



**Home &
Community
Health**
Association

Annual Report

**Including performance report and financial
statements for the year ended 30 June 2017**

Home and Community Health Association

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Chairperson's Report

I am pleased to present the Annual Report and financial statements for the Home and Community Health Association Incorporated for the 2016/17 financial year.



There have been momentous changes in the home support sector this year, with the introduction of guaranteed hours, and the Pay Equity negotiations and subsequent legislation leading to wage uplifts for all support workers in July 2017. The HCHA has been very closely involved in negotiations and working groups related to both the guaranteed hours implementation and pay equity as well as providing information, advice and support to members. I want to acknowledge the leadership shown by Julie Haggie, CEO and the impressive contribution from members in particular Richard Williams from Healthcare NZ and Graeme Titcombe from Access Community Health. The HCHA supports the principles behind the changes and the benefits they bring to our employees, **but** the changes have been negatively disruptive to a fragile sector. In particular, the failure for changes to be fully funded has placed further burden on providers. The CEO report covers these changes, and their direct and indirect impacts in more detail.

The year to 31 June 2017 has also seen the refresh of foundation health and disability strategies: the Health Strategy, the New Zealand Disability Strategy and the Healthy Ageing Strategy. HCHA has had positive input into each, and we are pleased to see them take a person-centred approach, which demands more integrated, connected services. The Healthy Ageing Strategy in particular recognizes the importance of home support in assisting people with complex long-term conditions to live well for longer, and our sector has expertise in doing this.

To enable us to meet growing numbers of clients and increasing complexity, we need to fix poor and inequitable service allocation, delivery and funding models. We need to make better use of data, and find different ways of working together. To this end the HCHA is commissioning two key pieces of work related to Case Mix and Person Direct Support. We will be actively involved in Models of Care Work.

I would like to specially acknowledge HCHA Life Time Member Graeme Titcombe. Graeme retired in October 2015 after fifteen years leading Access Community Health, but continued to serve the entire sector through his representation in IBTT and pay equity negotiations. Graeme has now fully retired but leaves behind a huge legacy across the sector including the now famous "Titcombe" funding model. He consistently raised his own vision and that of others above a single provider view.

Andrea McLeod

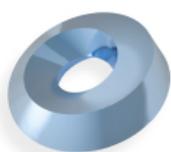
HCHA Board Members 1 July 2016 - 30 June 2017

Appointed Independent Board members

Iris Reuvecamp
Graeme Benny

Elected Board members

Andrea McLeod (Chairperson)
David Chrisp (Deputy Chair)
Samantha Powell
Donna Mitchell
Ross Smith
Carmel Conaghan (elected until 31 May 2017)
Jo Wallis (elected from 1 June 2017)



AUT BUSINESS SCHOOL
EXCELLENCE IN BUSINESS
SUPPORT AWARDS

2017 FINALIST

NOT FOR PROFIT

Home and Community Health
Association

Chief Executive Officer Report



The year to 31st June 2017 year saw implementation of guaranteed hours for all staff from 1 April and a process of pay equity negotiation that led to funding and legislation setting wage rates and progression. The pressure on providers and on HCHA over this time has been intense. We have provided substantial support to employers in understanding the changes, and in advocating to funders for more accuracy, clarity, transparency and fairness. Members of HCHA are most fortunate to be led by an excellent Board that has assisted HCHA to navigate very choppy waters.

Guaranteed hours

Managing home support workflow is a bit like playing Tetris. Coordinators have to match up people, needs, demand, volume, skills, employees, time and geography in the most efficient way, to keep the whole system going and ensure services are provided. Guaranteed hours adds a rule to the Tetris game: a set of locked blocks across the screen, which you can only shift by pausing the game.

The application of guaranteed hours has shaken the foundations of the sector. The move was necessary because we need to grow a professional workforce and increase their productivity. HCHA supported the agreement on guaranteed hours, but we said it needed sufficient funding, time and flexibility, to minimize negative impacts on clients and providers. It was well short of these, and providers are reeling under the impacts which include millions of additional transactions, and constant re-negotiation of employee contracts. The Ministry of Health has contracted Sapere to independently review the implementation of guaranteed hours and the report is due in December 2017. Since funding for guaranteed hours was only apportioned for one year, providers are very anxious to see the results and a positive funding response.

