ANNUAL REPORT

Australian Red Cross

2016/2017

the power of humanity

AUSTRALIAN RED CROSS

HUMAN DIGNITY, PEACE, SAFETY AND WELLBEING FOR ALL

Photo: Australian Red Cross/Conor Asheigh

Our Emergency Services volunteers provide comfort, warmth and a welcoming smile when residents are displaced by disasters.

This document may contain the names and/or images of Aboriginal and Torres Strait Islander individuals now deceased.

Let us know what you think

We welcome your feedback – whether on this annual report or any aspect of Red Cross and our work.

Please call us on **1800 REDCROSS** or email **contactus@redcross.org.au**

Red Cross acknowledges the Traditional Owners of this land, their ancestors and Elders, past and present.

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FROM THE PRESIDENT AND CEO

Judy Slatyer, CEO and
Michael Legge AM, President.

Photo: Australian Red Cross/Mark Farrelly

Imagining a better future

Imagine strong, resilient and welcoming communities – across Australia, Asia Pacific and the world – where everyone can thrive, no matter what challenges they face. Imagine if people were supported by their communities and built on their strengths to overcome hardship and crisis. Then imagine if millions of Australians gave their time and skills to collaborate and volunteer with us to make all this happen.

This is the vision we have outlined through our Strategy 2020 outcomes that were launched in June 2016 and have been directing our work nationally and internationally ever since.

We firmly believe Red Cross people, working together with communities across the country, across our region, with corporate partners, other not-for-profits, governments, our fellow national societies and stakeholders, have a major role to play in building this brighter future.

During the past year, thousands of our staff, volunteers and members have worked together and with those around them, to start bringing this vision to life.

With almost 20,000 volunteers and nearly 17,500 members, more than 2,000 staff and many partners, our footprint extends from Bunbury to Randwick, Tiwi to Mount Gambier, Vanuatu to Manila, Hobart to Alice Springs, Geneva to Nagasaki and beyond. We offer practical ways for 'people to help people' in communities across Australia and internationally.

Each day we work alongside others. We talk to thousands of people to brighten their day, focus on the health of indigenous youth, help young parents realise better futures for themselves and their children, and teach people how to drive through our Learner Driver Mentoring program. We also work within communities supporting and encouraging residents to lead the changes they want.

We are proud of what was achieved last year. Here are a few highlights.

Getting help where it is needed in Australia

Supporting Australians to prepare for, respond to and recover from natural disasters and emergencies is the work many people know us for. In the past financial year, more than 3,200 Red Cross volunteers and staff supported almost 53,800 people through 36 emergency events – including Tropical Cyclone Debbie, which affected communities in Queensland and New South Wales.

The year saw our teams supporting communities affected by several high-profile public emergencies – including the Dreamworld tragedy in Queensland and the Bourke Street Mall incident in Melbourne. We will continue to improve our ability to respond to collective trauma events based on experiences such as these.

We supported almost 7,000 people seeking asylum in Australia – more than a quarter of whom are under 18 - with practical support to help them through tremendous challenges. There has been a rise in the number of people seeking asylum whom we consider to be highly vulnerable and needing support. We have increased the support we give in direct response to this growing need.

We greatly appreciate the fact many migrants have given back to Australia almost as soon as they arrive by volunteering in some of our programs. These are just some of the volunteers who help us do what we do all year round.

Our 'In Search of Safety program', teaching primary and high school students about why people seek asylum, is now operating across Australia. Our presenters, who are all volunteers and often refugees, spoke to more than 5,300 primary students and 4,700 high school students. The program is now being offered to groups in workplaces, clubs and community organisations. So far In Search of Safety has been presented to almost 2,000 adults.

Supporting people in crisis overseas

Nearly four years after Typhoon Haiyan, the most powerful storm in history to make landfall, devastated large swathes of the Philippines, these communities have now fully recovered. Australians donated $13 million towards relief efforts at the time, playing a crucial role in helping communities recover quickly.

In the past year, unthinkable attacks on aid workers and aid convoys have continued. Last September, an aid convoy in Syria was bombed, leaving more than 20 people dead, including our Red Crescent colleagues as they tried to deliver life-saving supplies.

We must be relentless in our efforts to make sure everyone knows, understands and abides by the laws of war – the very laws that give humanitarian workers the right of access to those in need in conflict zones.

During the financial year we also supported our sister national societies and, in some cases, sent specialist staff and resources. Our goal, however, is to empower communities across Asia Pacific to better prepare and recover from disasters by providing local organisations with the necessary skills and resources. We are also playing a critical brokerage role in Syria and Somalia using the same techniques.

Vital funds to support this work

Behind all this work we are building a strong and sustainable fundraising program to support our humanitarian work. Our funding sources are diverse, from everyday donors to corporate partners to our shops.

Our annual Red Cross Calling campaign – in its 69th year – raised $1.7 million in 2016/17; $350,000 more than the year before. More than 7,700 people signed up to help as registered Red Cross Calling fundraisers – double the number from the year before. Our June campaign, Bring More Good to the World, struck a chord with Australians who contributed $4.1 million.

Our Red Cross shops network had a record year, increasing revenue by almost 10% to raise more than $5 million in support of our programs. At the same time our corporate partners donated $3.6 million to support our work.

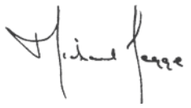
This year has been very rewarding for both of us – rewarding because of the contribution Australian Red Cross has made in Australia and in our region.

This will be Michael Legge's final report. Sadly, after six years in the role, he is stepping down as Board President at the end of this year. Michael has had a long and distinguished involvement with Red Cross, spanning more than 20 years. Starting as a volunteer ambulance driver, he has gone on to represent Australian Red Cross internationally and has been part of the decision making for the global Movement. Michael also served as a Blood Service Board member from 2001 to 2011 and continued responsibility for this part of our business as President.

Another office bearer stepping down this year is Ross Pinney, who began his association with Red Cross as a member of the Victorian Divisional Board in 2005. He was Chair of the Audit and Risk Management Committee for more than four years, a member of the International Federation of Red Cross Finance Commission in 2007 and elected Deputy President of Australian Red Cross in December 2011. We thank Ross for his significant contribution to the Red Cross Movement.

We wish them both well in their future endeavours and hope they will continue their involvement with Red Cross in some capacity.

Judy Slatyer
Chief Executive Officer



Michael Legge AM
President

WHO WE ARE AND HOW WE HELP

Our humanitarian movement

Red Cross mobilises the Power of Humanity – the powerful action of people helping people that can make a real difference to those overcoming tough times.

We save lives and support people before and after disasters strike. We work to alleviate suffering during wars and conflict and promote humanitarian laws and values.

We are bound by our Fundamental Principles of Humanity, Impartiality, Neutrality, Independence, Voluntary service, Unity and Universality.

We are 2,175 staff, almost 20,000 volunteers, 17,486 members, 461,268 blood donors and 3,428 Blood Service staff, working from more than 465 sites.

We partner with international Red Cross and Red Crescent National Societies in areas as diverse as health and disaster risk management. Together we are part of a global movement of humanitarian organisations in 190 countries.

Our story

The Red Cross story started with one man on a battlefield and evolved into an international movement. When Swiss banker Henry Dunant witnessed the devastation of the 1859 Battle of Solferino in Italy, he organised local people to tend to the soldiers, regardless of nationality or allegiance. Dunant was inspired to form an international society which became Red Cross and pointed the way to the Geneva Conventions – the laws of war.

Australian Red Cross was formed in 1914 and, for more than a century, people have turned to us during emergencies, in personal crises and through ongoing hardships. We build partnerships with Aboriginal and Torres Strait Islander communities, help the elderly and marginalised make life-changing social connections and support vulnerable migrants.

Through our Strategy 2020, we aim to help more people in more ways and make a greater difference.

Volunteer driving instructors Les (left) and David, with our Nowra Learner Driver Program who teach not only driving skills but life skills.

Photo: Australian Red Cross/Dilini Perera

OUR STRATEGIC PLAN

Our vision

Human dignity, peace, safety and wellbeing for all.

Our purpose

We support and empower people and communities in times of vulnerability. Our purpose is to reduce suffering across Australia and internationally through mobilising the power of humanity.

In June 2016 we launched our Strategy 2020 outcomes - an ambitious vision that has been guiding our work nationally and internationally ever since.

Through these outcomes, we want to unleash the power of humanity by supporting millions more Australians to take voluntary humanitarian action in their communities to support others. This will require us to effectively double the number of people who take voluntary action with us and provide the tools and knowledge for communities to self organise.

We want to contribute to increased community resilience, both here and in the Asia-Pacific, so that community members are able to prepare for, respond to and recover from natural disasters and other crises more effectively. This will require mobilising a minimum of 3 million Australians to support themselves and those around them.

We want to contribute to a more peaceful world where the laws of war are upheld by all and we are actively partnering with our movement colleagues in delivering positive change to some of the globe's most pressing modern challenges.

We will support the most vulnerable in our community by significantly reducing the number of people who are deeply socially excluded, supporting young Aboriginal and Torres Strait Islander Peoples to reach their potential, ensuring migrants are welcome and active participants in our communities, empowering the most vulnerable communities in Australia to build a better future together, and reducing the number of people in prison where better alternatives exist.

The Australian Red Cross Blood Service continues to deliver one of the world's safest supplies of blood and blood products, strategically striving to secure Australian plasma and make a greater contribution to healthcare more broadly.

To achieve these ambitions all Red Cross people are empowered to work together and maximise our impact in a sustainable way.

STRATEGY 2020

1 Build an inclusive, diverse and active humanitarian movement based on voluntary service

2.5 million people, reflecting the diversity of our community, take voluntary humanitarian action with Australian Red Cross to help others

50% (of 2.5 million) are self organising and leveraging Australian Red Cross knowledge, expertise and evidence to advocate for and help others

Australians trust and respect Australian Red Cross

2 Save lives, build resilient communities and support people in disasters

3 million Australians are equipped to be prepared for and recover from disasters

There has been a **four-fold national increase** in investment (government, corporate, other) in disaster risk reduction and community resilience

Key partners in **14 Asia-Pacific countries** can demonstrate increased capacity to support communities prepare for, respond to and recover from disasters and humanitarian crises

Australian Red Cross is responding to disasters and other significant emergencies **100% of the time**

3 Prevent and alleviate human suffering in times of war and conflict and promote non violence and peace

Australian **attitudes and behaviours** strongly reflect humanitarian values

100% of Australian organisations working in conflict zones have **implemented an IHL action plan**

Australian Red Cross has contributed directly to the **Movement's increased impact** in migration, disaster risk reduction, ensuring respect for IHL, the elimination of nuclear weapons and health care in danger

4 Improve the wellbeing of those experiencing extreme vulnerability

500,000 Australians are connected to and supported by the community to overcome their deep social exclusion

The wellbeing of young Aboriginal and Torres Strait Islander Peoples has **improved by 20%**

Migrants in transition have their **humanitarian needs met** and are participating in and included in Australian society

There has been a **50% improvement in community** determined indicators in up to 20 of the most vulnerable communities in Australia

Australian governments are directing into justice reinvestment **at least 50% of savings** delivered by a 10% reduction in Australian prison numbers

5 Maintain a strong, innovative, sustainable and accountable organisation capable of achieving our humanitarian goals

All Red Cross people are empowered, engaged, accountable and acknowledged for their contribution to our humanitarian goals

[80 cents][†] in every dollar raised is going directly to humanitarian outcomes and impacts

[†]Exact amount to be confirmed

There are diversified multi-year funding streams in place with **no single funding source exceeding 50%**

We have been transparent each year about what we have achieved, where we have failed and the impact we have delivered

6 Provision of a safe, secure and cost effective supply of blood and related products

To deliver leading edge outcomes **we will produce products and services that are fit for purpose** and meet stakeholders and customer needs

To be at the leading edge of performance **we will make the best use of funding** by delivering lean operations and a more efficient blood sector

To deliver a leading edge national network we will **maximise the impact of our infrastructure and skills**

DELIVERING REAL IMPACT

These are some of the people we supported...

Overcoming social exclusion

After the tragic loss of her partner, Amanda Marsh and her son Geoffrey experienced a lengthy period of social isolation.

With the guidance and support of our Home Interaction Program for Parents and Youngsters (HIPPY), Amanda gained the confidence to meet other mums and for her son to socialise with children his own age.

A Red Cross tutor visited Amanda in her own home, teaching life skills and strategies – to the point she now runs playgroups in her community.

Amanda says she never would have ventured out of her shell without the support of HIPPY. “It’s changed my life. Not just the enjoyment and relationship with my kids but it’s changed me as a person. I feel really good in myself.”

Photo: Australian Red Cross/Sandra Hansen

Photo: Australian Red Cross/Darren James

Building resilient communities

Before Red Cross arrived in Betio, on the Pacific island of Kiribati, villagers had no access to clean water, showers or toilets. The coral atoll’s turquoise-blue water and beaches were swimming with rubbish. In most villages, the water was contaminated.

