



CATHOLIC HEALTH
Australia

Annual Report for the
2009/10 FINANCIAL YEAR

The Catholic Church in Australia

Working in communion

Providing the healing care of the hands of Jesus



CATHOLIC HEALTH
Australia

Annual Report for the 2009/10 Financial Year

INDEX

Key Contributions on behalf of CHA Members.....	1
Chairman and Chief Executive Officer's Report.....	2
CHA 2010 Federal Election Platform.....	5
CHA Policy Committees as at 30 June 2010	8
Aged Care Policy Committee	8
Education and Formation Committee	8
Health Committee	9
Directors of Nursing and Midwifery Committee	9
Financial Report for the year Ended 30 June 2010.....	11

75 hospitals and 550 aged care facilities are operated by different bodies of the Catholic Church within Australia. These health and aged care services are operated in fulfilment of the mission of the Church to provide care and healing to all those who seek it. Catholic Health Australia is the peak member organisation of these health and aged care services. Further detail on Catholic Health Australia can be obtained at www.cha.org.au

Key Contributions on behalf of CHA Members

The Association Rules of Catholic Health Australia state its vision is to:

- Take a leadership role in supporting and strengthening its membership to develop individually and collaboratively to ensure the healing ministry flourishes as an integral part of the mission of the Catholic Church; and
- Promote a just system of health and aged care delivery that has at its heart an imperative for those who are poor and marginalised as the unified public voice for the members on matters of common interest.

In the 2009/10 year, CHA has fulfilled this vision by:

- Leading a successful campaign to retain both payroll tax concessions and fringe benefit tax concessions for not for profit hospitals and aged care services. The potential loss of charitable tax concessions had been identified by CHA members as the single largest threat to Catholic hospital and aged care service viability.
- Contributing to the establishment and operation of The Campaign for Care of Older Australians which released a Grand Plan for aged care reform. The Campaign is allowing aged care providers to talk to government with a 'single voice'.
- Coordinating a collective response of Catholic healthcare providers to changes being made to the administration of public health policy.
- Publishing the CHA Community Aged Care Policy Blueprint: A Better way forward to articulate policy needs to sustain and expand access to community provided aged care
- Establishing the new Catholic Health Australia Bioethics Forum, with a role to coordinate Catholic health and aged care strategies and responses to ethical issues being considered by governments.
- In partnership with the Australian Catholic Bishops Conference, commencing work to develop the Guide for Governance of Catholic Health and Aged Care Organisations which will assist the enhancement of best practice governance of CHA member organisations.
- With the assistance of its appointed advisor PricewaterhouseCoopers, consulted with CHA members and developed a ten year road map to consider how to sustain and grow Catholic health and aged care ministries with the publication of inFORMATION.
- Forming a partnership with Catholic Social Services and the Society of St Vincent de Paul to establish the 'Advocate in Residence' program to focus on needs of the poor and marginalised.
- Responding to requests of individual CHA members to undertake specific advocacy to governments on behalf of matters relevant to the operation of particular ministries.
- Securing funding for medical specialist training to occur across Catholic private hospitals.
- Conducting Nurse Unit Manager best practice research.
- Publishing a best practice guide on pastoral services.



Chairman and Chief Executive Officer's Report

For CHA; 2010 came as the year which many health and aged care experts hoped would be the time in which the Federal Government took control of health and aged care and changed the system for the better. Regrettably however, substantive change is yet to materialise and this is in part because the detail of the hospital reform agenda is yet to be known, and because government itself is still to conclude its own view on how the reforms can be implemented. The Productivity Commission review of Aged Care is still six months off from reporting, and until this report is delivered, the future of aged care remains unclear.

Missing also from the reform agenda as it relates to both health and aged care has been a priority for addressing the needs of the poor and marginalised. Catholic Health Australia has this year continued its role in making the case for the needs of the underserved and whilst Government has listened; in that when new primary health care organisations are established they will play a role in monitoring access to services and responding to local service gaps. More can be done. More should be done.

