



CATHOLIC HEALTH
Australia

Annual Report for the
2008/09 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 2008/09 Financial Year

INDEX

Key Contributions on behalf of CHA Members.....	1
Chairman and Chief Executive Officer's Report.....	2
The Health Policy Committee.....	3
The Aged Care Policy Committee	4
The Education and Formation Committee	6
The Financial Accounts for the 2008/09 Year.....	7

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

Health Care Advocacy

- Promoting health needs of those in socioeconomic disadvantage through prioritising the Social Determinants of Health
- Speaking as one Catholic health sector voice to the National Health and Hospital Reform Commission, and promoting a national approach to health care policy and funding
- Proposing a national health workforce commission, components of which have been adopted as Government policy in the creation of Health Workforce Australia

Aged Care Advocacy

- CHA Aged Care Policy Blueprint
- The Coalition of Faith Based Providers of Aged Care Services
- Independent Economic modelling on the capital financing of residential high care accommodation

Catholic Identity

- Defending Victorian Catholic Hospitals in response to the Victorian Abortion Law Act
- Graduate Certificate in Leadership and Catholic Culture
- Scholar in residence publication: “Christian Conscience” by the Rev Dr Norman Ford



Chairman and Chief Executive Officer's Report

When Governments change, policy changes as well. The election of the new Federal Government heralded the arrival of the opportunity for change in health and aged care.

That opportunity is being fulfilled. The Government is pursuing reviews of almost every aspect of health and aged care. With Catholic services operating about one in every 10 hospital and aged care beds in the country, the review of health policies by Government could have a profound impact on the way Catholic services fulfil their healing ministries.

These reviews have occupied much of Catholic Health Australia's (CHA) time in the last year. In fulfilment of CHA's purpose, we have coordinated the response of the Catholic health and aged care sector's response to:

- The National Health and Hospitals Reform Commission
- The Productivity Commission assessment of public and private hospitals
- The Productivity Commission review of the not for profit sector
- The Productivity Commission review of regulatory burdens in aged care
- The Henry Review of the Future Tax System
- The proposal to establish a compact between the Federal Government and the not for profit sector
- The review of Health Technology Assessment

The outcome of these government reviews will not likely be understood until well into 2010, when the Government & Opposition shape the health and aged care policy platforms that they seek to take to the next election.

CHA has not only responded to Government reviews. The CHA Aged Care Policy Blueprint was a proactive initiative aimed at providing a roadmap for the future viability of aged care. The CHA proposal to establish a health workforce commission saw several elements implemented by Government in the establishment of Health Workforce Australia.

This policy and advocacy work is the bread and butter of CHA. But it has another role. This other role is to enable the Catholic Church in Australia to continue working in communion to provide the healing care of the hands of Jesus.

The development and adoption of the new CHA Strategic Plan was a major task of the last year. It was achievable only with the contribution and assistance of the many who willingly provided their wisdom in the shaping of our future directions. The implementation of the plan now begins – CHA will need the continuing support of its entire membership if the strategic plan is to be a success.

Thank you to the members of the Stewardship Board, to the CHA staff, and all CHA members for contributing to our last year. We seek your ongoing contribution as we work in communion providing the healing care of the hands of Jesus.



Tony Wheeler
Chairman



Martin Laverty
Chief Executive Officer



The Health Policy Committee

Reform, or rather the prospect of health reform, has dominated the public debate of health policy in Australia in the last year. In turn, the CHA Health Policy Committee has spent its time coordinating and representing the view of the Catholic Church in the health reform process.

The work of the National Health and Hospital Reform Commission has been the most visible demonstration of this. CHA consulted with members to develop submissions to the work of the Commission. CHA staff and members attended multiple meetings with different bodies of the Commission to put forward the CHA case.

The outcome of the Commission is mixed. It backed away from proposing major systems reform, perhaps because of the recognition of the high quality of health services already enjoyed by most Australians. Many of CHA's proposals were adopted by the Commission including recommendations to:

- Implement the action plan of the World Health Organisation's Commission on Social Determinants of Health "Closing the gap within a generation";
- Report publicly on health status & health outcomes, with a focus on people living in socioeconomic disadvantage;
- Establish a National Health Promotion and Prevention body;
- Renew effort to establish personal electronic health records;
- See the Commonwealth assume responsibility components of health care policy;
- Create National Access Guarantees and comparable public reporting for hospital access;
- Invest in and expand sub-acute services;
- Explore the future creation of the proposal now known as Medicare Select.