Since Red Cross aid worker Samuel Cleary worked with the community to build toilets and install water tanks, 72-year-old great grandmother Abinoa now has her own toilet for the first time in her life.

Access to clean water and toilets means better hygiene and sanitation. And that means the children of Betio are healthier and attend school more often. It also means the women of the village spend less time looking after sick children, time they can use to earn an income.

Abinoa says the community’s work to build toilets has motivated people to keep the village clean and people are taking pride in teaching children how to improve their hygiene. "I am very happy … there is less sickness in the community."

Reconnecting migrants

Sudanese mother-of-five Mary Thiak was reunited with her mother in Uganda thanks to our Tracing Service.

Mary, who arrived in Australia as a refugee nearly 10 years ago, lost contact with her mother about four years ago and thought she was dead.

Earlier this year she received a Red Cross message with news from her mother.

“I was overjoyed,” she recalls. Mary went to her nearest Red Cross office and asked for help to make a call. To her enormous surprise, her mother answered. Mary and her daughter Nyankor (her mother’s namesake) now call Uganda regularly.

Our Tracing Service is part of the International Red Cross/Red Crescent global tracing network, which aims to re-establish contact between family members and clarify the fate of the missing.

Photo: Australian Red Cross/Dilini Perera

Photo: Australian Red Cross/ Lara Cole

...and some of those who made it happen

Justice reinvestment

Anton Stavreas works with us as a mentor for young people transitioning from prison into the community. With statistics showing 44% of former inmates return to prison within two years, his role is vital.

Anton faced jail time in 2009 but turned his life around, starting his own plastering business and taking up martial arts, boxing and kickboxing. He volunteered with us in the youth justice area and developed a program based on exercise, anger management techniques, decision making, self-esteem and self-discipline.

The difference Anton sees in some of the students is proof that people can turn their lives around given the opportunity and the support.

Creating connections, improving wellbeing

Ngiyampaa woman Lynette Johnson beams with pride when she talks about sharing her culture when she visits elderly clients in Sydney’s west.

Lynette visits people in nursing homes, hostels and their own homes as part of our Community Visitors Scheme, which earned her a Creating Communities Award during NAIDOC Week.

The awards honour staff, volunteers and members who have shown leadership, initiative and innovation, who inspire others, who are advancing reconciliation and are dedicated to creating positive futures for first Australians.

“I meet Indigenous people when I visit nursing homes and I like to ask them about their mob, where they’re from and who they know,” Lynette says. “One of my very elderly clients is deaf and nearly blind and I like to hold her hand and just let her know that she’s not alone.”

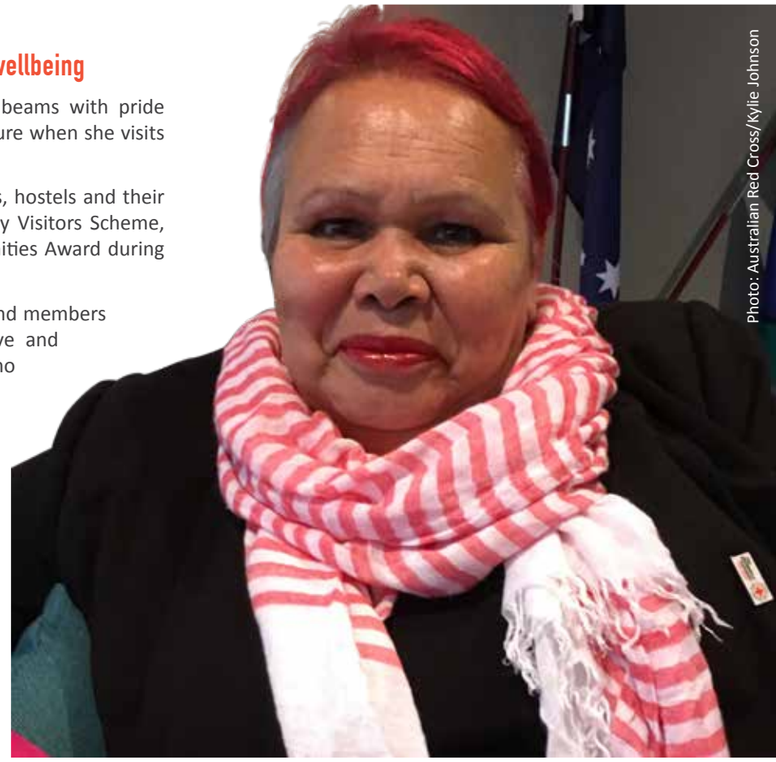


Photo: Australian Red Cross/Kylie Johnson

GOAL 1

BUILD AN INCLUSIVE, DIVERSE AND ACTIVE HUMANITARIAN MOVEMENT BASED ON VOLUNTARY SERVICE

Photo: Australian Red Cross/Conor Ashleigh

Discover the benefits of volunteering. Search current opportunities at REDCROSS.ORG.AU/VOLUNTEERING

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

2.5 million people, reflecting the diversity of our community, take voluntary humanitarian action with Australian Red Cross to help others

50% (of 2.5 million) are self organising and leveraging Australian Red Cross knowledge, expertise and evidence to advocate for and help others

Australians trust and respect Australian Red Cross

With almost 20,000 volunteers, nearly 17,500 members and more than 1.2 million supporters, we are a grassroots organisation of people helping people. Our outcomes will require us to find new and innovative ways to engage millions more people to take voluntary humanitarian action and to inspire the Australian community's confidence in what we do. We have a long way to go, but in 2016/17 we started to lay the foundations required.

Making volunteering easier

We are working on making volunteering action easy, fun and socially engaging. During the year we worked on a solution to make volunteering easier: a simple four-step process that allows potential volunteers to register their interest for future opportunities. We have also introduced an easier option for people to volunteer for one-off activities, like helping out at a BBQ, without having to get stuck in red tape.

Our first volunteer and engagement hub has been set up in Adelaide and is already improving the way people can connect with Red Cross. We will establish similar models in all states and territories.

A newly created international volunteering and humanitarian training initiative will provide opportunities for volunteers to support other Red Cross national societies, both through in-country and virtual placements.

In conjunction with communities, volunteers and staff, we developed a framework for 'people taking action'. This looks at ways action can happen- whether by individuals, in a connected form or as part of a mobilisation- and is anchored by our fundamental principles. Next year we will explore what this looks like with groups across the country.

Red Cross Calling

A further initiative to increase volunteer numbers and connect people to their communities was the invigorated approach to our longest-running campaign, Red Cross Calling.

Through Red Cross Calling, we were able to engage with local communities across the country such as the Ahmadiyya Muslim Youth Association which mobilised more than 550 volunteers in every state and territory.

Schools were also recruited, with more than 2,000 students and teachers involved. Among schools participating were Sydney Girls High, Melbourne Boys High, St Vincent's College, The Mac Robertson Girls' High, Glen Waverley Secondary College and Perth Modern School.

Trust and Respect

Trust and respect are the most critical attributes for any charity. As measured by our internal brand tracker and according to a public panel of more than 1,000 Australians, Red Cross continues to be a highly trusted and respected brand in our sector.

In the external AMR Charity Reputation Reptrak survey, we rated 14 out of 40 charities. While our position dropped two places from last year, our reputation score remained the same and is considered excellent.

We are planning to launch initiatives which allow people to understand our work better, to engage and support us in the way they would like to and to get engaged in the issues they are interested in.

We made
780,500+
check-in calls to clients

We provided financial & material relief to
12,900+
people

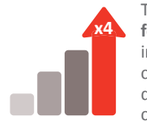
Volunteers made
45,900+
trips to support isolated people

GOAL 2

SAVE LIVES, BUILD RESILIENT COMMUNITIES AND SUPPORT PEOPLE IN DISASTERS

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

3 million Australians are equipped to be prepared for and recover from disasters



There has been a **four-fold national increase** in investment (government, corporate, other) in disaster risk reduction and community resilience

Key partners in **14 Asia-Pacific countries** can demonstrate increased capacity to support communities prepare for, respond to and recover from disasters and humanitarian crises

Australian Red Cross is responding to disasters and other significant emergencies **100% of the time**

Photo: Australian Red Cross/Conor Ashleigh

A hot drink, a warm blanket and an understanding Red Cross volunteer make the transition to an Evacuation Centre easier for residents.

Being separated from loved ones during emergencies can be traumatic.
Use REGISTER.FIND.REUNITE.

We delivered First Aid and Mental Health training to **50,000** students

These outcomes are about increasing the resilience of Australian communities to support more effective recovery – at scale. This includes not only being there to walk alongside communities in times of shock, but also working with the sector partners to direct national resources to the right places to reduce disaster risk and strengthen community resilience. To achieve real impact at scale, we need to re-think our traditional approaches and work with a range of new and existing partners.

We took some great initial steps towards this in 2016/17.

Our work in Australia

Red Cross was activated for 15 emergencies across four states and territories by October, before the traditional emergency season had even begun.

Our teams supported shocked and grieving community members after the Dreamworld tragedy on the Gold Coast, the violence in Bourke Street Mall in Melbourne and Cyclone Debbie in Queensland and northern New South Wales.

Within three months of Cyclone Debbie's landfall, we helped almost 27,000 people in affected towns, with practical and financial assistance, psychological first aid, information, referrals or a listening ear.

Ready for the worst

To help people prepare for disaster and everyday emergencies, we promoted RediPlan, a four-step checklist. Our Disaster Preparedness Week in September saw a significant increase in the number of people downloading and filling in RediPlan and in excess of 11,500 people visiting our website.

It has been difficult for us to measure who has taken action even though they have downloaded a plan so we are working on ways to engage communities and support people to help each other.

Our resilience-building Pillowcase program, aimed at children in years 3 and 4, grew considerably from 3,000 students last year to nearly 10,000 children this year.Students are invited to pack a pillowcase that becomes their own personal emergency kit; learning not only how to prepare but to understand their own thought processes in an emergency.

Partners such as Motorola Solutions Foundation and Land Rover Australia helped our resources to reach more Australians with diverse needs. We entered a significant 10-year partnership with Insurance Australia Group Limited (IAG) and, with them, we are co-designing a digital tool with the community to help people prepare for emergencies.

We signed an agreement with the Northern Territory Government to manage its evacuation centres during the next three years. We also signed a three-year agreement with the South Australian Government to extend our Telecross service to support vulnerable people across the state during heatwaves.

Emergency research

We partnered with the University of Melbourne to investigate the health impacts of the 2009 Black Saturday Bushfires. In a world first, the study empirically demonstrated that separation from family during an emergency can lead to significant long-term mental health issues.

We also joined international experts to pilot a psycho-social intervention program for people recovering after disasters in South Australia. Both studies will inform our psycho-social support and family reconnection services.

We will also be engaging with all levels of government to build a strong support base for increased investment. We will be developing further research to demonstrate the benefits of making greater investments in infrastructure, regional and remote employment, community cohesion and economic development.

Our work overseas

In the Asia-Pacific, we supported Red Cross partners to respond to tropical cyclones (Donna and Haima); earthquakes (New Zealand and Solomon Islands); dengue outbreaks in Vanuatu; drought in the Marshall Islands and dzud, the harsh winter in Mongolia.

We implemented a new monitoring, evaluation, reporting and learning framework to help us understand the overall impact of our projects. We conducted evaluations throughout the Asia/Pacific development work as well as reviewed disaster and crisis response. For example, in the Philippines an evaluation of the Typhoon Haiyan Recovery Program was conducted in February, called *Thinking Back, Looking Ahead* which provided insights and ideas as to how future recovery operations can be improved further. In April, Australian Red Cross supported an evaluation of the Kiribati Red Cross Society's (KRCS) Community Based Health Program WASH project which found that the achievements of the KRCS in delivering this project were substantial and that the model and approach should be continued.

The Timor Leste evaluation analysed food security and livelihoods in communities of Timor Leste to identify interventions strengthening resilience in relation to household economies and hazards.

Our reviews also included a meta-analysis of four emergency responses: Typhoon Haiyan, Tropical Cyclone Pam, Nepal Earthquake and Tropical Cyclone Winston in July 2016 with all of the recommendations compared and contrasted to identify common themes and areas for improvement and/or change. We had the opportunity to review the New Zealand Earthquake Response and worked through a framework for rapid deployment for staff on loan.

Our Syria Crisis Appeal and East Africa Food Crisis Appeal helped get drinking water, hygiene items, essential health care and cash to people struggling to survive two of the largest humanitarian crises since World War II.

Our partnership with the Department of Foreign Affairs and Trade (DFAT) continues to better prepare local partners and communities to reduce and mitigate risks around disasters, foster disaster risk reduction in the Asia-Pacific region as well as strengthen local humanitarian agencies; improve health indicators, including water, sanitation and hygiene; and encourage innovation in international aid.

More intelligent aid

The humanitarian sector is at a tipping point: to meet the scale of the crises we face today, and anticipate in the future, aid has to be faster, more effective, and, above all, more localised.

For us, this means rethinking aid. We are working with DFAT and our Pacific partners on a range of initiatives; including a digital procurement system that enables local businesses in Vanuatu to supply, store and transport all the supplies their communities need.