Curiously also, it seemed that whilst one arm of government was considering the future of health policy; another was considering tax policy that would have a major impact on health service viability if tax concessions were removed.

A Productivity Commission Review of the not-for-profit sector and the Henry Review of the Tax system both considered the removal of payroll tax and fringe benefit tax concessions from Catholic health and aged care services and it was this risk that mobilised an ultimately successful CHA initiative to see the tax concessions retained.

Our health and aged care services are not-for-profit and our mission to fulfil the caring and healing ministries of Jesus, is what separates us from government and for-profit service providers. Partial removal of not-for-profit elements of Catholic health and aged care services would have reduced our ability to fulfil that mission and it was this imperative which sparked our defence of the concessions.

Out of the health policy process, changes are proposed to the health and hospital system. Governments are moving to establish Local Hospital Networks, and aged care in the future will be accessed through one stop shops – an initiative first proposed to Government in 2008 by Catholic Health Australia's Aged Care Policy Blueprint, but whilst Government has acted slowly, Catholic providers of health and aged care have continued their focus in fulfilling the call to Jesus' Ministry of care and healing.

CHA, the 'meeting place' of its 74 members, has sought to assist in the fulfilment of this mission and with the support of the Health Policy Committee, has acted as the representative of its members to the Federal Government in health reform deliberations in making formal written submissions to:

- The Senate Inquiry into funding the National Health and Hospitals Network
- The Senate Inquiry into COAG health reforms
- The Department of Health and Ageing Pathology Funding Review
- The National Health and Medical Research Council's National Guidance on Collaborative Maternity Care
- The National Health and Medical Research Council's Ethical Issues Involved in the Transitions to Palliation and End of Life Care for People With Chronic Conditions



Chairman and Chief Executive Officer's Report cont.

- The Federal Budget 2010/11
- The Productivity Commission's review of public and private hospitals
- The National Health and Hospitals Reform Commission
- The Tasmanian Parliament's Joint Standing Committee on Community Development Inquiry into the Dying With Dignity Bill 2009
- The National Women's Health Policy Consultation Discussion Paper
- The National Health Workforce Taskforce Discussion Paper - Health Education & Training

In fulfilling the mission of aged care; CHA with the support of its Aged Care Policy Committee helped establish the Campaign for Care of Older Australians that is focused on securing through the Productivity Commission Inquiry into Aged Care, the adoption of policy reform proposals first articulated by CHA in its 2008 Aged Care Policy Blueprint and it has also made formal submissions on behalf of its members to:

- The Senate Inquiry into COAG health reforms
- The Senate Inquiry into Planning Options and Services for People Ageing with a Disability
- The Productivity Commission Inquiry Caring for Older Australians
- The Review of the Aged Care Funding Instrument (ACFI)
- The Federal Budget 2010/11
- The Review of the Operation of the Aged Care Complaints Investigation Scheme
- The Review of the Accreditation Process for Residential Aged Care Homes
- The Productivity Commission's Review of Regulatory Burdens: Social and Economic Infrastructure Services

As part of the review of not-for-profit tax concessions, CHA:

- Commissioned KPMG to assess the financial impact of the removal of tax concessions from Catholic hospitals;
- Provided a submission to and met with the Productivity Commission in the development of its report on the Contribution of the Not-For-Profit Sector
- Coordinated the submission of the Select Group of Not-for-Profit Private Hospitals to the Productivity Commission review of the Contribution of the Not-For-Profit Sector
- Provided a submission to and met with the Henry Tax Review.



Chairman and Chief Executive Officer's Report cont.

Ultimately, the initiative to retain tax concessions required significant public advocacy. This advocacy was successful, and as mentioned previously, the tax concessions remain in place.

