



Embracing change

The Benevolent Society Annual Report 2016

benevolent SOCIETY

We are The Benevolent Society

We're Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change since 1813.

Since our earliest days, we've been driven by a vision of a just society where all Australians can live their best life. Creating a just society means advocating for fundamental changes. For over 200 years, we've pioneered new solutions to social problems and spoken out against disadvantage.

The Benevolent Society acknowledges the Traditional Owners of country throughout Australia and recognises continuing connection to land, waters and community. We pay our respects to them and their cultures, and to Elders past and present.



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What we do

- Support families
- Deliver home care and support services
- Community development
- Advocacy.

Who we help

- Children
- Families
- Older people and carers
- People with disability and their carers
- People with mental health issues
- Communities.

Our vision

A just society where all Australians can live their best life.

Our values

Our values guide us to stand strong, to never give up, to speak out on the issues that matter and make a difference every day for people of all ages and backgrounds.

Optimism

Respect

Integrity

Collaboration

Effectiveness.

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Embracing change

We are taking positive steps towards a new future, transforming our organisation to become a sustainable, high-quality service provider of choice and to continue our work as an effective agent of social change into the future.

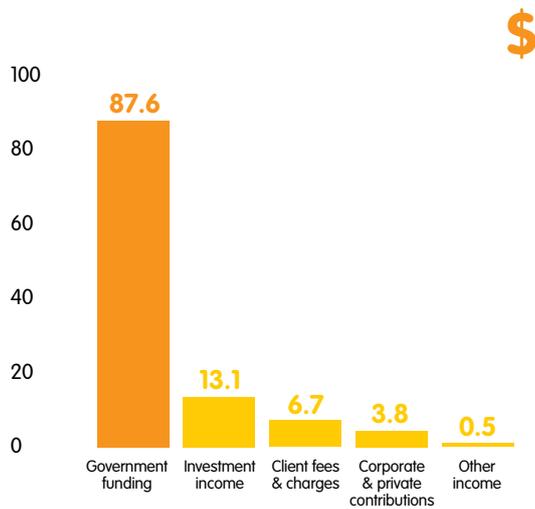
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Snapshot 2016

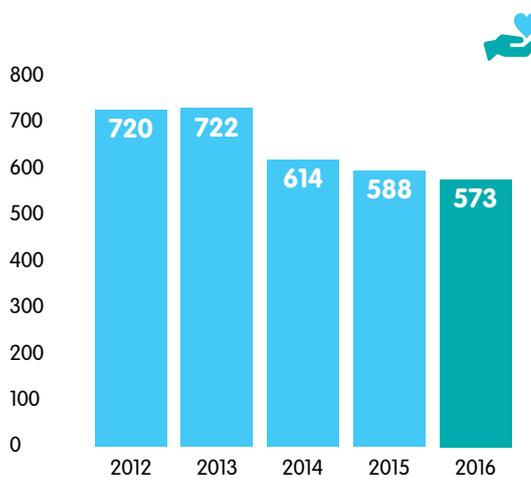
See our financial report on page 61 for detailed information about our performance.

How our work is funded (\$ Millions)



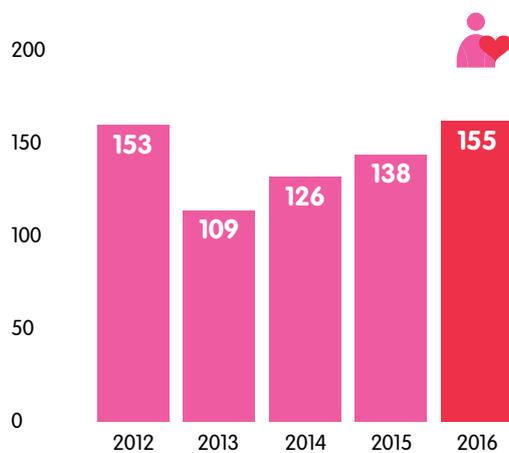
See the Financial Report 2016 for a full breakdown of our revenue.

Volunteers

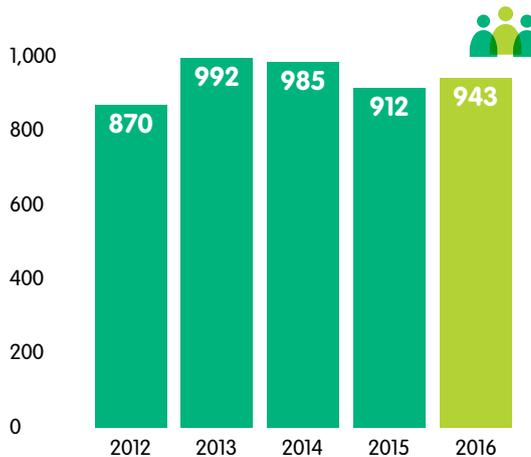


See page 59 to read about the contribution our volunteers make.

Services



Staff



See page 50 to read about how we invest in a Benevolent culture.

Impact

46,956

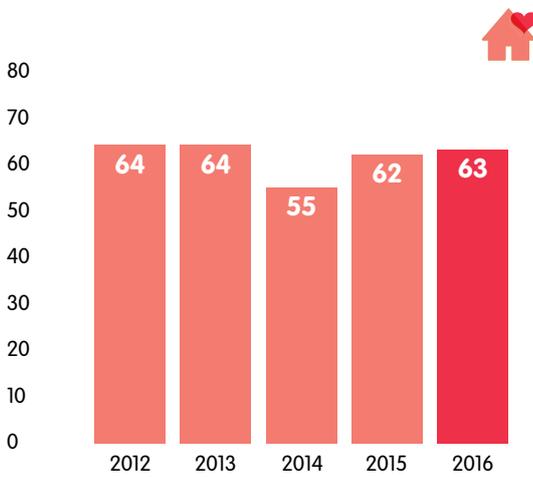
people reached through our services, community programs and events in 2016.

Funding

\$111.7m

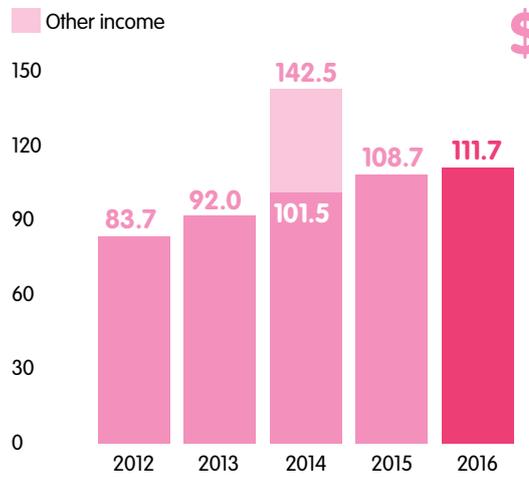
funding secured to support our work

Offices



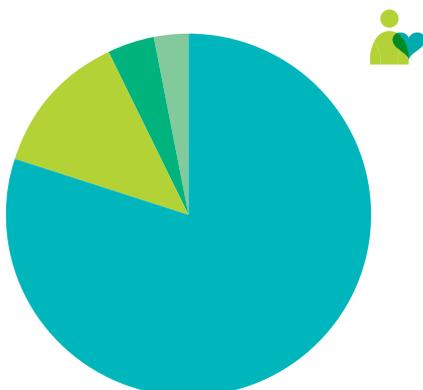
Visit benevolent.org.au to see the communities we work in.

Revenue (\$ Millions)



Please refer to our Financial Report 2016 for our full audited financial statements, accompanying notes and Auditor's Report. Download a copy at www.benevolent.org.au

The people we help directly (%)



Child, youth and family	80%
Older people, people with a disability and carers	13%
People with a mental illness	4%
Social leadership	3%

Social

20,640

Facebook likes

5,633

Twitter followers

Chairman's message

We have been supporting Australians to live their best life for over 200 years. As Australia's first charity, The Benevolent Society is facing a period of significant change. We're adapting and refocusing our attention so that we can continue to support those who need us most.

Here at The Benevolent Society, we're committed to working with our clients to make a difference. Our social purpose has never been more important. There is greater social disadvantage in Australia than ever before, and the gap is widening between the wealthiest and those most in need.

At the same time, the Federal Government is overhauling the way it funds ageing and disability services. Rather than providing block funding to not-for-profit organisations like ours, the Government will now make payments directly to consumers to choose which services they require.

We support this change, as it will mean more opportunities for our clients to choose the services that matter to them. However, it also means that we'll have to adapt to meet the changes we expect in the community aged care and disability sectors in Australia.

Based on experience overseas, we expect that these moves will result in a more commercial environment, with more private businesses offering services on a 'for profit' basis. To compete in an open market so that we can continue to serve those most in need, we will have to become as operationally efficient as possible.

This will require a new way of thinking and working for us. We have to be competitive – but we are also absolutely committed to maintaining the high quality of our services to meet the increasing need in the community.

We are inspired by our vision and social purpose. We will continue to strive to create a just society through building relationships and community connectedness. We work with a strengths-based approach to support all Australians to live their best life.

To achieve this vision in the current social, political and economic environment, we have launched a new three-year strategic plan. This strategy provides a blueprint to navigate the changes ahead by building business excellence and fostering a culture that encourages our people to be the best they can be.

Under this bold strategy, we aim to increase our overall competitive advantage in the market and double our revenue by placing a greater focus on ageing and disability as they move to a truly consumer-directed market. Our goal is to provide support and services that enable people to live and stay in their own homes, which Australians consistently confirm is vitally important to their wellbeing.

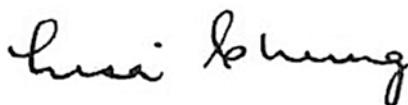
Another important goal of our new strategic plan is to improve the safety of children in their families and reduce the number of children in out-of-home care. Leveraging on our experience in some of our pioneering work in this area, such as the Resilient Families program, we will expand our family support services to equip parents with the skills they need to assist their children to thrive.

Throughout our entire history, we have been powerful advocates for the most disadvantaged. We will continue to seek influence in policy decisions to promote our vision of a more just society.

None of this work would be possible without the incredible dedication of our staff and volunteers. We are committed to creating a workplace where people can do their best work every day.

I'd like to thank board members Gary Moore and Jan Carter, who stepped down in November and December respectively. I also pay tribute to our talented Chief Executive Officer, Jo Toohey, who has guided our organisation through the changes of the last year and prepared it for unprecedented opportunity ahead.

One of our core values is optimism, and I am truly optimistic about the future. We are very fortunate to have inherited a legacy of more than 200 years. We are fortunate to be financially supported by our Endowment Fund, and we have a strategic plan that gives a clear roadmap to negotiate the coming years. The steps we have taken as current stewards of The Benevolent Society will ensure a bright future for our organisation and for those we serve.



Lisa Chung

Chairman



Chief Executive's message

We are embracing change. This year has been all about preparing our business to become a leading provider of services for children, families, older people and those with disability.

We have a long, proud history of supporting families and communities. Over the last 203 years, we've survived and grown through many social, political and economic upheavals. Now we're facing a new period of change and transformation.

Through our careful planning during the last year, we believe we'll emerge from this period even stronger. We'll be better equipped to work for social justice, and to provide quality services to the clients we serve.

During the last year we've restructured our organisation, developed and launched a new strategic plan, and overhauled our business model to reposition us for the challenges and opportunities ahead.

While this period has involved difficult decisions, we are confident that those decisions have laid the groundwork for us to build a sustainable organisation into the future. We have balanced our commitment to our values and purpose with a new, more commercial way of working that will enable us to become a stronger player in an evolving landscape.

I believe this is a time of great opportunity for us. We will make the most of this chance, and plan to double the size of our organisation in the next three years. We are aggressively pursuing mergers and acquisitions, and we've created a new business development function to deliver on this growth strategy.

We're also ready to take advantage of new sources of funding. We've taken the lead in building a market of investors to connect with social initiatives, for example through our ground-breaking Social Benefit Bond that funds our Resilient Families program, and by supporting Impact Investing Australia.

Facing the changes ahead means we've also had to review the way we work, to be more agile and strategically focused. We have launched a new organisational design with a new executive structure focused on delivering the goals in our strategic plan.

We've consolidated corporate functions, separated out and strengthened our evaluation and research teams, and introduced a strong focus on philanthropy and revenue generation to support our work. Our clear direction throughout has been on ensuring we are better equipped to provide services to and partner with disadvantaged communities. Part of the changing landscape means we'll

now be strengthening our engagement with consumers. We will become partners as well as service providers. This means we will need to identify what matters to our clients and their communities most, and deliver services that are responsive to their needs.

We know that every dollar we don't spend on overheads is a dollar we can spend on improving our services for clients. For that reason, we've made our infrastructure more efficient, freeing up more funds for service delivery. We've achieved significant savings through restructuring our business practices and innovating in the way we deliver services.

We're also committed to creating better opportunities for staff and to making The Benevolent Society a great place to work. We're increasing our investment in learning and development, we've changed our recruitment practices and we've been working on a new enterprise agreement that will result in more competitive terms and flexible working conditions. We're also concentrating on the development of Aboriginal and Torres Strait Islander and older staff.

Social policy, advocacy and research are integral to achieving impact in our work. We've identified and promoted a clear advocacy agenda in the last year around the issues of early intervention and the wellbeing of older Australians. We will double our investment in research over the next 12 months, with a focus on innovation in our practice, and we've embedded evaluation in our work so we can measure improvement in outcomes for clients across all our services.

This has been my first year as permanently appointed Chief Executive Officer. It's been a privilege to have delivered on our organisational strategy and to have forged a new direction for The Benevolent Society. I thank the Board, staff, volunteers and all of our supporters for having made this happen.

Every member of staff here does amazing work, every single day, in an incredibly challenging area. They do it because they believe in what we are doing and because they want better outcomes for the people we are working with.

The challenges of the past year are now behind us, and I look forward to building on the legacy of The Benevolent Society to become a sustainable, high quality service provider of choice into the future.



Jo Toohy

Chief Executive Officer



Optimism

We are hopeful that even the most complex social issues can be solved and we work towards the best possible results for clients and their communities.

Embracing change

As Australia's first charity, The Benevolent Society has been supporting children, families, older people and people with disability since 1813. Now we're embarking on a new chapter.

Radical changes to the aged care and disability sectors have resulted in a highly competitive environment in which clients can choose from numerous different service providers. We are responding to this opportunity with a plan for unprecedented growth.

To achieve our ambitions, we have reviewed the way that we work so we can be more agile and strategically focused. We have launched a new strategic plan that will transform the organisation, and to deliver on this strategy we have created a new organisational design.

What will never change, however, is our commitment to our clients and their communities. Our vision is for a just society where all Australians can live their best life.

2014-2016

Strategic vision and priorities

Is now complete. For detailed information see page 14.

2016-2019

Strategic plan

Has now commenced. For detailed information see page 16.

Transforming our business

We plan to double our size in the next three years. To achieve this, we are growing our in-home support services for older people and people with disability. This includes regional and remote communities, through partnerships and collaboration, and through mergers and acquisitions.

To ensure we remain competitive, we have significantly reduced our overheads. We have achieved cost savings through careful business restructuring and innovation. The less money we spend on running the business, the more funds we can redirect to service delivery. We are committed to ensuring the highest quality of care for our clients.

Overhauling our IT services

We have significantly increased our IT capabilities so that we deliver centralised application support and project management services, meaning frontline workers can focus on delivering care and services to clients.

We have renegotiated our existing outsourcing arrangements and selected new partners to achieve significant cost savings of more than \$2 million annually. We awarded contracts to new partners Ensyst, Enablis and Optus in December 2015. These new technology platforms and services cover our needs across Infrastructure, Service Desk, Fixed Voice and Data, and Mobile Voice and Data, and will support us as the business grows.

Most importantly, we have worked to ensure we have the platforms in place to support operations in the new funding environment.

What will never change is our commitment to our clients and their communities. Our vision is for a just society where all Australians can live their best life.

Transforming our organisational design

We have made changes to our organisational design to support implementation of the Organisational Strategy 2016-19. These changes reflect our desire to build a sustainable, effective, dynamic organisation that places the client at the centre of how we govern, manage and work.

We have reshaped and transformed our executive, head office and operations structures. We have replaced our regionally focused structure with a design that focuses on our two core service streams: child and family services and ageing and disability services. The new structure will enhance our practice and the outcomes of our work, and will strengthen the quality of our service delivery. Both areas will see an increased investment in practice, clinical capability and service innovation.

We have also created a new executive portfolio to guide our business development, our partnerships and work with Aboriginal and Torres Strait Islander communities, and our continued role in community development and impact investing.

Transforming our service delivery

We work with people and families to provide the support they need to live their best life, whether that means developing new strategies to be a better parent or providing in-home support to enable people to stay in their homes as they get older.

Our service delivery now falls into two distinct streams: child and family services, and ageing and disability services.

To deliver services that meet our clients' needs and expectations, we have adopted a new consumer engagement framework that involves working closely with our clients and their communities, listening to them and building relationships.

To ensure we provide effective services that deliver results, we are using research and innovation and measuring outcomes.

Child and family services

Our strategic impact goal is to increase the safety of children in their families and communities in order to reduce the number of children in out-of-home care. We will achieve this goal through an integrated approach based around a strong operating model of family support. We will bring our capacity in research, evaluation and advocacy to partnerships within and beyond the sector to identify what works and what needs to change to protect children. We are particularly committed to working with communities that are overrepresented in the child safety system.

Ageing and disability services

Our goal is to be a leading provider of healthy ageing services and in-home support for older people and people with disability. We anticipate our clients' demand for our services will increase, so we are expanding the services we offer and the regions in which we deliver them, with the aim of growing our service delivery footprint nationally.

We will continue to provide innovative healthy ageing support and programs that promote connections to the community and between the generations. New technology, strategic partnerships and acquisitions will help us to expand the number and quality of services we offer.

Our service delivery now falls into two distinct streams: **child and family services**, and **ageing and disability services**.

We will prioritise the needs of our clients, using research and innovation to improve practice and deliver excellent customer service.





2014-2016 Strategic vision and priorities

2015-16 was the final year of our previous three-year strategy. Significant progress was made with key programs of work across five key priority areas:

Strategic goals

Goal 1

Develop high quality, innovative and integrated services across Australia.

We developed integrated service partnership models to provide holistic service offerings to our clients.

Achievements

- Central Coast Multi Agency Response Centre
- New Early Years centre in Gordonvale
- Funding enhancement for Centre for Women's, Children's and Family Health
- New Family Mental Health Support Services in Hunter and North Brisbane.

Goal 2

Build our education and research capacity.

We have embedded evaluation outcomes into our broader community services improvement initiatives so we can demonstrate better outcomes for our clients and measure our performance down to an individual level.

Achievements

- Resilience Practice Framework (Resilience Outcomes Tool)
- Mental Health Outcomes Tool
- Early Action Campaign
- National award for evaluation in outcome measurement.

Organisational priorities

Leadership and culture

- New organisational strategy
- New operating and organisational design.

People, learning and culture

- 4-tiered employee recognition program including four annual leadership scholarships
- Comprehensive onboarding program
- Management essentials training program
- Talent acquisition program shifting the focus from recruiting to the acquisition and retention of talent
- Integrated health and safety management system
- Performance planning and review program
- Remuneration framework.

Goal 3

Lead in technology-enabled service delivery.

We have worked to build a technology platform that will ensure that our services are sustainable in an increasingly commercial operating environment.

Achievements

- Technology-enabled service delivery
- Improved technology platforms
- Client data management systems and process improvements
- Organisational performance reporting
- Consumer Directed Care business model transformation.

Goal 4

Influence positive social change.

We have prepared our organisation so that it is ready to take advantage of new sources of funding to address pressing social needs not funded by government.

Achievements

- Delivery of one of Australia's first Social Benefit Bonds
- Leadership in sector capability and social investment
- Research, innovation and advocacy supported by our endowment
- Acting Early for Kids and Communities – The 1 in 7 Campaign.