In-Between Travel Time Settlement Agreement

Guaranteed hours was one element of ‘regularisation’ recommended by the Director-General’s Reference Group (DGRG) in 2015 and agreed to by providers, funders and unions in the IBTT settlement agreement. Other elements of regularization have not been addressed, specifically for providers, those relating to sector sustainability, or funding frameworks. The DGRG commented that *“It is essential that the recommendations be considered as an integrated approach that forms a strategy for the future provision of HCSS. This means that implementing only one or some of the recommendations in isolation will not result in a sustainable sector.”*



A piecemeal approach has been chosen focusing only on workforce elements. Recommendations of the DGRG that would promote positive sector infrastructure change have not been adopted. This has made home support services more precarious.

Pay Equity

The implementation of pay equity funding started just after the end of the 2016-17 financial year, but negotiations were concluded during the period and legislation was passed. Whilst HCHA had input into early negotiations, we were not able to negotiate on nor sign the Care and Support Worker (Pay equity) Settlement Agreement, and had only four working days to sight and prepare submissions on the legislation that has set in place a wage award system for the next five years. We are very pleased to see staff receive substantial pay rises but, as noted by the DGRG, changes needed to be integrated. The impact of annual leave uplift has been measured at \$4.2 million of debt on HCHA members this year. Other negative impacts of tenure movement, and qualification equivalency are now playing out, and, whilst our advocacy efforts have resulted in some mitigation, providers still face considerable uncertainty around funding this year and from 1 July 2018.

Quality, consultation and membership support

- HCHA held a very successful conference 'Looking In, Looking out' in September 2016. We also held webinars, teleconferences and a leaders' forum.
- The Literature review on Medication Administration in the sector was completed.
- There was a third re-print, following high demand of the resource 'Supporting People to Move at home, tips and techniques for carers and support workers' which was a collaborative effort between Carers NZ and HCHA.
- Work progressed between InterRAI NZ and HCHA to provide aggregated data to support quality. This will start in December 2017.
- During the period HCHA was represented on, or had input into the Kaiāwhina workforce, MSD employer events, Migrant Visa regulations, ACC/Health Quality and Safety Commission work on the falls and fracture journey, Disability Strategic Reference Group, Caring Counts, and the National Ageing and Tenure Revolution Research project, Palliative care strategy and palliative resources.



The HCHA continues to be very ably governed by a strong Board led by Andrea McLeod whose clear leadership and commitment have been central to the outcomes achieved by HCHA during the year. Our ability to provide excellent support with limited resources was reflected in HCHA being a finalist in the 2017 AUT Business School Excellence in Business Support Awards (NFP category).

