CATHOLIC HEALTH
Australia

Annual Report for the

2010/11 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 2010/11 Financial Year

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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 2010/11 year, CHA has fulfilled this vision by:

- Representing Catholic health services in multiple Federal Government consultation processes as changes to health service governance and financing were being negotiated by the Council of Australian Government that will see the creation of the National Hospital Performance Authority and National Hospital Pricing Authority.

- Contributing to the coordination of Aged Care service provider efforts to achieve reform of Aged Care, through participation in the Campaign for Care of Older Australians, by giving evidence to the Productivity Commission Inquiry into the future of Aged Care, and by being appointed to the Federal Government's Aged Care Reform Expert Implementation Committee.

- Securing agreement from the Federal Government that no CHA member will be adversely impacted by proposals to impose income tax and remove tax concessions from not-for-profit organisations involved in commercial income generating activities.

- Releasing a major research report, completed by the National Centre for Social and Economic Modelling, on social determinants of health, which detailed the drivers of poor health among socioeconomically disadvantaged Australians.

- Releasing a major CHA member research report, inFORMATION, which detailed a need for small Catholic aged care providers to undertake business change to ensure continued sustainability, and offered other opportunities for the future development of Catholic care.

- Convening Catholic Governance Conferences in July 2010 and April 2011, and progressing work on the *Guide for Governance of Catholic Health and Aged Care Organisations*.

- Representing CHA member interests in the development of future health workforce strategies, by regular participation in Health Workforce Australia programs.

- Contributing to the adoption of a new 5 year Federal Government funding agreement for pathology services operated by Catholic hospitals.

- Commencing a major study on the cost of providing care services in residential aged care homes to inform future funding levels required to deliver quality care programs.

Chairman and Chief Executive Officer's Report

The Prime Minister in late July of 2011 gave a speech to the think tank *Per Capita* in Melbourne. The speech committed the Government to the reform of the Nation's aged care system. At the time the speech was delivered, the Government was preparing for the release of the Productivity Commission report recommending sweeping changes to the way aged care operates. The Prime Minister used the speech to lay out her reform intentions.

The Prime Minister said:

> "First, older Australians have earned the right to be able to access the care and support that is appropriate to their needs, when they need it.
>
> Second, older Australians deserve greater choice and control over their care arrangements than the system currently gives them.
>
> And third, funding arrangements for aged care must be fair and they must be sustainable – both for older Australians themselves, and for the broader community."

In Canberra, the small and dedicated team who staff the CHA national office were applauding. The speech not only provided yet another sign the aged care system was about to be revived, but it also confirmed the Government had listened to and adopted the three main policy proposals of better access, greater choice, and more sustainable service funding first articulated in CHA's Aged Care Policy Blueprint launched in November 2008.

As this Report is presented to CHA's members at the 2011 Annual General Meeting, the long awaited Productivity Commission Report into the aged care system has just been released and CHA has been appointed to the Federal Government's Aged Care Reform Expert Implementation Committee. Obviously the journey is far from done, but we can take justifiable pride in the fact that we have played a significant role in putting aged care on the political agenda, and helped to shape the policy road map to deliver aged care to all Australians via a more accessible system that offers new consumer choice in services delivered by quality providers operating with a sustainable funding base.

Regrettably from our perspective though, there has been less applause when it comes to looking at the concluded health governance and finance changes that were agreed to by the Council of Australian Governments in late July 2011. Prime Minister Rudd pledged to take charge of the Nation's hospital system if it didn't improve and CHA made the point on the front page of *The Australian* in May of 2011 that hospital performance has not improved, and that many are disappointed that opportunities have been lost to engage non-government hospitals in improving access to quality healthcare.

Notwithstanding those lost opportunities however, CHA has represented Catholic hospital interests to State and Federal Governments during the last three years of national health system review and the COAG outcome agreed in July 2011 is not adverse to Catholic hospitals; due in part, to our advocacy on the powers to be given to the proposed National Hospital Performance Authority.

On the broader front, you would be aware that the future of not-for-profit organisations in Australia is constantly under review and following a recommendation of the Henry Tax Review at the beginning of this financial year, that tax concessions for not for profit hospitals be assed for removal, CHA mounted a case to the Federal Government in support of their retention. Then towards the end of the financial year, CHA once again argued

for the retention of tax concessions enjoyed by CHA members involved in commercial activities – which is all CHA members – after a Treasury proposal to impose income tax on unrelated commercial activities of not-for-profit bodies surfaced.