CHA's role, together with other health policy advocates, is now to ensure Government follows through, and doesn't allow the report to sit on a shelf and gather dust. CHA also found itself once again making the case for support of private health insurance incentives in response to changes to the Medicare levy surcharge and private health insurance rebate. CHA also put the case on behalf of the Catholic hospital sector to the Productivity Commission's review of public and private hospitals. The findings of this report will be watched very carefully, by public and private hospital operators alike.

The establishment of Health Workforce Australia is a good outcome for the future of Australia's health workforce. It is also an outcome that CHA had been promoting through its formal proposal to government to create a national health workforce commission. CHA has given the Government its full support for this new body, and did so before a Senate Inquiry investigating the new law. The Social Determinants of Health have also emerged as new priority for the Health Policy Committee. It remains the case in Australia that the health of those living in socioeconomic disadvantage is poorer than those living in more affluent circumstances. CHA has outlined to Government a road map for improving the health of low income Australians, and this proposal was adopted by the National Health and Hospital Reform Commission.

The Health Policy Committee thanks all who have contributed to the development of CHA's various policy platforms in the last year. We seek your support in the next year to bring policy into practice.



The Aged Care Policy Committee

In July 2008, senior leaders of Catholic Aged Care services joined members of the CHA Aged Care Policy Committee at North Sydney. They spent two days charting the future of Australia's aged care system. The outcome was the publication in November 2008 of the CHA Aged Care Policy Blueprint.

The Blueprint called for:

- A new consolidated single funding program linked to actual cost of service provision
- Aged Care Assessment Team to be fully funded and managed by the Australian Government
- Consumer Directed Care
- Localised population based funding
- Removal of limitations on consumer fees
- Abolition of the distinction between low and high care
- An innovation fund
- National health workforce commission
- Increasing Superannuation to 15%
- Creating insurance products to contribute to aged care

Seven of these ten recommendations have been adopted by the National Health and Hospitals Reform Commission. An eighth, being the proposal of a National Health Workforce Commission, is now law. The last year also saw the Aged Care Policy Committee form two important partnerships. The first was formed between CHA, Uniting Care NSW/ACT, and Baptist Care. This partnership presented to the Federal Government independent modelling on the Conditional Adjustment Payment.

That partnership enabled the formation of an even larger partnership. In late 2008, CHA helped coordinate the informal alliance known as the "Church Providers of Aged Care Coalition". The alliance, working in true partnership without a formal leadership structure, comprises all major Church providers of aged care in Australia. The alliance commissioned the independent consultancy, Access Economics, to publish independent modelling that found residential high care accommodation costs \$40.32 per bed per day compared with allowable revenue of \$26.88. This evidence is the basis of CHA and the wider aged care sector's call on Government to reform the regulatory funding framework for the provision of accommodation to residents of in aged care services.

CHA also coordinated the presentation of the Catholic Aged Care sector view to Government on the operation of the Aged Care Accreditation Scheme. We have commenced a review of the Aged Care Complainants Investigations Scheme, and have foreshadowed a future review of the Aged Care Standards.

The energy that has gone into making the private to-government and public to-community case for reform of aged care has been enabled by two factors. The first is the urgency for reform. The second is the willingness of so many CHA members to freely contribute their knowledge and experience in helping CHA articulate its advocacy to Government.

CHA thanks the Aged Care Committee Chair, the Committee members, the CHA staff, and all who have contributed to the campaign for change in aged care over the last twelve months.



The Education and Formation Committee

Enabling the Catholic Church in Australia to continue working in communion to provide the healing care of the hands of Jesus is the key focus of CHA's Education and Formation Committee. In practice, this means ensuring that Catholic identity continues to thrive within Catholic hospitals and aged care services.

Our identity as Catholics is under constant challenge, just as it has been for thousands of years. The challenges to Catholic identity today can be found in the changing nature of the provision of care services. They are also found in the changing attitude of some parliaments towards what it is to be a Catholic provider of health or aged care services.

The demonstration of this in the last year was the decision of the Victorian Parliament to impose new laws on the manner in which Catholic and other health practitioners are required to exercise their conscience. The Catholic hospital community in Victoria came together in unity to defend the right to Catholic identity. CHA played a significant role in enabling this display of unity.

CHA members also came together to support the Graduate Certificate in Leadership and Catholic Culture. This program, a partnership of the Australian Catholic University and CHA, is seeking to give current and future lay leaders of Catholic health and aged care services a grounding in the theology and historic practice of the Church's ministry of care. The course has been widely supported, and is valued by both participants and wider Church leaders alike.

A key contributor to the course has been CHA's Scholar in Residence – the Rev Dr Norman Ford. His book, "Christian Conscience" to be launched in August 2009 will become a key component of the future teaching of the course.