We are also using seasonal forecasts to finance early action before disasters strike, deploying drones to speed up post-disaster assessments and strengthening disaster laws to make aid go further and faster.

Train for a career as an aid worker.
Visit REDCROSS.ORG.AU/INTERNATIONAL-AID-WORK

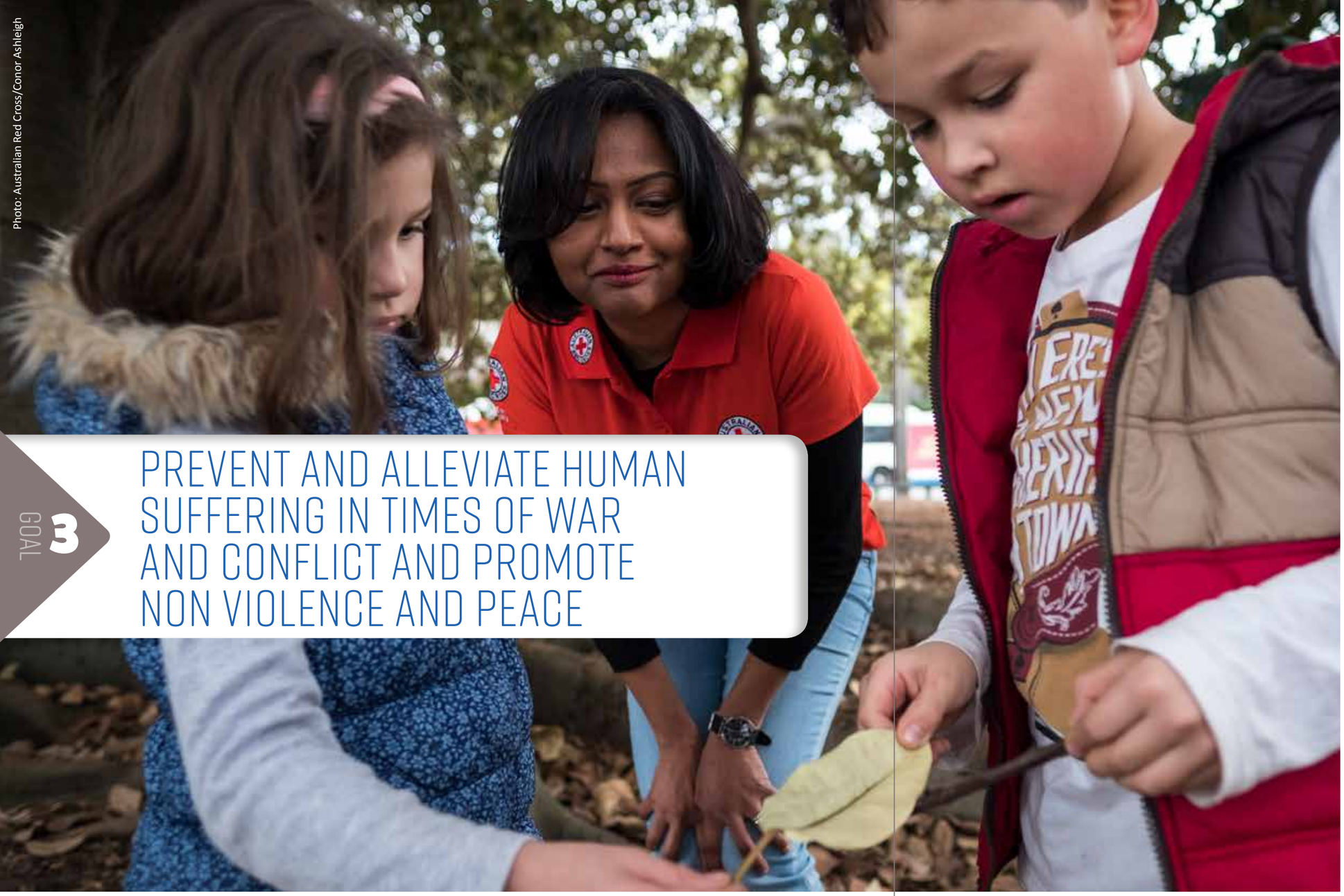


Photo: Australian Red Cross/Conor Ashleigh

GOAL 3

PREVENT AND ALLEVIATE HUMAN SUFFERING IN TIMES OF WAR AND CONFLICT AND PROMOTE NON VIOLENCE AND PEACE

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

Australian **attitudes and behaviours** strongly reflect humanitarian values

100% of Australian organisations working in conflict zones have **implemented an IHL action plan**

Australian Red Cross has contributed directly to the **Movement's increased impact** in migration, disaster risk reduction, ensuring respect for IHL, the elimination of nuclear weapons and health care in danger

During the year we conducted research to better understand what will inspire millions of Australians to engage in voluntary humanitarian action – and what gets in their way. In order to achieve our strategic outcomes, we need to be better able to support and encourage others to take local and global action and provide them with the tools that will make taking action accessible and meaningful.

Civilians continue to bear the brunt of armed conflict and combatants continue to flout the rules of war; from using civilians as human shields to attacking aid convoys and destroying world-heritage sites. While there are significant challenges in ensuring adherence to the Geneva Conventions, we continue to believe they play a critical role in protecting people in war.

Every Red Cross and Red Crescent Society has a mandate to disseminate International Humanitarian Law (IHL). In Australia, with its vast influence in the region and increasing involvement in global conflicts, this work is more vital than ever.

People on War

We partnered with the International Committee of Red Cross Red Crescent (ICRC) to release a global survey on people's attitude to war and commissioned a local survey on attitudes to torture, including questions on whether people thought it was acceptable.

The survey revealed the majority of Australians oppose torture in war but many don't know that torturing a soldier for information is wrong, while some think it is acceptable.

The coordinated, multi-channel campaign resulted in more than 170 media mentions, reaching 4.4 million people across press, TV, radio and online. Facebook and Twitter posts reached more than 64,000 people.

The Australian campaign achieved the greatest media reach of all the participating Societies and set a new benchmark for cooperation.

Protecting our emblems

The Red Cross and Red Crescent emblems mean 'don't shoot' and signify impartial aid. The safety of thousands of aid workers the world over depends on these emblems being recognised and respected.

In November 2016, we launched an Android version of The Emblem app, with support from the Australian Federal Government. This allows our supporters to quickly identify and report cases of emblem misuse, for example on advertisements and signage. We received 343 reports of suspected emblem misuse this year and discreetly followed up with the agencies involved to negotiate a solution.

Alleviating unimaginable suffering

The worst hunger crisis in recent history is destroying communities across East Africa, with armed conflict, disease and starvation threatening the lives of millions.

Our East Africa Food Crisis Appeal, which raised $1.26 million during the year, is funding mobile health clinics in remote villages in Somaliland to provide supplements and vaccinations to children. Donations also established a cholera treatment centre in Somalia, as well as helping families in Kenya buy food through small cash grants delivered via their mobile phones.

The proliferation of nuclear weapons remains the greatest threat to the future of humanity. We continue to advocate for these weapons to be banned and for nuclear-armed States to take all measures to avoid their use. We were part of the lobbying effort that led to the United Nations adopting a mandate in December to prohibit the use, manufacture and storage of all nuclear arms.

Help millions facing starvation. Donate to
REDCROSS.ORG.AU/CAMPAIGNS/EAST-AFRICA-FOOD-CRISIS-APPEAL

The ongoing war in Syria has cost thousands of lives and destroyed many historic buildings and monuments. When cultural treasures are destroyed in war, all of humanity suffers.

Global approaches to migration

The Red Cross Red Crescent Movement addresses humanitarian needs at every step of a migrant's journey: from the countries they leave to the routes they take, the places they transit and the places where they arrive.

Australian Red Cross helped prepare the first International Federation of Red Cross Red Crescent (IFRC) Global Migration Strategy and contributed to the Global Migration Taskforce. This includes a plan of action, advocacy and communications as well as opportunities for change through the Global Refugee and Migration Compacts.

We hosted colleagues from Pakistan Red Crescent, Sri Lanka Red Cross and Bangladesh Red Crescent; learning from each other on topics ranging from tracing to detention, supporting asylum seekers and labour migration and exploitation.

Building respect through education

This year we worked with government, businesses operating in conflict zones, humanitarian organisations and defence forces, to improve understanding of the laws of war.

A total of 10,200 people learned more about IHL through our training events. Working with the Australian Defence Force, we presented to the Disaster Field School and participated in the Civil-Military Interagency Workshop. Representatives from 15 humanitarian organisations attended our annual three-day course on international legal frameworks for humanitarian practitioners.

In the Pacific, we are supporting Red Cross partners to disseminate IHL with useful resources in local languages.

When historic buildings and cultural treasures are destroyed in war, all of humanity suffers their loss. That's why we hosted *Culture under Attack*, a photographic exhibition hosted in Canberra, Hobart and Brisbane. In Adelaide, our exhibition coincided with the Protecting Cultural Property in Armed Conflict conference, held with the University of Adelaide.

We are also examining the role and responsibilities of the private sector and have completed research to understand how Australian businesses with operations in conflict zones are promoting and respecting principles of IHL.

We are ready to engage directly with organisations. to develop tools to support them to set up their IHL action plans.

Help us protect the emblem that protects lives.
Visit REDCROSS.ORG.AU/IHL-EMBLEM

GOAL 4

IMPROVE THE WELLBEING OF THOSE EXPERIENCING EXTREME VULNERABILITY

Separate fact from fiction about the most vulnerable in our society.
Visit REDCROSS.ORG.AU/REFUGEES

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

500,000 Australians are connected to and supported by the community to overcome their deep social exclusion

The wellbeing of young Aboriginal and Torres Strait Islander peoples has **improved by 20%**

Migrants in transition have their **humanitarian needs met** and are participating in and included in Australian society

There has been a **50% improvement in community** determined indicators in up to 20 of the most vulnerable communities in Australia

Australian governments are directing into justice reinvestment **at least 50% of savings** delivered by a 10% reduction in Australian prison numbers

Many Australians face persistent, complex challenges in accessing services, making connections or simply living safely. We aim to help them navigate those challenges.

We stand with migrants as they start their lives over, work with people in the justice system, call or visit thousands of lonely people, help young parents get a good start and young people to support each other, and work with communities to achieve the changes they want.

Connecting people to community

About 5% of Australians - or 1.35 million people - are deeply excluded from society. Our goal is to help 500,000 isolated individuals connect with their communities to overcome this exclusion.

During the year, we connected more than 30,000 people through the efforts of more than 4,000 volunteers. In New South Wales, we supported 98 young families to cope with life's challenges through our Young Parents program. We secured safe and stable housing for 100% of young parents involved in aftercare, including 32% in private rental.

We worked with 1,116 individuals living with a disability, injury or health condition, assisting them to find 370 jobs.

Overcoming hardship

When communities live through generations of poverty and disadvantage, it's difficult for individuals to break the cycle. That's why we're working with whole communities in 10 sites across Australia. We have allocated $1.2 million annually to underpin this work, ensuring a long-term commitment at each site.

What matters most is that the community drives the changes it wants. In Tiwi Islands, this was infrastructure, such as the new community hub that opened this year. In Woorabinda, Queensland, it was about opportunities for young people. We are engaging students in education, career opportunities and pathways to employment with eight students on track to complete Year 12.

With the community leading the way, we have seen a 55% decrease in the number of young Woorabinda people receiving youth justice orders. We have also supported 18 people to complete Community Service Orders and avoid prison.

Working in partnership with First Australians

Strong connections to culture and kin, self-confidence and opportunities to succeed - these things empower young Aboriginal and Torres Strait Islander Peoples to build the future they want.

In the Northern Territory, we are working with the Galiwinku community and have supported more than 660 children to attend school and about 260 parents to engage in their child's Yolngu and Balanda education. The program employs about 95% Indigenous staff.

The local Baby Hub provides health support to families, with 54 cooking and education classes delivered in a month. Meanwhile, a program called Save-A-Mate Our Way provides culturally appropriate activities for young Indigenous people focusing on their health and wellbeing.

With our partners in Broome, we have supported 571 young Aboriginals with activities ranging from bush camps and yarning with Elders to midnight basketball. As we continue to build an inclusive and diverse organisation, we engaged six young indigenous people under our partnership with Career Trackers, and participated in the Indigenous Employee Program, which saw 20 trainees appointed. Of these, 14 completed the full 12 months with seven obtaining further employment with Red Cross.

We are at the end of year two of our Reconciliation Action Plan 2015-2018, which details practical actions guiding our reconciliation journey. Of the 32 key actions in the plan, we have completed 22 (69%). We will continue to work towards achieving the remaining actions in the next year, with a focus on increasing our Aboriginal and Torres Strait Islander Peoples employment and retention.

We are proud that currently 7% of our staff identify as Aboriginal and Torres Strait Islander Peoples.

Rethinking justice

The Australian criminal justice system entrenches disadvantage, costs $4.5 billion a year and 44% of people return to prison within two years. Our communities can be safer and stronger if we prevent vulnerable people and young people going to prison unnecessarily.