The public policy focus of CHA did not overshadow its obligation to foster Catholic identity and to ensure the sustainability and growth of Catholic service providers. To this end, CHA in partnership with the Australian Catholic Bishops Conference is developing the Guide for Governance of Catholic Health and Aged Care Organisations which will assist the enhancement of best practice governance of CHA member organisations.

With the assistance of PWC, CHA consulted with members and developed a ten year road map to consider how to sustain and grow Catholic health and aged care ministries with the publication of inFORMATION. Both of these separate projects are large in scale, difficult in execution, but a necessary requirement of the fulfilment of CHA's charter.

The progress of CHA in the last year can be attributed to the contribution of its members, the work of the CHA Health, Aged Care, and Education and Formation Committees, the Stewardship Board of Directors, and the staff of our small secretariat. Hundreds of people contribute to CHA and thanks are owed to many. In the year ahead, our prayer is that these contributors may be able to continue to give as we collectively chart a future for ministry of Catholic care and healing.



Tony Wheeler
Chairman



Martin Laverty
Chief Executive Officer



CHA 2010 Federal Election Platform

2010 was an election year. The CHA membership articulated its platform for the incoming government as follows:

On any given day, one in ten of all Australians in a hospital or residential aged care bed is being cared for in a Catholic facility. One in three of all older Australians receiving Commonwealth funded community care is being cared for by a Catholic organisation. These services exist for all Australians, but particularly for those in socioeconomic disadvantage who, through no fault of their own, often miss out on quality health and aged care.

The Catholic Health Australia (CHA) Stewardship Board has adopted this 2010 Federal Election Platform. The Board invites all people or parties seeking election to the House of Representatives and Senate to consider adopting CHAs policy initiatives as their own.

<p>Adopt the World Health Organisation’s Social Determinants of Health framework</p>	<p>In Australia, a person’s wealth dictates their health. There is an urgent need for action to address the health needs of those living in socioeconomic disadvantage. The Parliament should adopt the World Health Organisation (WHO) action framework on the social determinants of health in order to prevent ill health in the community, which will in turn reduce future health costs being incurred. The Council of Australian Government (COAG) should implement this WHO framework.</p> <p>Specific Action: To implement a new focus on ameliorating the detriments of the social determinants of health, CHA proposes that each Local Hospital Network and Medicare Local currently being established as part of the COAG agreed health reform process be given publicly reportable goals and targets requiring action plans to reduce inequalities in health outcomes and access barriers to health services. Success against these goals and targets should be reported to the new National Performance Agency, which in turn should direct funding to areas of proven need.</p> <p>Specific Action: Nationally, a new target should be set to reduce the gap in life expectancy between the least disadvantaged and the population average.</p>
<p>Develop a new national Health and Aged Care Workforce Plan</p>	<p>The single most pressing matter confronting Catholic health and aged care services is the current and future availability of a skilled workforce. Despite many years of government programs, a long term plan to properly address Australia’s future health workforce needs has yet to emerge.</p> <p>Specific Action: Within six months of the election of the next Government, a ten year action plan should be presented by Health Workforce Australia to a Senate Inquiry with terms of reference to review what action can be taken by 2020 to provide sufficient doctors, nurses, allied health and other care givers to work in the nation’s health and aged care services. The Senate Inquiry should report within a year of the election, setting out a bipartisan national approach to health workforce planning.</p>



Ensure quality and efficiency in hospital care, and retain a strong role for private healthcare delivery

CHA proposes the establishment of a 'Health Reform Implementation Advisory Council', comprising non-government experts, to assist COAG in achieving maximum health outcome benefits through effective implementation of the health system changes. CHA also proposes:

- The development of a national hospital performance standard and monitoring framework that builds on, rather than replicates, existing quality systems, and presents comparative cost and quality data in a meaningful way to the Australian public
- Transparency of public hospital funding, demonstrated by the establishment of an independent national hospitals pricing authority, allowing governments to direct funding to health care providers who demonstrate cost efficiency and quality effectiveness
- A weighting in the distribution of funding to Local Hospital Networks and Medicare Locals based on the assessment of health inequalities, so that socioeconomically disadvantaged areas have greater future access to resources
- Immediate negotiations with private hospitals to ensure planned, not ad hoc use, of private hospitals to assist Local Hospital Networks meet public elective surgery targets
- That Catholic public and private hospitals be able to continue to operate within new Local Hospital Networks with appropriate governance independence, but able to access funding on a level playing field with full transparency
- The establishment of Local Hospital Networks and Medicare Locals boards of governance with skilled experts. Within 2 years of the establishment of these new governance bodies, a formal review of their operating efficiency and effectiveness should be conducted.

CHA also proposes continuance of Federal Government programs that encourage the uptake of private health insurance. CHA invites political parties to consider new options of promoting the uptake of private health insurance in order to relieve pressure in the public hospital system.

Specific Action: Within one month of the election of the next Government, CHA proposes that the Productivity Commission be tasked to review the role and impact of 'out of pocket health costs' in hospital and medical care, with a view to strengthening the safety net for those least able to afford growing out of pocket health care costs. The review should consider how to achieve more equitable outcomes in the operation of private health insurance funds. It should review a cost efficient and quality effective manner for distribution of public funding for hospital services.



CHA 2010 Federal Election Platform cont.

<p>Ensure sustainability in aged and community care services</p>	<p>In aged and community care, CHA recognises that the Productivity Commission will report early next year on how to structure aged care services for the next decade and beyond. CHA proposes that process focus on:</p> <ul style="list-style-type: none"> • Giving consumers choice, particularly those in socioeconomic disadvantage • Guarantee access by making aged care an entitlement to those assessed as needing it • Service provider sustainability to meet growing needs of an ageing population <p>CHA endorses short term policies that would result in Specific Action to:</p> <ul style="list-style-type: none"> • Ensure that the Daily Accommodation payment is set at an amount at least equal to the cost of service delivery • Ensure annual funding to aged care services is increased at the rate equal to the increase in cost of operating aged care services • Abolish the distinction between low and high care in residential aged care facilities, which would in turn enable those in high care with capacity to pay a bond to do so, and those who cannot to be protected by a robust safety net • Replace the current 3 year cycle of accreditation with a permanent system of accreditation assessed continually instead of every 3 years • Restore the value of Community Aged Care Packages so that clients could once again receive an average of 7 hours per week, up from the current 5, with priority given to those living in socioeconomic disadvantage
<p>Provide palliative care to all who need it</p>	<p>CHA proposes:</p> <ul style="list-style-type: none"> • Access to palliative care services that are equitable, and able to meet the need of all who could benefit from palliative services • Palliative care service delivery philosophy that is broadly integrated and embedded across all health and aged care services
<p>Establish a Prime Minister's mental healthcare summit</p>	<p>Governments have failed to invest in mental health services. CHA proposes the development of a new mental health system that guarantees universal access to mental health care. This can be achieved through the development of a new national mental health plan. Importantly, a new mental health system needs to be properly funded, and able to serve the needs of those for who it is designed, particularly those who are homeless or challenged in engaging with health systems.</p> <p>Specific Action: Within two months of the election of the next Government, the Prime Minister should call a mental health summit to commence the work of designing a new national mental health system to be implemented by COAG. Medicare Locals should be given a role in reporting on the adequacy of access to services and success of reducing mental health incidence.</p>



CHA Policy Committees as at 30 June 2010

Aged Care Policy Committee

Sr Therese Carroll rsj (Chair)

Leadership Team, Sisters of St Joseph of the Sacred Heart, NSW

Mr Michael Bendyk

Chief Executive Officer, Southern Cross Care, SA

Dr Anthea Kingsley

General Manager Aged Care, Mercy Community Services, WA

Dr Barry Wiggins

Chief Executive Officer, Our Lady of Consolation Aged Care Services, NSW

Mr Steve Tuelen

National Director Aged Care and Retirement Services, Little Company of Mary Health Care Ltd, ACT