Goal 5

Build a culture of collaboration, agility and engagement.

We have implemented new strategies and practices to build organisational capability and capacity through engagement, performance and culture.

Achievements

- Q12 employee engagement survey
- Leader's Forum.

Sustainability

- Business development focus
- Organisation-wide risk management and quality assurance
- Ongoing performance measurement.

Service delivery

- Consumer Directed Care implementation
- National Disability Insurance Scheme transition.

Community impact

- Reconciliation Action Plan
- Gordonvale Early Years centre opening
- Community engagement team.

Strategic plan 2016-2019

This year marks the beginning of a new three-year strategic plan, which is a blueprint for working toward our vision of a just society where all Australians can live their best life.

Goals

Goal 1

We will be recognised for being a dynamic organisation.

Strategy

Embed a performance based, values driven culture that empowers our people to do their best work together.

We will:

- 1.1 Foster an environment that engages and empowers our people to be courageous
- 1.2 Transform operational management capability and enhance professional practice
- 1.3 Improve employment and development outcomes for Aboriginal and Torres Strait Islander and older staff
- 1.4 Develop and position The Benevolent Society as an iconic Australian employer that attracts, rewards and retains great people.

Goal 2

To increase the safety of children in their families and communities in order to reduce the number of children in out-of-home care.

Strategy

We will improve the protective environment for children by focusing our support on Aboriginal and Torres Strait Islander communities, parents who experienced abuse or neglect as children and areas of entrenched disadvantage.

We will:

- 2.1 Support families by improving and scaling up our Intensive Family Support model
- 2.2 Campaign for funding, policy and practice change by Australian governments to improve outcomes for children at risk
- 2.3 Partner with others to establish nationally recognised measures for child safety
- 2.4 Innovate in early intervention services to support families and communities in addressing problems before they escalate.

Our work

What we will do to support our goals.

Advocacy

Research and evaluation

Community development

Social investment and innovation

Our services: children and family, older people, people with disability and carers

Specialist services we deliver but will not seek to expand:
licensed early childhood education and care, out-of-home care

Goal 3

Older people and people with disability regard us as a partner of choice that helps them experience the life they never thought possible.

Strategy

We will become a leading provider of healthy ageing services and home support for older people and people with disability.

We will:

- 3.1 Campaign for the essential conditions for older Australians to age well
- 3.2 Establish innovative service models for ageing and disability
- 3.3 Innovate to support healthy ageing and services that promote connections to community and between generations.

Goal 4

We are a commercially effective and sustainable organisation.

Strategy

We will increase our overall competitive advantage in the market and double our revenue by focusing on growth in ageing and disability.

We will:

- 4.1 Use technology to transform the way we work
- 4.2 Reduce our cost base
- 4.3 Pursue national growth in in-home support for older people and people with disability
- 4.4 Generate new revenue streams
- 4.5 Seek merger and acquisition opportunities
- 4.6 Increase our brand recognition among consumers and our support base.

Strategy 5

We will be known for business excellence.

We will:

- 5.1 Prioritise the voice of our clients in governance, service improvements and advocacy
- 5.2 Achieve market leadership through excellent customer service
- 5.3 Use research innovation and client impact measurement to improve practice, services and social policy
- 5.4 Define, measure and improve business performance.

Respect

We show regard and appreciation for all people from all walks of life and honour human difference and diversity.

Children and families

From playgroups and parenting education to family counselling and household budgeting, we help families to build strong relationships.

Our services for children and families include:

- Targeted and intensive family support
- Financial inclusion (education and budgeting)
- Counselling
- Supporting transition to kindergarten and school
- Allied health services
- Parenting and community education
- Community development
- Supported play groups
- Domestic violence support.

Resilience Practice Framework

The Resilience Practice Framework was developed for all of our staff working in child and family services. It aims to achieve the best possible outcomes for children by building a protective network around them.

The Framework aims to achieve five important outcomes for children: to have secure and stable relationships, increase self-efficacy, increase safety,

increase self-regulation, and improve empathy. We've been focusing on six areas of a child's life that research shows will help build resilience in children to adapt and rebound from stressful life events. These areas are: having a secure base, education, friendships, talents and interests, positive values, and social competencies.

Our staff have been trained and supported to use a number of evidence-informed practices that we know will improve the lives of children and families. Our target populations are disadvantaged communities in New South Wales and Queensland. Working together with these families, our staff assess what they need and measure what interventions really work.

So far we have data on outcomes for 2,000 families. We can see that using the Resilience Practice Framework is helping families function better and is reducing the primary carer's level of distress. It's also helping us to understand how we can best tailor our services to people living in different areas and in different family situations.

The Resilience Practice Framework is helping us to understand how we can best tailor our services to people living in different areas and in different family situations.



Rebecca

Making a difference in families' lives.

Working at the front line of child protection, caseworker Rebecca Muir is experiencing firsthand the positive outcomes that can be achieved through the Resilience Practice Framework.

Her clients include families where there is physical or emotional abuse, neglect, and often alcohol or drug problems. Intervening in a structured way often means we can create a safer, more nurturing home environment where families can stay together.

"Focusing on the different domains helps us to identify and manage risk and work out how to support families to create change," Rebecca says. "For example, I might concentrate on improving empathy for parents. If they don't have empathy, they can't see the impact of what they may be doing to their

children. The domains help us assess the situation holistically so we can understand and provide a quality intervention."

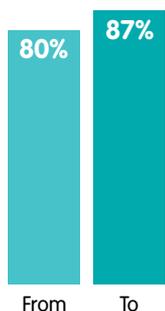
One success involved a family where the baby was removed at birth due to the mother's drug and alcohol abuse. With Rebecca's help, the mother has received support to improve her parenting abilities and work on her drug and alcohol issues. Now her baby has been returned to her, the mother continues to attend courses regularly and still contacts Rebecca to show her the baby's photos. "That child will now grow up not having to experience a parent with drug and alcohol issues. It makes you feel really warm inside that is the impact you can have. Knowing we have done something for a particular family is one of the greatest things, this is why we do it – for the change we can make in people's lives."



Based on current data, The Benevolent Society has achieved the following improvements in our work with children and families.

Caregivers

Caregivers say their family frequently or always pulls together when things are stressful: **improved**



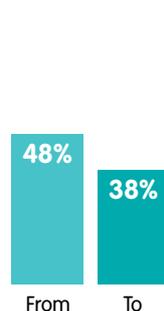
Caregivers say they have few or no stresses in their life: **improved**



Caregivers are coping very or extremely well: **improved**

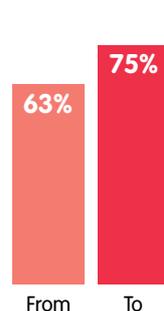


Caregivers feel they can't get support from anyone when they need it: **improved**



Future

Sense of future security: **improved**



Child safety

Research shows that children who are removed from their families to out-of-home care often have poor educational results and experience higher-than-average rates of health and social problems in adulthood.

The rate of child removal is alarming. Nationally, there are about 43,000 children in out-of-home care. Aboriginal and Torres Strait Islander children make up 5.5 per cent of children aged 0-17 years in Australia, but they represent 35 per cent of those placed in the out-of-home care system. A staggering 15,000 Aboriginal and Torres Strait Islander children are in care across the country.

As part of our Strategic Plan for 2016-2019, we are committed to reducing the number of children entering out-of-home care, especially children from Aboriginal and Torres Strait Islander families.

This year we have continued to contribute to policy discussions and advocate on child safety laws and mandatory reporting requirements in the early childhood education and care sector.

In December, the Minister for Social Services, Christian Porter, joined local Dobell MP, Karen

McNamara at the Better Futures Hub in Wyong, one of the centres we work in, to launch the Federal Government's latest action plan on child protection, which commits almost \$8 million nationally over the next three years. We will continue to focus on creating protective environments for children by supporting families, campaigning for funding, policy and practice changes, and partnering with other organisations at community level in our service delivery. We will also continue to work with peak bodies in their campaigns for sector innovation and reform.



43,000

children are in out-of-home care nationally.

15,000

are Aboriginal and Torres Strait Islander children.

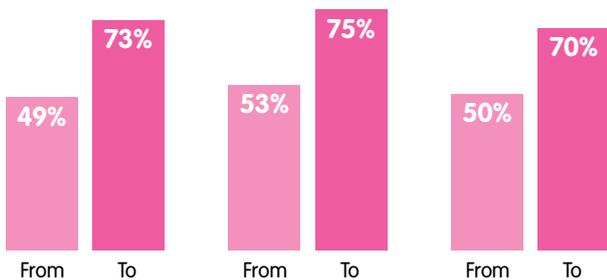
As part of our strategic plan for 2016-2019, we are committed to reducing the number of children entering out-of-home care.

Children

Children in normal range for social and emotional difficulties: **improved**

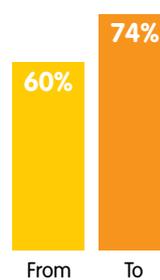
Children in normal range for hyperactivity: **improved**

Children in normal range for emotional problems: **improved**



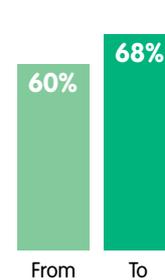
Safety

Safety: **improved**



Standard of living

Standard of living: **improved**



Creating resilience in families

The Resilient Families program provides intensive wraparound support for families which are at risk of having their children placed in out-of-home care. With our help, parents are able to move onto a pathway where they feel empowered to keep their children safe and be the best parents they can.

The program is aimed at families with complex problems such as mental illness, domestic violence, and drug and alcohol misuse. Our team visits them two to three times a week to provide practical support such as parenting skills and show them how to behave appropriately around children.

“Our families are telling us that in many ways we are unlike any other services they have ever worked with – we don’t tell them what to do, but show them how to do it,” says program manager Claudia Lennon.

The Social Benefit Bond

The Resilient Families program is funded by an innovative social impact bond, also known as a social benefit bond.

Under this scheme, private investors and institutional investors provide capital to achieve improved social outcomes. If these outcomes are achieved, the cost savings to governments are then used to repay the upfront investment plus a dividend.

Our \$10 million Social Benefit Bond was established in October 2013 in partnership with Westpac Banking Corporation and the Commonwealth Bank of Australia. The program will operate over a five-year period and serve up to 400 families with young children at risk of serious harm.

A mid-term evaluation report released in September 2015 found that Resilient Families is providing a flexible, responsive service focused on developing positive changes in behaviour, with early indications the service has been effective for high-needs families.

Targeting domestic violence

Unfortunately, when a woman comes to us in trouble, she is often experiencing violence in the home, usually at the hands of a loved one.

We are an active part of the domestic violence service system in Macarthur, which has invested significant effort and resources in engaging with the business, local government and other sector workplaces. This is ensuring women and children who experience domestic violence receive supportive responses and understanding. We also acknowledge the economic costs of domestic violence to organisations through lost productivity and absenteeism.

In late 2015 we successfully applied for new funding under the Commonwealth Department of Social Services, Building Safe Communities for Women and their Children Grants Program and were awarded \$150,000 to implement the Women’s Domestic Violence Prevention Macarthur Project from 1 January 2016-30 June 2017.

This exciting project, launched in June 2016, aims to engage with sectors of the community that don’t ordinarily access domestic violence training or resources. We provide tailored workplace training programs to build understanding of gender inequality, domestic violence dynamics, barriers to leaving, ways to respond supportively and helpfully, and raise awareness about local support services women can access.

We hope the project will lead to better outcomes for women and children through better screening and identification of domestic violence, improved access to services, and proactive workplaces that see domestic violence as an important component of workplace health and safety and duty of care.

We are an active part of the domestic violence service system in Macarthur.



Bruce and Kylie's story*

Bruce and Kylie have eleven children ranging from a new-born baby to one over 18 years of age.

Bruce and Kylie have had a long history of involvement with the child protection system. Over the past 18 plus years there have been more than 70 Helpline reports about this family. The reports covered a range of concerns including drug abuse and domestic violence, physical and emotional abuse and issues of neglect, and had resulted in the removal of six of the children. Three of the couple's older children had moved back into the family home with Bruce and Kylie.

Bruce and Kylie were referred to the program when Kylie was expecting the couple's tenth child following reports that the unborn baby was at risk of significant harm from Kylie's drug use.

Bruce and Kylie had both experienced unresolved trauma in their lives and were keen to work towards healing their past and to learn the parenting skills necessary to enable them to provide a safe and caring family environment for their children.

Kylie was working with other external services to address her issues with drug and alcohol and was supported through the program to continue this work. The case worker maintained regular communication with the other services involved to ensure that messages were consistent with the case plan and that the skills Kylie was learning were able to be reinforced in the home.

Bruce and Kylie needed support to develop the skills to communicate and work positively within the family unit, to build routines and develop strategies to cope with stress. The case worker was able to do extensive psycho-educational work with Bruce and Kylie about the impact of domestic violence and their alcohol and drug use on the children.

The case worker supported the family to learn techniques to improve their parenting and family functioning using approximately 40 evidence informed practices including attending to the child's needs, establishing routines, setting goals, spending quality family time, bonding with the baby and keeping child health appointments.

The case was closed with all case plan goals achieved and with the baby continuing to reside safely at home along with the three older children. At the time of case closure Kylie was expecting the couple's eleventh child and was aware, based on the family's child protection history, that the Department of Family and Community Services would be notified on the birth of the next child. The family were encouraged to refer themselves back into the program should they feel the need for additional support.

Bruce and Kylie self-referred back into the program six months later following the birth of the eleventh child and continued to work with the program for an additional four months.

Bruce and Kylie continue to safely parent both infants along with the three older siblings one of whom is about to become the first female in the family to complete secondary school.

Bruce now has a full time job, and reads to the children every night, something he had never had the confidence to do, nor understood the value of before becoming involved with the program. Both he and Kylie enjoy spending time with their children and understand the need to ensure they provide a safe and caring home for their children.

**Names have been changed to protect members of the family.*

Our domestic violence services

The Centre for Women's, Children's and Family Health in Campbelltown, New South Wales, provides specialist women's health and domestic violence services, including Women's Health, Staying Home Leaving Violence, and Family Mental Health Support Services. All of these services have been fully integrated so that families receive wraparound support and women and children are not required to re-tell trauma stories multiple times.

There is a consistently high demand for our domestic violence services in the Macarthur region. In the past year, we supported 1,963 women and 268 children through counselling, groups, information, referral and advocacy services.

We are also bringing additional expertise in domestic violence to our services for families experiencing vulnerabilities in Queensland. We have developed new partnerships with the Domestic Violence Prevention Centre on the Gold Coast and Working Against Violence Support Services in Logan.

Specialist domestic and family violence practitioners, employed by the domestic violence services, are hosted as a member of our Family and Child Connect and Intensive Family Support teams in Beenleigh, Bayside and Logan.

Our integrated approach

The first time we knocked at the door of our client, the 44-year-old mother was clearly struggling. In tears, she told our caseworker about a history of domestic violence at the hands of her ex-partner and the resulting drug use and mental ill-health.

She and her children were severely affected by the violence, which had ended in her ex-partner dragging her down some concrete steps and badly injuring her in front of her children, aged 8 and 10.

In addition, her daughter had been diagnosed with autism spectrum disorder, which significantly affects her ability to communicate and interact with others. The effects of trauma resulting from her father's violence, combined with autism, contributed to increasingly violent behaviours, which mum found hard to manage.

The mother told us she had become isolated from her friends and family by the years of violence, and she had no money due to her ex-partner's social and financial control.

The domestic violence left this mother feeling vulnerable, afraid, depressed and living in poverty. Her lack of money meant she didn't have much furniture. Her ex-partner's relentless criticism had undermined her parenting confidence and contributed to her poor mental health.

We heard about this case through an innovative project in Wyong on the New South Wales Central Coast, which brings together the NSW Department of Family and Community Services, NSW Health, NSW Police and The Benevolent Society to stop families in trouble from slipping through the cracks.

The Central Coast Multi Agency Response Centre (CC MARC) provides a local phone contact centre where community members and professionals can make reports of children and young people believed to be at risk. The different agencies then work together to identify the best services and deliver them efficiently.

The benefit of this model is that the agencies are all located in one place, meaning they are better able to collaborate and help clients in a more systematic way. CC MARC won Australia's 2016 Good Design Awards in the category of social innovation.

We connected this client to a number of different services, including domestic violence support groups at the Centre for Women's, Children's and Family Health, individual counselling, disability support for her daughter and respite care. These services supported her to live independently, safe from her ex-partner's violence.

She is now a more confident mother who is supporting her son to work through the trauma he has experienced, and the family is receiving assistance to manage the daughter's challenging behaviour and recovery from trauma.

When we went back to visit, the mother felt much more positive and in control of her own life. She told us she knew she had needed help, she just didn't know where to turn – she was so glad we knocked on her door when we did.

CC MARC won Australia's 2016 Good Design Awards in the category of social innovation.

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Brighter Futures

The Brighter Futures program is funded by NSW Family and Community Services and delivers targeted early intervention services to families and children who are at high risk of entering or escalating within the statutory child protection system. The Benevolent Society delivers the program at 49 locations across New South Wales.

The program is designed to build the resilience of vulnerable families with children aged up to nine years of age.

Brighter Futures connects families with suitable support services. This early support aims to prevent problems from escalating to crisis point.

By boosting families' resilience, we are helping them to build stable and secure relationships, increasing their self-efficacy and helping them to cope better. Happier parents in turn mean a much safer and more nurturing environment for the whole family, in which the children thrive.

Brighter Futures was also actively involved in working with the New South Wales Department of Family and Community Services on the Safe Home for Life Project, which aims to develop a collaborative working relationship to provide more services and a better outcome for children at risk and in care.

For case manager Catherine Grimmert, there is no greater high than pointing out to a mother all the things she is doing well and getting 'right'.

"A lot of our mums have never been told they are good at anything. Through trauma their self-esteem and confidence have been squashed so badly; I go in and show them there are positive things about their parenting. For me it's amazing how many people cry with happiness and relief that someone is telling them something nice," she says.

Families can stay involved in the Brighter Futures program for two years, giving us time to build a deep and trusting relationship with them and set them up for a brighter future.

Connecting kids to kindy and pre-school

Connect2Kindy was a free, structured program for 3 to 4 ½ year-olds that aimed to boost school enrolment in vulnerable communities by getting families used to coming through the school gate.

Operated in school premises in Calliope and Lawnton in Queensland, the program encouraged families to engage in social interaction and structured programs through attending a community playgroup with their little ones.

The families which attended have formed lasting bonds with each other, meaning they are now supporting each other outside school and improving their confidence as parents.

We're also seeing the children being more ready for school than they were before through their exposure to structured and non-structured play.

Connect2Kindy was so successful that, when funding for the program ended, the parents took steps to make this a parent-led playgroup.

It's become a sustainable way of breaking down barriers and ensuring children and families will continue to achieve better outcomes.



90%

of the children and families referred to our Brighter Futures program were considered by the Department of Family and Community Services to be at risk of significant harm.

Families can stay involved in the Brighter Futures program for two years, giving us time to build a deep and trusting relationship with them and set them up for a brighter future.

Connect2Kindy was so successful that, when funding for the program ended, the parents took steps to make this a parent-led playgroup.

Early Action for children

There is overwhelming research evidence that early intervention is crucial for improving children's life chances, especially in disadvantaged families. Support needs to be provided early in the life of a child, early in the life of a problem.

This year we commissioned the Parenting Research Centre to examine the evidence around improving early childhood learning and development, and as a result we have released four Evidence Briefs.

Our work has shown that despite the evidence supporting the need for early intervention, most governments concentrate resources on child protection.

We have also shown that it's not just up to one organisation to act early – we need a collaborative approach between services, parents, families, communities and multiple levels of government.