With new partners, we are seeking viable alternatives for those disproportionately impacted by the current system.

With support from the Collier Charitable Fund, we are working in Ceduna in South Australia to explore the underlying causes of offending.

Through the South Australian JUST Justice Program, 63 individuals have been helped through the court process. In New South Wales, 71 young people were diverted from the justice system, with fewer than 15% returning to custody. In Victoria, Red Cross volunteers support prisoners and their families in Port Philip Prison's visitor centre.

Migrants in Transition

We are aware of the impacts of decisions on migrants in transition. We will continue to do all we can to address the humanitarian needs of people affected.

Our view is that people should never be left destitute in the Australian community. They should have their claims for protection fairly assessed and durable solutions must be found for people owed protection. We will do all we can to respond to the practical needs of people at risk of destitution.

Rebuilding lives

Our nationwide service provides specialist emergency relief to an increasing number of migrants in crisis.

This year, we helped 2,455 people with no income or access to financial support with everyday essentials like food vouchers, public transport cards and medicines.

In the coming year we will continue to support people whose claims for protection are being processed; as well as helping recent arrivals settle into their new lives, find work and volunteer opportunities, and contribute to their communities.

Starting conversations

Most Australians have never met a refugee or asylum seeker in person. That's why we host community education sessions to share facts, dispel myths and start honest conversations.

This year volunteers presented to 5,390 primary school students, 4,708 high school students and expanded the program to workplaces and clubs, reaching 1,816 adult participants.

Supporting trafficked people

We supported 91 people who had been trafficked, forced into marriage or exploited for their labour. The youngest was 10, the oldest was 62; they came from 25 different countries.

Human trafficking remains a hidden problem in Australia. As we support those who seek help, we also work with government and other service providers to better understand the issues and support those who have been exploited.

Reconnecting families or providing answers

This year our tracing teams searched for 2,010 people who had been separated from loved ones by conflict, war or disaster. The highest number of cases came from Democratic Republic of Congo, South Sudan, Ethiopia, Somalia and Afghanistan.

We have been working on 630 cases of people missing on the Asia Pacific migration trail. About 160 of these cases relate to a boat disaster in our region. We continue to work with authorities and forensic specialists to find information for these people's families.

Monitoring immigration detention

We made 44 visits to detention facilities and alternative places of detention this year to monitor the wellbeing of detainees. Our teams spent 93 days in onshore immigration detention and conducted 1,433 in depth engagements with people in detention.

Prevention is better than incarceration.
Visit REDCROSS.ORG.AU/JUSTICEREINVEST

GOAL 5

MAINTAIN A STRONG, INNOVATIVE, SUSTAINABLE AND ACCOUNTABLE ORGANISATION CAPABLE OF ACHIEVING OUR HUMANITARIAN GOALS

At Red Cross, we believe everyone deserves equal opportunities, no matter their circumstances. We assist individuals living with a disability, injury or health condition to find employment.

Photo: Australian Red Cross/Conor Ashleigh

Find your nearest Red Cross store or shop online.
Visit REDCROSS.ORG.AU/SHOP

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

All Red Cross people are empowered, engaged, accountable and acknowledged for their contribution to our humanitarian goals

[80 cents]† in every dollar raised is going directly to humanitarian outcomes and impacts

†Exact amount to be confirmed

There are diversified multi-year funding streams in place with **no single funding source exceeding 50%**

We have been transparent each year about what we have achieved, where we have failed and the impact we have delivered

Expanding Red Cross Calling

One of our longest-running and most iconic fundraising campaigns, Red Cross Calling, had a successful year, raising $1.7 million, an increase of nearly $350,000 compared with 2016, and double the number of registered fundraisers.

The campaign was designed to attract new supporters, grow digital fundraising and introduce a sustainable income stream. Initiatives included a pilot that encouraged Australians to walk in the shoes of others and raise funds online.

Challenges included going off the grid and ditching social media in support of people affected by emergencies to living out of a backpack in support of people fleeing conflict. The initiative has strong foundations for expansion in 2018.

Leaving a legacy

This year we launched the Pass it On campaign which asked people what they would like to pass on to the next generation. They highlighted: financial security for their families; a better world for their grandchildren and great grandchildren; and the chance of a future for those less fortunate.

As part of the program, 138 of our donors and supporters attended two events where Red Cross ambassadors and aid workers shared their stories and experiences. Five Wills Days were held across Victoria and Western Australia along with multiple referrals to our national solicitor network.

We received about $12.6 million from generous supporters who left us a gift in their Will.

We are grateful for the ongoing support of our network of solicitors who give their time to the program and we thank the 544 people who have confirmed they are leaving a gift to us in their Will.

The Australian Red Cross Society of Women Leaders provided tens of thousands of dollars worth of in-kind and sponsorship support through their networks, guaranteeing that no donations were spent on event costs. We thank Founding Chair Kimberly Gire and co-founders Lorraine Tarabay and Linda Martin for their philanthropic leadership and service during the first three years of this unique fundraising and engagement program.

World-record community fundraisers

Ultra-athlete Debi Hazelden completed the Iron Century - 100 triathlons in 100 days - to raise money for our disaster relief efforts, breaking a world record along the way. Debi and her husband John Mergler, who did double the distance on most days, raised $37,322 through their incredible efforts.

Debi was living in Christchurch when it was devastated by the 2011 earthquake and saw first-hand what we do for people in disasters. She was so impressed she dedicated her record-breaking run, swim, ride to Red Cross, with the Iron Century fundraiser attracting community and media attention.

More than 10,000 individuals and groups fundraised within their communities in support of our programs.

Diversifying income streams

Support from trusts, foundations and private ancillary funds totalled $3.3 million, a 38% increase on the previous year.

A highlight was securing a two-year contract valued at more than $980,000 with the Department of Social Services to provide transport services and assistance with care and housing across South Australia, Victoria and Western Australia.

In recognition of a rapidly changing funding landscape, we will explore new forms of partnerships that involve different market segments, such as Public Private Partnerships, Social Impact Investing and Creation of Shared Value.

Overall, our Commercial Operations contributed a net $1.7 million in diversified funding to support our humanitarian work.

We delivered first aid training, including mental health and other related courses, to more than 50,000 students.

Councils expressed major interest in our defibrillator machines, distributing them to sporting clubs.

We introduced emergency response and volunteering awareness to our training presentations to increase the reach of key Red Cross messaging.

Red Cross Shops

We opened five new shops this year: Rosny Park in Tasmania, Mt Hawthorn in Western Australia and Parramatta, Manly and Chatswood in New South Wales. We also established temporary stores in Bondi Junction in Sydney and Queen Victoria Market in Melbourne.

The number of volunteers contributing to our retail division grew by 500 people to more than 5,500.

While our network grew, competition for quality donations remains a challenge for charity retailers. Potential donors are selling better quality items online and the increase in fast fashion has resulted in poorer quality donations, often unable to be re-sold.

Sourcing high-quality, new goods counteracts this trend and we strengthened our partnerships with Country Road and Super Retail Group. We also secured agreements with national and international fashion retailers, resulting in our largest single donation of new goods.

Such initiatives translated into a record year of sales, with growth of 9.6% contributing more than $5 million in funding to our humanitarian efforts.

Ride-sharing network Uber partnered with us for another successful donation drive with 2,500 bags of clothing picked up from across the country and dropped off to our shops. The collection generated saleable clothing donations worth more than an estimated $500,000.

Sustainability and Accountability

Setting Transparency and 80 cents† in every dollar objectives has ensured that we focus on the best balance between allocating as much as we can to achieve outcomes whilst recognising we need the right level of indirect support to ensure those outcomes are effective.

We are continually looking for more efficient ways to operate, to develop more effective supporter experiences and invest in cost effective digital solutions.

Photo courtesy Port Macquarie News

GOAL 6

PROVISION OF A SAFE, SECURE AND COST-EFFECTIVE SUPPLY OF BLOOD AND BLOOD PRODUCTS

UNDER THIS GOAL, WE HAVE SET THE FOLLOWING 2020 OUTCOMES:

To deliver leading edge outcomes **we will produce products and services that are fit for purpose** and meet stakeholders and customer needs

To be at the leading edge of performance **we will make the best use of funding** by delivering lean operations and a more efficient blood sector

To deliver a leading edge national network we will **maximise the impact of our infrastructure and skills**

Our contribution to health

This year, with the help of 461,268 blood and plasma donors, we kept the nation's blood supply flowing. We are especially grateful for their continued support.

The Australian Red Cross Blood Service continues to deliver one of the world's safest supplies of blood products and services. We test, process and distribute life-giving blood and blood products to patients across the country. Our contribution goes beyond blood, with innovative work in other areas of the health sector, including organ transplantation and tissue-based therapies.

Despite an ever-changing demand for blood, this year we accurately forecast and met the needs of Australian patients. For 357 days in 2016-17, our inventory was within the levels required to comfortably meet the requirement for blood products.

Demand for plasma grows

The nation's demand for plasma, used in the manufacture of immunoglobulin products, continues to grow. However the domestic supply of plasma has not kept pace with demand and we see this as an opportunity for the Blood Service and donors to make an even greater contribution. This year we delivered 637 tonnes of plasma to CSL Behring for fractionation (separation) to be used in 18 different medical products.

We are investigating the benefits of plasma-only donor centres at two pilot sites which aim to simplify processes and improve efficiencies through a single collection point. The first Australian plasma-only donor centre will open in Townsville in 2017, with a second centre planned for Canberra in 2018.

Satisfied donors

This year we welcomed 97,635 new blood and plasma donors, who join almost half a million Australians who generously donate. We strive to make donating blood a positive experience for all our donors and this year 93.2% rated their experience as satisfactory or better.

Every week, the 25,000 donors who give blood receive a text message following their donation, thanking them and telling them where their blood has helped. It has proved extremely popular, prompting many donors to attend more frequently.

We started work on developing a new Australian organ matching system (OrganMatch) and developing a human milk bank pilot. We continue to work closely with the Donor Tissue Bank of Victoria to explore opportunities to expand the supply of human tissue for the benefit of patients.

Donate together to save lives

In only its second year, our group donation program - Red25 - successfully achieved its target of 25% of donations from community groups and organisations. Last year Red25 members from more than 8,000 groups contributed 331,782 blood donations, helping nearly a million patients - an 8.4% increase on the previous year.

We launched phase one of our new donor relationship management system, to manage communications and appointments in a more intuitive and automated way. The system guides our conversations with donors and flags important events, allowing us to resolve queries and book appointments faster.

Privacy and security

In October the Blood Service learned that the data of approximately 550,000 prospective blood donors was publicly accessible through a webserver managed by a third party provider. After forensic investigation, it was confirmed the file was accessed by only two people who subsequently informed the Blood Service. The investigation confirmed all known copies of the data have been deleted.

Steps were immediately taken to strengthen security, including removing the data from the website, engaging national identity and cyber support service IDCARE, informing donors by text message and email, advising the national media and apologising unreservedly to donors. A dedicated information website and a hotline for donors were also established. In the first two weeks, 2,000 emails and 1,700 calls were received.

The incident was communicated to the Australian Cyber Security Centre and the Australian Federal Police, and reported to the Office of the Australian Information Commissioner which conducted an investigation, releasing the findings in August 2017. Commissioner Timothy Pilgrim considered the community could have confidence in the Australian Red Cross Blood Service's commitment to the security of their personal information. His statement concluded: 'Data breaches can still happen in the best organisations — and I think Australians can be assured by how the Red Cross Blood Service responded to this event. They have been honest with the public, upfront with my office and have taken full responsibility at every step of this process.'

In light of the incident, we have taken taken significant steps to enhance cyber security to better protect data.

We welcomed **97,635** new blood and plasma donors

1 in 3 Australians will need blood but only **3%** donate

461,268 Australians voluntarily donated blood and plasma

For **98%** of the year, our inventory met demand

93.2% of blood donors rated their experience as satisfactory or better

A separate annual report for the Australian Red Cross Blood Service can be found at DONATEBLOOD.COM.AU.

Tasmanian Charlotte Rataj survived leukaemia with the help of blood products during her treatment. Pictured with mum Tanya and brother Toby.

Photo: Australian Red Cross/Darren James

RED CROSS PEOPLE

Volunteers

Volunteers are the backbone of our organisation and this year almost 20,000 volunteers generously gave their time to improve the lives of others. Whether it was making a daily Telecross phone call to elderly residents living alone or leaving behind jobs and family to travel to cyclone-devastated far north Queensland, our dedicated volunteers were there when needed.

This year we simplified our processes to make it easier to volunteer: people can register their interest in future roles and also volunteer for one-off activities. Visit our new volunteering section: redcross.org.au/volunteering.

Members and young humanitarians

Our members are powerful and trusted advocates who contribute to the needs of their communities. Members advocate for us in their networks, volunteer with our programs and in Red Cross shops, raise money to support our work and drive local activities. As of 30 June 2017, we had 17,486 members, slightly down on last year.

Most of our members – about 70% - belong to community branches, units and clubs with independent and youth memberships increasing. We will continue to diversify our membership base and build on our engagement with younger members.