Julie Haggie

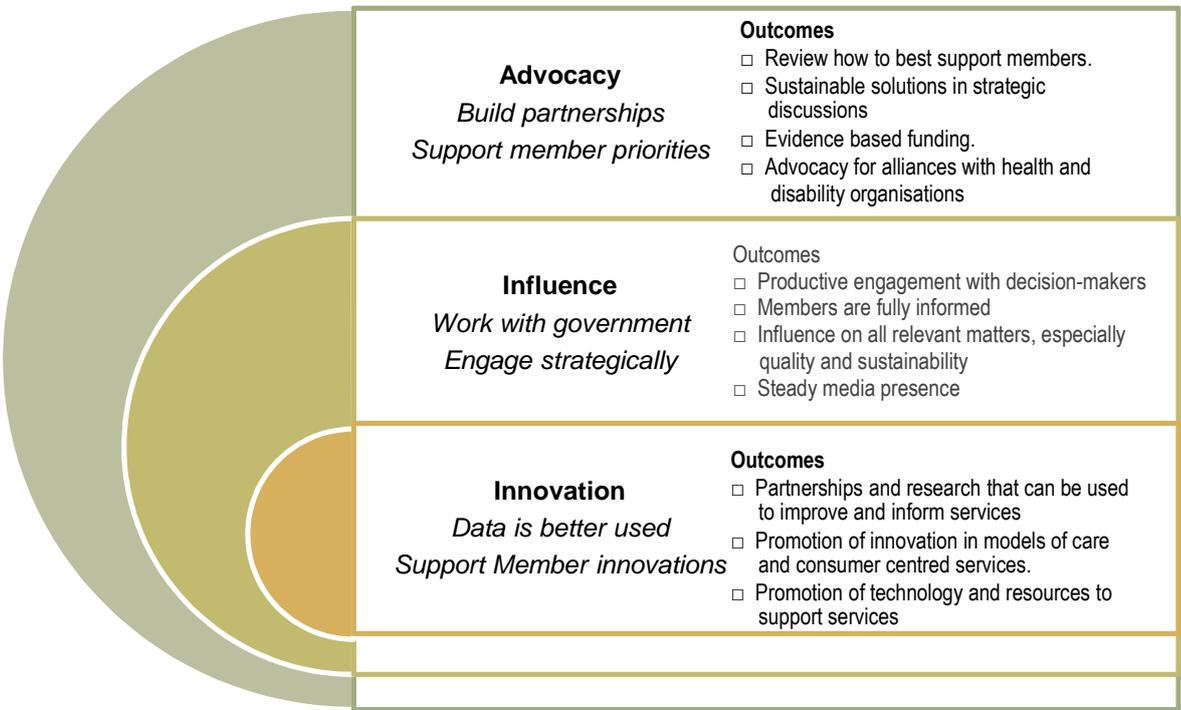
Strategic Plan 2017-2020



Vision: High quality, sustainable, home and community health services

Mission: Representation and support for members

Purpose: Advocacy, influence, innovation



Performance Report for the year ended 30 June 2017

Non-financial Information:

Entity Information

Statement of Service performance

Financial Information

Statement of Financial Performance

Statement of Financial Position

Statement of Cash Flows

Statement of Accounting Policies

Notes to the Performance Report

This financial report was prepared in accordance with the following Financial Reporting Standard: Public Entity Simple Format Reporting – Accrual (Not-for-Profit) PBE SFR-A (NFP), Tier 3

Entity Information

Legal Name: Home and Community Health Association Incorporated
Other Name: Home and Community Health Association (HCHA)
Legal Basis: Charitable Trust and Incorporated Society
Charities Registration Number: CC10318
Incorporated Society Number: 5904843

Board structure

The constitution of HCHA states that its Board must have six elected Board members elected by the membership, and two independent Board members, appointed by the Board.

Operational structure

The operations are managed by the Chief Executive Officer. Tasks such as accounts, technology support are contracted to external parties.

Membership structure

Members comprise of organisations that provide home and community support services (provider members), organisations that have an interest in home and community support services but are not directly providers (affiliate organisations) and individuals that have an interest in home and community support services (affiliate individuals).

Vision, Mission and Purpose

HCHA's vision is for high quality, sustainable home and community health services. Its mission is representation and support for members. Its purposes are advocacy, influence and innovation.

Main Sources of cash and resources

HCHA's primary source of revenue is from membership fees. It receives other income from a mixture of contracts, events, interest, rent and director fee payment.

Main methods used by HCHA to raise funds

Membership (provider and affiliate) is the main method used by HCHA to use funds. It also runs a conference, usually every 18 months, and contracts for some services.

Reliance on volunteers and donated goods or services

Board members provide voluntary support to HCHA, as do people representing HCHA on a range of advisory and consultative groups. The HCHA does not receive or handle donated goods.

Contact Details

Address: Level 4, 120 Featherston Street, Wellington 6011, PO Box 5344, Wellington 6145
Phone: 64 4 4723196
Email: info@hcha.org.nz **Website:** www.hcha.org.nz

Statement of Service Performance for the year ended 30 June 2017

Vision: High quality, sustainable, home and community health services.

Mission: Representation and support for members

Purposes: Advocacy, influence and innovation.