Accordingly, in September 2015 we co-hosted the Cairns Early Years Conference *Today's Children Tomorrow's Future* with Mission Australia, Queensland Department of Education and Training, Queensland Health and the Cairns Institute.

New Early Years Centre

Early Years Centres provide children and their families with access to early childhood, health, family and parenting support services. They are funded by the Queensland Government.

We run eight Early Years Centres in Queensland. The newest opened in January, a purpose-built facility in the sugar-growing town of Gordonvale, south of Cairns.

The centre is a first port of call for families with children under eight.

"It's always been a dream to have a centre in Gordonvale. It means we can intervene as early as possible, so by the time children go to school they already have strategies and are prepared. If we can't help, we will refer families to services that will be a good fit," says Sharman, one of the Gordonvale team members.

Before the Gordonvale Early Years Centre was built, we provided services to the community from

the local school and church hall. It took several years to get the new centre up and running, during which time we lobbied for support from the community and worked with local Aboriginal elders. One of them is Alison, a Yidinji woman of the Malanbarra clan.

Having provided community support for a number of years in Gordonvale, Alison understands how essential Early Years services are to the entire community.

"It's the foundation, everything starts from there, interacting with the family, creating necessary links with the respective community and support services, and giving people skills," she says.

For Sarah, a local mother of three children aged nine, three and one, the Centre provides a lifeline where both she and her children can socialise with other families.

"The new centre is good, everything we need is in one place – there are little toilets, kitchen facilities, all the equipment we need," she says.

"At home, I don't really get the chance to talk to any other mothers. I have built some good friendships at the groups, I really like that it's my social time as well as the kids'."



8

Early Years Centres in Queensland.

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Sarah
Local mother of three children.

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Older people

We support older people to stay at home and to live independently.

Our services for older people include:

- Referral, assessment services and support services
- Domestic support
- Centre-based respite
- Social support
- Transport
- Home-based care
- Home-based respite
- Flexible ongoing respite
- Consumer Directed Respite Care
- Overnight respite cottages
- Healthy ageing
- Meals on Wheels
- Home maintenance
- Allied health
- Transitional care
- Community development
- Social investment that supports health and wellness outcomes for older people
- Dementia education for carers.

Moving to Consumer Directed Care

As the aged care sector continues to move towards Consumer Directed Care (CDC) funding – where consumers choose which services they require – we are helping our clients manage home support and obtain the services they need.

Our case managers work with clients to identify suitable services and how much they cost, and, where it's useful, help them set and manage budgets.

Our staff focus on meeting clients' needs within their budget, providing choice and control so that people can age well and independently, have the right support and stay connected to family and their community.

Reports such as the *Index of Wellbeing for Older Australians* and our 2014 report *Your Life Your*

Wellbeing both point to the role of community and community infrastructure in improving outcomes for older Australians. We believe that older Australians benefit from engagement with their community and experience higher levels of distress when isolated from it. As a result, we are committed to continuing to improve our tools and practices in understanding our client's contribution to their community, and the possibilities that exist to draw further support from it.

We have recruited a Director of Community Development and a Manager, Wellness and Lifestyle, so that we can take a more strategic approach to supporting and contributing to the communities in which older Australians live and access services, and have a more needs-based and outcomes-focussed approach to connecting our clients with community.

We are embracing Consumer Directed Care, and this year we implemented change in our systems to support the transition. Our CDC project received a Better Practice Award for Leadership in aged care services from the Australian Aged Care Quality Agency.

In 2014, we set up client discussion groups in Rosebery, Allambie and Penrith as part of the CDC project to ensure we include our clients in decision-making processes.

Client input included a review of our marketing and communications material, help to tailor our client satisfaction survey, and invaluable feedback on the language we use when we communicate. This will all help us to provide clear and concise information about the services we offer, how to access support and how to navigate the complexities around obtaining aged services.

Our new strategy ensures consumer engagement is embedded in the organisation.

We are committed to continuing to improve our tools and practices in understanding our client's contribution to their community, and the possibilities that exist to draw further support from it.

Index of Wellbeing for Older Australians

In February we launched a landmark report, the *Index of Wellbeing for Older Australians*, which highlighted the importance of affordable housing for an older person's wellbeing.

This report – the first of its kind ever done in Australia – mapped how older Australians are faring nationally across five key areas including health, resources, participation, wealth and housing.

The most critical determinant of wellbeing is housing. Older people who don't own their own home experience significant disadvantage. The problem is worse in cities, where people in private rental or on low incomes are spending so much on housing they have little extra money to cover food, health, transport and energy costs.

As a consequence of these findings, we've been letting politicians and policy makers know about an impending crisis in the future wellbeing of lower income older Australians.

The Index can now be used by governments, planners and services to monitor the wellbeing of older people within local areas and to compare the effectiveness of policies and programs across different areas. We're also doing follow up work around ageing strategies and the adequacy of the aged pension. We commissioned The National Centre for Social and Economic Modelling (NATSEM) to produce the Index. We also received input from a voluntary expert advisory group consisting of members from other human services organisations, the Department of Social Services and academia.

This research was provided to federal and state portfolio Ministers, opposition portfolio spokespeople and federal and state members of parliament. We also used the research to lobby major party leaders and sector spokespeople for a national agenda on ageing and a dedicated Minister for Older Australians in the lead-up to the 2016 federal election.

We understand that the Index doesn't cover all the things that matter to older Australians. For many of our clients, the important things in life are intangible, based on relationships and personal interests. We are in the process of reviewing our approach to the services we provide to older people to ensure we continue to offer the things people value.

Frank: meeting the needs of a true battler

Frank has always been able to look after himself. Through a varied career in which he's worked as everything from a truck driver to a hairdresser and commando, he did not think he needed help, even when a series of strokes and broken bones left him partially paralysed.

When things got really difficult after he broke his collarbone a few years ago, the hospital put him in touch with us.

"I thought bugger it, I don't need that. But the first bloke who came was John, and I couldn't believe what he got done in an hour – he fitted a smoke alarm and put a new washer on the tap. Ever since then it's been like that, people have come and what they do is perfect," he says.

We work closely with Frank to identify what he needs to continue to manage at home. We've had an electrician install outdoor fittings so that he can charge his scooter in the yard, reducing the risk he'll trip over an extension cord. We've also installed more appropriate lighting in his house and help with day-to-day tasks if he wants us to.

"Our role as a Home Support Partner is really important. We work with the client to give them autonomy and they are key in the decision making," says Case Manager Richard Kindness. "All our staff are experienced and qualified, so we as an organisation make sure the right supports are in place."



People with disability

We focus on supporting people to live their best life and by providing a range of quality services, tailored to individual needs.

Our disability services include:

- Referral, assessment services and support services
- Domestic support
- Centre-based respite
- Community access
- Social support
- Transport
- Home-based care
- Home-based respite
- Regular respite
- Overnight respite cottages
- Meals on Wheels
- Home maintenance
- Allied health
- Community development
- Leisure and wellness

Planning for the National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) is a major reform in Australia that will provide support for people with a permanent and significant disability. We welcome the changes as they will enable more support for people with disability, so they can participate socially and economically to live life to the fullest.

We currently provide a range of mental health and disability services that are transitioning into the NDIS.

To best prepare for the transition, we have transformed our services and systems. Now clients will have more choice and control, and we will design services to meet clients' personal needs.





Our incredible Paralympic champion

That 19-year-old Amanda was able to compete at her second Paralympic Games in Rio this year is nothing short of incredible. Her dedication and spirit have helped her overcome numerous setbacks, and what made her trip finally possible was a bike provided by The Benevolent Society.

Amanda, an Aboriginal athlete, lives with several forms of disability. Her mother, Kate, has always encouraged Amanda to get the most out of life. They discovered she was an extremely talented athlete and swimmer, and she represented Australia in the 2012 Paralympic swimming team in London.

She then switched to cycling, training six days a week and eventually qualifying for the 2016 Australian Paralympic Cycling Team. However, she had trouble finding a suitable road bike due to the lack of full sensation in her hands, which made changing gears difficult. We came into contact with Amanda and Kate when we were building a support plan for Amanda's Aboriginal Flexible Respite Package. Her coach suggested one of the most practical and significant things we could do to support her wellbeing was to help her buy a bicycle to pursue her dreams.

We were able to fund a suitable road bike to suit her needs with an electronic gear changing system and powerful brakes to compensate for her lack of grip strength. She rode this bicycle in Rio.

"Typically the funding wouldn't be used to purchase something like this, but sometimes we can make the funding a bit flexible. And being able to compete has been integral to her emotional, physical and psychological wellbeing," says her Case Manager, Sarah.

"It's meant she has been physically active in a supportive environment with a coach and team who understand her limitations. Really, that bike is integral to everything she does."

Amanda won a silver medal at the Rio Paralympic Games.

Carers

We support carers to look after their own needs as well as those of the person they are caring for.

Our services for carers include:

- Specialised support for young carers and carers of people with dementia, mental ill-health or children with a severe and profound disability.

A well-deserved break

Australia has more than 2.8 million carers. They form a vital part of our community and health system, providing care and support for people who are ageing or who have a disability, mental illness or chronic condition.

Caring for someone 24/7 can take its toll, and we work to provide a variety of respite services to make things just that little bit easier for carers.

Our respite services include short-term and emergency respite, regular respite, Consumer Directed Respite Care, overnight respite cottages, carer retreats, a range of workshops that give carers the opportunity to network and socialise, and educational sessions that teach participants how to deal with the stress, grief and loss that can come with being a carer.

We also offer respite and educational support for younger carers, who typically are looking after parents or siblings with disability or mental health issues. We organise school holiday activities and regular social groups, as coming together allows them to discuss their feelings, compare experiences, and catch up with school work that they might be missing due to their home situation.

Sometimes respite is just about having fun. This year, 153 people attended our second Gala Dinner in Lilyfield, giving them the opportunity to frock up and dance the night away while we cared for their loved ones. We also took 100 carers on a harbour cruise in Sydney for a delicious meal and performance by an ABBA tribute band.

Fun Day

The South East Sydney Commonwealth Respite Centre hosted its second annual Family Fun Day in May, attended by 200 carers and clients from a range of our services in the area.

They were treated to back massages, manicures, mini makeovers, face painting, clowns, a photo booth, fake tattoos, a fire truck, jumping castle, petting zoo, delicious food and music.

“Full time carers need a break to be able to function. It gives them relief from what can be a very challenging and stressful life,” says Lyubov Rimer, Manager of South East Sydney Commonwealth Respite and Carelink Centre.

“One mother said to me afterwards that she was worried about coming because her children have autism and don’t like crowds. By the end of the day they were dancing in the middle of the dance floor and didn’t want to go home!”



2.8m

carers in Australia who provide round the clock support.

200

carers and clients attended The South East Sydney Commonwealth Respite Centre annual Family Fun Day.

“Full time carers need a break to be able to function. It gives them relief from what can be a very challenging and stressful life.”

Lyubov Rimer
Manager of South East Sydney Commonwealth Respite and Carelink Centre.



Anne and Adel: in sickness and in health

Adel was just 21 and Anne was 19 when they arrived in Australia from Sierra Leone with their two-year-old daughter. They built a happy life together in south Sydney, raising two daughters and a son.

Sixteen years ago, at the age of 54, Adel suffered a stroke while he was in hospital for open-heart surgery. He could no longer walk or talk properly when he came out of intensive care, and Anne has been caring for him at home ever since.

Anne is now 66 and busy with five grandchildren and a great grandson. Three years ago, the pressure of caring for Adel seven days a week grew too great, and she turned to us for help.

We provide the family with support, including domestic services and respite for Anne, meaning she is free to go shopping, visit friends, or just sit in the bedroom talking on the phone.

For Adel, the service means he can get out of the house with a trusted carer who respects his wishes. For Anne, the time to herself means she can keep going with the hard task of being a carer.

“He used to be a wonderful father, working, driving, doing the shopping and looking after the family,” says Anne.

“It is important for me to care for him, it means a lot to him and to me also. It’s not easy for him or for me. But I am always next to him.”

Mental health

We promote positive wellbeing to help people build stronger relationships and deal with challenges that mental illness introduces. We support people to be resilient to enable them to enjoy their lives and participate fully in their community.

Our mental health services include:

- Information, advice and referral
- Home-based and community-based respite
- Overnight respite
- Social support
- Advocacy, support and intake assessment
- Educational retreats and follow up workshops for carers.

Helping people with mental illness lead the life they choose

We believe that people can recover from mental illness and lead satisfying and rewarding lives. Personal Helpers & Mentors (PHaMs) program is funded by the Department of Social Services and is a recovery-focused service that supports participants to identify what they can do to increase their own wellness and to minimise the negative impacts of mental distress and mental illness within their lives.

We support people to identify what they can see could be different in their lives – and what needs to change for this to happen. It is our intention to leave people strengthened, independent and resourceful, and we believe people do not always need services present in their lives.

Our PHaMs team provided non-clinical mental health support in the Liverpool and Fairfield locations for 63 participants in 2015 and 2016. Support consisted of one-on-one sessions, attendance at appointments and attendance at groups. A men's group was held in 2015 to support the male participants of the program with a safe environment for natural peer support to occur. The topics of exploration were decided by the participants in areas of relationships, mindfulness and wellness, emotional regulation and identifying dreams and aspirations.

A women's group was held during the same period. Guest speakers supported increased understanding about domestic violence, Centrelink payments and services, safe relationships and understanding anxiety.

A new group program was developed and facilitated by a generalist Mental Health Support Worker and Mental Health Peer Support Worker. The topics are around life skills and increasing understanding of experiences of mental health, including emotional regulation. People who attended told us the group was helping to reduce isolation and they look forward to attending each fortnight.

Improving mental health outcomes for children and young people, and their families

Family Mental Health Support Services are offered by the Australian Department of Social Services to provide early intervention support for vulnerable families with children and young people up to age 18 who have or are at risk of mental illness. These services support parents to reduce stress and enable young people to reach their potential.

This year we were awarded funding to deliver this service in two new communities: in the Hunter, New South Wales, and North Brisbane, Queensland. We now deliver four family mental health support services in total, two in New South Wales and two in Queensland.

The program has particular focus on working with Aboriginal and Torres Strait Islander people, people experiencing alcohol and other drug use, people experiencing homelessness, and families who may be having issues with domestic violence.

We support people to identify what they can see could be different in their lives.

It is our intention to leave people strengthened, independent and resourceful.

This year we were awarded funding to deliver this service in two new communities.

We offer intensive intervention and support, short-term immediate assistance and information.

With program workers who have specialist knowledge in child, youth and family mental health, we work alongside families, sometimes with childcare, kindy or school, in small groups in the community or one-to-one. We offer intensive intervention and support, short-term immediate assistance and information, and community outreach, including information sessions for parents and carers about children's mental health.

See Me Hear Me

A non-illness focused program has provided community members who experience mental health issues with a vehicle to be heard and acknowledged as members of the community in a way that is respectful and dignified.

The See Me Hear Me project assisted those facing mental illness to focus on their strengths and abilities, and to channel their thoughts and ideas positively through art.

It involved eight weekly art therapy classes and an open art exhibition aiming to decrease stigma and increase understanding in the community of mental health issues and its impact on people's lives.

Each piece was accompanied by a short explanation of the artwork from the artists and the experience the piece was conveying. Artists were also given the option to sell their works.

Our squalor and hoarding program

Hoarding is a diagnosable and treatable behavioural mental health condition and it is more common than most people think. Often people start hoarding due to a traumatic episode, and this can lead to them living in a squalid environment. However squalor and hoarding are often an unseen problem, hidden behind people's front doors.

This year we were approached by Central and Eastern Sydney Primary Health Network to apply for funding in this area. Within a month of receiving the funding we set up a squalor and hoarding case management program that has made a huge difference to our clients by linking them with services and offering them a research-based, 12-week Buried in Treasures program.

Nadia: De-cluttering her life

One of the participants in our 'Buried in Treasures' program was Nadia, 68, a former social worker who had previously worked with clients who had problems with hoarding. She didn't know she needed help herself until she realised she was unable to deal with the accumulated contents of three households after her mother and sister died in quick succession.

"I was in grief I didn't want to do anything – I just couldn't start and I couldn't see an end. I was basically adrift and I'd given up," she says.

She was referred to our service by her GP, and we met with her for an hour and a half every week to help her begin to sort through the boxes cluttering the house.

As with other hoarders, it wasn't just a matter of throwing things away – it was about dealing with the grief of her loss and the memories attached to the objects that were overwhelming her.

"My de-cluttering task is a major endeavour as it involves the lives of my mother, father and sister from the past and present. It brings back memories every time I pick up any of their belongings, which slows down the process," says Nadia.

"Alicia from The Benevolent Society was gentle and considerate. She didn't rush me, she helped to go through it all together. Her sensitivity around these essential and sad moments has been so much appreciated."

Nadia now feels less lonely, is less anxious and stressed, and is starting to appreciate her new un-cluttered environment.

Communities

We work alongside communities to draw on their strengths and resources, support people to make connections with others, their families and the community, and create opportunities for all to thrive.

Work to connect communities

The Communities for Children Program provides services to ensure children have the best start in life by focusing on prevention and early intervention approaches that bring about positive family functioning, safety and child development outcomes for children and their families in disadvantaged communities throughout Australia. Funded by the Department of Social Services, we deliver programs in three New South Wales communities.

Some of the many initiatives we have helped develop include a mobile toy and book library in Campbelltown, Mother Goose – a Wyong group focusing on the power of rhyme, stories and song with children, and activities supporting children and their families as they transition to school.

Our Village Hub on the New South Wales Central Coast is another way we're helping families and communities become more engaged and connected. The Hub is a gathering place where people can find out about and get involved in a wide range of community activities, programs, services and events.

Other activities include Wheel Works, a bike, scooter and skateboard-building project for young people in Greenacre, and Engaging Dads, which strengthens relationships between children and their fathers through informal Kids and Dads evening sessions.

Engaging children in school

We rolled out a new program, Families and Communities Engaging in Schooling (FaCES), in four schools in Southern Cairns in September 2015.

Based on our successful Parental and Community Engagement Program, FaCES is helping families to engage with local schools.

Heidi and her daughter, Lyberti, are one of the families being helped by the program. Heidi suspected her daughter had dyslexia, but was having difficulty accessing the services she knew she needed.

With the help of team member Sharman, the school and Heidi are working together to address Lyberti's literacy needs.

"I was at the point where I was going to pull her out of the school, but now the teacher and I are on the same page and she's on a few programs to help her learn."

"It's just been really, really positive – without the support from Sharman I wouldn't have known what else to have done," says Heidi.



Post adoption support celebrating 25 years

The post adoption community reached a significant milestone in April as our Post Adoption Resource Centre (PARC) celebrated its 25th anniversary.

The program began when New South Wales legislation changed to make information available for people who had been affected by adoption. Since 1991 PARC has provided therapeutic support, resources, counselling and understanding of the unique, lifelong impact of loss and grief on both parents and children. Erika has been with PARC since the beginning. She originally connected with the service when she was 25 to mediate between herself and her birth mother soon after the legislation changed. But meeting her birth parents turned out to be just the beginning of her story.

Despite an initial reluctance to meet, one day Erika's birth mother called PARC with the name of the birth father. Erika tracked him down immediately, discovering he never knew he had a daughter and wanted to meet the next day.

"The meeting was really good – we all met for lunch and I ended up leaving them at 1am, but there were complications," says Erika.

"They were still very much in love, and there were a lot of family secrets and lies that I needed to piece together. At times I felt like I had to be the adult dealing with everyone else's emotional stuff."

Erika eventually tracked down three other half-siblings who had been left by her birth mother as children. She enjoyed a good relationship with her birth family for five years until her birth father died and her birth mother disappeared.

