



# Upper Hume Community Health Service

annual report  
2007-2008



## **Our Vision**

We are recognised as a leader in services that enhance community health and wellbeing through innovation and partnerships.

## **Our Values**

### **Respect**

*we uphold the integrity and worth of each person and value everyone's thoughts and beliefs*

### **Innovation**

*we creatively explore solutions*

### **Collaboration**

*we achieve more by working together*

### **Responsiveness**

*we listen, act, evaluate and are flexible in our approach*

### **Empowerment**

*we build strengths, skills and resilience*

### **Trust**

*we work with openness, honesty and good intent*

### **Transparency**

*we are open and accountable in all that we do*

### **Holistic Approach**

*we recognise the importance of understanding the whole person and the context in which they live*

### **Learning**

*we provide a supportive, creative, diverse and growth based environment for learning*

## **“Working Together For Healthier Communities”**

**Upper Hume Community Health Service**  
**155 High Street Wodonga**  
**(PO Box 173) Wodonga Vic 3689**  
**Phone: (02) 6022 8888**  
**Fax: (02) 6024 5792**



# board of management



Guin Threlkeld  
(Deputy Chairperson)



Rex Hunter  
(Treasurer)



John Brader  
(Deputy Treasurer)



Catherine Upcher



Rob Lucas



Karyn Brown



Chiquita Walsh



**Chairperson**  
Klaus Baumgartel



**Chief Executive Officer**  
Leonard Peady

**We Support the Ottawa Charter for Community Health**

**Developing personal skills and knowledge**

**Creating supportive environments**

**Strengthening community action**

**Reorienting health systems**

**Developing public policy**



The past year has seen the growth of UHCHS continue, both in employment and budget expenditure. Our position is strong and the implementation of the new Strategic Plan will continue this trend for the foreseeable future.

This has also been the first full year for Leonard Peady in the Chief Executive Officer role. We were very fortunate to have found such a committed, intelligent and capable person for what is becoming an ever more demanding role. Leonard has not only managed to maintain the organisational momentum, continue to develop the culture and grow and improve the level of service, but he also comes with fresh ideas and a fresh approach which will make UHCHS an even more significant player in the region.

While much of the year was business as usual, one major problematic issue did cloud the horizon with uncertainty for a while.

In February 2008 we received notification from the ATO that they were of the view that Community Health Centres were not entitled to endorsement as Tax Concession Charities, Deductible Gift Recipients as public benevolent institutions or health promotion charities. This ruling by the ATO meant that the CHS would lose their FBT status as of March 31, 2008. The decision would impact all 37 stand alone Community Health Services in Victoria.

The ruling was based on the legislation that enables the Minister to dismiss Board Members without reason, the department to ratify the appointment of the CEO and the Government's right to force an amalgamation of a CHC with a hospital. It was determined by the ATO that these powers make the CHC an arm of government and thus not eligible for the above benefits.

This would effectively mean a significant reduction in staff salaries, the high probability of staff understandably moving onto other jobs and a much reduced ability to hire staff in the future. It would also mean that UHCHS would be severely restricted in access to funding available to non-government organisations, as much of this is dependent on PBI status. It potentially effected areas of Federal funding and would not allow access to funds provided by philanthropic foundations.

It did not take long to work out that this could be totally disastrous to UHCHS.

The sector with excellent assistance from the VHA lobbied the Minister for Health for intervention highlighting that this had the potential to cripple the whole community health sector in Victoria.

In March 2008, the Minister for Health announced a review of governance of community health. The ATO advised that, in the light of the review, it would not proceed with the revocation of the PBI but would continue to monitor progress. It reserved the right to proceed if appropriate action was not taken.

In June 2008, DHS released a discussion paper with three proposals to get around the issue and maintain PBI status.

1. Each CHC to become a company limited by guarantee and to register as a CHC under a modified Act. This would allow business as usual
2. Become an incorporated charitable NGO not registered under the Health Services Act. This would effectively remove eligibility for community health funding.
3. Amalgamate with a Public Hospital

The Board of UHCHS, along with the vast majority of stand alone CHCs have accepted Option 1 as the only appropriate course of action.

Action is already underway to pursue the goal of becoming a Company limited by guarantee. UHCHS already conforms to the vast majority of the legislative requirements, so, while it will be a technically exacting task, it should be relatively straightforward.

This will require a new constitution and a review of membership. It will also require a special general meeting in early 2009 to coincide with the passing of the revised legislation.

I firmly believe that the potential disaster has been averted and that being a company limited by guarantee will actually provide a raft of new opportunities for UHCHS.

The Board is very optimistic about the future and we believe UHCHS can only become a better and more innovative organisation in the coming year.

Klaus Baumgartel  
Chairperson



This has been my first full year as CEO for Upper Hume Community Health Service. It has been a big year but a fantastic one with the organisation achieving many milestones. I have outlined below, some of the significant achievements for the year.