In both cases, the Federal Government offered assurances to CHA, in writing, that no CHA member would be impacted, but the frequency of the need to defend tax concessions suggests an inevitability of having to do so again in the years ahead.

On Governance; CHA, the 'meeting place' of the now 76 formal members of the Catholic Health Australia Association also drew the Catholic community together at several important gatherings over the course of the last year.

The first was a Catholic health and aged care governance seminar in Sydney in July 2010, attended by 110 directors and trustees of CHA member organisations and the success of this forum was built on in April of 2011 when 140 directors and trustees gathered again in Sydney for a two day Catholic health and aged care governance conference. Underpinning these two events was the drafting of the *Guide for Governance of Catholic Health and Aged Care Organisations*, a shared initiative of the Australian Catholic Bishops Conference, Catholic Religious Australia, and CHA. The Catholicity of health and aged care is in the hands of directors and trustees, and CHA's focus on Catholic governance development is seeking to foster a new period of discovery about what it is to govern a Catholic organisation.

The other main gathering of CHA members occurred in Adelaide in August of 2010 at the Annual CHA Conference, where a new attendance record was set - five hundred participants in all; who spent three days considering the future of Catholic health and aged care, prompted by the PWC inFORMATION report that detailed a variety of options for our future.

CHA also gathered its membership to look back to its recent past by establishing a new annual award; the Sr Maria Cunningham Lifetime Contribution Award. The first award was made to Sr Maria Cunningham OAM, a Sister of Charity, who was instrumental in not only steering the Sisters of Charity Health Services to their current success, but also in establishing what today is known as CHA and nurturing so many Catholic health practitioners and leaders.

She dedicated her life to the service of the poor through her role; first as a nurse in Catholic hospitals and later as an administrator and then governor. Maria's contribution, and that of many like her, built the Catholic health and aged care services we serve today. We honour her contribution, and will in years to come, honour others who've followed in her steps.

In the year ahead, CHA's focus will be on bedding down the elements of changes to hospital governance and financing; working to achieve meaningful aged care reform; finalising the *Guide for Governance of Catholic Health and Aged Care Organisations*; releasing a book on social determinants of health and publishing new commissioned research on the cost of ignoring social causes of ill health. A study tour to Rome and Leuven will also be conducted and a shared statement of commitment to Catholic principles will be adopted, together with the publication of a model mission discernment framework.

Overseeing this work will as usual be our small but capable national office staff. We express our thanks to them for their contributions to the life of CHA, and also to the members of the Stewardship Board sub-committees that advise the staff on public policy developments.

In turn, the national office is overseen by a dedicated volunteer group of Stewardship Board Directors. We thank each of them for their efforts, and in particular the two members who will retire at this AGM. The first is Sr Helen Monkivitch. She has served in differing capacities within CHA and its predecessor bodies for decades, including a period as its Chair. Sr Helen is a giant in the Catholic health community.

Another giant is Sr Berneice Loch. She has been instrumental in establishing Mercy Partners, that in the years ahead will be the body overseeing many Mercy hospital and aged care ministries. Helen and Berneice will be missed, and we thank them for their many years of dedicated service.

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 support CHA as we collectively work our way through the opportunities and challenges that will no doubt appear on our horizon.

Tony Wheeler
Chairman

Martin Laverty
Chief Executive Officer

CHA Policy Committees as at 30 June 2011

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

Mr Peter Jardine
Executive Director, Mercy Aged Care Services

Education and Formation Committee

Ms Madonna McGahan (Chair)
Executive Director Mission Leadership, Mater Health Services, Brisbane, QLD

Fr Cormac Nagle OFM
Ethicist, Mercy Health, 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

CHA Policy Committees as at 30 June 2011

Sr Bernadette Fitzgerald Icm
National Director of Mission, Little Company of Mary Health Care, ACT

Ms Anne Fox
Group General Manager Mission and Culture, MercyCare Ltd, Perth, WA

Ms Julia Abrahams
Director of Mission, Catholic Healthcare Ltd.

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

Dr Michael Walsh
Chief Executive Officer, Cabrini Health

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

CHA Policy Committees as at 30 June 2011

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)

Ms Rozelle Williams
Quality Manager, Aged Care 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 2011

CATHOLIC HEALTH
Australia Inc.

COMMITTEE'S REPORT

Your committee members submit the financial report of the Catholic Health Australia Incorporated for the financial year ended 30 June 2011.