Ms Valerie Lyons

Chief Executive Officer, Villa Maria Society, VIC

Ms Janis Redford

General Manager, Community Care, Catholic Healthcare NSW

Education and Formation Committee

Ms Madonna McGahan (Chair)

Executive Director Mission Leadership, Mater Health Services, Brisbane, QLD

Fr Cormac Nagle OFM

Ethicist, Mercy Healthcare, Melbourne, VIC

Sr Leone Wittmack RSC

National Director of Mission, Sisters of Charity, Bondi Junction, NSW

Ms Jennifer Stratton

Group Director Mission, St John of God Health Care Ltd, West Perth, WA

Ms Catherine Garner

Mission Intergration Director, Cabrini Health, VIC

Sr Mary Lynch rsm

Manager of Mission Services, Catholic Healthcare Ltd, Sydney, NSW

Sr Bernadette Fitzgerald lcm

National Director of Mission, Little Company of Mary Health Care, ACT

Ms Anne Fox

Group General Manager Mission and Culture, MercyCare Ltd, Perth, WA



CHA Policy Committees as at 30 June 2010

Health Committee

Mrs Lynne Sheehan (Chair)

Director of Operations, Mercy Health and Aged Care, QLD

Mr Walter Kmet

National Director of Public Hospitals, Little Company of Mary Health Care

Mr John Fogarty

Chief Executive Officer, St John of God Hospital, Ballarat

Dr John O Donnell

Chief Executive Officer, Mater Misericordiae Health Services Brisbane, QLD

Dr Tracey Batten

Chief Executive Officer, St Vincent's Health Australia Ltd, NSW

Directors of Nursing and Midwifery Committee

Associate Professor Kate Birrell (Chair)

Group Director, Nursing, St John of God Health Care

Ms Barbara Paris

Director of Nursing, The Mater Hospital, North Sydney

Ms Cheryl Clayton

Director of Nursing, Mater Private Hospital, Brisbane

Ms Deirdre Moran

Director of Mercy Aged Care, Brisbane

Ms Amanda Kingham

Director of Residential Care - Ashwood, Cabrini Health, Melbourne

Ms Vivienne Sprigg

Director of Nursing, Mercy Hospital Mount Lawley

Adj Assoc Professor Chris Hanna

Director of Nursing, Saint John of God, Subiaco

Sr Kathleen Cotterill

Director, Inpatient Services, Hawkesbury District Health Services

Ms Karen Wade

Director of Nursing, Mater Hospital, Mackay (Mercy Care)



CHA Policy Committees as at 30 June 2010

Ms Rozelle Williams

Quality Manager, Aged Care Services Mercy Health, Melbourne

Ms Cynthia Dowell

Director of Nursing, St Vincent's Public Hospital, Melbourne

Ms Susan O Neill

Director of Nursing, Cabrini Health, Melbourne

Ms Diane Jones

National Director Clinical Services, Little Company of Mary Health Care

Ms Janine Loader

Chief Nursing Officer, St Vincent's and Mercy Private, Melbourne





Catholic Health Australia Inc

Financial Report for the Year Ended 30 June 2009

COMMITTEE'S REPORT

Your committee members submit the financial report of the Catholic Health Australia Incorporated for the financial year ended 30 June 2010.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Mr. Tony Wheeler (Chair)	Ms Lynne Sheehan
Sr. Therese Carroll, RSJ	A/Prof Catherine Birrell
Mr. Pat Bugden	Ms Madonna McGahan (Appointed 28/10/09)
Dr. Michael Stanford	Sr. Berneice Loch, RSM
Sr. Antoinette Baldwin, RSJ	Bishop Joseph Oudeman OFM Cap DD
Sr. Helen Monkivitch, RSM	Dr Michael Walsh (Appointed 28/10/09)
Br Joseph Smith, OH	Ms. Rowena McNally (Appointed 27/7/09)
Mr Michael Thom	Dr Angela Atkin (Resigned 28/10/09)

Principal Activities

The principal activities of the association during the financial year were to promote justice and compassion in health care, influence public policy and strengthen the presence and influence of Catholic health and aged care within the Australasian health care system.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The result from ordinary activities amounted to a net surplus of \$33,177 (2009: surplus \$216,602).