Members are crucial in our Strategy 2020 goal of building an inclusive, diverse and active humanitarian movement based on voluntary service. Our members are ideally positioned to help us achieve this goal with an existing footprint in many communities.

Blood donors

This year, with the help of 461,268 volunteer blood donors, the nation's blood supply was assured. We welcomed 97,635 new blood and plasma donors and sent text messages to 25,000 weekly donors, thanking them and telling them where their blood had helped. We strive to make donating blood a positive experience and this year 93.2% rated their experience as satisfactory or better.

Staff

As we continue to build an inclusive and diverse organisation, we engaged six young Indigenous people under our partnership with Career Trackers. We also participated in the Indigenous Employee Program with 20 trainees appointed. Of these, 14 completed the full 12 months with seven obtaining further employment with Red Cross.

We have over 5,600 staff across the humanitarian and blood service divisions, comprising 75% females and 25% males. We are proud that 18% of our staff are aged 30 and younger.

Aid workers

Our aid workers are deployed to crisis situations across the globe, from the ongoing civil war in Syria to the famine and drought in East Africa, where some 27 million people face starvation. They also equip communities to be prepared by establishing clean water supplies, building sanitation solutions and teaching hygiene measures.

Five Australian Red Cross aid workers received the Florence Nightingale Medal, awarded for exceptional courage and devotion to the sick, wounded or disabled in conflict and disaster zones.

Brisbane-based Ruth Jebb ran a feeding clinic for thousands of malnourished children in Sudan, working desperately to save dying children in some of the world's worst conditions.

WA nurse Anne Carey and Barbara McMaster, from Brisbane, worked to contain the Ebola epidemic in Sierra Leone while Sydney nurse Catherine Salmon has provided critical care in some of the world's most dangerous regions, including Afghanistan, Sudan and Yemen.

Catherine Fry, who has worked with Red Cross for 14 years and been on many missions, most recently coordinated the delivery of health care for children and mothers in Darfur, Sudan.

Our aid worker Jess Lees, who was deployed to Somaliland, promoted our East Africa Food Crisis Appeal through our media campaign which reached 12.4 million people.

Ambassadors

Our ambassadors volunteer their time to raise awareness of our work through supporting our major campaigns, attending events and speaking engagements, and engaging with our clients and volunteers.

Some of the highlights from this year include celebrity chef Adrian Richardson appearing on Channel 9's The Today Show Celebrity Charity Bowl Off who won $10,000 towards our programs.

Eco-stylist Alex van Os attended several Red Cross shop openings where she provided styling advice and gave our volunteers a make-over. Pioneering orthopaedic surgeon Associate Professor Munjed Al Muderis and retired aid worker Bob Handby featured in our Bequest campaign and author and former refugee Abdi Aden was the keynote speaker at bequest engagement events in Sydney and Melbourne. Abdi also raised awareness of our East Africa Food Crisis Appeal by sharing a personal story about his journey as a Somali refugee coming to Australia.

Melbourne Demons AFL player Neville Jetta participated in one of our programs at the Melbourne Youth Justice Centre where he played friendly games of sport with clients to help them feel connected to the community.

TV personality Kate Ritchie also kindly lent her voice to a video for a joint Uber, Nova and Red Cross campaign to promote a Red Cross Shop Clothing Drive, which reached more than 1.5 million people on social media. Food guru Maggie Beer generated social media support for our FoodRedi program, which was seen by more than 63,000 of her Twitter followers.

We said farewell to Julie McCrossin as a Red Cross ambassador. We thank her very much for her dedication and support and wish her well for the future.

We thank the following people for their support as Red Cross ambassadors this year:

Patron: His Excellency General the Honourable Sir Peter Cosgrove AK MC (Ret'd)

Abdi Aden

Assoc. Prof. Munjed Al Muderis

Chris Bath

Maggie Beer

Pamela Clark

Dianne Collins

Rowie Dillon

Anna Gare

Bob Handby

Neville Jetta

Stefano Manfredi

Prof. Melanie Oppenheimer

Adrian Richardson

Kate Ritchie

Andrew Rochford

Alex van Os

Poh Ling Yeow

Photo: Australian Red Cross/Amelia Wong

OUR FINANCIAL SUPPORTERS

Donors

We are honoured to have the support of about 42,500 people who made singular or occasional donations this year. We are especially grateful to our 123,000 regular givers; these generous Australians contributed almost $44 million to help us build stronger and more resilient communities.

Community fundraisers

More than 10,000 volunteer fundraisers supported our work this year through campaigns such as our annual Red Cross Calling and Big Cake Bake.

In Perth, the 54th Annual Bindaring Clothing Sale raised an astonishing $224,000 in a single day. About 300 members and volunteers organise and run the event, with preparations ongoing year-round. The event is held at the Perth showgrounds in May and attracts thousands of shoppers and high-quality donations. This is just one example of the amazing contribution our members make all around the country.

Together, community groups raised more than $4.9 million to support our work.

Bequestors

Shirley Gash (pictured) is honouring the wishes of her late father, Erle, through a gift to Red Cross in her Will. He urged her to "always do something for someone else".

A gift in your Will to Australian Red Cross is not only an amazing act of kindness, it's a valuable legacy, with the power to transform lives. This year we received $12.6 million from generous supporters who left a precious gift in their Will to Red Cross.

In focusing on the future, we launched the 'Pass it on' campaign which challenged people to think about what they wanted to pass on to future generations. Common themes were financial security for families; a better world for grandchildren and great grandchildren; and the chance of a future for those whom life has treated harshly.

As part of the program, 138 Red Cross donors and supporters attended two seminars where our ambassadors and aid workers shared their stories from the field. Five Will Days were held across Victoria and Western Australia which generated multiple referrals to our national solicitor network.

We are grateful for the ongoing support of our solicitors who give their time to support this program. And we thank the 544 people who have confirmed they are leaving a gift in their Will to Red Cross.

We sincerely thank the following supporters whose generous gifts of more than $20,000 in their estates this year have helped transform lives. We extend our condolences to their loved ones.

Colin Edward Archer
Lynette Mary Baird
Leonard Edwin Bergeman
Herman Blom
Valma Clare Burton
Elsie Fay Jean Chandler
John Gregson Coward
Henry Drake
Roy Esnouf
Margaret Joan Fleay
Dorothy Foott
Irmgard Graf
Beth Lorraine Grainger
Beth Elaine Griffith
Roseanne Faith Grimke-Drayton
Jeltje Haebick
Rex Alexander George Henzler
James Holt
Gordon James Horsley
Elizabeth Anne Kenihan
Marion Armstrong Kingston
Zoe Kominatos
Daphne Myrtle Krieg
William Garth Little
Lorna Dorothy Watson
Walter Jame Martin
Donald Hamilton McBride
Geoffrey Keith McCalman
John William McCarthy
Jack McDaid
Jean Margaret Eveline Millard
Joyce Merle Moore
Sally Muir
Eva Ann-Kathrin Olovson
Louis Alfred Hall Pelton
Margaret Jean Ralston
Norma Lois Riley
Lena Joan Ross
Heather Irene Shannon
June Aileen Sheppard
Samuel Kellett Shield
Walter Herbert Spratt
Joyce Ethel Sproat
Anthony Robin Topp
Hubertus Clemens Van Dessell
Antonella Maria Van Rossum
Diana Rosemary Vernon
Alfred John Wise
Christopher James Wood

Thank you also to the following supporters whose perpetual estates each provided more than $20,000 to support the work of Red Cross this year:

Estate of Melvie Mary Bennett
Alfred Ingram Chapman Trust
Dennis Osborne Clark Charitable Trust
William Mansell & Dorothy Higgins Charitable Trust
Estate of Daryl Giles Howard
Estate of Margaret Mary Langford
Leonard Christian Joseph Miller Charitable Trust
Heather Sybil Smith Estate
Graeme Douglas Watson Charitable Trust

Government funders

The following government agencies provided $1 million or more to support our services, or our delivery of government services, during the 2016/17 financial year.

Commonwealth Government
Department of Immigration and Border Protection
Department of the Prime Minister & Cabinet
Department of Social Services
Department of Foreign Affairs and Trade
National Blood Authority

New South Wales Government
Department of Family and Community Services
NSW Health

Queensland Government
Department of Communities, Child Safety and Disability Services
Department of Housing and Public Works

Western Australia Government
Department for Child Protection
Disability Services Commission
Department of Health

Victorian Government
Department of Health and Human Services

South Australian Government
SA Health
Department for Communities and Social Inclusion

PARTNERSHIPS

Government funding

Legislative changes and the introduction of national programs such as the National Disability Insurance Scheme (NDIS) have prompted government agencies to rethink their funding priorities and reshape their tenders, resulting in a delay in contracting new programs.

Despite the delays, we secured a two-year, $980,000 contract with the Department of Social Services to provide transport services and housing assistance for those needing care in South Australia, Victoria and Western Australia.

At state, territory and municipal level, we have proactively engaged with authorities to discuss collaboration opportunities in the welfare sector of the future. This has led to a significant number of contracts and partnerships with local government departments, allowing us to expand our geographical reach.

In the transition to the NDIS and with the introduction of aged care reforms, we are working closely with the Department of Social Services and Department of Health to ensure that all Australians benefit. Our focus is to work with government to make sure people who are vulnerable are not left behind. We have also shared our co-design concepts developed by people with mental illness, showcasing innovative ways to live better lives.

In tandem with the departments of Social Services, Health and Prime Minister and Cabinet, we are developing place-based approaches for communities facing significant inter-generational challenges. And all state and territory governments are involved with our justice reform agenda which aims to affect sentencing changes and increase investment in prevention, diversionary and reintegration programs.

Villagers in the town of Betio in Kiribati work with Red Cross aid worker Sam Cleary to build community toilet blocks. People are healthier and happier with clean water supplies.

Photo: Australian Red Cross/Darren James

In the emergency services area we continue to work closely with all levels of government at times of disaster, in preparedness and recovery. Red Cross has formal roles in disaster plans across the country and is activated by government authorities for key roles such as Register. Find.Reunite., psychological first aid and evacuation centre management. We have recently strengthened these arrangements in a number of jurisdictions, such as the Northern Territory where we have agreed to manage evacuation centres in the event of significant emergencies such as the Daly River floods in 2016.

To respond to the needs of migrants in transition, we have strong and effective relationships with a number of federal government departments and at State/Territory government level. This includes our ongoing work to monitor the conditions in detention facilities, with reports to the Department of Immigration and Border Protection, and significant support to asylum seekers through contracted programs.

Our close collaboration with the Department of Foreign Affairs and Trade (DFAT) continues under the Partnership Agreement which includes the Humanitarian Agreement, a $28.8 million, multi-year partnership aimed at strengthening disaster preparation and resilience in Asia-Pacific communities. The agreement is complemented by the Australian NGO Cooperation Program, a separate agreement with the two adding up to $38.5 million over four years. A further $3 million in funding from DFAT helped us deliver a range of projects, including the Pacific Humanitarian Challenge, the Civil Society Water, Sanitation and Hygiene Fund and local programs. Our partnership with DFAT is a two-way dialogue focussed on localising humanitarian action, improving collective impact and concentrating on disaster risk reduction and preparedness.

Our work is prioritised around four interconnected themes:

1. disaster risk management

2. health (including water, sanitation and hygiene)

3. protection, gender and inclusion

4. the institutional strengthening of local Red Cross/ Red Crescent National Societies.

Our International Humanitarian Law (IHL) work is undertaken in partnership with key government departments, including DFAT, Attorney General's Department and the Australian Defence Force. Each is part of our National IHL Committee which oversees our commitments, including pledges made by government and Red Cross at international meetings of the Movement, held every four years. Australian Red Cross directly supports government to meet its obligations to the dissemination of IHL, and the Laws of War.

At state, territory and municipal level, we have proactively engaged with authorities to discuss collaboration opportunities in the welfare sector of the future. This has led to a significant number of contracts and partnerships with local government departments, allowing us to expand our geographical reach.

Philanthropists

Several generous major donors contributed significantly towards our programs, donating more than $2.3 million last year. The ongoing Syrian crisis, the East Africa Food Crisis Appeal and other programs in the Asia-Pacific region benefited from this funding, as did our disaster relief and recovery programs. Of note is the generous supporter who donated the profits from selling their house.

Our dynamic giving circle, the Australian Red Cross Society of Women Leaders, grew to 45 members and continued to excel in their philanthropic endeavours, raising $414,000 towards humanitarian initiatives chosen by members.

The Society of Women Leaders gave $150,000 to our Young Parents Program and $112,000 to a health project in Indonesia assisting mothers and children in remote communities. Their generosity also provided funding towards other programs, including two female aid workers in East Africa; asylum seekers facing destitution; daily phone calls to the elderly and isolated, as well as tens of thousands of dollars of in-kind support.

Corporate partners

We work alongside the corporate community to build meaningful partnerships and we would like to thank the many businesses which have supported us to assist the most vulnerable communities. Our partnerships include in-kind support, corporate volunteering, fundraising and raising awareness across social media channels.

