilities Manager. A substantial number of documents have had to be retrieved from the hospital records so that the hospital's lawyers in completing the hospital's defence have a complete and accurate history of the hospital's circumstances over the last several years.

As mentioned above, this has been a very costly process to date, and more costs will be incurred going forward. The Board regards the action as entirely unjustified and unsupported by the evidence. Accordingly, should it successfully defend this action, the Board will seek to recover its legal costs from the applicant.

Following the filing of the defence, the next step will be to give discovery. This involves the disclosure of any documents relevant to the proceedings and this is likely to be a costly and time-consuming process.

The next Directions Hearing is scheduled for Thursday 14 March 2024, after which it is expected that a trial date will be set by the court.

Due Diligence Process for planned transfer of assets to James Brown Memorial Trust (Kalyra)

Both the Association and Kalyra have been steadily working through an extensive due diligence process for the planned merger and transfer of assets. In essence, the aim of this process is to identify all assets and liabilities that may be involved in the transfer, as well as the conditions that are associated with that process such as protecting the interests of the volunteers and other tenants. This process has gone quite smoothly, and it is envisaged that an initial version of the legal instrument to give effect to the transfer of assets will be ready for review by the Board in the very near future. The parties currently do not anticipate finalising this process until the current legal action is concluded.

Community Consultation

The initial survey about the future use of the hospital site, being undertaken by democracyCo, drew over 150 responses, which is an excellent result. An Advisory Group is to be convened by democracyCo,

composed of residents of McLaren Vale and the surrounding districts, to consider the results of the survey and make its own contribution to thinking about the future needs of the community. Consultations have also been held between Kalyra and local medical practitioners about how any prospective 'GP Super Centre' might be structured, financed, and operated. There are models for this available from other states but finding the right one for our community is obviously important.

Volunteers' Sheds

The first of the two new sheds is now substantially completed and should be occupied in the very near future. Preliminary work for the construction of the second new shed is now well advanced and will commence as soon as the required materials and trades have been organised. The project will hopefully be capable of completion before the middle of the 2024.

Summary

The Board is keen to complete the merger and transfer of assets to Kalyra as soon as reasonably possible. The main impediment to this is the ongoing legal action. Unfortunately, the longer the delays in resolving that matter the more of the Association's remaining funds will be consumed in trying to sustain and maintain the current hospital buildings and grounds. There is no way of avoiding this so the Board expects the Association's overall financial situation will deteriorate further as this year progresses. This will be the case despite the best efforts of the Board and the Facilities Manager to minimise costs.

Nevertheless, the Board remains hopeful that by the middle of the year the legal action will be resolved and the planned merger with Kalyra can proceed.

Yours sincerely,



Chris Overland
Chair
Board of Directors

29 January 2024