Signed in accordance with a resolution of the Members of the Committee.

.....
Committee Member

.....
Treasurer

Dated this day of 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue	2	2,367,287	2,485,286
Employee benefits expense		(1,278,087)	(1,136,012)
Depreciation and amortisation expenses		(25,197)	(27,960)
Conference expense		(329,536)	(481,029)
Consultancy fees		(185,993)	(62,261)
Printing expense		(55,358)	(31,218)
Other expenses		(459,939)	(530,204)
Surplus from operations		33,177	216,602
Other comprehensive income		-	-
Total comprehensive income attributable to the members		33,177	216,602

The accompanying notes form part of these financial statements.



BALANCE SHEET AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	275,296	2,264,532
Trade and other receivables	7	830,585	240,117
Other current assets	8	2,184,782	23,187
TOTAL CURRENT ASSETS		3,290,663	2,527,836
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,821	53,192
TOTAL NON-CURRENT ASSETS		28,821	53,192
TOTAL ASSETS		3,319,484	2,581,028
CURRENT LIABILITIES			
Trade and other payables	11	1,143,284	495,128
Employee benefits	12	190,964	133,841
TOTAL CURRENT LIABILITIES		1,334,248	628,969
NON-CURRENT LIABILITIES			
Employee benefits	12	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,334,248	628,969
NET ASSETS		1,985,236	1,952,059
EQUITY			
Retained surplus and Reserve		1,985,236	1,952,059
TOTAL EQUITY		1,985,236	1,952,059

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Retained Earnings \$	Aged Care Reserve (see note 18) \$	Total \$
Balance at 1 July 2008	1,735,457	-	1,735,457
Surplus attributable to members	216,602	-	216,602
Transfer(to)/from reserves	(187,000)	187,000	-
Balance at 30 June 2009	1,765,059	187,000	1,952,059
Surplus attributable to members	33,177	-	33,177
Transfer(to)/from reserves	50,000	(50,000)	-
Balance at 30 June 2010	1,848,236	137,000	1,985,236

The accompanying notes form part of these financial statements.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		2,566,540	2,640,490
Payments to suppliers and employees		(2,652,351)	(2,346,936)
Interest received		97,401	116,103
Net cash provided by operating activities	14	11,590	409,657
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(826)	(17,801)
Purchase of investments		(2,000,000)	-
Net cash (used in) provided by investing activities		(2,000,826)	(17,801)
Net increase/(decrease) in cash held		(1,989,236)	391,856
Cash at beginning of financial year		2,264,532	1,872,676
Cash at end of financial year	6	275,296	2,264,532

The accompanying notes form part of these financial statements.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

This financial report covers Catholic Health Australia Inc as an individual entity. Catholic Health Australia Inc is an association incorporated in the ACT under the Associations Incorporations Act 1991.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Associations Incorporations Act 1991.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Income Tax

Catholic Health Australia Inc is exempted from income tax due the exemption granted under section 6.2 of section 50-30 of the Income Tax Assessment Act 1997

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	10%-33%
Office equipment	10%-33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

c. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the association are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

d. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The association does not designate any interests in associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The association has not held any financial assets at fair value through profit or loss in the current or comparative financial year.

d. Financial instruments cont

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At each reporting date, the association assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of Assets

At each reporting date, the association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

f. Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

h. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the membership period.

All revenue is stated net of the amount of goods and services tax (GST).