Throughout the entire experience, she has received specialised support from PARC and has worked as a volunteer and advocate.

PARC offers a range of adoption-specific resources, groups for specific interests, information and training for professionals. By coming together, people affected by adoption can share common experiences, such as the sense of loss children feel around birthdays and significant life events, and the guilt that mothers can carry with them their whole lives.

"I really appreciated the service they provide and the professionalism and dedication to it," says Erika. "For me and for many of us, it was the first time that someone listened without telling you what you should be thinking and feeling. It provided a safe environment for us to explore and come together and understand."

25 years

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1991

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Step into Work

Moving into employment is about more than finding a job. Our Step into Work program supports people who have not been in the workforce for some time, and those who have migrated to Australia. The program prepares them to find employment and further their careers by providing practical assistance, tips and inspiration. The program is facilitated by professional experts in human resources and recruitment, stress management and coaching.

Saver Plus

Saver Plus is a financial management program designed to help people make informed decisions about money and save for the future.

Australia's largest and longest-running matched savings and financial education program, it is offered locally by community organisations in over 60 locations across Australia to assist individuals and families on lower incomes to build assets and improve financial capability.

Participants make regular deposits towards a savings goal over a 10-month period and attend workshops to build their financial management

skills. When participants reach their savings goal, ANZ Bank matches the amount – up to \$500 – towards education costs including uniforms, textbooks, laptops, sports equipment, music tuition, TAFE or apprenticeship costs, and much more.

More than 5,000 people have participated in Saver Plus through The Benevolent Society, saving more than \$2.3 million, with the same amount donated by ANZ Bank.

As a result of the program, 88 per cent of people feel they are better able to plan ahead, 87 per cent have set longer-term financial goals and 82 per cent are better able to make ends meet. People are also more financially resilient, with a large majority saying they feel better able to deal with financial problems and that they can cope with unexpected expenses.

More than 5,000 people have participated in Saver Plus through The Benevolent Society, saving more than \$2.3 million, with the same amount donated by ANZ Bank.



Work Development Orders

Some of our participants have come to us on the verge of having their driving licence suspended due to lack of payment of their fines, which means they may not be able to fulfill their work obligations. Work Development Orders provide the opportunity for eligible Saver Plus participants in New South Wales to receive some relief.

Participants in the program receive a \$50 credit per hour when they attend a one-on-one meeting or a MoneyMinded workshop within the Saver Plus program. This means that clients can have their fines reduced by just over \$500 whilst on Saver Plus. By moving onto a Work Development Order, they may be able to keep their licence as they are showing a willingness to reduce their fines.

So far, 104 people owing more than \$81,000 in New South Wales have undertaken a Work Development Order whilst on Saver Plus. Through participation in Saver Plus, these participants have had their fines reduced by just over \$31,000 – a very worthy reduction. Based on these results, we have called for the program to be rolled out nationally.

Creating better leaders: Social Leadership Australia

Social Leadership Australia is a social enterprise owned by The Benevolent Society that develops the leadership capacity of senior leaders across all sectors to improve Australian social outcomes.

Social Leadership Australia is well known for its Sydney Leadership Program, which brings together leaders from government, not-for-profit and commercial sectors to work collaboratively to address social issues. The program is gearing up to help participants tackle the significant changes currently facing the not-for-profit sector.

For one participant, Steven, the Sydney Leadership program meant he was able to better lead a new approach to the state-wide expansion of Ability Links, which supports people with disability, their families and carers as part of the ongoing reforms of the disability services system in New South Wales.

The support he received meant he was able to develop conversations and engagement with new stakeholders to create a more unified and collaborative approach.

“A real strength of the Sydney Leadership Program is that it brings people together who wouldn’t otherwise come together. You learn that you can form alliances with people you never thought you were going to have a relationship with,” Steven says.



Integrity

We are ethical, trustworthy and responsible. Those who come into contact with The Benevolent Society will experience us as open, just and reliable.

Our people

We are building an organisation that is known for being a great place to work; one that is dynamic, positive, productive and high performing.

Leadership team

Board Directors

Lisa Chung

Chairman

**LLB, FAIM, FAICD
(Director since 27 June 2011)**

Lisa was formerly a partner at commercial law firms Blake Dawson and Maddocks and is now a professional non-executive director. She completed the Advanced Management Program at INSEAD in France in 2004 and the Australian Institute of Company Directors course. Lisa assumed the chair of The Benevolent Society in November 2013 and is committed to setting its course as it enters its third century. In particular, she is passionate about building on our legacy to advocate for and bring about improved social outcomes in our society.



Tim Beresford

Deputy Chairman

Chairman, Research, Policy and Advocacy Advisory Committee

**BEC(Hons), LLB MPhil (International Relations) ASIA, MAICD
(Director since 14 February 2013)**

Tim is currently the Chief Operating Officer and Deputy Vice-Chancellor at Macquarie University. Before joining Macquarie University, Tim was an Executive Director with the Australian Trade and Investment Commission (Austrade). Prior to Austrade, he was First Assistant Secretary of the Social Policy Division in Department of the Prime Minister and Cabinet. Tim has demonstrated leadership in higher education, government, not-for-profit, financial services and professional services sectors. His areas of expertise include strategy, governance, public policy, change management and organisational design. Tim is a high energy leader with a strong commitment to social justice.



Andrew Yates

Chairman, Audit, Finance and Risk Committee

BEC, CA

(Director since 9 November 2015)

Andrew is currently Senior Partner, Financial Services at KPMG, where he has worked for 25 years. His experience with KPMG covers a broad range of domestic and global financial services clients. Andrew is currently the Lead Partner on the audits of ANZ Bank and the Reserve Bank of Australia. He joins The Benevolent Society as Chairman of the Audit, Finance and Risk Committee.



Kathleen Conlon

Chairman, People & Culture Committee

BA (Econ), MBA

(Director since 14 February 2013)

Kathleen is a professional non-executive director and thought leader in operational improvement and strategy. She is a Director of REA Group, Aristocrat and Lynas, and is a Chief Executive Women member. She was awarded the Commonwealth Centenary Medal for services to business leadership in 2003. Kathleen is one of the pre-eminent thought leaders in the area of operations and change management in Australia and globally and has extensive experience in mergers and acquisitions as well as large-scale integration. She is passionate about getting more women appointed to positions on boards. She also believes the mark of a good director is forming a well-researched position on issues and not being afraid to be a constructive thought leader.



Robert Warren

BEC, CA, A Fin, GAICD

(Director since 19 July 2010)

A partner at KPMG Australia, Rob is a Member of the Institute of Chartered Accountants in Australia, a graduate of the Australian Institute of Company Directors and an Associate of the Securities Institute of Australia. He is passionate about driving innovation in the not-for-profit sector, including social finance.



Karen Healy AM

**PhD, BSocWk (Hons), GAICD
(Director since 4 April 2011)**

Karen is professor in the School of Social Work and Human Services at The University of Queensland. She is a leading social work researcher and President of the Australian Association of Social Workers. She is also past President of the Australian Association for Social Work and Welfare Education. Karen has authored numerous publications on social work practice and policy, particularly in the field of child protection and issues relating to its workforce. She is a strong advocate of developing child protection policy and practice within a framework that values evidence-based decision making. In 2016, Karen was made a member of the Order of Australia for her services to social work in the fields of child protection, higher education and research.



Mike Beckerleg

(Director since 22 September 2014)

Mike is one of Australia's leading brand and marketing executives with a record of success with both global and local organisations. BRW listed him as one of the best 5 Marketers in Australia, and the Australian Marketing Institute named him one of the country's 10 most effective Marketers. Mike is currently co-founder of THiINK Consulting, the only Herrmann-certified brand consultancy to develop an application of Whole Brain Thinking to Brand, Innovation and Culture. Prior to this, Mike was Managing Director of Ogilvy Impact and Executive Director, Ogilvy & Mather Advertising. He has also held executive positions with Vodafone, Sony and Seiko. Mike is a former Advisory Board Member to the Australian Marketing Institute. He is passionate about the role Brand plays in an organisation's success – both externally and internally.



Charles Prouse

(Director since 10 August 2015)

Charles is a Nyikina man from the Kimberley region of WA and was formerly the CEO of Supply Nation, an organisation that facilitates the integration of Indigenous businesses into the supply chain of private sector corporations and Government agencies. Prior roles included CEO of the National Aboriginal Sporting Chance Academy in Redfern and the NSW Indigenous Employment Program Manager with DEEWR in Sydney. Charles has worked across Australia and has been involved in the delivery of various Federal programs including Environmental Management, Employment and Youth and Education Programs for Aboriginal communities. He is Chairman of the Australian Indigenous Leadership Centre (AILC). Charles has broad experience in Community Capacity Building, Business and Governance and is proud to be part of assisting Aboriginal people with harnessing further opportunities.



Leadership team

Senior Executives

Jo Toohey

Chief Executive Officer

RN

Jo has been CEO since April 2015. An expert in Aged Care, she was previously the Director of Operations for UnitingCare Ageing responsible for managing its residential, independent living and community care services across six regions in New South Wales and the Australian Capital Territory. She has over 14 years executive level experience in financial and operational management, staff management and change management. She has a clear focus on consumers and the quality of our service delivery.



Matt Gardiner

Executive Director, Child and Family

BSocSc (Couns), M.Clin.Couns

Matt has significant sector experience across the areas of child protection, family therapy, relationship counselling, mediation, sexual assault and violence prevention. Passionate about social justice, improving systems and therapeutic practice, Matt is an experienced practitioner and has held senior executive roles in some of Australia's leading not-for-profit organisations in a career spanning nearly two decades. Matt joined us in January 2012.



Annette Chennell

Executive Director, Ageing and Disability

MSc, MPH, MA

Annette has in-depth expertise and executive level experience in the aged care sector, having worked in the industry for close to 20 years. Prior to this new role, Annette was the Executive Director of Community Services, South, for The Benevolent Society and before that Director, Care Services for UnitingCare Ageing. She has been involved in major organisational change programs, staff engagement programs and has designed and led cultural development programs in aged care, acute and mental health services. Annette joined us in 2014.



Rosie Stilin

Executive Director, People, Learning and Culture

BA (Psych), MComm (Employment Relations)

Rosie has more than 17 years experience in Human Resources leadership. Her expertise lies in highly competitive environments and complex organisations experiencing rapid growth and change. Rosie's career has been focused on building effective human resources operating platforms, developing and executing strategic human resources plans, and balancing strategic and operational business requirements. Rosie joined us in May 2014.



Simon Curtis

Executive Director, Finance and Corporate Services

MA (Hons), FCA

Simon is a highly experienced Chief Financial Officer, with a background spanning professional services, social and physical infrastructure sectors, industrial services and consumer products. He is a Big Four qualified chartered accountant and is passionate about driving sustainable growth underpinned by strong governance and business services. Simon joined us in February 2015.



Kirsty Nowlan

Executive Director, Strategic Engagement, Research and Advocacy

BA (Hons), LLB (Hons), PhD

Kirsty's background is principally in the international development sector, where for over 10 years she has developed a track record of driving policy change and leading effective advocacy teams. She has an Arts/Law degree and a PhD in political economy and law. Kirsty joined us in April 2015.



Elaine Leong

Company Secretary and General Counsel

BA, LLB, BA Comms (Hons), Grad Dip Legal Prac, GAICD

Elaine is an experienced governance and legal professional with more than 15 years experience working with Boards and Executive teams to advance organisational objectives through governance, policy and strategy. Elaine also maintains her own legal practice supporting those finding it difficult accessing or navigating the legal system. Elaine joined us in January 2010.



Leadership team

Endowment Investment Advisory Committee Members

Our Board regards the transparent, effective management of the Endowment investment portfolio as a significant responsibility and has appointed an advisory panel: the Endowment Investment Advisory Committee.

Craig Ueland

Chairman

AB Ec (Stanford), MBA (Hons), CFA

Craig held a variety of leadership positions in Russell Investments, including Managing Director of International Operations (1986–1998), Chief Operating Officer (1999–2003), and President/CEO (2003–2008). Craig currently serves on the Boards of Perpetual Limited, where he chairs the Investment Committee, and the Stanford Australia Foundation. He is also on the Supervisory Board of OneVentures Innovation and Growth Fund II, a venture capital firm based in Sydney.



Justin Wood

PhD Fin, BCom (Hons), CFA

Justin studied at, and then was a faculty member of, the AGSM at the University of New South Wales (1982–1997). He was CEO of Barclays Global Investors Australia (2001–2007) and was a Board member of the Investment and Financial Services Association (IFSA). Justin is a founding shareholder in Vinva Investment Management and serves on the investment advisory committee of HESTA.



Paul Heath

SF Fin, BCom

Paul is CEO of Koda Capital, an independent private wealth management firm. Paul has held positions of CEO of JBWere, a strategic private wealth alliance between National Australia Bank and Goldman Sachs, and Managing Director of Private Wealth Management for Goldman Sachs JBWere, where he served on both the Board and Management Committee of Goldman Sachs JBWere. Paul is a Director of the Juvenile Diabetes Research Foundation.



Sam Weiss

AB (Harvard), MS (Columbia Business School), FAICD

Sam is a former Chairman of The Benevolent Society, The Sydney Festival and the Harvard Club of Australia. He is Chairman of Altium Limited, 3P Learning Limited and SurfStitch Limited and is a graduate of the 2002 Sydney Leadership program.



Robert Warren

BEc, CA, A Fin, GAICD

A partner at KPMG Australia, Rob is a Member of the Institute of Chartered Accountants in Australia, a graduate of the Australian Institute of Company Directors and an Associate of the Securities Institute of Australia. He is passionate about driving innovation in the not-for-profit sector, including social finance. Rob joined the Endowment Investment Advisory Committee in June 2015.



Business excellence

BSafe

At The Benevolent Society, safety is everybody's business, and safety consciousness is being built into everything we do. Over the past year, we have launched our BSafe Safety Management system and program, which focuses on building a strong health and safety infrastructure that meets Australian and sector standards.

BSafe has helped us achieve a strong safety culture by integrating policies, processes, education, initiatives and consultation at all levels from the board to frontline staff. As a result, we now have the lowest time lost through injury in the sector through proactive management of workplace injuries.

Recruiting the best people

Our talent sustainability strategy is evolving and to date has been focused on improving our ability to recruit, develop and retain the right people to meet current and future workforce needs. We have overhauled our recruitment practices with a focus on talent acquisition, ensuring we are attracting and selecting the right people for the right job.

All managers and team leaders have received training and have ongoing access to mentoring and coaching to develop their capability in identifying and retaining talent. This has resulted in more effective and targeted hiring practices and tools that ensure people are a good fit for their roles and teams within the organisation. It has led to a decrease in voluntary turnover and improvement in our service delivery outcomes.

Our tools are focused on helping managers select the best candidate for each of our roles, including refreshed recruitment branding and identifying alternative talent channels.

Reconciliation Action Plan

The Benevolent Society's vision for reconciliation is a journey of living, breathing and walking together to bridge the gap. For us and for the communities we work with, reconciliation is a journey of healing that is essential for Australia to mature as a nation. It is well documented that Aboriginal and Torres Strait Islander people continue to experience

ongoing racism and disproportionate social disadvantage. We are all responsible for actively promoting the advancement of our First Nations People.

Aboriginal and Torres Strait Islander people have a lower life expectancy, higher rates of infant and child mortality, and are less likely to have early childhood education, literacy and numeracy skills, to finish school and to find employment than other Australians. The national rate of Aboriginal and Torres Strait Islander children in out-of-home care is almost 10 times that of non-Indigenous children.

We believe that to close this gap we need to work together. Through reconciliation, we can achieve something greater than we can achieve alone.

Our Reconciliation Action Plan 2012–2015, *Walking Together*, set out a plan for The Benevolent Society to promote the economic, political and social inclusion of Aboriginal and Torres Strait Islander people. The plan focused on three areas designed to help us make a difference to the people we work with and the communities we support: building relationships, respect and opportunities.

The Plan had enabled us to build our organisational values and cultural respect, to strengthen community engagement and partnerships, refine our service design and delivery and improve human resources practices and workforce development for Aboriginal and Torres Strait Islander people employed within the organisation.

There are many Aboriginal and Torres Strait Islander people in many of the communities in which we run programs across New South Wales and Queensland. We have worked to engage with each local community so that our services are more relevant and meet the unique needs that people have.

Walking Together aims to build more trustful, respectful relationships with Aboriginal and Torres Strait Islander people and communities.

For The Benevolent Society and for the communities we work with, reconciliation is a journey of healing that is essential for Australia to mature as a nation.

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People and culture

Improving our culture

Our cultural journey started in 2015 with the aim of making us an iconic employer of choice. Our cultural development has focused on developing leaders, and building a culture people want to be a part of.

We have been working with Michael Henderson, an internationally recognised corporate anthropologist, to help us define and map our culture plan and bring our organisational values to life in the way we work.

Michael, author of *Above the Line*, is an expert at helping organisations develop a culture where employees want to deliver on a common strategy and purpose collectively. Based on our values, he has helped us identify the culture we seek to build that will elevate and stabilise our people so that they are positive and productive in their work.

Recognising our leaders

As part of our undertaking to build a great work environment, The Benevolent Society officially launched its employee recognition program. The program is designed to ensure that staff feel appreciated. They are recognised for their commitment to the organisation, the difference they make by living and demonstrating our organisational values and the commitment individuals show to improving engagement across the organisation. In addition, the Our Leaders Award recognises the service excellence and outstanding leadership modelled by people at all levels of the organisation.

Working with families with complex needs, our manager of the Child and Family and the Resilient Families program in Rosebery, Claudia Lennon often comes across parents who themselves have experienced trauma as a child.

The impact of their own contact with the child safety system can lead to mental health issues, substance abuse and problems with their relationships, which in turn are perpetuated by their parenting.

Claudia was one of four winners of this year's Our Leaders awards, which recognises outstanding leadership practice at in The Benevolent Society. She was awarded a \$10,000 scholarship to travel to the United States to understand new practices that are breaking this cycle of intergenerational trauma.

The trip took her to the University of Maryland in Baltimore, which has developed ways of working with families based on years of research, and to Harvard University to visit a think tank on child safety. She attended a major conference on psychological trauma, and met with world leaders in treating trauma in children and adults.

Her learnings are now informing her work in Australia, ultimately helping to limit the impact of trauma on our clients so the cycle is not repeated in the future.

"This has enabled me to see if there is anything we can implement at The Benevolent Society and look at our current practice framework to see whether it fits with the most current models," she says.

"This is an amazing opportunity and it really shows how the organisation is working to continue to develop its practice to be world class."

Claudia was one winner of this year's Our Leaders awards, which recognises outstanding leadership practice at in The Benevolent Society.

She attended a major conference on psychological trauma, and met with world leaders in treating trauma in children and adults.

"This has enabled me to see if there is anything we can implement at The Benevolent Society"

Claudia
Our Leaders
award winner



Learning and staff development

Investing in staff development is fundamental to our commitment to creating great employee experiences and client outcomes. We want to create career pathways for our staff and help them to learn and grow.

Learning and development is now firmly embedded within The Benevolent Society, right from our orientation and onboarding programs through to comprehensive learning and development programs related to professional practice and management covering both pathways.

Our onboarding program consists of both face-to-face and online modules that introduce new staff to our vision, goals, services, culture and expectations, including health and safety and other knowledge they will need in their job. We are currently finalising job-specific mandatory onboarding programs to ensure that every employee is equipped to be successful in their role from their first day with us.

We further engage all our managers through our bi-annual Leader's Forum, which focuses on cultural leadership and development.

Growing engagement

One of the most important ways of helping staff to perform at their best is to ensure they are engaged in their work, with their team and organisation. After three years of hard work, our staff are now in the top quartile of engaged employees globally, according to an annual engagement survey, the Q12, managed by international research experts Gallup.