Committee Members

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

Mr Tony Wheeler (Chair)
Sr Therese Carroll, RSJ
Mr Patrick Bugden
Dr Michael Stanford
Sr Antoinette Baldwin, RSJ
A/Prof. Kate Birrell
Br Joseph Smith
Ms Madonna McGahan
Mr Brendan Bowler (Appointed 26/10/10)
Ms Lynne Sheehan
Ms Rowena McNally
Mr Michael Thom (Resigned 2/12/10)
Sr Berneice Loch, RSM
Most Rev Joseph Oudeman OFM Cap DD
Sr Helen Monkivitch, RSM
Dr Michael Walsh
Mr Herbie O'Flynn (Appointed 17/3/11)

Principal Activities

The principal activities of the association during the financial year were to promote justice and compassion in heath 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 $3,710 (2010: surplus $33,177)

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

Committee Member .....

Treasurer .....

Dated this 17th day of August 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Revenue	2	**2,376,444**	**2,367,287**
Employee benefits expense		(1,281,190)	(1,278,087)
Depreciation and amortisation expenses		(16,260)	(25,197)
Aged Care Consultation		(47,455)	-
Conference expense		(293,452)	(329,536)
Consultancy fees		(166,815)	(185,993)
Printing expense		(51,375)	(55,358)
Rent Expense		(66,888)	(65,891)
Travel Expense		(124,895)	(111,255)
Other expenses		(324,404)	(282,793)
Surplus from operations		**3,710**	**33,177**
Other comprehensive income		-	-
Total comprehensive income attributable to the members		**3,710**	**33,177**

The accompanying notes form part of these financial statements.

BALANCE SHEET INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	290,635	275,296
Trade and other receivables	7	101,433	830,585
Other current assets	8	80,910	184,782
Investments	10	2,170,199	2,000,000
TOTAL CURRENT ASSETS		**2,643,177**	**3,290,663**
NON-CURRENT ASSETS			
Property, plant and equipment	9	13,334	28,821
TOTAL NON-CURRENT ASSETS		**13,334**	**28,821**
TOTAL ASSETS		**2,656,511**	**3,319,484**
CURRENT LIABILITIES			
Trade and other payables	12	477,367	1,143,284
Employee benefits	13	190,198	190,964
TOTAL CURRENT LIABILITIES		**667,565**	**1,334,248**
TOTAL LIABILITIES		**667,565**	**1,334,248**
NET ASSETS		**1,988,946**	**1,985,236**
EQUITY			
Retained surplus and Reserve		1,988,946	1,985,236
TOTAL EQUITY		**1,988,946**	**1,985,236**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Retained Earnings **$**	**Aged Care Reserve** (see note 18) **$**	**Total** **$**
Balance at 1 July 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**
Surplus attributable to members	3,710	-	3,710
Transfer(to)/from reserves	137,000	(137,000)	-
Balance at 30 June 2011	**1,988,946**	**-**	**1,988,946**

The accompanying notes form part of these financial statements.

CASH FLOW IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

		Note	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts *from mem*bers			3,549,465	2,566,540
Payments to suppliers and employees			(3,638,660)	(2,652,351)
Interest received			143,673	97,401
Net cash from operating activities	15		54,478	11,590
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment			(772)	(826)
Purchase of investments			(38,367)	(2,000,000)
Net cash (used in) investing activities			(39,139)	(2,000,826)
Net increase/(decrease) in cash held			15,339	(1,989,236)
Cash at beginning of financial year			275,296	2,264,532
Cash at end of financial year	6		290,635	275,296

The accompanying notes form part of these financial statements.

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

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 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.

(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.

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. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. Provisions

Provisions are recognised when the Institute has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

m. New Standard And Interpretations Issued But Not Yet Effective

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 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 Impact
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
2009-14	*Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement*	Amends Interpretation 14 AASB 119 – The limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	1 July 2011	Minimal Impact
AASB 1053	*Application of Tiers of Australian Accounting Standards*	This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	Minimal Impact
2010-2	*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements and amends AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052.	1 July 2013	Minimal Impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2010-5	*Amendments to Australian Accounting Standards*	Amends AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042 for editorial corrections	1 January 2011	Minimal Impact
2010-6	*Amendments to Australian Accounting Standards Disclosures on Transfers of Financial Assets*	This Standard adds and amends disclosure requirements about transfers of financial assets, including in respect of the nature of the financial assets involved and the risks associated with them.	1 July 2011	Minimal Impact
2010-10	*Further Amendments to Australian Accounting Standards Removal of Fixed Dates for First-time Adopters*	Amends AASB 1 for first-time adopters	1 January 2013	Minimal Impact
2011-1	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*	Amends AASB 1, 5, 101, 107, 108, 121, 128, 132, 134 and Interpretations 2,112 & 113) as a result of the Trans-Tasman Convergence Project.	1 July 2011	Minimal Impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2011-2	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements (AASB 101 & 1054)*	This Standard makes amendments to the following Australian Accounting Standards: 1. AASB 101 Presentation of Financial Statements 2. AASB 1054 Australian Additional Disclosures, to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.	1 July 2013	Minimal Impact
2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.	1 July 2013	Disclosure only