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

j. Critical Accounting Estimates

The Association evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

k. New Standard And Interpretations Issued But Not Yet Effective

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136, 139]	Amends a number of standards as a result of the annual improvements project.	1 January 2010	Minimal
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	Minimal
Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	This Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. It does not address the accounting by the creditor.	1 July 2010	Minimal
AASB 124	Related Party Disclosures	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013	Minimal
2009-12	Amendments to Australian Accounting Standards	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011	Minimal
2010-1	Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures from First-time Adopters	Amends AASB 1 First-time Adoption of Australian Accounting Standards; and AASB 7 Financial Instruments: Disclosures. Principally give effect to extending transitional provisions of AASB 2009-2.	1 July 2010	Minimal



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009	
	\$	\$	
NOTE 2: REVENUE AND OTHER INCOME			
Revenue			
— Membership subscription	1,603,180	1,665,036	
— Workshop and conference	599,672	654,455	
— Sale of goods	39,907	43,345	
— Other income	27,127	6,347	
— interest received	97,401	116,103	
Total revenue	2,367,287	2,485,286	
NOTE 3: SURPLUS			
Surplus has been determined after			
Expenses			
Finance cost			
— Bank charge	1,707	952	
Employee benefits:			
— Wages and salary	1,278,087	1,136,012	
Rental expense on operating leases:			
— Rent	65,891	65,697	
— minimum lease payments	6,636	7,189	
NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION			
	Short-term Benefit \$	Post-employment Benefit \$	Total \$
2010			
Total compensation	272,693	25,000	297,693
2009			
Total compensation	250,000	22,500	272,500



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
NOTE 5: AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
— Auditing or reviewing the financial report	10,000	9,500
Accounting services	2,500	2,500
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	275,296	2,264,532
	275,296	2,264,532
NOTE 7: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivable	858,060	234,539
Less: Provision for doubtful debt	(27,475)	(16,933)
	830,585	217,606
GST receivable	-	22,511
Total current trade and other receivables	830,585	240,117

Current receivables are generally receivable within 30 days. A provision for impairment is recognised against subscriptions where there is objective evidence that an individual receivable is impaired.

Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
NOTE 8: OTHER CURRENT ASSETS		
CURRENT		
Accrued income	23,589	-
Investments – term deposit	2,000,000	-
Other receivables and prepayments	161,193	23,187
	2,184,782	23,187
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
	2010	2009
	\$	\$
MOTOR VEHICLE		
At cost 34,438	34,438	
Accumulated depreciation	(21,799)	(17,347)
	12,639	17,091
Plant & Equipment		
At cost 190,138	189,312	
Accumulated depreciation	(181,117)	(163,610)
	9,021	25,702
Fixtures & Fittings		
At cost 16,196	16,196	
Accumulated depreciation	(9,035)	(5,797)
	7,161	10,399
Total property, plant and equipment	28,821	53,192



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
NOTE 11: TRADE AND OTHER PAYABLES		
CURRENT		
Payables		
Trade and other payables	127,296	99,911
Funds held for programs	770,083	145,063
Income in advance	245,905	250,154
	1,143,284	495,128
NOTE 12: EMPLOYEE BENEFITS		
CURRENT		
Annual Leave	130,455	95,238
Long Service Leave	60,509	38,603
	190,964	133,841
NON-CURRENT		
Long Service Leave		--
Total Employee Benefits	190,964	133,841
NOTE 13: CAPITAL AND LEASING COMMITMENTS		
a. Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments:		
— not later than 12 months	6,636	6,636
— between 12 months and 5 years	19,908	26,544
	33,180	26,544

The photocopier lease is a non-cancellable lease with a five-year term, with lease payable monthly in advance.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
NOTE 14: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with surplus		
Surplus	33,177	216,602
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
— depreciation	25,197	27,960
— net gain on disposal of property, plant and equipment	-	-
Net cash provided by/(used in) operating activities	58,374	244,562
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
— Decrease/(increase) in trade debtors and other receivable	69,531	(104,747)
— Decrease/(increase) in prepayments	(161,595)	99,750
— (Decrease)/increase in trade and other payables	(32,614)	(5,769)
— (Decrease)/increase in income in-advance	20,770	188,208
— (Decrease)/increase in employee benefits	57,124	(12,347)
	11,590	409,657