Advocacy: Building partnerships and supporting member priorities

Influence: Working with government, engaging strategically

Innovation: Supporting better use of data, supporting member innovations

Outputs to outcomes in Strategic Plan 2017-2020:	2016-17
Advocacy and Influence	
▪ Representation on significant issues (Pay equity, In Between Travel Part A and B Guaranteed hours) – meeting hours	252
▪ Representation, promotion of health and disability strategies (meeting hours)	52
▪ Representation on advisory groups (falls, acute care, health and safety, strategic disability issues, workforce development, palliative, Careerforce, Caring Counts, employer expo - number hrs in mtgs)	193
▪ Injury prevention booklet for carers, third reprint number	10,000
▪ Legislation – submissions and hearings, written and oral	3
▪ Member guidance on Guaranteed hours and pay equity – documents	2
▪ Webinars/teleconferences – attendees	70
▪ Leaders forum – attendees	62
▪ General Liaison: events, parliamentary liaison hours	48
▪ ‘In-house’ newsletters/membership information, number	12
Innovation	
▪ Collaborative research metadata – number hrs mtgs	5
▪ Other research (Numbers completed/started) a) Training survey b) Medication administration literature review c) started research on consumer directed care	3
▪ Conference- attendees	130
▪ Board meetings, elections, strategic planning, number	8
▪ Media articles, releases and interviews, number	10

Statement of Financial Performance For the year ended 30 June 2017

	NOTE	2017 \$	2016 \$
INCOME			
Subscriptions		199,207	199,611
Conference		7,481	400
Interest		11,257	14,190
Director Fees Careerforce		12,562	12,123
Moving & Handling Guide		6,988	14,000
Miscellaneous Income		1,124	1,489
Rent		9,322	7,318
TOTAL INCOME		247,941	249,131
EXPENDITURE			
Dues and Subscriptions		350	1,117
Advertising and Promotion		287	100
Audit		2,000	2,000
Conference		295	52
Consultancy		3,960	-
Depreciation		201	160
Moving and Handling project		6,663	12,871
Pay Negotiations Budget		58,459	3,981
HCHA Board Expenses		9,605	6,418
CEO Travel & Expenses		6,638	3,801
General Expenses		849	1,255
Office & Administration			
Technology (support, software)		1586	810
Bank fees		50	65
Insurance		1,724	1,724
Cleaning		25	150
Photocopying & Stationery		551	503
Postage		152	305
Rent		11,646	12,383
Telephone & Tolls		5,567	5,629
Website Maintenance		690	608
Electricity, Wifi		1,417	1,026
Legal Fees		3,383	16,677
Salaries and Secretarial Support		153,641	150,242
TOTAL EXPENDITURE		269,739	221,877
NET SURPLUS/(DEFICIT)		(21,798)	27,254

Statement of Cash Flows for the year ended 30 June 2017

	2017	2016
	\$	\$
Cash Flows from Operating Activities		
Cash was received from:		
Subscriptions from members	226,807	199,611
Receipts from providing goods or services	27,449	73,264
Interest from investments	12,567	14,819
Total cash received (net GST)	266,823	287,694
Cash was applied to:		
Payments to suppliers	73,853	67,985
Payments to employees	149,102	152,542
Net GST	2,119	6,809
Total cash applied (net GST)	225,074	227,336
Net Cash from Operating Activities	41,749	60,358
Cash Flows from Investing Activities		
Cash was applied to:		
Purchase of property, plant & equipment	2,824	-
Net Cash from Investing Activities	2,824	-
Net Increase/(Decrease) in Cash	38,925	60,358
Opening Cash	361,889	301,531
Closing Cash	400,814	361,889
Represented By		
Bank accounts and cash	50,077	22,872
Westpac Bank – Term Deposits	350,737	339,017
Closing bank balance	400,814	361,889

Statement of Financial Position as at 30 June 2017

	NOTE	2017 \$	2016 \$
Assets			
Current Assets			
Bank accounts and cash	1	50,077	22,872
Westpac Bank – Term Deposits	2	350,737	339,017
Trade Debtors		13,178	3,509
Accrued Interest		7,844	8,504
Prepayments		2,165	1,041
Total Current Assets		424,001	374,943
Non-Current Assets			
Property, plant and equipment	3	2,841	218
Total Assets		426,842	375,161
Current Liabilities			
Accounts Payable		57,647	12,761
Provision for Holiday Pay		19,920	16,287
Customer prepayments/MasterCard		918	3,622
Subscriptions Received in Advance		27,600	-
GST Payable		8,291	10,349
PAYE, Kiwisaver, ESCT		6,401	4,279
Total Current Liabilities		120,777	47,298
Accumulated Funds			
Opening Accumulated Funds		327,863	300,609
Net Surplus/(Deficit) for the year		(21,798)	27,254
Total Closing Accumulated Funds		306,065	327,863
Total Accumulated Funds and Liabilities		426,842	375,161