Our global partnership with Land Rover supports our Strategy 2020 goal of preparing three million people for disasters by providing access to resources. A changing climate makes this goal critically important and our ongoing work with Insurance Australia Group Limited will continue to build resilience among communities facing crisis.

Thank you to the following corporate partners which provided more than $50,000 in support this year:

Global Partners

Land Rover

Community Partners

ALDI
Aurizon
Australia Post
Charter Hall
Country Road
Disney - Australia
First National Foundation
Inpex
Insurance Australia Group (IAG)
Kathmandu
King & Wood Mallesons
Medibank Private Limited
Sanitarium
Super Retail Group
The Cheesecake Shop
Uber
Worley Parsons

Emergency & Disaster Response Supporters

Australia and New Zealand Bank
Coles
Commonwealth Bank of Australia
Connell Brothers
Conoco Phillips
Crane
Diageo
Deloitte
First National
Insurance Australia Group (IAG)
Industrie
Johnson & Johnson
Land Rover (Jaguar Land Rover) Pty Ltd
Medibank Pty Ltd
National Australia Bank Limited
Novartis Pharmaceuticals
QBE
Rio Tinto
Ritchies IGA
SC Johnson
Shell
Smith & Nephew
Stockland
Suncorp
Tabcorp

We thank Allens law firm for its significant pro-bono contributions to our International programs.

Workplace giving

Small change can lead to big changes and our workplace giving program operates with this philosophy in mind. We are thankful to our 248 workplace giving partners who this year contributed more than $1 million to support our work. Individual employees contribute regular donations through their pre-tax pay and many employers match their employees' contributions.

We would like to acknowledge our top 10 workplace giving partners, who contributed 44% of our total income in this area:

Telstra Corporation
Lion
Orora Business Services (new in top 10 for 2016-17)
National Australia Bank Limited
Australia and New Zealand Bank
BHP Billiton
PricewaterhouseCoopers Australia
Stockland Development (new in top 10 for 2016-17)
King & Wood Mallesons
AMP

Trusts, foundations and private ancillary funds

Support from trusts, foundations and private ancillary funds totalled more than $3.3 million, a 38% increase on last year.

Through generous gifts and grants, trusts and foundations fund pilot projects and contribute to key services. This year Collier Charitable Fund, Law Society Public Purposes Trust and The Law Foundation of South Australia Incorporated supported justice reinvestment initiatives in South Australia and the Northern Territory.

Perpetual continued its support for community-based health and first aid, Motorola Solutions Foundation supported disaster preparedness for people with additional needs while the Ernest Heine Family Foundation and William Angliss (Victoria) Charitable Fund supported food security programs. The Miller Foundation Ltd donated to our East Africa Food Crisis Appeal.

We extend our thanks to the following trusts, foundations and private ancillary funds which each contributed more than $20,000 in 2016/2017:

AN Carmichael Memorial Fund managed by Equity Trustees
Bloomfield Group Foundation
Brian M Davis Charitable Foundation
Cameron Foundation
The Charles Bateman Charitable Trust managed by Perpetual
Clayton Utz Foundation
Colin Bisdee Trust (managed by Tasmanian Perpetual Trustees)
Collier Charitable Fund
The Enigma Charitable Trust
The Ernest Heine Family Foundation
Evolhope Trust
Give Where You Live Foundation
Goldie Knight Foundation
The John and Beryl May Henderson Foundation managed by Perpetual
Lady Proud Foundation
The Law Foundation of South Australia Incorporated
Law Society Public Purposes Trust
Lord Mayor's Community Trust
The Miller Foundation Ltd
Motorola Solutions Foundation
Percy Baxter Charitable Trust managed by Perpetual
Perpetual Foundation – The Jean and Redvers Dunbar Charitable Foundation
Perpetual Trustees
Philandron Foundation
Profield Foundation
The Reuben Meyer Trust Fund
Ronald Geoffrey Arnott Foundation managed by Perpetual
Sisters of St John of God
William Angliss (Victoria) Charitable Fund
Youanmi Foundation

Photo: Australian Red Cross/Susan Cullinan

An outpouring of grief followed the tragic accident at Dreamworld on the Gold Coast and our volunteers were there to offer support.

BEING SAFE, ETHICAL AND SUSTAINABLE

Risk management and mitigation

We are a large and diverse organisation, requiring a well-structured, strategic and proactive approach to managing risk. Our enterprise-wide risk management framework, known as RiskSmart, is based on the global AS/NZS ISO31000:2009 standard and captures our smart, rather than risk-averse, approach to risk management.

Our risk management goals are: to protect our staff, volunteers and the people we endeavour to help; to create a sustainable and effective operating environment; and to minimise risk while maximising opportunity.

This year we have focused on identifying and mitigating cyber and data security-related risks; reducing liability risks; and exploring ways we can safely increase our risk appetite to meet our strategic objectives.

Upholding compliance standards

We focus on best practice in all our policy and regulatory compliance.

Fundraising industry compliance

As a member of the Fundraising Institute of Australia (FIA), we are bound by - and act in accordance with - its Principles and Standards of Fundraising Practice. We actively participate in special interest groups, including the Public Fundraising Regulatory Association (PRFA) and the FIA Sustainability Task Force.

Australian Council for International Development (ACFID)

We are a member of the Australian Council for International Development and abide by its Code of Conduct for Non-Government Organisations, which sets minimum standards of governance, management and accountability. Adherence to the Code is monitored by an independent Code of Conduct committee.

Australian Charities and Not-for profits Commission (ACNC)

Red Cross is registered with the independent national regulator of charities, the Australian Charities and Not-for-profits Commission, under ABN 50169561394.

Legislative compliance

Red Cross complies with all relevant state, territory and federal laws with the oversight of the Legal & Policy Unit which provides comprehensive legal advice and support to the Board, the CEO, senior management and Red Cross staff. The Unit covers all governance and operational activities, ensuring we work ethically and achieve best practice.

Work health and safety

Red Cross is a diverse organisation and supporting the wellbeing of our people and clients is paramount. We have a strategic roadmap to keep Red Cross people safe.

Youth worker Bob Cunningham with Rita at the Red Cross Night Café, a place for young people experiencing homelessness.

Photo: Australian Red Cross/Lara Cole

This includes compulsory e-learning modules for all staff and volunteers to embed positive WHS behaviour as well as creating a safety-first culture, incorporating physical and mental health.

Child protection

We recognise that children are one of the most vulnerable groups in society and we have put in place stringent measures to ensure their safety. Our child protection policy ensures all staff, volunteers and contractors are trained in best practice when working with children and that anyone who comes into contact with a person under 18 has the appropriate certificate.

Our work deals extensively with children and we acknowledge our critical responsibility to keep them safe across all operations at all times.

We promote the wellbeing of children and seek to ensure all families have access to health, education and other social services, leading to less neglect and abuse of children. We strive to take preventative action and not solely be responders.

Operating ethically

We are ethically minded when sourcing goods and services and our procurement policy details these obligations. We work closely with Supply Nation to use Indigenous suppliers where practicable and this message is promoted across the organisation.

Our procurement process focuses on using suppliers that can prove they have strong socially responsible principles and a commitment to the environment. When engaging new suppliers, we seek to understand their supply chain network to find evidence of active social responsibilities and promote improvement where needed.

This financial year, we plan to appoint an independent service to establish the ethical standards of suppliers. This process will enable us to establish their ethical and environmental commitments and promote them as preferred suppliers.

People power

Our new People and Organisational Effectiveness Team focuses on creating a strong, innovative and sustainable organisation with empowered, engaged and accountable people.

Teams coming under this umbrella are Culture and Capability, People Advisory, Innovation, IT and Legal.

The Culture and Capability team has created two new leadership development programs for managers to enable a culture of achievement, engagement, efficiency and accountability. We have focused on practical, everyday ways to empower staff.

Trust Initiative

Our clients, supporters, volunteers, members and staff have entrusted us to hold their personal and financial information and we have a duty of care to ensure this data is protected.

The Trust Initiative improves information management security and technical controls and reduces the risks associated with handling sensitive information. We have improved authentication methods in our business systems by implementing multifactor approvals.

A certification process raises awareness of individual behaviours and improves the management of physical devices, suppliers and user access. The Trust Initiative will identify risks, provide remediation pathways and escalate incidents where necessary.

Information Technology

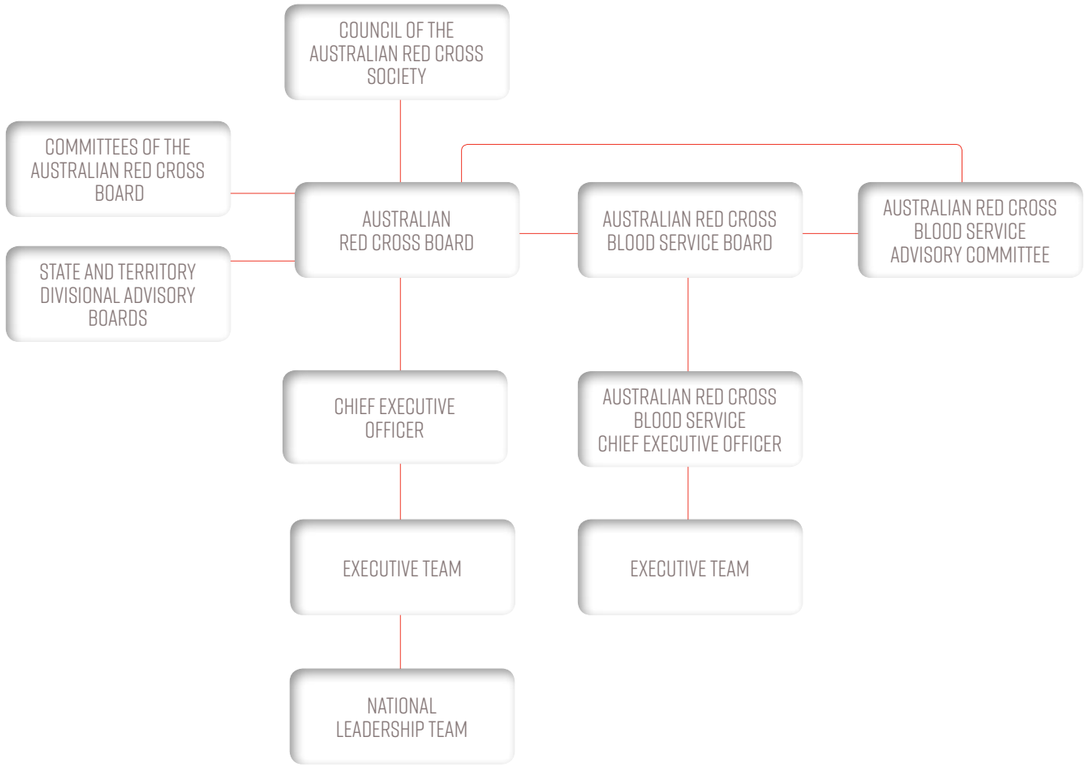
Maintaining and advancing a secure information technology platform is integral to the success and safety of our organisation. This year we transitioned our core infrastructure to Amazon Web Services, providing the foundations for our digital platform and creating a connected Movement.

This year we streamlined our network providers and consolidated 119 sites to the Vocus network, increasing network data capacity.

We moved the majority of our mobile services to Vodafone, improving capacity and reducing global roaming costs. Skype for Business was also introduced, allowing us to take advantage of digital communication channels.

In recognition of the success of these initiatives, our Chief Information Officer, Veronica Frost, was acknowledged as one of the top 50 CIOs in Australia by CIO Magazine.

OUR GOVERNANCE AND MANAGEMENT



Our Patron

The Governor-General of Australia, His Excellency General the Honourable Sir Peter Cosgrove AK MC (Ret'd), is the Patron of the Australian Red Cross Society. This year he supported Red Cross in a number of ways, including brightening the days of some of our clients in Canberra for National Meals on Wheels Day.

The Governor-General also kindly assists us in celebrating World Red Cross Day each year, which marks the birthday of the founder of the Red Cross Red Crescent Movement, Henri Dunant, and is celebrated by national societies around the world.

Council of the Society of Australian Red Cross

Meeting once a year at the Annual General Meeting, the Council's responsibilities include receiving reports and financial statements and electing and appointing Office Bearers and Additional Board Members. The Council is made up of the President and 53 voting members, including all members of the Australian Red Cross Board, up to six Special Councillors and 32 members elected or appointed by the Divisional Advisory Boards (DABs) of each state and territory, one of whom must be a youth member from each state and territory.