We started using Gallup three years ago to benchmark our staff engagement. According to Gallup, we have achieved unprecedented improvement in our levels of staff engagement year on year. This year the improvement in our staff engagement was extraordinary. We are now in the 80th percentile of all organisations of similar size on Gallup's global database.

Our success over the past two years is largely due to organisational progress on all engagement drivers, notably improving leadership cohesion and stability, infrastructure, recognition, growth and development as well as the development and launch of our three-year strategic plan.

The survey is only a small part of our overall engagement program, which includes action planning at team, functional and organisational levels throughout the year. It also underpins our performance and culture planning programs.

Our success over the past two years is largely due to organisational progress on all engagement drivers.



Improving employment outcomes for Aboriginal and Torres Strait Islander staff

We have focused on attracting and recruiting Aboriginal and Torres Strait Islander employees and have worked to improve cultural competency across the entire organisation. We currently have 47 Aboriginal and Torres Strait Islander staff in The Benevolent Society from our partner organisations.

We will continue to build on how we acquire, develop and recruit Aboriginal and Torres Strait Islander employees, as we know that supporting a capable and committed workforce of both Aboriginal and Torres Strait Islander and non-Indigenous staff is central to our ability to build relationships and work effectively with indigenous clients. We will be embarking on our second Reconciliation Action Plan in the coming year, which will focus on improving our healing journey with our first Australians, inclusive of improving employment and development outcomes.

Our Aboriginal and Torres Strait Islander staff often work closely with non-indigenous staff in supportive mentoring relationships and have facilitated cultural learning and development opportunities, including learning circles, cultural conversations at staff meetings, movie sessions, conversation prompts and internal cultural awareness training.

Our longest serving employee: Keith Williamson

We are committed to attracting and retaining older Australians. Keith Williamson, who has recently retired aged 83, embodies the experience and commitment that older staff can bring to the organisation. His tireless work for us over 64 years has helped thousands of clients to achieve a better life.

Keith is the living story of The Benevolent Society. He started work here in 1952, following in the footsteps of his father, Jack, who had also worked for us since 1919.

Initially stationed at the former Thomas St Asylum in Ultimo, Keith adapted to the changing needs of the organisation over the years. He has undertaken numerous roles, from driver to administrator, maintenance manager, board host and secretary of the Paddington Site Committee. He's done everything, from fundraising to manning stalls at events.

Perhaps Keith's most important role has been as archivist – the keeper of our stories. His detailed knowledge of The Benevolent Society's history is unmatched.

He was formally recognised for more than 60 years of loyal service to the community through his work with The Benevolent Society when he received an Order of Australia Medal, which was announced in the 2013 Queen's Birthday Honours list.

Keith is still working for us as a volunteer, and we would like to offer him heartfelt thanks for his loyal commitment to what we do.



Collaboration

We work jointly with others.
We believe that together we
can tackle the things that
prevent communities and
society from being caring
and just.

Our supporters

Our important work would not be possible without the support of the individuals and organisations who give their time and money so generously.

Australia's first charity was founded by Australia's first philanthropists 203 years ago. This rich tradition of philanthropic support is core to The Benevolent Society's heritage and plays an important role in our ability to create a just society where all Australians can live their best life.

Over the next 12 months, The Benevolent Society will focus on building philanthropic support through a range of new initiatives and growth projects.

We will focus particularly on building strong relationships with existing donors and encouraging new donors to partner and support some of the innovative and high-impact community service programs being delivered over the next few years as part of the Strategic Plan.

The adoption of emerging technologies to support philanthropists in maximising their social impact will integrate with more traditional ways of giving to create a strong platform of philanthropic support.

Girls Matter: the program that's changing lives in Claymore

One hour away from Sydney's CBD is the suburb of Claymore, considered to be the most disadvantaged suburb in Australia.

Here, girls are more likely to experience domestic violence, to end up in child protection and to drop out of high school than girls from other parts of Australia. Teenage pregnancy is common and, for many children, running outside or having a friend to play with is unheard of.

The Allira committee, an independent fundraising committee that has been supporting us for a number of years, first heard about the situation in Claymore after it was covered in an ABC Four Corners documentary by Sarah Ferguson, *Growing Up Poor*.





Thanks to the Allira Committee, this brand new mentoring program will give young girls the chance to make better decisions that broaden their choices and help them to live their best life.

Since then, chair Sara Lane and the other committee members, Chrissy Comino, Georgie Taylor, Louise Green and Amanda Riedel have been working with experts to develop an evidence-based program to improve outcomes and choices for young girls.

The result is the iMATTER mentoring program for girls aged 7 to 12. This early intervention program creates a space where girls have a sense of belonging and trust, a safe environment in which they can share their worries and fears.

The Allira Committee has raised enough funding to fully fund the first year of the program, costing \$120,000, while most of the remaining six years of the program is funded by pledges. That means 20 girls will be able attend every year for the next six years. If it's successful, this program has the potential to be rolled out to girls in other communities.

On a recent visit to Claymore the committee members met the girls in the program.

"The excitement and pride we got from these little girls who don't know us was so moving, the program only started a short time ago but we could already see this was a place of trust and it was a place where they knew that good things would come from it," says Sara.

Thanks to the Allira Committee, this brand new mentoring program will give young girls the chance to make better decisions that broaden their choices and help them to live their best life.





Gifts for Good

Each year we run a toy and gift appeal to provide Christmas gifts for families who cannot afford them.

This year, the campaign ran from October to December 2015, engaging 23 organisations and provided an impressive 2,583 gifts and 500 hampers for our clients in New South Wales and Queensland.

Our staff at CKAN Do in Claymore were very popular and well supported by Kimberly Clark: "As I drove into Claymore around 10am I literally had kids spotting my car from a distance at the top of Dobell drive. They were running after my car and more and more kids joined the group as they descended on the youth centre. They were seriously so excited!" says Eliza Walsh, Community Development Worker.

Greenwood Cottage clients were also overwhelmed by the generosity of Toyota Fleet Management. "I was blown away by the gifts, they were just fabulous," says Cherie Damoulakis, Activities Coordinator at Greenwood Cottage.

Brighter Futures in Armidale received hampers for their clients. "The hampers truly meant a lot to all who received them and we really wanted to acknowledge your hard work in facilitating the campaign and express our sincere thanks," says Corinne Taylor, Acting Manager Community Programs.

Race for Change

The 2016 Race for Change in May raised nearly \$133,500 towards The Benevolent Society's youth services: The Shack at Maroubra and CKAN Do in Claymore.

A total of 34 teams with 170 riders battled it out over 200km at the iconic Sydney International Regatta Centre.

In a nail-biting competition, Barefoot Cycling vanquished strong competition from Ansarada, ANZ Racing and Henry Davis York, finally taking out the winner's title with a time of 5:09:49.

The fastest male lap was Derek Mollison from Jamaica Blue East, at 7:16, and the fastest female was Sophie Chesterton from Gilbert & Tobin, at 7:35.

Thank you to our supporters, Moov, Staples and Optus, as well as our wonderful volunteers from Samsung and New South Wales TAFE for making this event such a success yet again.



"The hampers truly meant a lot to all who received them and we really wanted to acknowledge your hard work in facilitating the campaign and express our sincere thanks,"

Corinne Taylor
Acting Manager
Community Programs.



Volunteering

Samsung

The Benevolent Society and Samsung have signed a new agreement that will see The Benevolent Society continue to provide volunteer days for Samsung staff.

Samsung staff have cooked meals, taken some of our clients on an outing to The Tramway Museum at Loftus, and escorted children from CKAN Do in Claymore on a tour of the Opera House.

In October, a skilled volunteer day was organised for children at The Shack, who were taken to the Samsung office, given a tour and listened to staff speak about their jobs and courses they studied to achieve their goals. In May, Samsung volunteers supported Race for Change by helping out in the grandstand and keeping the area looking sparkling while tweeting and posting to Facebook with updates throughout the day.

ANZ Bank

ANZ Bank staff took part in five volunteer days during September, with teams spending the day helping our staff at Brighter Futures Northern Sydney, Claymore, Greenwood Cottage, Mirrabooka and Warriewood. Activities included cleaning toys, delivering meals to our elderly clients, spring-cleaning centres for start of term and gardening.

Teams have approached us again this year and we look forward to continuing this growing relationship across other campaigns and events like Race for Change.

Sydney and Western Sydney Institute of TAFE

Nine volunteers from the Event Management Course at Sydney and Western Sydney Institute of TAFE volunteered to help with registrations at Race for Change. The event was a great experience for the students and they are hoping to be involved with more Benevolent Society events in the future.

List of donors and supporters

The Benevolent Society is grateful for the following donors who gave over \$5,000

Trusts & Foundations

Perpetual Trustees Company Limited
Vinva Foundation
The Marian & EH Flack Trust
The Rali Foundation
Corio Foundation
Ha-Ke-Na Foundation
Ian McNair Charitable Foundation Limited
Maple-Brown Family Foundation
The K & G Gluck Trust

Gift in Will

Estate of the Late John Joseph Shirley
Estate of the Late Ronald Leslie Armour
Estate of the Late Vera Zukerman
Estate of the Late Hilda May Hammond
The Wright Family Bequest

Corporate Organisations

Johnson & Johnson Medical Pty Ltd
ANZ Bank
UBS Australia Foundation
Hunter Hall International Limited
Marsh Pty Ltd
Illawarra Catholic Club

Individuals

The Benevolent Society respects the anonymity of our individual donors who gave over \$5,000 and gratefully acknowledges their generous support.

Effectiveness

We are focused on, and accountable for, performance and outcomes. Our efforts are directed at reaching and fulfilling our vision.

Financial report 2016

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This financial report covers The Benevolent Society and is presented in Australian currency.

The Benevolent Society is a company limited by guarantee, incorporated and domiciled in Australia. Its registered place of business is:

The Benevolent Society
Level 1, 188 Oxford Street
Paddington New South Wales 2021

A description of the nature of The Benevolent Society's operations and its principal activities is included in the review of operations and activities in the Directors' Report.

The financial report was authorised for issue by the Directors on 30 September, 2016. The Directors have the power to amend and reissue the financial report.

All press releases, financial reports (2007 to current) and other information are available at www.benevolent.org.au

ABN 95 084 695 045

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney New South Wales 2000

Bankers

Commonwealth Bank
363 George Street
Sydney New South Wales 2000

National Australia Bank
255 George Street
Sydney New South Wales 2000

Westpac Banking Corporation
275 Kent Street
Sydney New South Wales 2000

Directors' report

For the year ended 30 June 2016

Directors

The following people were Directors of The Benevolent Society during the whole of the financial year up to the date of this report, except where noted:

Lisa Chung (Chairman)

Andrew Yates (Chairman of the Audit, Finance and Risk Committee) (Appointed on 9 November 2015)

Kathleen Conlon (Chairman of the People and Culture Committee) (Appointed 10 August 2015)

Robert Warren (Chairman of the Audit, Finance and Risk Committee) (up to 9 November 2015)

Tim Beresford

Karen Healy

Mike Beckerleg

Charles Prouse

(Appointed on 10 August 2015)

Justin Ryan (Chairman of the People and Culture Committee) (Resigned on 3 August 2015)

Jan Carter (Resigned on 31 December 2015)

Gary Moore (Retired on 9 November 2015)

All Directors are members of The Benevolent Society (see Note 15(a) on page 88 for more information)

Purpose

As Australia's first charity, The Benevolent Society has been a catalyst for social change for more than 200 years.

Our purpose is to empower and educate for personal and societal change and our vision is for a just and compassionate society where everyone thrives.

Strategies

Our Strategic Plan gives us direction, highlights the social policy changes we believe are needed and helps us bring our purpose to life.

Defining measurable goals and targets helps to keep us on track and ensures our efforts lead to tangible social impact.

During the past financial year we launched a new strategic plan. This took effect from 1 January 2016 and will guide our activities for the three-year period: 2016 to 2019.

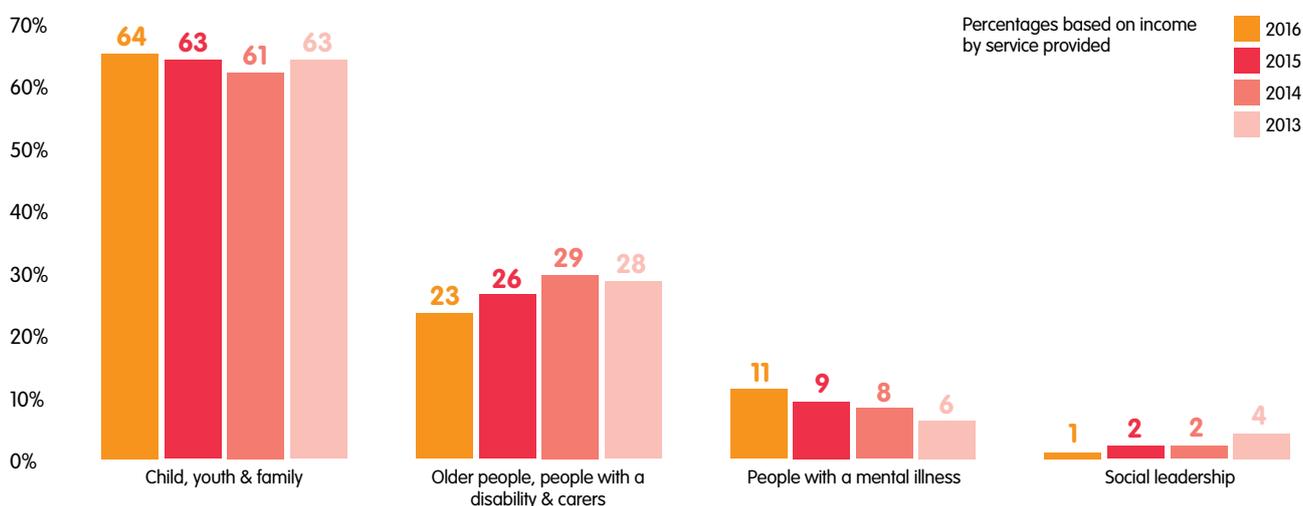
The new strategic plan objectives are grouped under four goals, as highlighted on page 16.

Principal activities

See Figure 1, below.

People find themselves vulnerable for all sorts of reasons: financial hardship, mental health issues, family breakdown, or simply as a result of growing older. The breadth of our service offering allows us to be flexible in how we respond to these social issues, so we can find a way to help people cope with life's challenges, whatever their circumstances.

Figure 1: Principal activities (%)



We work with people of all ages and backgrounds, in New South Wales, and Queensland. We create positive social change on the ground by delivering quality community services and offering training and development to other non-profits.

We influence social policy nationally through our research and advocacy work, our thought leadership activities and by bringing the community, corporate and government sectors together in our social leadership programs, to collaborate on finding new answers to social issues.

Building stronger families and resilient children and supporting older people and people with disability are our main areas of focus. This includes foster care, child protection, early intervention, community capacity building work and home support services. We also provide services that offer pathways to better mental health and wellbeing, including programs to address domestic violence and drug and alcohol addiction. We continue to provide counselling and support for people affected by adoption, with national reach through online networks.

We have increased our focus on early intervention because it makes common sense and economic sense. This means we intervene as early as possible to tackle problems for children and young people before they become difficult and costly to fix. We have also expanded our work in mental health support services, working with young people to de-stigmatise mental illness.

Everything we do is underpinned by the skills of our workforce, the passion of our volunteers and our generous donors, corporate partners and funders. The Benevolent Society employs 943 staff, the equivalent of 794 full time staff throughout New South Wales and Queensland. Approximately 573 volunteers are involved in our community services and in roles supporting our corporate services teams. We also partner with a wide range of non-profit agencies, academic bodies and government departments.

Performance

The Benevolent Society monitors performance through a series of benchmarks including:

- the cost-effectiveness of fundraising activities
- the cost of administration and indirect costs to support operations
- actual performance versus budgeted performance
- program outputs versus targeted outputs
- wages and salaries.

We also evaluate program delivery outcomes through client feedback surveys and evaluation studies.

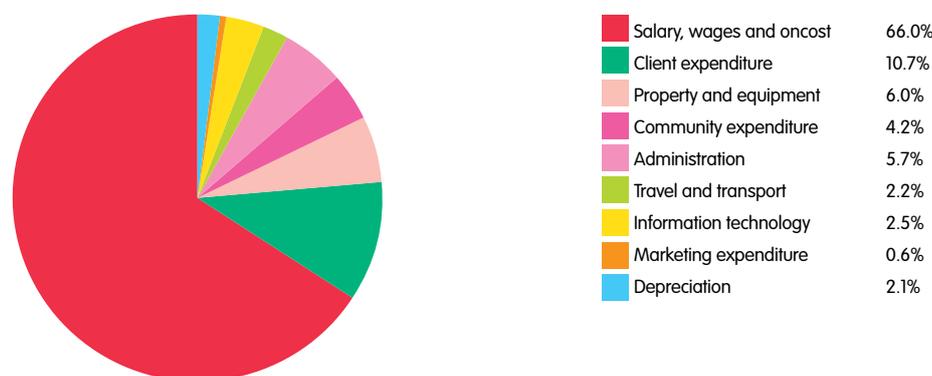
Review of operations and results

Net surplus

The net surplus for the year ended 30 June 2016 was \$5,056,000 (2015 surplus: \$2,898,000).

The net surplus was largely driven by a high level of distributions declared from Investments in the Endowment.

Figure 2: How we spent our funds (%)



Revenue

See Figure 3, below.

- Operating revenue grew by 3% to \$111,675,000
- During the year, there was an increase in government funding of 2%
- Revenue also included \$2,000,000 funding from Social Benefit Bonds
- Revenue from our investment in the Endowment and in Goodstart amounted to \$13,055,000 (2015: \$10,473,000).

Expenses

See Figure 2, previous page.

- Expenses from continuing operations grew by 1% from \$105,818,000 to \$106,619,000
- \$1,266,000 was incurred in restructuring costs
- The cost of managing The Benevolent Society's Endowment portfolio was less than 0.11% of the Endowment Assets.

Net Assets

The Benevolent Society's net assets decreased by 5% to \$138,637,000. The decrease of \$7,453,000 was primarily due to a decrease in the value of our investments.

Cash flows

Cash reserves increased by \$36,000 this year.

- Operating activities generated a cash deficit of \$4,110,000

- Our investment activities generated a cash surplus of \$4,228,000
- Financing activities generated a cash deficit of \$81,000 resulting mainly from the repayment of bonds and deposits.

Significant changes in the state of affairs

There was no significant change in the state of affairs of The Benevolent Society during the financial year.

Matters subsequent to the end of the financial year

The Benevolent Society transferred the operations of its William Charlton Retirement Village at Allambie Heights, Sydney on 30th August 2016 to another not-for-profit organisation, ensuring continuity of tenure for the residents. The consideration was \$1,850,000.

Likely developments and expected results of operations

In the opinion of the Directors there are no likely changes in The Benevolent Society's operations which will adversely affect The Benevolent Society.

Dividends

The Benevolent Society is a company limited by guarantee. It is prohibited by its Constitution from paying dividends to members.