CHA has also drawn together Mission and Pastoral leaders from across the membership to prioritise work on the promotion of Catholic identity. At a gathering of Leaders of Mission in Melbourne in April 2009, the Education and Formation Committee was given three key messages:

- Mission is in good shape: Attendees at the forum believed the Catholic mission is being well served within hospital and aged care organisations;
- What's the benchmark? There is not a common method across hospital and aged care organisations to report or show how mission is being served, and if it is being achieved in a best practice manner;
- Pastoral life in aged care: There is a desire to improve pastoral support in aged care, which is currently limited by lack of staff, clergy, volunteers, links to parish life, resources, and processes for supporting adequate pastoral care.

The Education and Formation Committee is to turn its attention to these priorities. In the year ahead, CHA will be exploring new directions as to how to best serve the development of Catholic identity on behalf of CHA members, in recognition that Catholic identity is indeed in good shape.

Thanks are given to all who have contributed. We look forward to ongoing contributions from across the Catholic sector to helping CHA shape its support for the growth of Catholic identity in health and aged care.



Committee Members

Health Policy Committee Membership

A/Prof Deborah Green (Chair – retired from Committee April 2009) former CEO, St Vincent's Health Australia Ltd

Ms Lynne Sheehan (Chair from April 2009) Director Operations, Mercy Health and Aged Care Central Qld Ltd

Mr Roger Greenman (until December 2008) CEO, Cabrini Health

Dr John O'Donnell CEO, Mater Health Services Brisbane

A/Prof Walter Kmet National Director Public Hospitals, Little Company of Mary

Dr Shane Kelly CEO, St John of God Hospital Subiaco

Committee Secretary: **Mr Patrick Tobin** Catholic Health Australia

Aged Care Policy Committee Membership

Sr Therese Carroll rsj (Chair) Leadership Team Sisters of St Joesph of the Sacred Heart NSW

Dr Angela Atkin Chair, Villa Maria Society of Victoria, retiring at CHA AGM

Mr Michael Bendyk Chief Executive Officer, Southern Cross Care SA

Mr David Bergman National Director Aged Care & Retirement Services, Little Company of Mary Health Care Ltd

Mr David Bowman Chief Executive Officer, Mercy Aged Care Services, Qld

Ms Deborah Hegarty Chief Executive, Catholic Homes Incorporated, WA, appointed beginning of 2009

Dr Anthea Kingsley General Manager Aged Care, Mercy Community Services, WA

Mr Nick Mersiades General Manager Strategic Policy and Communications Catholic Healthcare, NSW until June 30 2009

Mr Barry Wiggins CEO, Our Lady of Consolation Aged Care Services, NSW

Committee Secretary: **Mr Richard Gray** Catholic Health Australia

Education and Formation Committee Membership

Sr Helen Monkivitch RSM (Chair) Mercy Health

Sr Leone Wittmack RSC Sisters of Charity Health Care

Fr Cormac Nagle OFM Ethicist, Mercy Health Care

Ms Madonna McGahan Mater Health Services Brisbane

Ms Catherine Garner Cabrini Health Care

Sr Mary Lynch RSM Catholic Healthcare Services

Ms Jennifer Stratton St John of God Health Care

Sr Bernadette Fitzgerald LCM Little Company of Mary (LCM) Health Care

Committee Secretary: **Mr Martin Lavery** Catholic Health Australia





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 2009.

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 | Dr. Angela Atkin |
| Mr. Pat Bugden | Mr. Michael Thom |
| Dr. Michael Stanford | Sr. Berneice Loch, RSM |
| Sr. Antoinette Baldwin, RSJ | Bishop Joseph Oudeman OFM Cap DD |
| A/Prof. Kate Birrell | Sr. Helen Monkivitch, RSM |
| Br Joseph Smith, OH | Sr. Elizabeth Dodds, RSC |
| A/ Prof. Deborah Green | Ms. Rowena McNally |
| Sr. Annette Cunliffe, RSC | |

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 \$216,602 (2008: surplus \$271,162)

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

.....
Committee Member

.....
Treasurer

Dated this..... day of.....2009

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Revenue	2	2,485,286	2,324,867
Employee benefits expense		1,136,012	963,598
Depreciation and amortisation expenses		27,960	30,463
Conference expense		481,029	315,072
Other expenses		623,683	744,572
Total expense	3	2,268,684	2,053,705
Income tax expense	4	-	-
Profit from operations		216,602	271,162

The accompanying notes form part of these financial statements.



BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,264,532	1,872,676
Trade and other receivables	7	240,117	135,370
Other current assets	8	23,187	122,937
TOTAL CURRENT ASSETS		2,527,836	2,130,983
NON-CURRENT ASSETS			
Property, plant and equipment	9	53,192	63,351
TOTAL NON-CURRENT ASSETS		53,192	63,351
TOTAL ASSETS		2,581,028	2,194,334
CURRENT LIABILITIES			
Trade and other payables	11	495,128	312,689
Employee benefits	12	133,841	120,753
TOTAL CURRENT LIABILITIES		628,969	433,442
NON-CURRENT LIABILITIES			
Employee benefits	12	-	25,434
TOTAL NON-CURRENT LIABILITIES		-	25,434
TOTAL LIABILITIES		628,969	458,876
NET ASSETS		1,952,059	1,735,458
EQUITY			
Retained earnings		1,952,059	1,735,458
TOTAL EQUITY		1,952,059	1,735,458

The accompanying notes form part of these financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2009

	Retained Earnings \$	Aged Care Reserve (see note 18) \$	2008
Balance at 1 July 2007	1,464,295	-	1,464,295
Profit attributable to members	271,162	-	271,162
Balance at 30 June 2008	1,735,457	-	1,735,457
Profit 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

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		2,640,490	2,279,169
Payments to suppliers and employees		(2,346,936)	(2,333,870)
Interest received		116,103	143,025
Net cash provided by operating activities	14	409,657	88,324
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	82,045
Purchase of property, plant and equipment		(17,801)	(104,595)
Net cash (used in) provided by investing activities		(17,801)	(22,550)
Net increase in cash held		391,856	65,774
Cash at beginning of financial year		1,872,676	1,806,902
Cash at end of financial year	6	2,264,532	1,872,676

The accompanying notes form part of these financial statements.

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 & is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets & 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 & 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.

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.

(iv) *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.

(v) *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 & rewards of ownership of the goods & 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 financial year.

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

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 123	<i>Borrowing Costs</i>	Revised standard – requires borrowing costs directly attributable to qualifying assets to be capitalised, where previously they could be immediately expensed.	1 January 2009	Not expected to have a material impact on the entity's financial statements
AASB 2008-6	<i>Amendments to Australian Accounting Standards arising from AASB 123</i>	Amends AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12 as a result of issue of AASB 123	1 January 2009	Not expected to have a material impact on the entity's financial statements
AASB 2008-8	<i>Amendments to Australian Accounting Standards arising from AASB 101</i>	Amends the majority of standards and Interpretations as a result of issue of AASB 101	1 January 2009	Disclosures only
AASB 3	<i>Business Combinations</i>	Revised Standard	1 July 2009	Not expected to have a material impact on the entity's financial statements
AASB 127	<i>Consolidated and Separate Financial Statements</i>	Revised Standard	1 July 2009	Not expected to have a material impact on the entity's financial statements
AASB 2009-3	<i>Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127</i>	Amends a number of standards and Interpretations as a result of the issue of AASB 3 and AASB 127,	1 July 2009	Not expected to have a material impact on the entity's financial statements
Interpretation 13	<i>Customer Loyalty Programmes</i>	Guidance on accounting for customer loyalty award credits granted to customers as part of a sales transaction	1 July 2009	Not expected to have a material impact on the entity's financial statements

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
Operating activities		
- Membership subscription	1,665,036	1,492,413
- Workshop and conference	654,455	588,925
- Sale of goods	43,345	71,861
- Other income	6,347	10,593
Non Operating activities		
- interest received	116,103	143,025
- Net gain on disposal of assets	-	18,050
Total revenue	2,485,286	2,324,867

NOTE 3: PROFIT

Surplus before income tax expense has been determined after

Expenses

Finance cost

- Bank charge

952

1,294

Employee benefits:

- Wages and salary

1,136,012

941,827

Rental expense on operating leases:

- Rent

65,697

64,530

- minimum lease payments

7,189

4,612

NOTE 4: KEY MANAGEMENT

PERSONNEL COMPENSATION

2009

Total compensation

Short-term

Benefit

\$

250,000

Post-employment

Benefit

\$

22,500

Total

\$

272,500

2008

Total compensation

241,761

11,154

252,915



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 5: AUDITORS' REMUNERATION	2009	2008
	\$	\$
Remuneration of the auditor of the association for:		
– Auditing or reviewing the financial report	9,500	9,000
– Accounting services	2,500	-
NOTE 6: CASH AND CASH EQUIVALENTS	2009	2008
	\$	\$
Cash at bank and in hand	2,264,532	1,872,676
	2,264,532	1,872,676
NOTE 7: TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivable and accrued income	234,539	124,022
Less: Provision for doubtful debt	(16,933)	(353)
	217,606	123,669
GST receivable	22,511	11,701
Total current trade and other receivables	240,117	135,370

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.