	2011 $	2010 $
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
— Membership subscription	1,698,065	1,603,180
— Workshop and conference	505,873	599,672
— Sale of goods	28,700	39,907
— Other income	133	27,127
— Interest received	143,673	97,401
Total revenue	**2,376,444**	**2,367,287**
NOTE 3: SURPLUS		
Surplus has been determined after		
Expenses		
Finance cost		
— Bank charges	3,422	1,707
Employee benefits:		
—Wages and salaries	1,170,437	1,136,012
Rental expense on operating leases:		
—Rent	66,888	65,697
—minimum lease payments	6,636	7,189
Audit and Accounting Fees	13,500	12,500

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION		Short-term Benefit $	Post-employment Benefit $	Total $
2011	Total compensation	306,023	25,000	331,023
2010	Total compensation	272,693	25,000	297,693

NOTE 5: AUDITORS' REMUNERATION	2011 $	2010 $
Remuneration of the auditor of the association for:		
— Auditing or reviewing the financial report	11,000	10,000
Accounting services	2,500	2,500

	2011 $	2010 $
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	290,635	275,296
NOTE 7: TRADE AND OTHER RECEIVABLE		
CURRENT		
Trade receivable	100,328	858,060
Less: Provision for doubtful debt	(15,387)	(27,475)
	84,941	830,585
GST receivable	16,492	-
Total current trade and other receivables	**101,433**	**830,585**

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.

	2011 $	2010 $
NOTE 8: OTHER CURRENT ASSETS		
CURRENT		
Accrued income	14,199	23,589
Other receivables and prepayments	66,711	161,193
	80,910	**184,782**
NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Motor Vehicle		
At cost	34,438	34,438
Accumulated depreciation	(25,138)	(21,799)
	9,300	12,639
Plant & Equipment		
At cost	190,910	190,138
Accumulated depreciation	**(190,910)**	**(181,117)**
	-	**9,021**

	2011 $	2010 $
NOTE 9: PROPERTY, PLANT AND EQUIPMENT CONT		
Fixtures & Fittings		
Accumulated depreciation	(12,162)	(9,035)
	4,034	7,161
Total property, plant and equipment	13,334	28,821

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Motor Vehicle $	Plant & Equipment $	Fixtures & Fittings $	Total $
Balance at 1 July 2010	12,639	9,021	7,162	28,822
Additions	-	772	-	772
Disposals	-	-	-	-
Depreciation expense	(3,339)	(9,793)	(3,128)	(16,260)
Carrying amount at 30 June 2011	9,300	-	4,034	13,334

	2011 $	2010 $
NOTE 10: INVESTMENTS		
Investments – term deposit	2,170,199	2,000,000
	2,170,199	2,000,000

NOTE 11: RELATED PARTIES TRANSACTIONS

The Committee Members of the Association throughout the year were as follows:

Mr Tony Wheeler (Chair)
Sr Therese Carroll, RSJ
Mr Patrick Bugden
Dr Michael Stanford
Sr Antoinette Baldwin, RSJ
A/Prof. Kate Birrell
Br Joseph Smith
Ms Madonna McGahan
Mr Brendan Bowler (Appointed 26/10/10)
Ms Lynne Sheehan
Ms Rowena McNally
Mr Michael Thom (Resigned 2/12/10)
Sr Berneice Loch RSM
Most Rev Joseph Oudeman, OFM Cap DD
Sr Helen Monkivitch, RSM
Dr Michael Walsh
Mr Herbie O'Flynn (Appointed 17/3/11)

With the exception of Bishop Joseph Oudeman, each of the above represented religious congregations or organisations who were members of Catholic Health Australia or were employees of organisations who were sponsored by the religious congregations or organisations who were members of Catholic Health Australia.