Figure 3: Our revenue (Millions)

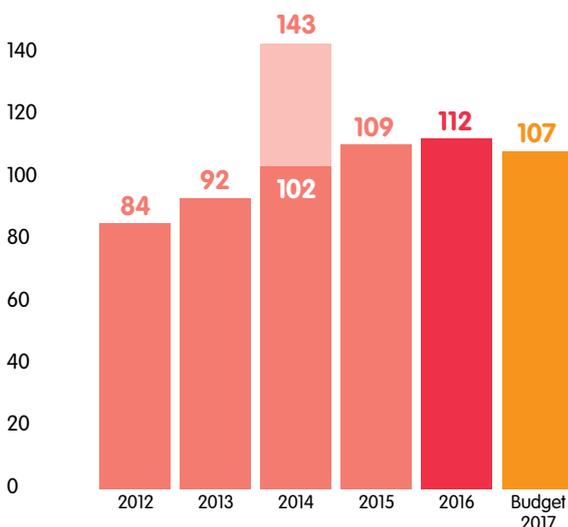
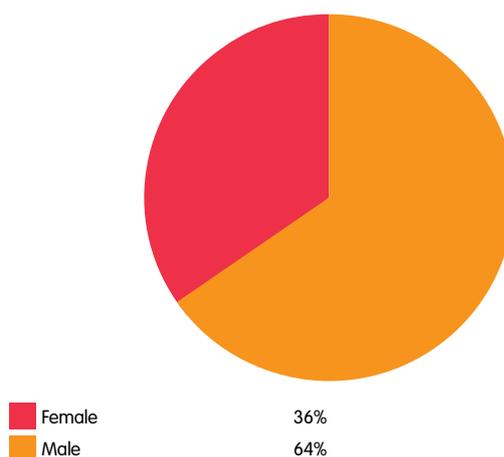


Figure 4: Composition of the Board



Information on Directors

The people listed in the table at Figure 5 below were Directors of The Benevolent Society during the financial year and up to the date of this report.

Directors' meetings

The table at Figure 5 also shows the number of Board and Board sub-committee meetings held while the person was a Director, during the year ended 30 June 2016, and the number of meetings they attended.

Retirement, election and continuation in office of Directors

Andrew Yates was appointed as a Director and Chairman of the Audit, Finance and Risk Committee on 9 November 2015. He continues in office at the date of this report.

Jan Carter resigned and Gary Moore retired as Directors on 9 November 2015 and 31 December 2015 respectively. Justin Ryan resigned as Director and Chairman of the People and Culture Committee on 3 August 2015.

Remuneration of Directors

The Benevolent Society's Directors are not remunerated.

Loans to Directors and executives

There are no loans to The Benevolent Society's Directors or executives.

Insurance of officers

During the financial year, The Benevolent Society paid premiums of \$26,450 (2015: \$26,450) to insure its Directors,

Secretary, and all executive officers of The Benevolent Society against a liability incurred by them, to the extent permitted by the *Corporations Act 2001*.

The Benevolent Society is insured for any loss for which a Director or officer becomes legally obligated to pay resulting from a wrongful act, and any amount for which The Benevolent Society indemnifies any Director, Secretary or executive officer in respect of any claims made against the Director or officer arising from a wrongful act.

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors and executive officers.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of The Benevolent Society,

Proceedings on behalf of The Benevolent Society

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of The Benevolent Society, nor to intervene in any proceedings to which The Benevolent Society is a party, for the purpose of taking responsibility on behalf of The Benevolent Society for all or part of those proceedings.

No proceedings have been brought, or intervened in, on behalf of The Benevolent Society, with leave of the Court under section 237 of the *Corporations Act 2001*.

Figure 5: Directors' meetings

Director	Board of Directors		Extra Board		Audit, Finance & Risk Committee		People and Culture Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lisa Chung	9	9	4	4	5	5	3	3
Robert Warren	9	8	4	3	5	5	–	–
Tim Beresford	9	7	4	4	5	4	–	–
Andrew Yates	6	6	2	2	4	4	–	–
Kathleen Conlon	9	8	4	4	4	4	2	2
Karen Healy	9	8	4	3	–	–	3	2
Charles Prouse	9	6	4	4	–	–	–	–
Mike Beckerleg	8	6	4	1	–	–	3	3
Justin Ryan (resigned)	–	–	–	–	–	–	3	1
Gary Moore (retired)	9	4	4	1	–	–	–	–
Jan Carter (resigned)	9	4	4	–	–	–	–	–

Other assurance services

The Benevolent Society may decide to employ the auditors (PricewaterhouseCoopers) on assignments additional to their statutory audit duties, where the auditor's expertise and previous experience with The Benevolent Society is relevant. These assignments are principally in relation to assurance on the acquittal of government grants.

Details of the amounts paid or payable to the auditors for audit and non-audit services provided during the year are set out on in Figure 6, below.

In accordance with advice received from the Audit, Finance and Risk Committee, the Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Australian Charities and Not-for-profits Commission Act 2012*.

The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit, Finance and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditors.
- None of the services undermine the general principles relating to auditor's independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on page 67, as required under section 307c of the *Corporations Act 2001* and section 60- 40 of the *Australian Charities and Not-for-profits Commission Act 2012*.

Rounding of amounts

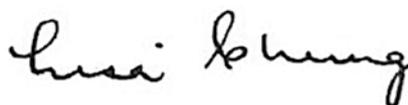
In relation to the "rounding off" of amounts in the Directors' Report, The Benevolent Society is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instruments 2016/191*

Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, and in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors.



Lisa Chung

Chairman

30 September 2016

Figure 6: Assurance services

Assurance services	2016 \$	2015 \$
1. Audit services		
PricewaterhouseCoopers:		
Audit of financial reports and other audit work under the <i>Australian Charities and Not-for-profits Commission Act 2012</i>	65,000	80,000
Total remuneration for audit services	65,000	80,000
2. Other assurance services		
PricewaterhouseCoopers:		
Review of government grant financial reports	23,400	23,400
Guidance on internal audit function	–	20,400
Total remuneration for other assurance services	23,400	43,800
Total remuneration for assurance services	88,400	123,800

Auditors independence declaration



Auditor's Independence Declaration

As auditor for the audit of The Benevolent Society for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'N R McConnell', is written in a cursive style.

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
30 September 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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Endowment report

For the year ended 30 June 2016

Governance

The Endowment is governed by The Endowment Investment Advisory Committee (“the Committee”) in accordance with its Charter. It is a standing Advisory Committee to the Board.

The Committee’s purpose is to advise the Board on the following aspects of the Endowment:

- investment and disbursement policy
- investment strategy
- implementation of strategy and review of outcomes
- reporting.

Members

The Committee Members are appointed by the Board. Refer to The Endowment Advisory Committee for a full listing.

Chairman: Craig Ueland AB Ec (Stanford), MBA (Hons), CFA (Appointed May 2013).

Paul Heath SF Fin, B Com. (Appointed March 2009).

Justin Wood PhD Fin, B Com (Hons), CFA (Appointed July 2009).

Sam Weiss AB Harvard University, MS Columbia Business School, FAICD (Appointed November 2013).

Rob Warren BEc, CA, A Fin, GAICD (Appointed 2 June 2015).

The Endowment structure

Under advice from the Committee, the Board has adopted a Strategic Asset Allocation that governs the overall diversification of the Endowment. The Strategic Asset Allocation as at 30 June 2015 and 30 June 2016 and Actual Asset Allocation as at 30 June 2016 are shown in Figures 7 and 8 below. Variations from the strategic targets can occur because of market movements, tactical investment considerations, or because the Board has otherwise concluded a shift is in the best interests of The Benevolent Society. The long-term Strategic Asset Allocation is subject to annual review.

In order to maintain value and provide yield, part of the property exposure has been proxied with a holding of cash.

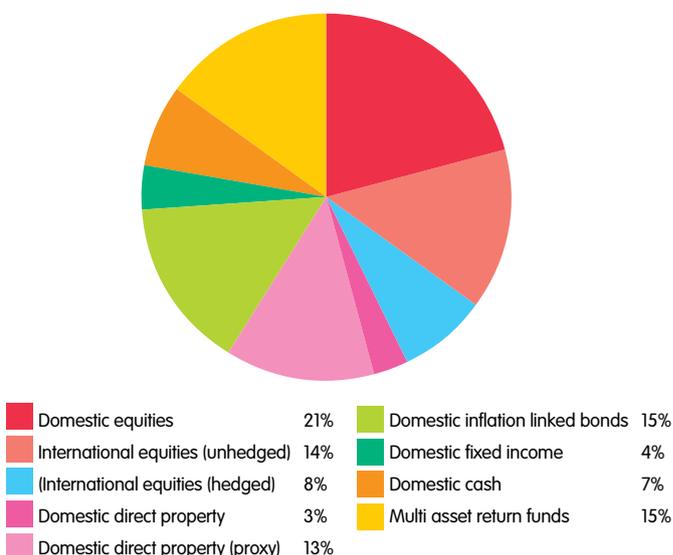
The Strategic Asset Allocation has been designed to produce, over a seven year timeframe, a real return averaging about 3.0% pa. with volatility close to 10%.

Consistent with the long term real return target, a long-term disbursement rate of 3.0% has been agreed for the 2017 financial year which will result in a disbursement of \$4,060,000 for The Benevolent Society’s programs (2016: \$4,100,000).

Figure 7: Strategic and actual allocations

	Strategic 2015	Strategic 2016	Actual 2016
Equities	44%	44%	43%
Domestic Equities	23%	23%	21%
International Equities (Unhedged)	14%	14%	14%
International Equities (Hedged)	7%	7%	8%
Property	16%	16%	16%
Domestic Direct Property	16%	16%	3%
Domestic Direct Property (proxy)	–	–	13%
Bonds & cash	25%	25%	26%
Domestic Inflation Linked Bonds	15%	15%	15%
Domestic Fixed Income	5%	5%	4%
Domestic Cash	5%	5%	7%
Real Return Strategies	15%	15%	15%
	100%	100%	100%

Figure 8: Actual asset allocation



Investment Managers

Under advice from the Committee, the Board appoints investment managers to manage the Endowment's investments. As at 30 June 2016 the following managers invested funds on behalf of the Endowment, See Figure 9 below.

Cash deposits and direct property are managed by The Benevolent Society and make up the balance of the total funds invested.

Investment performance

The Endowment assets returned 2.4% (2015:10.8%) which represents a real return after inflation of 1.3%. The graphs below (Figures 10 and 11) relate to total and real returns over the ten years to 2016. Up to 2011 the portfolio included business assets used for operating The Benevolent Society's programs.

The long-term objective of the Endowment is to maintain capital in real terms (that is after taking into account inflation and any disbursements paid). In years with strong investment markets and favourable economic conditions the Endowment disburses less than it earns and grows the Endowment to buffer the principal against economic downturn.

In years with weak investment markets and economic conditions (such as 2008, 2009, 2012, 2016) the Endowment disburses more than it earns and hence depletes the principal. The investment structure adopted

has resulted in the Endowment earning more than its long-term expected return (3.5% p.a. until 2015, and 3.0% p.a. since 2015) in six of the last ten years.

The Endowment has generated an average real return over the past ten year period of 4.43% p.a.

Current Strategy

Following three consecutive years of unusually attractive real returns from 2013 to 2015, the Endowment Fund earned a real return of 1.3% p.a in 2016. Given global investment expectations of lower returns combined with increasing volatility, this was not unexpected. It is anticipated that these conditions will remain in the short to medium term, providing a difficult environment for the Endowment Fund seeking wealth preservation and a growing disbursement stream to fund critical activities. Anticipating this lower return environment, in 2015 the Committee recommended and the Board approved a reduction from 3.5% to 3.0% in the 7-year real return expectation.

Growing global imbalances over the past two decades have affected interest rates, wages, inflation, unemployment and asset prices. The industrialisation of emerging markets and automation have put downward pressure on prices of traded goods and services and wages, particularly for unskilled and semi-skilled workers in developed markets, resulting in underemployment and stagnant household incomes.

Figure 9: Investment Managers

	Mandate	2015	2016
Antares Fixed Income	Enhanced cash and inflation linked bonds	22%	22%
Equity Trustees Wealth Services Limited	Active Australian equity	11%	-
MLC Investments Limited	International equity and Real Return Strategies	15%	14%
Russell Investments	Australian bonds and Real Return Strategies. Includes Australian shares from 2016	14%	22%
BlackRock Investment Management (Australia) Limited	Passive international equity Passive Australian equity	23%	26%

Emerging market investments in the bonds and assets of developed markets caused developed market interest rates to fall and asset prices to rise. These encouraged reduced saving, higher levels of debt and speculative excesses in developed markets contributing to the Global Financial Crisis (GFC) in 2008. None of these factors have been resolved following the crisis.

In fact, since the GFC central bank monetary policies have pushed interest rates even lower, encouraged a further increase in the levels of debt, fostering new potential asset price bubbles and contributing to long-run uncertainty. High levels of debt and the threat of deflation are a dangerous combination and hence it is likely that central banks will continue to use monetary easing to keep nominal interest rates low and prevent deflation.

The Endowment investment strategy will continue to avoid clearly overpriced assets, such as sovereign bonds held primarily by central banks and regulated entities. We continue to engage with our investment managers to explore investments that are uncorrelated with existing assets, are not overpriced and may be available to a long-term investor with the scale and objectives of The Benevolent Society. We are not averse to holding low yielding cash rather than chasing yield where we are not comfortable with the risks.

The Committee maintains its view that it is prudent for the Endowment’s portfolio to be well diversified with exposures primarily in high quality assets and managed with investment expertise. It is more important to focus on

conditions and risks that may evolve over the next three to five years than on the immediate future. The structure and investment exposures of the Endowment should reflect this view and the Committee will continue to recommend changes to exposures accordingly.

How we utilised our Endowment funding

During the 2016 financial year The Benevolent Society Endowment provided funding of \$ 4,100,000 to support The Benevolent Society’s strategic agenda and provided the resources to enhance and support specific initiatives that had been identified and part funded by donors.

National Influence

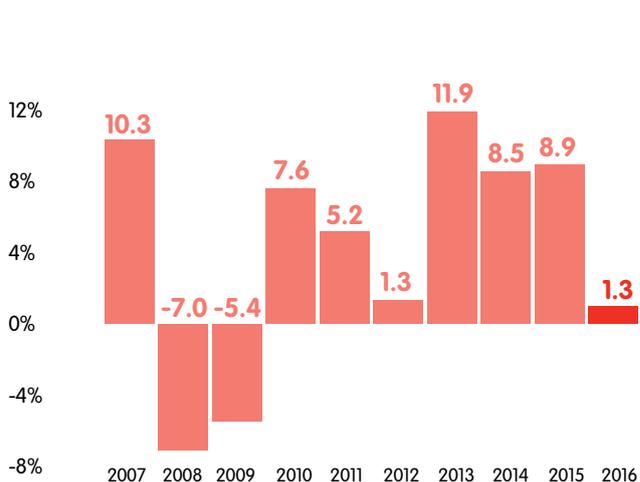
One of The Benevolent Society’s strategic goals is to influence positive social change. We do this through social research, policy analysis and development, strategic alliances, government relations, submissions to government inquiries and advocacy.

The Benevolent Society has continued to contribute to policy discussions and advocate on relevant issues- ranging from child protection laws; mandatory reporting requirements in the early childhood education and care sector; issues facing the aged care workforce; and the proposed federal Jobs for Families package - by preparing submissions for inquiries conducted by the Senate, and New South Wales and Queensland legislative and departmental bodies.

Figure 10: Total returns (%)



Figure 11: Real returns of the Endowment Fund (%)



Funding initiatives such as advocacy campaigns facilitate the development of knowledge and infrastructure that is notoriously hard to fund through annual donations. However they call for patient capital and an awareness that results are not immediate, as advocacy work usually involves building multiple partnerships and coalitions to drive long-term systemic change.

Research and Evaluation

The Benevolent Society believes that the measurement of social outcomes is a key component of good social investment, and it is passionate about this aspect of its business. The Research & Evaluation team continually explores better ways to measure social impact and informs The Benevolent Society's social policy work. The team is now tracking all Child and Family outcomes through the Resilience Practice Framework that the Benevolent Society has developed.

Social Investments

The Benevolent Society is the manager of one of New South Wales' first two Social Benefit Bond schemes, and as such has developed a market-leading position of innovation in this space. The Social Benefit Bond is the result of a unique collaboration between The Benevolent Society, the NSW Government and two major financial institutions, Commonwealth Bank of Australia and Westpac. It funds Resilient Families, an intensive family support service designed to keep children with their families where it is safe to do so and reduce entries to out-of-home care.

Impact Investing Australia

In 2016 The Benevolent Society contributed \$500,000 to support Impact Investing Australia, a recently formed organisation which facilitates development of the market for investments that have a positive social impact, through focus on leadership, action and policy.

Impact Investing Australia is playing an important role in raising awareness of the potential of social impact investing, through thought leadership, content development and engagement with a diverse group of potential stakeholders. It is pursuing a range of market-building initiatives, in collaboration with cross-sector working groups.

Future plans

We propose to use disbursements from the Endowment strategically to invest in development, growth and innovation.

We will focus on funding new initiatives that have the capacity to introduce lasting social change.

Our Endowment investment strategy is designed to attract contributions from like minded individuals and philanthropic funders who take a long term view to improving Australia and ensuring all Australians can live their best life.

The Endowment assets and income are included in the Balance sheet and Statement of Income and comprehensive income (see Note 21 for more details).

Statement of income and comprehensive income

For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Revenue			
Revenue from continuing operations	2	111,208	108,210
Other income	2	467	506
Total revenue		111,675	108,716
Expenses			
Community program expenses		(96,653)	(95,025)
Fundraising and communications expenses		(1,118)	(2,660)
Social initiatives expenses		(2,662)	(2,117)
Infrastructure and investment expenses		(6,186)	(6,016)
Total expenses from continuing operations	3(a)	(106,619)	(105,818)
Surplus before income tax		5,056	2,898
Income tax expense	22(c)	–	–
Surplus from continuing operations		5,056	2,898
Surplus for the year		5,056	2,898
Other comprehensive income			
<i>Items that may be reclassified to Statement of income</i>			
Changes in the fair value of available-for-sale financial assets	12(a)	(11,000)	6,123
Realised gains at the disposal of available-for-sale financial assets		(1,509)	(2,147)
Income tax relating to components of other comprehensive income		–	–
Other comprehensive income for the year, net of tax		(12,509)	3,976
Total comprehensive income for the year		(7,453)	6,874

The above Statement of income and comprehensive income should be read in conjunction with the accompanying Notes.

Balance sheet

As at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	4	15,891	15,855
Trade and other receivables	5	10,584	12,150
Total current assets		26,475	28,005
Non current assets			
Receivables	6	6,731	9,731
Available-for-sale financial assets	7	103,065	105,181
Held-to-maturity investments	8	1,100	1,100
Property, plant and equipment	9	21,417	22,305
Total non-current assets		132,313	138,317
Total assets		158,788	166,322
Liabilities			
Current liabilities			
Trade and other payables	10	18,505	18,536
Retirement Village Contributions		330	417
Total current liabilities		18,835	18,953
Non current liabilities			
Provisions	11	1,316	1,279
Total non-current liabilities		1,316	1,279
Total liabilities		20,151	20,232
Net assets		138,637	146,090
The Benevolent Society funds			
Available-for-sale financial assets reserve	12(a)	(2,287)	10,222
Restricted grants reserve	12(b)	215	215
Retained surplus	12(c)	140,709	135,653
Total funds		138,637	146,090

The above Balance sheet should be read in conjunction with the accompanying Notes.

Statement of changes in The Benevolent Society Funds

For the year ended 30 June 2016

	Notes	Restricted grants reserve \$'000	Assets available for sale reserve \$'000	Retained surplus \$'000	Total \$'000
Balance as at 1 July 2014		215	6,246	132,755	139,216
Surplus for the year	12 (c)	–	–	2,898	2,898
Other comprehensive income (loss) for the year		–	3,976	–	3,976
Balance as at 30 June 2015		215	10,222	135,653	146,090
Surplus for the year	12 (c)	–	–	5,056	5,056
Other comprehensive income for the year		–	(12,509)	–	(12,509)
Balance as at 30 June 2016		215	(2,287)	140,709	138,637

The above Statement of changes in The Benevolent Society Funds should be read in conjunction with the accompanying Notes.