NOTE 8: OTHER CURRENT ASSETS	2009	2008
	\$	\$
CURRENT		
Prepayments	23,187	122,937

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: PROPERTY, PLANT AND EQUIPMENT	2009	2008
	\$	\$
MOTOR VEHICLE		
At cost	34,438	34,438
Accumulated depreciation	17,347	8,020
	17,091	26,418
Plant & Equipment		
At cost	189,312	171,510
Accumulated depreciation	163,610	148,485
	25,702	23,025
Fixtures & Fittings		
At cost	16,196	16,196
Accumulated depreciation	5,797	2,288
	10,399	13,908
Total property, plant and equipment	53,192	63,351

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 2008	26,418	23,025	13,908	63,351
Additions	-	17,801	-	17,801
Disposals	-	-	-	-
Depreciation expense	(9,327)	(15,124)	(3,509)	(27,960)
Carrying amount at the end of year	17,091	25,702	10,399	53,192



NOTE 10: RELATED PARTIES TRANSACTIONS

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

Mr. Tony Wheeler (Chair)
Ms Lynne Sheehan
Sr. Therese Carroll, RSJ
Dr. Angela Atkin
Mr. Pat Bugden
Mr. Michael Thom
Dr. Michael Stanford
Sr. Berneice Loch, RSM
Sr. Antoinette Baldwin, RSJ
Bishop Joseph Oudeman OFM Cap DD
A/Prof. Kate Birrell
Sr. Helen Monkivitch, RSM
Br Joseph Smith, OH
Sr. Elizabeth Dodds, RSC
A/ Prof. Deborah Green
Ms. Rowena McNally
Sr. Annette Cunliffe, RSC

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 2008/09 year.



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 11: TRADE AND OTHER PAYABLES	Note	2009 \$	2008 \$
CURRENT			
Payables			
Trade payables		74,896	67,910
Income in advance		395,217	207,009
Sundry payables and accrued expenses		25,015	37,770
		495,128	312,689
NOTE 12: EMPLOYEE BENEFITS			
CURRENT			
Annual Leave		95,238	94,325
Long Service Leave		38,603	26,428
		133,841	120,753
NON-CURRENT			
Long Service Leave		-	25,434
Total Employee Benefits		133,841	146,187
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	63,101
— between 12 months and 5 years		26,544	14,599
		33,180	77,700

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



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 14: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Profit after Income Tax

Profit after income tax	216,602	271,162
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
— depreciation	27,960	30,463
— net gain on disposal of property, plant and equipment	-	(18,050)
Net cash provided by/(used in) operating activities	244,562	283,575

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:

— Increase in trade debtors and other receivable	(104,747)	14,989
— Decrease in prepayments	99,750	(44,964)
— Increase/(decrease) in trade and other payables	(5,769)	(32,191)
— Increase in income in-advance	188,208	-
— Decrease in employee benefits	(12,347)	(133,085)
	409,657	88,324

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:

Financial assets

	Note	2009 \$	2008 \$
Cash and cash equivalents	6	2,264,532	1,872,676
Loans and receivables	7	240,115	135,370

Financial liabilities

Financial liabilities at amortised cost:

— trade and other payables	11	495,128	312,689
----------------------------	----	---------	---------

NOTE 15: continued

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 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 15: continued

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.

			2009		2008	
	Note	Footnote	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets						
Cash and cash equivalents		(i)	2,264,532	2,264,532	1,872,676	1,872,676
Trade and other receivables		(i)	240,115	240,115	135,370	135,370
Total financial assets			2,504,647	2,504,647	2,008,046	2,008,046
Financial liabilities						
Trade and other payables		(i)	495,128	495,128	312,689	312,689
Total financial liabilities			495,128	495,128	312,689	312,689

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

- (i) Cash and cash equivalents, 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.



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

NOTE 15: continued	Note	2009 \$	2008 \$
Sensitivity analysis			
Change in profit			
—	Increase in interest rate by 1%	22,645	18,725
—	Decrease in interest rate by 1%	(22,645)	(18,725)
Change in equity			
—	Increase in interest rate by 1%	22,645	18,725
—	Decrease in interest rate by 1%	(22,645)	(18,725)

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" has been created by setting aside this amount from the current year's surplus. The reserve is to cover the expenditure required in the current 2009/10 financial year 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.



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