### The Building

As advised in previous reports we had been working on a process to gain capital funding from the department of Human Services to build a new community health service. In December 2006 we moved into the refurbished building at 155 High Street Wodonga, as our previous accommodation no longer met our requirements. We were very excited in January 2008, when the department of Human Services purchased the building we were leasing at 155 High Street. We now have secure long-term accommodation right in the main Street of Wodonga. Although this means that the proposed purpose-built 'healthy communities building' will not proceed, the building purchased by DHS suits our needs very well and is easily accessible for our clients.

The building also has space to enable the development of a public dental clinic. This dental service will be managed by Wodonga Regional Health Service (WRHS) but co-located with UHCHS. The North East Child Adolescent Mental Health Service, (also managed by WRHS) is also located in the building at 155 High Street; so many of the services that were planned to be co-located in the purpose-built 'healthy communities building' will now be housed together. So although we did not get a newly constructed building, we are very happy with the outcome.

### Strategic Planning

This year saw the development of our 3 year Strategic Plan (2008-2011). The plan was developed with involvement of all of our staff and Board in consultation with many of the agencies we work with (our partners), and consumers. We engaged the services of consultants (100 Monkeys) to work with us in the development of the plan. This strategic plan provides broad directions for us into the short-term future. Each of our program areas will now develop operational plans to help achieve the vision established within the strategic plan. A copy of the strategic plan is available on our web-site.

### Accreditation

This year we went through our third accreditation process. Every community health service is required to undergo a stringent accreditation to be eligible for funding. This is a continuous quality improvement process that happens every 3 years and we will now be developing a work plan which will identify areas for us to work on over the next 3 year period.

### Quality of Care

Each community health service is now required to produce a Quality of Care Report. You will notice that we have combined our Annual Report with our Quality of Care Report rather than produce two separate documents. The Quality of Care Report, provides information about how our organisation ensures we deliver the right service to the right people at the right time. This means we have to target our activities based on the best evidence to get the best outcomes. I hope that you find our Quality of Care Report interesting.



## Students and Volunteers

This year we employed a person on a part-time basis to co-ordinate our volunteers and student placements. Volunteers are an important part of our service delivery network and we want to ensure we look after our volunteers and provide them with meaningful and enjoyable experiences.

We are also increasing the number of students we take on placement to promote community health as a good career option. We hope to develop UHCHS into the future as a learning and teaching community health service. Through the employment of a co-ordinator of students and volunteers, we have been able to improve our placement processes and increase the number and range of students on placement.

## Community Support

We have received very generous financial support from our local community during the year. You will see from our financial reports that we are well supported by our local community. However, not reflected in our financial reports is one particular donation that I would like to highlight. This year we were donated a car by Trotman Accountants for use by the McGrath Breast Care Nurse. This nursing position funded by the McGrath Foundation provides vital support to local women diagnosed with breast cancer. It is only through this kind of generosity that UHCHS is able to develop and sustain innovative programs to meet the needs of our local community.

I look forward to reporting on our next big year.

Leonard Peady



McGrath Breast Care Nurse Jude Peterkin in the vehicle which was kindly donated by Trotman Accountants.



## Independent audit report to the members of Upper Hume Community Health Service Incorporated

### Report on the Financial Report

We have audited the financial report, being a special purpose financial report, of Upper Hume Community Health Service Incorporated, which comprises the balance sheet at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of accounting policies and other explanatory notes.

### *The Committee of Management's Responsibility for the Financial Report*

The Committee of Management of Upper Hume Community Health Service Incorporated are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report are appropriate to meet the requirements of the *Associations Incorporation Act 1981* and are appropriate to meet the needs of the members. The Committee of Management's responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee of Management, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee of Management's financial reporting requirements under the *Associations Incorporation Act 1981*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

### *Independence*

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.



## Auditor's Opinion

In our opinion the financial report of Upper Hume Community Health Service Incorporated is in accordance with the *Associations Incorporation Act 1981*, including:

- a). giving a true and fair view of Upper Hume Community Health Service Incorporated's financial position as at 30 June 2008 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b). complying with Australian Accounting Standards to the extent described in note 1 and complying with the *Associations Incorporation Regulations 1998*.

Johnsons MME  
Chartered Accountants

Stephen Clarke  
Partner

Albury  
17 October 2008



Upper Hume Community Health Service Inc. ABN 47 953 170 663

## Committees' declaration

For the year ended 30 June 2008

As noted in note 1 to the financial statements, in the committee's opinion, Upper Hume Community Health Service Inc is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report prepared to meet the requirements of the *Associations Incorporation Act 1981*.

The financial report has been prepared in accordance with Accounting Standards and other mandatory professional reporting requirements to the extent described in note 1.


The committee declares that the financial statements:

- (a) comply with Accounting Standards to the extent detailed above; and
- (b) give a true and fair view of the Association's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the committee's opinion:

- (a) the financial statements and notes are in accordance with the *Associations Incorporation Act 1981*; and
- (b) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the committee.