Statement of cash flows

For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from government funding and clients (inclusive of goods and services tax)		108,697	105,916
Payments to suppliers and employees (inclusive of goods and services tax)		(112,808)	(111,911)
Net cash (outflow) from operating activities		(4,111)	(5,995)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,727)	(1,739)
Payments for purchases of investments		(20,515)	(35,475)
Net decrease in term deposits greater than three months		2,578	15,260
Managed fund distributions, franking credits and interest received		6,691	5,121
Proceeds from sale of investments		17,170	32,290
Proceeds from sale of property, plant and equipment		31	224
Net cash inflow from investing activities		4,228	15,681
Cash flows from financing activities			
Repayment of bonds and deposits		(81)	(24)
Net cash (outflow) from financing activities		(81)	(24)
Net increase in cash and cash equivalents		36	9,662
Cash and cash equivalents at the beginning of the financial year		15,855	6,193
Cash and cash equivalents at end of year	4	15,891	15,855

The above Statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the financial statements

30 June 2016

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1. Significant changes in the current reporting period

For a detailed discussion about The Benevolent Society's performance and financial position please refer to our Review of operations and results in our Directors' Report on page 62.

2. Revenue

	2016 \$'000	2015 \$'000
(a) From operations		
Government funding	87,641	85,921
Client fees and charges	6,748	7,234
Bequests and legacies	248	338
Social Benefit Bond funding	2,000	2,189
Corporate funding	505	681
Trusts and foundations (refer to note 20(a))	378	925
Fundraising appeals and events (refer to note 20(a))	633	449
Revenue from operations	98,153	97,737
(b) From investments		
Interest	1,781	1,794
Investment distributions	10,230	6,532
Realised gain on sale of investments	1,044	2,147
Revenue from investments	13,055	10,473
Total revenue from continuing operations	111,208	108,210
(c) Other income		
Rent	358	306
Retirement village retentions	2	4
Reimbursements	142	205
Sale of goods	9	63
Net profit (loss) on sale of property, plant & equipment	(44)	(72)
Total other income	467	506

3. Expenses

	2016 \$'000	2015 \$'000
(a) Expenses from operations		
Salaries and wages	70,471	70,419
Administration expenses	6,063	5,267
Information technology	2,327	2,981
Marketing, fundraising and communications	633	607
Travel and transport	2,357	2,405
Client and brokerage expenditure	11,403	11,585
Community partners	4,438	3,914
Property and equipment maintenance	6,387	6,336
Impairment of IT Development & Software	290	–
Depreciation and amortisation	2,250	2,304
Total expenses from operations	106,619	105,818
(b) Surplus before income tax includes the following specific expenses:		
Depreciation		
Buildings	220	220
IT Software	323	415
Plant and equipment	1,707	1,669
Total depreciation	2,250	2,304
Rental expenses relating to operating leases		
Lease payments	3,281	3,162
Net transfers to provisions		
Employee entitlements	1,217	1,516
Receivables written off during the year as uncollectable	40	14

4. Current assets: cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash at bank and on hand	3,068	5,640
Short term deposits- Endowment	12,823	10,215
	15,891	15,855

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of cash flows.

The Benevolent Society holds working capital cash reserves of \$3,068,000 (2015: \$5,640,000). This includes retirement village contributions held of \$330,000 (2015: \$417,000).

a) Cash at bank and on hand

These are interest bearing cheque accounts with an average interest rate of 0.17% (2015: 0.19%) and at call accounts with rates between 1.70% and 1.95% (2015: 1.95% and 2.45%).

b) Short term deposits

Deposits are with the Commonwealth Bank, Australia New Zealand Bank, Westpac Bank and National Australia Bank. Deposit rates are between 1.70% and 3.08% (2015: 1.95% and 3.45%). These deposits have a maturity of 16 to 90 days.

c) Interest rate risk exposure

The Benevolent Society's exposure to interest rate risk is discussed in Note 14.

d) Reconciliation of cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of cash flows as follows:

	2016	2015
	\$'000	\$'000
Cash and cash equivalents balance as above	15,891	15,855
Balances as per Cashflow Statement	15,891	15,855

5. Current assets: trade and other receivables

	2016	2015
	\$'000	\$'000
Trade receivables	2,210	2,711
Term deposits – Endowment	4,485	4,063
Provision for impairment of receivables	(13)	(13)
Investment Income receivable	2,670	4,109
	9,352	10,870
Prepayments	1,232	1,280
	10,584	12,150

Movements in the provision for impairment of receivables are as follows:

	2016	2015
	\$'000	\$'000
At 1 July	13	15
Provision for write-off recognised during the year	54	188
Receivables written off during the year as uncollectible	(40)	(14)
Unused amount reversed	(14)	(176)
	13	13

The creation and release of the provision for impaired receivables has been included in 'community program expenditure' in the Statement of income and comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

6. Non-current assets: receivables

	2016	2015
	\$'000	\$'000
Receivables	6,731	6,731
Term deposits – Endowment	–	3,000
	6,731	9,731

The receivables outstanding at the end of the current year are subordinated and deeply subordinated notes in Goodstart Early Learning of \$5,000,000 (2015 \$5,000,000) and capitalised interest earned to date on these notes of \$1,731,000 (2015: \$1,731,000).

a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

b) Risk exposure

Information about The Benevolent Society's exposure to credit risk and interest rate risk is provided in Note 14.

7. Non-current assets: other financial assets

	2016 \$'000	2015 \$'000
Other financial assets available-for-sale		
Investments at the end of the year were recognised at fair value and were managed by:		
BlackRock Investment Management (Australia) Limited	32,373	28,600
Antares Fixed Income	26,788	27,910
Equity Trustees Wealth Services Limited	–	13,260
MLC Investments Limited	15,760	18,494
Russell Investment Management Limited	28,124	16,897
Unlisted Shares carried at cost:	20	20
	103,065	105,181

a) Managed funds

The managed funds hold assets in line with The Benevolent Society's approved Strategic Asset Allocation. A disbursement of \$4,100,000 (2015: \$4,130,000) was approved during the year to fund The Benevolent Society's social initiatives. A detailed description of how the disbursement was spent is shown in the Endowment Report on page 68.

b) Investments in related parties

Refer to Note 18 for information on available-for-sale financial assets held in related parties.

c) Unlisted Shares

Unlisted shares are held in Community 21 (4000 shares at \$5.00 each). These are carried at cost and are classified as other non-current assets as they are held for long-term investment purposes.

d) Non-current assets pledged as security

The Benevolent Society does not hold any non-current assets pledged as security.

e) Impairment and risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of the managed funds classified as available-for-sale.

Managed funds had unrealised losses of \$11,000,000 (2015: unrealised gains of \$6,123,000). These were taken to reserves in equity, refer to Note 12(a). Realised gains of \$ 1,509,000 (2015: realised gains of \$2,147,000) due to the sale of investments have been transferred from reserves to the Statement of income.

All available-for-sale financial assets are denominated in Australian currency. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to Note 14.

8. Non-current assets: held-to-maturity investments

	2016 \$'000	2015 \$'000
Newpin Social Benefit Bond	100	100
The Benevolent Society Social Benefit Bond	1,000	1,000
	1,100	1,100

a) Social Benefit Bonds

The carrying amount of the investment in the Newpin Social Benefit Bond is \$100,000 (2015: \$100,000) and The Benevolent Society Social Benefit Bond is \$1,000,000 (2015: \$1,000,000). Refer to Note 14(b).

b) Impairment and risk exposure

The maximum exposure to credit risk for the Newpin Social Benefit Bond at the end of the reporting period is 25% of the carrying amount of the investment.

The Benevolent Society Social Benefit Bond consists of:

\$500,000 *Class P Bonds*: Senior, performance-based secured bonds; and

\$500,000 *Class E Bonds*: Subordinated, principal 'at risk', performance-based secured bonds.

Refer to Note 14(b).

The Social Benefit Bonds are denominated in Australian currency. As a result, there is no exposure to foreign currency risk.

The principal on the *Class P Bond* is guaranteed. These Bonds may earn interest of up to 10%, however the level of interest earned will be reliant on the achievement of the applicable performance outcomes.

The principal on the \$500,000 *Class E Bonds* is at risk, again depending on the achievement by The Benevolent Society on certain performance measures.

For *Class E Bonds*, the interest receivable may vary from 0% to 30%, as determined at redemption date in 2018. The "Performance Level" applicable to payments on each class of Bonds will be subject to calculation by the Independent Certifier (an independent third-party), with the determination period commencing either (i) where the Implementation Deed proceeds to term, 4 years and 9 months after the Referral Date (start date, 3 October 2013) or (ii) on the date that the Implementation Deed is terminated due to an Early Termination Event.

9. Non-current assets: property, plant and equipment

	Work in progress						Total \$'000
	Assets in the course of construction \$'000	IT development and software \$'000	Land \$'000	Buildings \$'000	IT software \$'000	Plant and equipment \$'000	
Gross carrying amount							
Balance as at 1 July 2015	407	–	9,388	8,778	1,507	12,020	32,100
Additions	242	1,217	–	–	3	265	1,727
Reclassification	(624)	(442)	–	–	504	562	–
Impairment	–	–	–	–	–	(1,162)	(1,162)
Disposals	(17)	(15)	–	–	–	(223)	(255)
Balance as at 30 June 2016	8	760	9,388	8,778	2,014	11,462	32,410
Accumulated depreciation							
Balance as at 1 July 2015	–	–	–	(2,918)	(1,161)	(5,716)	(9,795)
Impairment	–	–	–	–	–	872	872
Disposals	–	–	–	–	–	180	180
Depreciation expense	–	–	–	(220)	(323)	(1,707)	(2,250)
Balance as at 30 June 2016	–	–	–	(3,138)	(1,484)	(6,371)	(10,993)
Net book value 2016	8	760	9,388	5,640	530	5,091	21,417
Net book value 2015	407	–	9,388	5,860	346	6,304	22,305

a) Leased assets

The Benevolent Society did not have any finance leases (2015: nil).

b) Valuations of land and buildings

Land and buildings were deemed at cost as at transition to Australian equivalents to International Financial Reporting Standards (“AIFRS”) date (1 July 2004). Valuations performed between March and May 2016 by Dobrow Valuations showed recoverable values as greater than carrying values thus an impairment loss did not occur (refer Note 22(e)).

Land and Buildings were valued at \$27,670,000 between March and May 2016 with a carrying value of \$15,028,000 (2015: \$15,248,000).

c) Impairment of Information Technology

During the 2016 financial year there was an impairment in relation to Information Technology assets no longer deemed fit for purpose. The impairment expense was \$290,000 (2015: nil).

d) Restricted assets

The Benevolent Society does not have any material restrictions on title, property, plant and equipment. Minor restrictions relating to approved plant and equipment purchases through government funded contracts may include asset maintenance, security, risk responsibility, any insurance and registration requirements, disposal approval requirements and using the asset for the purpose for which it was funded.

10. Current liabilities: trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	5,167	4,942
Other payables	2,725	4,566
Unexpended grants: Government funding received in advance	5,710	4,692
Employee benefits – annual leave	4,256	3,674
Employee benefits – long service leave	647	662
	18,505	18,536

a) Risk exposure

Information about The Benevolent Society's exposure to foreign exchange risk is provided in Note 14.

11. Non-current liabilities: provisions

	2016 \$'000	2015 \$'000
Employee benefits – long service leave	1,316	1,279

12. Reserves and retained surplus

	2016 \$'000	2015 \$'000
(a) Available-for-sale financial assets reserve		
Balance 1 July 2015	10,222	6,246
Transfer to Statement of Income and Comprehensive Income on disposal of investments	(1,509)	(2,147)
Revaluation/(devaluation) (refer Note 7e)	(11,000)	6,123
Balance 30 June 2016	(2,287)	10,222

Offsetting the devaluation of \$11,000,000 was investment income of \$13,055,000 (see note 2b), leading to an overall positive return on investment. Further details of the performance of the Endowment investments are provided in the Endowment report on page 68.

(b) Restricted grants reserve

Balance 1 July 2015	215	215
Transfer to retained surpluses	–	–
Transfer of restricted grant expenditure to funding body	–	–
Balance 30 June 2016	215	215

(c) Retained surplus

Balance 1 July 2015	135,653	132,755
Net surplus for the year	5,056	2,898
Balance 30 June 2016	140,709	135,653

12. Reserves and retained surplus (continued)

(d) Nature and purpose of reserves

Available-for-sale financial assets revaluation reserve

Changes in the fair value of managed fund investments classified as available-for-sale financial assets, are taken to this reserve, as described in Note 22(h).

Restricted grants reserve

Restricted grants received in advance from government, major donors, trusts and foundations are recognised when The Benevolent Society has control of the contribution. The reserve represents grants received during previous financial years over which The Benevolent Society was deemed to have control. The related expenditure the grants are intended to compensate will not occur until a future period and The Benevolent Society is restricted in its use of these funds by the terms and conditions of the grant.

13. Critical accounting estimates and judgements

The Benevolent Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant judgement has been made in relation to the consolidation decision of The Benevolent Society Social Benefit Bonds Trust No. 1. The Benevolent Society has concluded that it does not control The Benevolent Society Social Benefit Bonds Trust No. 1 as The Benevolent Society's exposure to the variable returns through the Trust is insufficient.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact and that are believed to be reasonable under the circumstances.

14. Financial risk management

The Benevolent Society's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Benevolent Society's overall financial risk management program focuses on financial markets and seeks to control potential adverse effects on our long-term financial performance. The Benevolent Society uses different investments to minimise certain risk exposures. Managed funds and bonds are used for medium and long-term investment purposes where a greater risk tolerance is accepted.

The Benevolent Society holds the following financial instruments:

	Notes	2016 \$'000	2015 \$'000
Financial assets			
Cash and cash equivalents	4	15,891	15,855
Trade and other receivables	5	10,584	12,150
Non-current receivables	6	6,731	9,731
Available for sale financial assets	7	103,065	105,181
Held to maturity investments	8	1,100	1,100
		137,371	144,017
Financial liabilities			
Trade payables	10	5,167	4,942
Other payables	10	2,725	4,566
Retirement village contributions		330	417
Government funding received in advance	10	5,710	4,692
		13,932	14,617

14. Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The Benevolent Society operates within Australia and therefore is not exposed to direct foreign exchange risk. The Benevolent Society is indirectly exposed to foreign exchange risk due to global equities included in funds under management.

(ii) Price risk

The Benevolent Society does not directly invest in equities and therefore is not exposed to direct price risk. The Benevolent Society is exposed to equity securities price risk as it invests indirectly in the equity market through its investment fund managers. The Benevolent Society is not exposed directly to commodity price risk but does have an indirect exposure via its investment in the equity market. Held-to-maturity investments are not exposed to price risk as they are carried at amortised cost and will be held to maturity with the exception of \$500,000 *Class E Bonds* where the principal of \$500,000 is at risk depending on the performance of the Social Benefit Bond.

(iii) Cash flow and fair value interest rate risk

The Benevolent Society's main interest rate risk arises from short-term investments and Goodstart Early Learning Loan notes. The risk is reduced due to the fixed rates associated with the Goodstart Notes.

The Benevolent Society uses a combination of variable and fixed rate investments to manage its interest rate risk.

The Benevolent Society's overall exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

	Average interest rate %	Variable interest rate \$'000	Fixed interest maturing in:			Non-interest bearing \$'000	Total 2016 \$'000	Total 2015 \$'000
			1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000			
Financial assets								
Cash	1.91	3,068	–	–	–	–	3,068	5,640
Short term deposits	2.82	–	12,823	–	–	–	12,823	10,215
Trade and other receivables	–	–	–	–	–	6,099	6,099	8,087
Other receivables term deposits	3.33	–	4,485	–	–	–	4,485	4,063
Non-current term deposits	–	–	–	–	–	–	–	3,000
Non-current receivables	15.00	–	–	3,366	3,365	–	6,731	6,731
Held-to-maturity investments	7.00	–	–	1,000	100	–	1,100	1,100
Available-for-sale financial assets	–	–	–	–	–	103,065	103,065	105,181
		3,068	17,308	4,366	3,465	109,164	137,371	144,017
Financial liabilities								
Trade payables	–	–	–	–	–	5,167	5,167	4,942
Other payables	–	–	–	–	–	2,725	2,725	4,566
Government funding received in advance	–	–	–	–	–	5,710	5,710	4,692
Retirement village contributions payable	–	–	–	–	–	330	330	417
		–	–	–	–	13,932	13,932	14,617
Net financial assets	–	3,068	17,308	4,366	3,465	95,232	123,439	129,400

14. Financial risk management (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as outstanding receivables and committed transactions. The Benevolent Society uses banks and financial institutions with a minimum credit rating of AA. There is no concentration of credit risk with respect to current and non-current receivables, as The Benevolent Society has a large number of clients, dispersed throughout New South Wales and Queensland, Australia. The majority of clients are required to settle using direct debit or major credit cards. The funding provided by government is also spread between Australian Federal and State government funding.

In 2014, The Benevolent Society invested \$100,000 in Newpin Social Benefit Bonds. The Newpin Social Benefit Bonds pays a minimum coupon of 5% per annum over the first three years. Principal protection is 75% in the first three years and 50% from four to seven years. As the investment is held-to-maturity the maximum exposure to credit risk at the end of the reporting period is 25% of the carrying amount of the investment.

During 2014, The Benevolent Society invested \$1,000,000 in The Benevolent Society Social Benefit Bonds which consisted of:

- \$500,000 *Class P Bonds*: Senior, performance-based secured bonds with interest receivable in arrears varying from 0% for a fail to 10% return as deemed at redemption date with the principal repayment guaranteed; and
- \$500,000 *Class E Bonds*: Subordinated, principal 'at risk', performance-based secured bonds with interest receivable varying from 0% to 30%, with the principal potentially at risk as determined at redemption date in 2018.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Benevolent Society manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Benevolent Society's funding is provided in advance by government and surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents The Benevolent Society's financial assets and liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2016				
Available-for-sale financial assets				
Investments – managed funds	103,065	–	–	103,065
2015				
Available-for-sale financial assets				
Investments – managed funds	105,181	–	–	105,181

The Benevolent Society uses fair value estimation for medium to long-term investments in managed funds. The Benevolent Society's managed funds are carried at fair value which approximates current market value. The Benevolent Society enters into a range of managed fund portfolios to manage risk in accordance with our Investment Policy approved by the Board of Directors. This policy has been complied with during the financial year.

The carrying values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair values of financial liabilities for disclosure purposes are estimated to approximate their carrying values due to the holding term.

Held to maturity investments are measured at amortised cost. The Benevolent Society follows AASB139 guidance on classifying non-derivative financial assets with a fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires The Benevolent Society to evaluate its intention to hold such investments to maturity.