NOTE 15: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2010	2009
		\$	\$
Financial assets			
Cash and cash equivalents	6	275,296	2,264,532
Investments	8	2,000,000	-
Loans and receivables	7	830,585	240,115
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	11	127,296	495,128

Financial Risk Management Policies

The association's committee members are responsible for, among other issues, monitoring and managing financial risk exposures of the association. The committee members monitor the association's transactions and review the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held bi-monthly and minuted by the committee of management.

The committee members' overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

Specific Financial Risk Exposures and Management

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and equity price risk.

a. Interest rate risk

The association is not exposed to any significant interest rate risk since cash balances are maintained at variable rates.

b. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing & financing activities;
- only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

c. Foreign exchange risk

The association is not exposed to fluctuations in foreign currencies.

d. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.



Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

There is no collateral held by the association securing trade and other receivables.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties.

Net Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Areas of judgment and the assumptions used have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

			2010		2009	
	Note	Footnote	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets						
Cash and cash equivalents		(i)	275,296	275,296	2,264,532	2,264,532
Investments – term deposit		(i)	2,000,000	2,000,000	-	-
Trade and other receivables		(i)	830,585	830,585	240,117	240,117
Total financial assets			3,105,881	3,105,881	2,504,649	2,504,649
Financial liabilities						
Trade and other payables		(i)	1,143,284	1,143,284	495,128	495,128
Total financial liabilities			1,143,284	1,143,284	495,128	495,128

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, investments, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
NOTE 15: FINANCIAL RISK MANAGEMENT CONT		
Sensitivity analysis		
Change in profit		
– Increase in interest rate by 1%	22,753	22,645
– Decrease in interest rate by 1%	(22,753)	(22,645)
Change in equity		
– Increase in interest rate by 1%	22,753	22,645
– Decrease in interest rate by 1%	(22,753)	(22,645)

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign currency risk as the association is not exposed to foreign currency fluctuations.

NOTE 16: ASSOCIATION DETAILS

The registered office of the association is:

Catholic Health Australia Inc

Level 1 Rowland House

Thesiger Court

DEAKIN ACT 2600

The principal places of business is:

Catholic Health Australia Inc

Level 1 Rowland House

Thesiger Court

DEAKIN ACT 2600

NOTE 17: SEGMENT REPORTING

The association operates predominantly in one business and geographical segment, being identification, development and promotion of a Catholic perspective on current and emerging issues and needs in health and aged care throughout Australia.

NOTE 18: SPECIAL RESERVES

A special reserve of \$187,000 termed “Aged Care Reserve” was created in 2009 by setting aside this amount from that year’s surplus. The reserve was to cover the expenditure required to highlight to the public the major deficiencies that exist in the current funding model in aged care, and ensure Aged Care is an issue in the next Federal Election. In 2010, expenditure of \$50,000 was made in respect of this project and charged as an expense under consultancy. Accordingly the same amount has also been transferred from the “Aged Care Reserve” to Retained Surplus to acknowledge this amount.

STATEMENT BY MEMBERS OF THE COMMITTEE

In the opinion of the committee, the attached financial report:

1. Presents a true and fair view of the financial position of Catholic Health Australia Inc as at 30 June 2010 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. At the date of this statement, there are reasonable grounds to believe that Catholic Health Australia Inc will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

Committee Member

Treasurer

Dated this day of 2010



CATHOLIC HEALTH

Australia

Level 1, Rowland House
10 Thesiger Court, Deakin ACT 2600
PO Box 330, Deakin West ACT 2600
T 02 6260 5980 F 02 6260 5486

www.cha.org.au