Membership of the Council

Special Councillors: Greg Vickery AO, Winifred Smith AM, John Hood, Michael Howarth, John MacLennan and Aisling Blackmore

Council members appointed or elected by each Divisional Advisory Board:

- **ACT Division:** Prudence Buckland, Catherine Walsh, Ritu Clementi and Natasha Chabbra
- **NSW Division:** Margaret Kiehne, Anne Knox, John Davis and Andrew Horne
- **NT Division:** Foster Stavridis, Heather Prendergast, Deven Patel and Lana Sobieralski
- **QLD Division:** Maureen Farrington, Greg Goebel, Kay McDuff and Tasman Bain
- **SA Division:** Rebecca Hyde, Jillian Morphett, Chris Kwong and Georgia Hagias
- **TAS Division:** Odile Glen, Nigel Morrison and Matthew Etherington (one position vacant)
- **VIC Division:** Garry Nolan, Helene Hayes, Lynne Jones and Alison Crowe
- **WA Division:** Jag Atrie, Kevin Poynton and John Regan (one position vacant)

Australian Red Cross Board

The role of the Board is to govern the activities of the Society. In doing so, the Board works to ensure that Red Cross acts in accordance with the Geneva Conventions, International Committee of the Red Cross (ICRC) regulations, the International Movement's protocols and the fundamental principles of the international Red Cross and Red Crescent Movement. It also develops and maintains ethical standards based on a Code of Conduct and Conflict of Interest Policy.

Comprising up to 16 members, the Board includes the President, Deputy President, Audit and Risk Committee Chair, Youth Member, Chair or nominee of each of the eight Divisional Advisory Boards (DABs) from every state and territory, the Australian Red Cross Blood Service (ARCBS) Chair and up to three Additional Board Members. While they are not members of the Board, the Chief Executive Officer, Chief Financial Officer and Secretary attend Board meetings throughout the year.

The Board is made up entirely of volunteers. We do not provide payment for serving as a Board Member but we sometimes provide reimbursement for reasonable travel and other expenses incurred in connection with Red Cross activities.

Ensuring good governance is a key Board responsibility. This includes overseeing mechanisms to provide for compliance with legal requirements and regulations, while safekeeping the ongoing financial viability of Red Cross. The Board monitors and periodically evaluates its own performance and strives to have a skilled and diverse membership in place. It also establishes and implements a recognition process that acknowledges the efforts of volunteers, members and staff.

The Board met seven times during the financial year.

Board Member	Title	A	B	C
Michael Legge AM	President	7	7	0
Ross Pinney	Deputy President	7	6	0
Jan West AM	Chair, Audit and Risk Committee	7	7	0
Pearl Li	Youth Member	7	5	0
Sam Wong AM	Chair, ACT DAB to October 2016	2	1	0
Wendy Prowse	Chair, ACT DAB from October 2016	5	5	0
Sam Hardjono	Chair, NSW DAB	7	6	1
Charles Burkitt	Chair, NT DAB	7	7	0
John Pinney AM	Chair, QLD DAB	7	7	0
Sue Vardon AO	Chair, SA DAB	7	6	0
Lyndal Herbert	Chair, TAS DAB	7	7	0
Anne Macarthur OAM	Chair, VIC DAB	7	7	0
Dianne Buckles	Chair, WA DAB	7	7	0
James Birch AM	Chair, ARCBS	7	5	0
David Hamill AM	Additional Board Member (to November 2016)	3	3	0
John Dorrian	Additional Board Member	7	7	0
Margaret Piper AM	Additional Board Member	7	7	0
Ian Hamm	Additional Board Member (appointed April 2017)	2	2	0

Legend:
A = Meetings held during the period of office of the Board Member

B = Meetings attended by the Board Member

C = Meetings attended by an alternate of the Board Member (Divisional Advisory Board Chairs only)

Australian Red Cross Board Members

Michael Legge AM - President - *Appointed December 2011; joined the Board in 1999*
Ross Pinney - Deputy President - *Appointed December 2011; joined the Board in 2007*
Jan West AM - Chair, Audit and Risk Committee - *Appointed April 2012*
Pearl Li - Youth Member - *Appointed November 2014*
Sam Wong AM - Chair, ACT DAB - *Retired October 2016*
Wendy Prowse - Chair, ACT DAB- *Appointed October 2016*
Sam Hardjono - Chair, NSW DAB - *Appointed October 2015*
Charles Burkitt - Chair, NT DAB - *Appointed October 2014*
John Pinney AM - Chair, QLD DAB - *Appointed October 2012*
Sue Vardon AO - Chair, SA DAB - *Appointed December 2011*
Lyndal Herbert - Chair, TAS DAB - A*ppointed November 2012*
Anne Macarthur OAM - Chair, VIC DAB - *Appointed October 2014*
Dianne Buckles - Chair, WA DAB- *Appointed October 2013*
James Birch AM - Chair, Blood Service - *Appointed February 2016*
David Hamill AM - *Retired November 2016*
John Dorrian - Additional Board Member - *Appointed August 2012*
Margaret Piper AM - Additional Board Member - *Appointed August 2012*
Ian Hamm - *Additional Board Member- Appointed April 2017*

Committees of the Board

Six Red Cross Board Committees met during the year, all of which include Board Members. The Board also appoints various other committees including, advisory committees and specialist committees which are established for short-term, specific or ad hoc purposes. The Committees of the Board include:

Audit and Risk Committee: Assists the Board in ensuring that Red Cross meets its essential audit and risk compliance requirements.

Finance Committee: Assists the Board in ensuring that Red Cross meets its essential financial requirements.

National Awards Committee: Approves nominations for awards and makes recommendations for ways to acknowledge the efforts of Red Cross people.

National Youth Advisory Committee: Advises the Board and consults on youth policies and programs, including youth engagement and leadership opportunities.

Nominations and Remuneration Committee: Supports and advises the Board regarding appointments of Board Members, succession planning, remuneration and employment, induction, training and education programs.

Australian Red Cross Blood Service (ARCBS) Advisory Committee: Provides independent advice to the Board on all technical and safety issues. Ensures the highest standards of medical and scientific practice and product safety are met.

AUSTRALIAN RED CROSS BOARD MEMBERS

Photo: Mark Farrelly

Left to Right – Charles Burkitt (Chair NT DAB), James Birch AM (Chair ARCBS), Cameron Power (CFO), Ross Pinney (Deputy President), Judy Slatyer (CEO), Jan West AM (Chair – Audit & Risk Committee), Wendy Prowse (Chair ACT DAB), John Pinney AM (Chair QLD DAB), Pearl Li (Youth Member), John Dorrian (Additional Board Member), Anne Macarthur OAM (Chair VIC DAB), Jeni McDonough (Board Secretary), Dianne Buckles (Chair WA DAB), Michael Legge AM (President), Lyndal Herbert (Chair TAS DAB), Margaret Piper AM (Additional Board Member), Sue Vardon AO (Chair SA DAB) and Ian Hamm (Additional Board Member). Absent: Sam Hardjono (Chair NSW DAB).

Michael Legge AM – President

Michael Legge AM was elected President of Australian Red Cross at the Annual General Meeting in December 2011, having served as Deputy President for seven years.

Michael has a long and distinguished involvement with Red Cross and his leadership appointments are numerous. He has been a member of the Australian Red Cross Tasmanian Divisional Advisory Board and Finance Committee and was Deputy Chairman of the Division in 1998 and Chairman in 1999. Michael has also served on the Australian Red Cross Blood Service Board from 2001 to 2011 and served as Chairman of the Board's International Committee from April 2008 until November 2011.

He has represented Australian Red Cross internationally, both as an Australian delegate and speaker at international forums and as an active participant in decision making for the Movement. Michael joined Red Cross in 1986 as a young and enthusiastic volunteer ambulance driver with the St Marys Red Cross branch in Tasmania. Since then, his involvement with Red Cross has taken him from rural Tasmania as far afield as Mongolia, Pakistan and the Pacific. Michael was awarded Honorary Life Membership in 2008 which is the Society's peak Award for achievement and merit of the highest degree of service by a member.

Michael was appointed a Member of the Order of Australia in 2017 for his 30 years of humanitarian work with Red Cross.

Ross Pinney – Deputy President

Serving as a Red Cross Victorian Divisional Board member from 2005 to 2007, Ross was elected Chair of the Audit and Risk Committee in 2007. He served as a member of the International Federation of Red Cross and Red Crescent Finance Commission from 2007 to 2015 and was elected as the Deputy President of Australian Red Cross in December 2011. He worked for 15 years as a senior manager at National Australia Bank, as Executive General Manager in the Office of the CEO, CEO Europe, and Executive General Manager, Products and Services. Prior to that he also worked at the Melbourne and Metropolitan Board of Works for 15 years.

In addition to chairing the Finance Committee, he is currently a member of the National Awards Committee; the Nominations and Remuneration Committee; and the Services Advisory Group. Ross is a non executive director of Australian Red Cross Blood Service, where he is chair of the Risk Committee. Ross is a Fellow of Chartered Accountants Australia and New Zealand and his qualifications include: MBA, B Comm, FCA.

Ross was awarded a Distinguished Service Medal from the Society in 2015.

Jan West AM – Chair, Audit and Risk Committee

Jan has more than 40 years finance and audit experience across Australian and international listed and private companies, government agencies and community organisations. She is currently a non-executive director of Australia Post, Dairy Australia, Neurosciences Victoria and Melbourne Forum as well as an independent member of the Audit and Risk Management Committee of the Victorian Department of Treasury and Finance. She has been President and Chairman of the Board of the Institute of Chartered Accountants, a member of the Financial Reporting Council, an audit partner at Deloitte and a non-executive director of a number of commercial and not-for-profit entities.

In recognition of her services to the accountancy profession and to the community, Jan was appointed a Member of the Order of Australia in 2007 and was awarded a Centenary Medal in 2001.

Jan is a Fellow of Chartered Accountants Australia and New Zealand (FCA) and a Graduate member of the Australian Institute of Company Directors (GAICD).

In addition to chairing the Red Cross Audit and Risk Committee, Jan is also a member of our Finance Committee, Nominations and Remuneration Committee and Blood Service Finance and Audit Committee.

James Birch AM – Chair, Australian Red Cross Blood Service Board

James Birch was appointed Chair of the Blood Service in February 2016. He was previously a member of the South Australian Division Board from 2005 to 2008.

James is currently an independent consultant.

Until January 2016 he was the Global Health Care Leader for Ernst & Young, having previously been its Oceania Government and Public Service Leader and the inaugural Leader of its Health and Human Services Practice for Asia Pacific. James has had more than 35 years of experience in planning, leading and implementing change in complex organisations such as Health Care, Justice and Human Services.

He has also been the Chief Executive of a Human Services and Health Department, Deputy Chief Executive of a Justice Department and Chief Executive of major health service delivery organisations, including academic teaching hospitals.

In addition to the Blood Service, James is currently the Chair of the Australian Digital Health Agency, Deputy Chair of the Independent Hospital Pricing Authority, a Director of the Little Company of Mary Board, a Director of the Cancer Council of South Australia and Chair of the Board for Clevertar Pty Ltd.

Dianne Buckles – Chair, WA Divisional Advisory Board

Dianne was appointed Chair of the WA Divisional Advisory Board in October 2013 and has been a member of the Divisional Board since 2006, taking up the position of Vice President in 2007 and Deputy Chair in 2009.

Dianne originally joined Red Cross in 1999 as a passionate member and volunteer, and continues to volunteer in various areas such as Emergency Services, undertaking many deployments in a variety of roles both interstate and intrastate. She is Australasian Inter-Service Incident Management System (AIIMS) trained and has completed several Australian Emergency Management Institute courses, is a volunteer trainer, a REDiPlan/Pillowcase facilitator/presenter, a Team Convenor and represents Australian Red Cross on the City of Stirling Local Emergency Management Committee. Dianne also volunteers in other Australian Red Cross programs including the Migration Support Program and Community Services Program.

She is currently the Chair of the WA Awards Committee, President of the fundraising 'Flower Committee' Unit, and member on the National Audit & Risk Committee, the National Services Advisory Group, the National Emergency Services Advisory Group and the WA International Humanitarian Law Committee.

For her service, dedication and exceptional leadership to the organisation, Dianne was awarded Honorary Life Membership in 2016.

Now retired, Dianne worked in the corporate information technology sector for many years, and then in computer software consulting.

Charles Burkitt – Chair, NT Divisional Advisory Board

Charles was elected Chair of the Northern Territory Divisional Advisory Board in October 2014, after having served as a Board Member for numerous years.

His affiliation with Australian Red Cross dates back to a very early age where he was introduced to the significance of the organisation's work by immediate family members who have had a very active involvement with Red Cross. Charles has consistently contributed in a voluntary nature to the Society and continues to contribute significantly to the Community, especially within the Northern Territory.

Charles began his career as an Investment Adviser specialising in financial markets, having worked in that industry for more than 15 years. He now actively works within the property industry based in Darwin, while also having obtained extensive Board experience as an active Board Member of several local organisations. Charles enjoys an active lifestyle with an interest in most sports and leisure activities.

John Dorrian – Additional Board Member

John Dorrian has been a member of the Australian Red Cross Board since August 2012. He is a member of the Audit & Risk Committee and the Finance Committee and Chair of the Investment Sub-Committee. He is also Vice Chair of the Finance Commission of the International Federation of Red Cross and Red Crescent Societies in Geneva and Chair of its Investment Sub-Committee.