During the year, membership fees and other fees were paid by the congregations or organisations, or the health and aged care facilities sponsored by the religious congregations or organisations, at the normal rate that applied to all members of Catholic Health Australia for the 2010/11 year.

	2011 $	2010 $
NOTE 12: TRADE AND OTHER PAYABLES		
Trade and other payables	143,848	127,296
Funds held for programs	133,504	770,083
Income in advance	200,015	245,905
	477,367	1,143,284

	2011 $	2010 $
NOTE 13: EMPLOYEE BENEFITS		
CURRENT		
Annual Leave	125,037	130,455
Long Service Leave	65,161	60,509
	190,198	190,964

	2011 $	2010 $
NOTE 14: 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	5,530	13,273
	12,166	19,909

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

	2011 $	2010 $
NOTE 15: CASH FLOW INFORMATION		
Reconciliation of Cash Flow from Operations with surplus		
Surplus	3,710	33,177
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
— interest	(131,833)	-
— depreciation	16,260	25,197
	(111,863)	58,374
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
— Decrease/(increase) in trade debtors and other receivable	738,543	69,529
— Decrease/(increase) in prepayments	94,482	(161,595)
— (Decrease)/increase in trade and other payables	16,552	(32,615)
— (Decrease)/increase in income in-advance	(45,891)	20,771
— (Decrease)/increase in Funds held for Programs	(636,579)	-
— (Decrease)/increase in employee benefits	(766)	57,126
Net cash from operating activities	54,478	11,590

NOTE 16: 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	2011 $	2010 $
Financial assets			
Cash and cash equivalents	6	290,635	275,296
Investments	10	2,170,199	2,000,000
Loans and receivables	7,8	165,851	1,015,367
Financial liabilities			
Financial liabilities at amortised cost:			
— trade and other payables	12	477,367	1,143,284

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.

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 and 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.

NOTE 16: FINANCIAL RISK MANAGEMENT CONT

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.

		2011		2010	
	Footnote	**Net Carrying Value $**	**Net Fair Value $**	**Net Carrying Value $**	**Net Fair Value $**
Financial assets					
Cash and cash equivalents	(i)	290,635	290,635	275,296	275,296
Investments – term deposit	(i)	2,170,199	2,170,199	2,000,000	2,000,000
Trade and other receivables	(i)	165,851	165,851	1,015,367	1,015,367
Total financial assets		**2,626,685**	**2,626,685**	**3,290,663**	**3,290,663**
Financial liabilities					
Trade and other payables	(i)	477,367	477,367	1,143,284	1,143,284
Total financial liabilities		**477,367**	**477,367**	**1,143,284**	**1,143,284**

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.

	2011 $	2010 $
Sensitivity analysis		
Change in profit		
— Increase in interest rate by 1%	24,608	22,753
— Decrease in interest rate by 1%	(24,608)	(22,753)
Change in equity		
— Increase in interest rate by 1%	24,608	22,753
— Decrease in interest rate by 1%	(24,608)	(22,753)

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 17: ASSOCIATION DETAILS

The registered office of the association is:

Catholic Health Australia Incorporation
Level 1 Rowland House
Thesiger Court
DEAKIN ACT 2600

The principal places of business is:

Catholic Health Australia Incorporation
Level 1 Rowland House
Thesiger Court
DEAKIN ACT 2600

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 be applied to projects aimed at improving funding models for aged care. In 2011, expenditure of $47,455 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. As of 24 February 2011, the board moved to transfer the remaining balance of $89,545 at 30 June 2011, to retained earnings as no more expenditure is to be incurred to cover the purpose of this reserve account.

NOTE 19: BANK GUARANTEE

A Bank Guarantee of $18,367 is held by the National Australia Bank. As at 30 June 2011 this guarantee has not been called upon by the bank.

NOTE 20: FUNDING AGREEMENT

Catholic Health Australia Incorporated entered into contractual funding agreements with the Department of Health and Ageing to provide funding to eligible participants for the Specialist Training program and Bringing Nurses Back into the Workforce program. Under the terms of the agreement, Catholic Health Australia Incorporated acts as an agent for the Department of Health and Ageing. Catholic Health Australia Incorporated does not receive any economic benefit from the funding agreement. Therefore, the revenue and expenditure directly related to the funding agreement are not disclosed in the Statement of Comprehensive Income.

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 Incorporated as at 30 June 2011 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 Incorporated 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 17th day of August 2011

CATHOLIC HEALTH
Australia

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