 Klaus Baumgartl

Committee Member

Committee Member



Wodonga  
16 October 2008



Upper Hume Community Health Service Inc. ABN 47 953 170 663

## Income statement

For the year ended 30 June 2008

|                                        | Notes | 2008<br>\$       | 2007<br>\$       |
|----------------------------------------|-------|------------------|------------------|
| <b>Revenue</b>                         | 2     | 6,342,957        | 5,359,955        |
| Employee related expenses              |       | 3,665,540        | 2,909,655        |
| Depreciation                           |       | 146,330          | 61,618           |
| Borrowing costs expenses               |       | 1,013            | 1,605            |
| Program expenses                       |       | 1,410,030        | 803,867          |
| Motor vehicle expenses                 |       | 115,194          | 121,892          |
| Rent expense                           |       | 118,148          | 168,714          |
| Other expenses                         |       | 357,613          | 316,876          |
|                                        |       | <u>5,813,868</u> | <u>4,384,227</u> |
| <b>Profit/(Loss) before income tax</b> |       | 529,089          | 975,728          |
| Income tax expense                     | 1(c)  | -                | -                |
| <b>Net Profit/(Loss)</b>               |       | <u>529,089</u>   | <u>975,728</u>   |



Upper Hume Community Health Service Inc. ABN 47 953 170 663

## Balance sheet

As at 30 June 2008

|                                      | Notes | 2008<br>\$       | 2007<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                        |       |                  |                  |
| <b>Current assets</b>                |       |                  |                  |
| Cash and cash equivalents            | 3     | 3,217,707        | 2,166,737        |
| Trade and other receivables          | 4     | 181,697          | 235,787          |
| Other                                | 5     | 65,899           | -                |
| <b>Total current assets</b>          |       | <u>3,465,303</u> | <u>2,402,524</u> |
| <b>Non-current assets</b>            |       |                  |                  |
| Property, plant and equipment        | 6     | 1,124,765        | 1,177,864        |
| <b>Total non-current assets</b>      |       | <u>1,124,765</u> | <u>1,177,864</u> |
| <b>Total assets</b>                  |       | <u>4,590,068</u> | <u>3,580,388</u> |
| <b>LIABILITIES</b>                   |       |                  |                  |
| <b>Current liabilities</b>           |       |                  |                  |
| Trade and other payables             | 7     | 350,133          | 378,005          |
| Employee provisions                  | 8     | 359,525          | 273,883          |
| Interest bearing liabilities         | 9     | 14,067           | 13,004           |
| Other                                | 10    | 673,434          | 253,898          |
| <b>Total current liabilities</b>     |       | <u>1,397,159</u> | <u>918,790</u>   |
| <b>Non-current liabilities</b>       |       |                  |                  |
| Employee provisions                  | 11    | 161,437          | 145,147          |
| Interest bearing liabilities         | 12    | 9,667            | 23,735           |
| <b>Total non-current liabilities</b> |       | <u>171,104</u>   | <u>168,882</u>   |
| <b>Total liabilities</b>             |       | <u>1,568,263</u> | <u>1,087,672</u> |
| <b>Net assets</b>                    |       | <u>3,021,805</u> | <u>2,492,716</u> |
| <b>EQUITY</b>                        |       |                  |                  |
| Retained profits                     |       | 3,021,805        | 2,492,716        |
| <b>Total equity</b>                  |       | <u>3,021,805</u> | <u>2,492,716</u> |



Upper Hume Community Health Service Inc. ABN 47 953 170 663

## Cash flow statement

For the year ended at 30 June 2008

|                                                            | Notes | 2008<br>\$              | 2007<br>\$              |
|------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>                |       |                         |                         |
| Receipts from – Government grants                          |       | 5,612,613               | 3,698,580               |
| Other                                                      |       | 995,761                 | 782,509                 |
| Payments to suppliers and employees                        |       | (5,592,465)             | (4,112,600)             |
|                                                            |       | <u>1,015,909</u>        | <u>368,489</u>          |
| Interest received                                          |       | 130,584                 | 69,014                  |
| Interest paid                                              |       | (1,013)                 | (1,605)                 |
| <b>Net cash inflow (outflow) from operating activities</b> | 13    | <u>1,145,480</u>        | <u>435,898</u>          |
| <b>Cash flows from investing activities</b>                |       |                         |                         |
| Payments for property, plant & equipment                   |       | (98,692)                | (551,359)               |
| Proceeds from sale of property, plant & equipment          |       | 17,187                  | 1,433,658               |
| <b>Net cash inflow (outflow) from investing activities</b> |       | <u>(81,505)</u>         | <u>882,299</u>          |
| <b>Cash flows from financing activities</b>                |       |                         |                         |
| Repayment of borrowings                                    |       | (13,005)                | (12,468)                |
| <b>Net cash outflow from financing activities</b>          |       | <u>(13,005)</u>         | <u>(12,468)</u>         |
| <b>Net increase (decrease) in cash held</b>                |       | 1,050,970               | 1,305,729               |
| Cash at the beginning of the financial year                |       | 2,166,737               | 86 1,008                |
| <b>Cash at the end of the financial year</b>               | 3     | <u><u>3,217,707</u></u> | <u><u>2,166,737</u></u> |