Andrea McLeod

Chairperson

[Signature]

Chief Executive

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

Statement of Accounting Policies

Basis of reporting

The Home and Community Health Association Inc. is eligible and has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the performance report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated Inclusive of GST.

Income Tax

The Home and Community Health Association is a registered Charity and is exempt from income tax under Sections CW41 and CW42 of the Income Tax Act 2007.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (Including short term deposits) with original maturities of 90 days or less.

Lease Payments

Payments made under operating leases are recognised in the statement of financial performance on a straight line basis over the term of the lease.

Property, Plant and Equipment

PPE are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is based on the cost of an item of PPE less its residual value. Computer Equipment is depreciated at 48%DV and Office Equipment at 15% DV.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year. the statements have been prepared under the new PBE standards, but no adjustments have been made to prior financial statements as a result of the transition.

Notes to and forming part of the Financial Statements for the year ended 30 June 2017

1) Bank accounts and Cash

	2017	2016
	\$	\$
Westpac Bank – Cheque A/c	49,485	22,280
Westpac Bank - Savings A/c	262	262
Westpac Bank HCHA Conference Bank A/c	330	330
	50,077	22,872

2) Term Deposits

Westpac Term Deposit 009, \$181,372.77 at 3.50% p.a., maturing 25/09/17

Westpac Term Deposit 010, \$116,841.10 at 3.50% p.a., maturing 25/09/17

Westpac Term Deposit 021, \$52,522.68 at 3.60% p.a., maturing 21/12/17

3) Plant, property and equipment

	2017	2016
	\$	\$
Computer and Office Equipment – at cost	5,734	2,910
Less Provision for Depreciation	(2,893)	(2,692)
Total plant, property and equipment	2,841	218

Additions during the year was one computer \$2,824

4) Commitments

There are no known capital commitments at year end. (2016: Nil)

HCHA has a two year rental lease from 20 November 2016, with a right of renewal to 20 November 2019.

<i>Premises Lease:</i>	2017
Not later than one year	\$11,000
Later than one year but no later than 3 years	\$15,583

5) Contingent Liabilities

There are no known contingent liabilities at year end. (2016: Nil)

6) Related Parties

There are no related party transactions.

7) Subsequent events

There have been no material events subsequent to balance date that would result in either adjustment to or disclosure in these financial statements

AUDIT REPORT

To the Members of the Home and Community Health Association Inc

I have performed an audit of the financial statements. The financial statements provide information about the past financial performance of the Association and its financial position as at 30 June 2017. This information is stated in accordance with the accounting policies set out on page 12.

Board Responsibilities

The Board is responsible for the preparation of the financial statements that fairly reflect the financial position of the Association as at 30 June 2017 and the results of the operations for the year ended on that date. With effect for the year ended 30 June 2017 HCHA prepared its performance report in accordance with Public Benefit Entity Simple Financial Reporting – Accruals (PBE SFR-A) for Tier 3 reporting entities transitioning from NZ Old GAAP with Differential Reporting.

Auditor's Responsibilities

It is my responsibility to express an independent opinion on the financial statements presented by the Board and report my opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Association's circumstances, consistently applied, and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I consider necessary. I obtained sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in my capacity as auditor, and answering accounting questions from time to time, I have no relationship with, or interests in the Association.

Unqualified Opinion

I have obtained all the information and explanations I have required.

In my opinion the financial report on pages 7 to 13 fairly reflects the financial position of the Association as at 30 June 2017 and the results of its operations and cash flows for the period ended on that date.

My audit was completed on 13 November 2017 and my unqualified opinion is expressed as at that date.



G A CROSS, Accountant
Cross Financial Services Ltd, Wellington