15. Key management personnel disclosures

a) Directors

The following people were non-executive Directors of The Benevolent Society during the financial year:

Lisa Chung (Chairman) LLB, FAIM, FAPI, FAICD	since 27 June 2011 (Chairman since 28 November 2013)
Andrew Yates (Chairman, Audit, Finance & Risk Committee) BEc	since 9 November 2015
Kathleen Conlon (Chairman, People & Culture Committee) BA (Econ), MBA	since 14 February 2013
Robert Warren BEc, CA, A Fin, GAICD	since 19 July 2010
Tim Beresford BE (Hons), LLB MPhil (International Relations) ASIA, MAICD	since 14 February 2013
Professor Karen Healy Ph D, BSocWk (Hons), GAICD	since 4 April 2011
Mike Beckerleg	since 22 September 2014
Charles Prouse	since 10 August 2015
Professor Jan Carter AM, M Phil, MSCI (Econ), BA, Dip Soc Studs, MAICD	from 4 April 2011 to 31 December 2015
Justin Ryan BEc LLB (Sydney), MBA (Wharton), F Fin, FAICD	from 15 August 2008 to 3 August 2015
Gary Moore BA, BSocWk, MMgt	from 20 November 2006 to 9 November 2015
Elaine Leong (Company Secretary and General Counsel) BA, LLB, BA Comms (Hons), Grad Dip Legal Prac, GAICD	since 2 December 2013

b) Directors' compensation

Directors of The Benevolent Society are not remunerated.

c) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of The Benevolent Society, directly or indirectly during the financial year:

Joanne Toohey RN	Chief Executive Officer	01/04/15 to present
	Chief Executive Officer (Acting)	01/07/14 to 31/03/15
	ED, Community Services South	20/10/13 to 30/06/14
	State Director, NSW	03/04/13 to 20/10/13
Simon Curtis MA (Hons), FCA	Executive Director, Finance and Corporate Services	01/06/16 to present
	Executive Director, Finance and Business Services	16/02/15 to 01/06/16
Annette Chennell MSc, MPH, MA	Executive Director, Ageing and Disability	01/06/16 to present
	Executive Director, Community Services South (Acting)	01/07/14 to 01/06/16
	Director, Quality & Evaluation	26/03/2014 to 30/06/14
Matthew Gardiner BSocSc (Couns), M.Clin.Couns	Executive Director, Child and Family	01/06/16 to present
	Executive Director, Community Services North	21/10/13 to 01/06/16
	State Director, Queensland	17/06/13 to 20/10/13
Wendy Haigh BA (Hons), FCA, MAICD, D.Ch.A	Executive Director, Social Investment	16/02/15 to 31/05/16
	Executive Director, Finance and Business Services	01/02/13 to 15/02/15
	Chief Financial Officer / General Manager Corporate Services/ Company Secretary	01/02/12 to 20/10/13
Andy Hurst MBA, MSc, BSc (Hons), TOGAF Certified Enterprise Architect	Executive Director, Information & Technology	10/11/14 to 04/03/16
Kirsty Nowlan BA (Hons) LLB (Hons), PhD	Executive Director, Strategic Engagement, Research and Advocacy	01/06/16 to present
	Executive Director, Social Policy and Advocacy	13/04/15 to 01/06/16
Rosie Stilin BA (Psych), MComm (Employment Relations)	Executive Director, People Learning & Culture	12/05/14 to present
Tracey Young BA (Comms) (Hons)	Executive Director, Marketing and Communications	01/10/14 to 01/04/16
	Executive Director, Marketing, Communications and Advocacy	21/10/13 to 01/10/14
	Head of Communications	07/01/08 to 20/10/13

15. Key management personnel disclosures (continued)

d) Other key management personnel compensation

	2016	2015
	\$'000	\$'000
Short term employee benefits (total compensation)	2,957	2,211

e) Loans to key management personnel

The Benevolent Society does not hold any loans with key management personnel.

f) Other transactions with key personnel

The Benevolent Society does not have any other transactions with key management personnel.

16. Contingencies

The Benevolent Society had no contingent liabilities at 30 June 2016 (2015:nil) in relation to continuing operations.

The Benevolent Society had no contingent assets at 30 June 2016 (2015:nil).

17. Commitments

a) Capital commitments

The Benevolent Society had no capital commitments payable within one year (2015:\$nil).

b) Operating lease commitments

	2016	2015
	\$'000	\$'000
Commitments in relation to rental of premises contracted for at the reporting date but not recognised as liabilities, payable:		
Within 1 year	3,193	2,961
Later than 1 year but not later than 5 years	8,757	8,156
Later than 5 years	2,169	2,357
	14,119	13,474

c) Repairs and maintenance: property

The Benevolent Society had no contractual obligation for future repairs and maintenance in existence at the reporting date other than those recognised as liabilities.

18. Related party transactions

a) Social Ventures Australia

The Benevolent Society is one of the four founding members of Social Ventures Australia Limited. Social Ventures Australia Limited is a company limited by guarantee, incorporated and operating in Australia.

During 2013 The Benevolent Society invested \$100,000 in Newpin Social Benefit Bonds. Newpin SBB Pty Ltd is the Trustee and Social Ventures Australia is the manager of the Newpin SBB Trust.

In 2016 The Benevolent Society received a coupon payment of \$10,700 (2015: \$9,000).

18. Related party transactions (continued)

b) Goodstart Early Learning

The Benevolent Society is one of four founding members of Goodstart Early Learning. Goodstart is a company limited by guarantee, incorporated and operating in Australia.

In 2016 The Benevolent Society received interest income of \$1,012,000 (2015: \$1,010,000) and held receivables of \$6,731,000 (2015: \$6,731,000) principal and interest in relation to subordinated and deeply subordinated notes.

c) The Benevolent Society Social Benefit Trust No.1

The Benevolent Society has been appointed as the Manager of The Benevolent Society Social Benefit Trust No.1 (the Trust) and is the sole Initial Charitable Member. The Trust was established in June 2013 to raise funds for, and otherwise assist and support, children and families in New South Wales who are disadvantaged, in need or vulnerable, through the trial of a pilot Social Benefit Bond. The Benevolent Society is engaged as a subcontractor of the Trust to provide these services.

During the 2014, The Benevolent Society agreed to invest \$1,000,000 in Social Benefit Bonds issued by Perpetual Corporate Trust Limited as trustee for The Benevolent Society Social Benefit Trust No.1.

The purpose of the issue of bonds is to finance a \$10,000,000 intensive family support service. The service, Resilient Families, offers support to families whose children are at risk of being placed in out-of-home care. The service is being delivered by The Benevolent Society over a five-year period.

During 2016 The Benevolent Society received payments totalling \$2,000,000 (2015: \$2,000,000) from the Trust for the Resilient Families Service.

d) Transactions with Directors

The Benevolent Society has entered into deeds of access, indemnity and insurance for the benefit of Directors.

e) Key management personnel

Disclosures relating to key management personnel are set out in Note 15.

19. Events occurring after the reporting period

The Benevolent Society transferred the operations of its William Charlton Retirement Village at Allambie Heights, Sydney on the 30th August, 2016 to another not-for-profit organisation. The consideration was \$1,850,000.

20. Additional information furnished under the NSW Charitable Fundraising Act 1991 and the Regulations

a) Details of aggregate gross income and expenditure of fundraising appeals

	2016 \$'000	2015 \$'000
Gross proceeds of fundraising from trusts and foundations	378	925
Gross proceeds of fundraising appeals and events	633	449
Total proceeds of fundraising	1,011	1,374
Total direct costs of fundraising appeals and events (see (c) below)	(221)	(219)
Net surplus from fundraising	790	1,155

20. Additional information furnished under the NSW Charitable Fundraising Act 1991 and the Regulations (continued)

b) Statement showing how funds received were applied to charitable purposes

	2016	2015
	\$'000	\$'000
Net surplus from fundraising	(790)	(1,155)
This was applied to charitable purposes in the following manner:		
Community program expenditure	91,780	91,970
Administration expenses (i)	14,618	13,629
Total cost of community programs	106,398	105,599
Total charitable purpose expenditure	106,398	105,599
Shortfall in funds available from fundraising (ii)	105,608	104,444

(i) Administration expenses include depreciation, impairment, bequest expenditure, and a portion of indirect overheads.

(ii) Shortfall in funds available from fundraising is funded through government contracts, Endowment income distributions, investment income, corporate funding, client fees and bequests.

c) Shortfall of funds available from fundraising was financed from the following sources:

	2016	2015
	\$'000	\$'000
Government grants and subsidies	87,641	85,921
Client fees	6,748	7,234
Bequests and legacies	248	338
(Surplus) / deficit for the year	(5,056)	(2,898)
Interest, dividend and managed fund distribution revenue	13,055	10,473
Social Benefit Bond Funding	2,000	2,189
Corporate funding	505	681
Other Income	467	506
Shortfall in funds available from fundraising	105,608	104,444

d) Fundraising appeals and events conducted during the financial year

In the last financial year the following public fundraising appeals were delivered: Race for Change a corporate marketing cycling event; Summer and Winter Appeals direct mail and social media donations appeals. Volunteer fundraising committees also conducted two appeals to raise funds: Friends of Benevolent Cocktail Party and Allira Committee iMATTER appeal.

e) Fundraising ratios

	2016		2015	
	\$'000	%	\$'000	%
Total cost of fundraising : Gross income from fundraising	221 : 1,011	22	219 : 1,374	16
Net surplus from fundraising : Gross income from fundraising	790 : 1,011	78	1,155 : 1,374	84
Total cost of community programs : Total expenditure	91,780 : 106,619	86	91,970 : 105,818	87
Total cost of community programs : Total revenue from continuing activities	91,780 : 111,208	83	91,970 : 108,210	85

These comparisons and percentages are required to be disclosed under the *NSW Charitable Fundraising Act 1991*.

21. Endowment investments

The Endowment assets and income are included in The Benevolent Society's Balance sheet and Statement of income and comprehensive income as follows:

	Notes	Endowment \$'000	Operations \$'000	Total \$'000
Current assets				
Cash and cash equivalents	4	12,823	3,068	15,891
Trade and other receivables	5	7,155	3,429	10,584
Non-current assets				
Receivables	6	–	6,731	6,731
Other financial assets	7	103,065	–	103,065
Other held to maturity	8	–	1,100	1,100
Property, plant and equipment*	9	1,812	19,605	21,417
Total assets		124,855	33,933	158,788
Investment income				
	2(b)			
Interest		558	1,223	1,781
Investment distributions		10,230	–	10,230
Realised gain on sale of investments		1,509	–	1,509
Total income		12,297	1,223	13,520

(*May 2016 valuation of the Endowment properties were \$3,450,000) with carrying values of \$1,812,000 (2015: \$1,848,000).

22. Summary of significant accounting policies

The principal accounting policies adopted in this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and Interpretations issued by the Australian Accounting Standards Board, *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012* (“ACNC Act 2012”). The Benevolent Society is a large not-for-profit entity for the purpose of preparing this financial report.

i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The Benevolent Society's financial report complies with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

The Benevolent Society has continued to disclose the following non-required disclosures to assist with transparency: financial risk management (Note 14), interest rate risk exposure (Note 14(a)), movements in the position for impairment of receivables (Note 5), non-current receivables and receivables past due (Note 6(a)), and non-current receivables risk exposure (Note 6(b)).

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following: available-for-sale financial assets, financial assets and liabilities.

22. Summary of significant accounting policies (continued)

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised for the major business activities as follows:

(i) Government grants

The Benevolent Society receives grants from the government for the provision of community services. Grants received from the government are recognised at their fair value when The Benevolent Society has reasonable assurance that the grant will be received and The Benevolent Society will comply with all attached conditions.

(ii) Investment and interest income

Interest income is recognised when the right to receive payment is established.

(iii) Client and consulting fees

The Benevolent Society provides client and consultancy services. Revenue from these services is recognised in the period the services are rendered.

(iv) Sale of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised when The Benevolent Society has passed control of the goods or other assets to the buyer.

(v) Donations

Donations are recognised when The Benevolent Society has control of the contribution.

(c) Income tax

As a public benevolent institution, The Benevolent Society is endorsed for income tax exemption under subdivision 50-B of the *Income Tax Assessment Act 1997*.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to The Benevolent Society as lessee are classified as operating leases (Note 17).

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of income and comprehensive income on a basis which reflects the pattern in which economic benefits from the leased asset are consumed. The Benevolent Society has no finance lease obligations.

Lease income from operating leases where The Benevolent Society is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the Balance sheet based on their nature.

(e) Impairment of assets

The Benevolent Society recognises land and buildings using the cost model in accordance with AASB 116 *Property, Plant and Equipment*. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the asset's fair value less costs to sell, or value in use, whichever is the higher. Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For Statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance for doubtful debts is used when there is objective evidence that The Benevolent Society will not be able to collect all amounts due, according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered to be indicators that the trade receivable is doubtful. The amount of the impairment allowance and cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the Statement of income and comprehensive income within bad debts expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad debts in the Statement of income and comprehensive income.

22. Summary of significant accounting policies (continued)

(h) Investments and other financial assets

(i) Classification

The Benevolent Society classifies its financial assets in the following categories:

- loans and receivables;
- held to maturity investments; and
- available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(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. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets comprise mainly managed funds. The Benevolent Society takes a long-term view with its investment funds by recording only income from the portfolios in revenue from continuing activities in the Statement of income and comprehensive income. They are included in non-current assets unless Management intends to dispose of the investment within 12 months of the Balance sheet date.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets quoted in an active market with fixed or determinable payments and fixed maturities that Management has the positive intention and ability to hold to maturity. If Management were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

(v) Recognition and de-recognition

Purchases and sales of financial assets are recognised on trade date (i.e. the date on which The Benevolent Society commits to purchase or sell the asset). Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or

have been transferred, and The Benevolent Society has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in The Benevolent Society's funds are included in the Statement of income and comprehensive income as gains and losses from investment securities.

(vi) Measurement

At initial recognition, The Benevolent Society measures an available-for-sale financial asset at its fair value, plus, in the case of a financial asset not at fair value through the Statement of income and comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of income and comprehensive income are expensed in the Statement of income and comprehensive income.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of investments classified as available-for-sale are recognised in Other comprehensive income.

Loans and receivables and held-to-maturity investments are measured at fair value at initial recognition and subsequently carried at amortised cost using the effective interest method.

(vii) Impairment

• Impairment of assets carried at fair value

At each balance date, The Benevolent Society assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of managed funds classified as available-for-sale, a significant or prolonged decline in the fair value of a fund below its cost is considered as an indicator that the funds are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of income and comprehensive income – is reclassified from The Benevolent Society's funds and recognised in the Statement of income and comprehensive income.

Impairment losses recognised in the Statement of income and comprehensive income on investments classified as available-for-sale are not reversed through the Statement of income and comprehensive income.

22. Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

• Impairment of assets carried at amortised cost

For held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, The Benevolent Society may measure impairment on the basis of an instrument's fair value using an observable market price.

(i) Property, plant and equipment

Land and buildings are shown at deemed cost as at transition to AIFRS date. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Costs incurred in developing products or systems, and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll-related costs of employees' time spent on the project.

Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years. Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

Assets are generally capitalised if greater than \$5,000. If Government funding contracts state a different level for capitalisation, then that level is applied in relation to assets purchased under the specific Government contract.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to The Benevolent

Society and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of income and Comprehensive Income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet 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 (Note 22).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of income and comprehensive income.

(j) Intangible assets

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT software. Costs capitalised include external direct costs of materials and service as well as internal labour cost directly attributable in developing products or services. Amortisation is calculated on a straight-line basis over periods generally ranging from three to five years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where The Benevolent Society has an intention and ability to use the asset.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to The Benevolent Society prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is due later than 12 months from the reporting date. They are recognised at cost.

22. Summary of significant accounting policies (continued)

(l) Provisions

Provisions are recognised when The Benevolent Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the cost of the best estimate of the expenditure required to settle the present obligation at the reporting date. The amount of the expenditure relating to provisions are not discounted as the effect of discounting is immaterial.

Retirement village contributions are payable on vacation of a unit by a resident, and are defined as the amounts Village residents loan to The Benevolent Society by deed of loan, less the amount allowed to be retained by The Benevolent Society, as determined by the deed of the loan.

(m) Employee benefits

(i) Wages and salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The obligations are presented as current liabilities in the Balance Sheet if The Benevolent Society does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) On-costs

Employee benefit on-costs, including superannuation and workers compensation, are recognised and included in employee benefit expenses when the employee benefits to which they relate are recognised as liabilities.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Benevolent Society recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

(o) Rounding of amounts

The Benevolent Society is of a kind referred to in *ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Statements. Amounts in the Financial Statements have been rounded off in accordance with *ASIC Corporation (Rounding in Financial/Directors' Reports) Instrument 2016/191* to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) New accounting standards and interpretations

The Benevolent Society has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2015:

- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

- *AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*

- *AASB 2015-4 Amendments to Australian Accounting Standards.*

22. Summary of significant accounting policies (continued)

(p) New accounting standards and interpretations (continued)

As these amendments merely clarify the existing requirements, they do not affect The Benevolent Society's accounting policies or any of the disclosures.

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to The Benevolent Society. The Benevolent Society has decided not to early adopt any of these new and amended pronouncements. The Benevolent Society's assessment of the new and amended pronouncements that are relevant to The Benevolent Society but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)- Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and

- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although the directors anticipate that the adoption of AASB 9 may have an impact on The Benevolent Society's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: *Leases (applicable for annual reporting periods commencing on or after 1 January 2019)*. AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
 - investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
 - property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on The Benevolent Society's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

Directors' Declaration

30 June 2016

In the Directors' opinion:

- a) the financial statements and Notes set out on pages 61 to 97 are in accordance with the *ACNC Act 2012* & *Corporations Act 2001*, including:
 - i) complying with Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001*, *ACNC Act 2012* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of The Benevolent Society's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that The Benevolent Society 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 Directors.



Andrew Yates

Chairman of the Audit, Finance and Risk Committee

30 September 2016

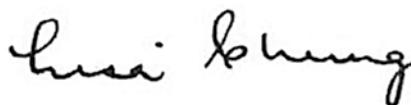
Declaration by the Chairman

30 June 2016

Declaration by Chairman in respect of fundraising appeals

I, Lisa Chung, Chairman of The Benevolent Society declare that in my opinion:

- (a) the Statement of income and comprehensive income gives a true and fair view of all income and expenditure of The Benevolent Society with respect to fundraising appeals; and
- (b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) the provisions of the *NSW Charitable Fundraising Act 1991*, the Regulations under the Acts and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by The Benevolent Society are appropriate and effective in accounting for all income received and applied by The Benevolent Society from all of its fundraising appeals.



Lisa Chung

Chairman

30 September 2016

Auditor's report to Members



Independent auditor's report to the members of The Benevolent Society Report on the financial report

We have audited the accompanying financial report of The Benevolent Society (the Society), which comprises the Balance sheet as at 30 June 2016, the Statement of income and comprehensive income, Statement of changes in The Benevolent Society Funds and Statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Directors' responsibility for the financial report

The directors of the Society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those 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 judgement, 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 directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion, the financial report of The Benevolent Society is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- a. giving a true and fair view of the Society's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements

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Report on the Requirements of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2008

We have audited the financial report of The Benevolent Society as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991*. The directors of the Society are responsible for the preparation and presentation of the financial report in accordance with the *NSW Charitable Fundraising Act 1991* (the Act) and *NSW Charitable Fundraising Regulations 2008* (the Regulation). Our responsibility is to express an opinion on the financial report based on our audit.

Auditor's Opinion

In our opinion, in all material respects:

- (a) The financial report and associated records have been properly kept, during the financial year ended 30 June 2016, in accordance with:
 - (i) sections 20(1), 22(1-2) and 24(1-3) of the *NSW Charitable Fundraising Act 1991*;
 - (ii) Sections 9(6) and 10 of the *NSW Charitable Fundraising Regulations 2008*.
- (b) Money received as a result of fundraising appeal activities conducted by the trust during the financial year ended 30 June 2016 has been properly accounted for and applied in accordance with the above mentioned Act and Regulations.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
30 September 2016

Embracing change

We will walk together through the coming years towards a just society where all Australians can live their best life.

We are The Benevolent Society

We help families, older people and people with disability live their best life, and we speak out for a just society.

We're Australia's first charity. We're a not-for-profit and non-religious organisation and we've helped people, families and communities achieve positive change since 1813.

Our Annual Report plays an important role in our ongoing stakeholder communications. We use it to demonstrate how we have performed financially, and how we are tracking against our strategic goals, but it only tells part of our story.

Our website, social media and other print and digital publications also help us to deliver progress reports, share our success stories, call for action and invite people to join us in working for a just Australia where everyone thrives.

www.benevolent.org.au

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