John has had extensive experience as a non-executive director of a number of significant listed and unlisted public and private companies, joint ventures and funds operating in a wide range of industries. These include investment and funds management, electricity and gas distribution, airports, electricity generation, ports, food processing, mineral processing, agribusiness and major not for profit organisations. He is currently Chairman and Independent Non-Executive Director of Colonial First State Infrastructure Managers (Australia) Limited and First State Infrastructure Managers (International) Limited.

John is a Fellow of Chartered Accountants Australia and New Zealand (FCA)

Ian Hamm – Additional Board Member

Ian is a Yorta Yorta man who has been actively involved in the Victorian Indigenous community in a personal and professional capacity for many years. Prior to joining our Board in April 2017 as an Additional Board Member, Ian was a member of the Victorian Divisional Advisory Board.

Ian has had a wide level of exposure to policy development and program management at executive level through his work with the Federal Government (Office of Aboriginal and Torres Strait Islander Health) and the Victorian Government (Department of Justice; Department of Planning and Community Development, and the Department of Economic Development, Jobs, Transport and Resources).

Ian holds a number of governance positions including: Chairperson: First Nations Foundation (national); Chairperson: Connecting Home Ltd (Stolen Generations Service); Chairperson: Koorie Heritage Trust (Vic) (Victorian Indigenous arts trust); Deputy Chair: Aboriginal Housing Victoria Ltd; Director: Institute of Public Administration Australia (Vic); and, Director: National Trust Australia (Vic). He also serves on a number of Advisory Boards and is a former President of the Western Region Football League, one of the major Australian football leagues in Melbourne.

Sam Hardjono – Chair, NSW Divisional Advisory Board

Sam Hardjono was appointed Chair of the NSW Divisional Advisory Board in October 2015. He has been a member of the Divisional Advisory Board since 2010, a member of the National Property Sub-Committee since 2013 and of the Finance Committee since 2016.

Sam is currently Chief Operating Officer for an investment company working with the property and technology start-up sectors. For more than a decade he was Chief Executive Officer of a large charity with projects in South-East Asia, South America and Australia. Prior to this, he was Managing Director of a UK-listed property service company, and previously Group Financial Controller for one of Australia's largest and most iconic architectural firms.

Sam has served on various charity and community boards continuously since 1996 and was also a director of the Australia Indonesia Business Council for 13 years. He has held numerous senior board positions, including National Vice President and Treasurer, and has chaired various intergovernmental forums. He is currently Chairman of Waverley College in Sydney.

Sam holds a Bachelor of Business in Accounting and an MBA in International Business. He was twice a recipient of the Goldman Sachs JBWere scholarship for Harvard University's Non-Profit Leadership Program.

Lyndal Herbert – Chair, TAS Divisional Advisory Board

Lyndal joined the Tasmanian Divisional Advisory Board when she was appointed Treasurer in 2003. After three years Lyndal was elected to the role of Deputy Chair in November 2006, and has been the Chair of the Advisory Board since November 2012. In addition to these Divisional roles, Lyndal has been involved at a national level, sitting on the National Board for the past five years and on various committees, including the National Asset and Investment Strategy Committee (2008 - 2013), the National Awards Committee (2009 - 2012), the Finance Committee (2003 - 2016) she is a current member of the Audit and Risk Committee and the Investment Sub-Committee. In February 2015 Lyndal initiated the commencement of the Divisional Advisory Board Chairs meetings, and has been co-ordinating these regularly prior to each National Board meeting.

Lyndal commenced her career as a taxation advisor in Melbourne with Arthur Andersen & Co, and moved to Hobart where she has worked with KPMG since 2001. She is currently a Director in KPMG's tax practice, advising large companies, government enterprises and superannuation funds. She is a Fellow of Chartered Accountants Australia and New Zealand (FCA), and a Graduate Member of The Australian Institute of Company Directors (GAICD).

Pearl Li – Chair, National Youth Advisory Committee

Pearl Li was elected Youth Member of the Australian Red Cross Board in 2014. Pearl's involvement with Red Cross began in late 2011, when she became President of the Red Cross Club at the University of Adelaide. She soon joined the South Australian Youth Advisory Committee, going on to become the representative for our National Youth Advisory Committee and making a key contribution to youth engagement within Red Cross.

Along with serving on our Board, Pearl also studies law and has volunteered with many of our programs such as Telecross REDi, Save-A-Mate, emergency services outreach and migration support programs. Her vast experience in youth engagement and community service includes mentoring student volunteers for service trips to India and volunteering with the Smith Family and World Vision.

Anne Macarthur OAM – Chair, VIC Divisional Advisory Board

Anne joined Junior Red Cross in 1952 and has been an active member of Lindenow & District Branch for 45 years. Anne is currently the Chairman of the Victorian Advisory Board. She also chairs the ARC Emergency Services Advisory Group and is a member of the ARC Nominations and Remunerations Committee and Property Sub-Committee.

During her time with Red Cross Anne has been heavily involved in Branch and Regional governance, fundraising and other Red Cross activities. Anne was a trained Emergency Services volunteer for more than 20 years and was heavily involved during the Black Saturday bushfires.

Anne represented the Victorian Advisory Board on the Victorian International Humanitarian Law committee for 15 years and has been a member and past Chairman of the Victorian Overseas Support Group since its inception in 1997.

Anne has been awarded Honorary Life Membership of Australian Red Cross as well as other awards. She was also awarded the Order of Australia Medal in 2007 for her work in the wider community and, in 2016, a Victorian COTA Senior Achiever award.

John Pinney AM – Chair, QLD Divisional Advisory Board

John first began his association with Australian Red Cross volunteering for the Alice Springs Branch in 1981. Since then, he has held a number of senior leadership positions, including Chair of the Northern Territory Divisional Advisory Board and Vice-Chairman for the National Board. He joined the Queensland Divisional Advisory Board in 2007. He Chairs the International Advisory Committee and is a member of the Migration Programs Advisory Group and the Finance Committee, where he Chairs the Property Sub-Committee.

During his career, John was CEO of a government department and, later, Chairman of two Statutory Authorities. He remains an active independent board director.

John was appointed a Member of the Order of Australia for his work in the Red Cross Movement. John is a Fellow of the Australian Institute of Company Directors and a Fellow of the Australian Property Institute.

Margaret Piper AM – Additional Board Member

Margaret is a consultant with more than 30 years experience in the refugee sector, including as Executive Director of the Refugee Council of Australia (1991 - 2005) and as a board member of a number of agencies working with refugees and asylum seekers. She currently is a member of the Advisory Board of Multicultural NSW and the Board of MYAN NSW and also works as a consultant, primarily in the areas of policy, research and capacity building.

Margaret served over many years as the non-government adviser to the Australian Government delegation to the annual meeting of the Executive Committee of the United Nations High Commissioner for Refugees in Geneva and has undertaken field work in many parts of the world. In recognition of her service to the community through leadership and advocacy roles assisting refugees and asylum seekers, Margaret was appointed Member of the Order of Australia in 2011.

Margaret has had lifetime connections to Red Cross and, in addition to her current role on the Board, she also chairs the Services Advisory Committee and is a member of the Migration Programs Advisory Committee and Audit and Risk Committee.

Sue Vardon AO – Chair, SA Divisional Advisory Board

Before being appointed Chair of the SA Divisional Advisory Board, Sue was an independent member of the National Board for two years. Sue chairs the Members and Volunteers Committee and is on the Information Technology Committee.

Sue chaired the National Centenary Committee. Sue was a chief executive for 23 years in a variety of State and Commonwealth agencies, including the inaugural CEO of Centrelink. Her work in public sector governance has continued in South Africa, Ghana, Nigeria, Togo and PNG. Sue has many years of experience in disaster management.

Sue was the Inaugural Telstra Business Woman of the Year and was awarded an honorary doctorate from the University of South Australia for community services. Sue is the Chair of Connecting Up providing digital services to the not for profit sector. Sue is the Chair of ECH in South Australia.

Wendy Prowse – Chair, ACT Divisional Advisory Board

Wendy was appointed the Chair of the ACT Divisional Advisory Board in 2016 having held the Deputy Chair role for three years and has been a member of the DAB since 2012. She joined the National Red Cross Board in October 2016 and has since become a member of the Nominations and Remuneration Committee and Services Advisory Group.

With more than 25 years experience working in the not for profit sector within the health and community services industry, Wendy has an established track record in strategic and business development, corporate governance, marketing, people & culture, organisational change management, research and policy. Building on this expertise, Wendy now leads the community development division at Beyond Bank Australia in the ACT and SE NSW and continues to have a keen interest in social impact and social innovation.

Jeni McDonough - Board Secretary

While not a member, Jeni attends all Board meetings and commenced working with Red Cross in September 2004 as Assistant to the Board. She was appointed Board Secretary in December 2009.

Jeni has more than 38 years experience in administration, the majority of which have been at a senior level working in the education, banking, chemicals, information management, utilities and not for profit sectors.

She holds a Secretarial Diploma, Certificate of Governance Practice and Administration, Certificate of Governance for Not-For-Profits and is a Certificated Member of the Governance Institute of Australia (GIA (Cert)).

Jeni was awarded a Distinguished Staff Award in 2009 and received her 10 year's Long Service Medal in September 2014.

OUR FINANCIALS

Children in the small Pacific Island nation of Kiribati enjoy clean water for the first time.

Photo: Australian Red Cross/Darren James

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FROM THE CHIEF FINANCIAL OFFICER

We are pleased to present audited financial statements for the year ended 30 June 2017.

The financial statements of the Australian Red Cross Society (the Society) incorporate both the Humanitarian Services and Blood Service operating divisions. The Blood Service division supplies the Australian community with safe, high quality blood and related products. Humanitarian Services supports and empowers people and communities.

Overview

This financial year we have continued to successfully deliver against our objectives to support Australian and global communities. The Society reported total revenue of $871.6 million of which $605.4 million relates to the funding provided to the operation of the Blood Service and $266.2 million was generated through Humanitarian Services. The Society reported a surplus of $0.4 million ($10.0 million surplus from Blood Service and $9.6 million deficit from Humanitarian Services).

Humanitarian Services

Our income can vary significantly year on year depending on the level of government funding and the community's response to large-scale domestic and international emergencies. Compared to previous years, there has been a lower level of such emergencies. As such our recorded deficit of $9.6 million includes the expenditure on domestic and international appeals from donations received in previous periods. Our underlying cash flow for the year was positive $2.5 million (2016: $1.5 million negative).

This year, we continued to strive towards our Strategy 2020 outcomes and demonstrate our humanity in action. Support from the Australian community continues to be invaluable with $89.7 million donated for the purposes of improving the lives of the most vulnerable.

Thousands of volunteers and members collectively provided voluntary support and took action locally to support others in thousands of ways throughout the year. Our response to Cyclone Debbie demonstrated our ability to move quickly and effectively in collaboration with our domestic partners. Across Queensland and New South Wales, 2,489 volunteers supported 26,610 people who were impacted in the affected communities. We were able to raise $2.2 million from the public and our corporate partners to support the communities impacted. We also generated $1.3 million from the East Africa Food Crisis Appeal and $1.1 million from the Syria Crisis Appeal that enables us to help alleviate suffering of those who are facing extreme hardship.

Our cash position remains strong and stable at $39.5 million, an increase of $2.5 million from last year. Our investment portfolio increased by $5.9 million to $45.6 million and we generated a positive operating cash flow of $7.8 million.

Blood Service

Our Blood Service division finished the year with a surplus of $10.0 million (2016: $24.6 million). This represents another successful year and the eighth consecutive operating surplus recorded. The National Blood Authority has approved the retention of $5.0 million of this surplus, while another $0.3 million will also be carried over in the research and development reserve to be spent on research activities in future years.

Our primary funding arrangement is with the National Blood Authority under an output based model.

Our performance under this arrangement was strong again this year, achieving our target of 637 tonnes of plasma for fractionation. Plasma inventory was 23.2 tonnes at 30 June 2017, which was 12.2 tonnes below last year. Red Cell products were supplied at 2% over the target reflecting a slight increase in demand.

Maintaining a stable and secure blood supply requires continual investment. This year, we received $52.4 million (2016: $55.0 million) from the National Blood Authority in capital funding which is used to continually upgrade our donor and processing centres, testing and laboratory equipment. During this year we have committed additional resources to strengthen our information technology infrastructure following the data security incident in late 2016, providing greater protection of sensitive information.

Outside our output funding arrangement with the National Blood Authority, we continue to provide a range of related services such as transplant and immunogenetic services across New South Wales, Victoria and South Australia.

Our cash and investment position remains strong at $250.4 million, compared to $264.4 million in the prior year, after repayment of borrowings of $10.8 million. We generated a positive operating cash flow of $30.1 million.

Acknowledgements

We would like to take this opportunity to thank all of our donors, volunteers, members, staff, supporters and friends for their ongoing commitment and dedication. It is because of such tremendous support that we are empowered and enabled to help improve the lives of so many vulnerable people and communities. We would also like to thank our volunteer members of the Board, Committees of the Board and Divisional Advisory Boards for their expertise, enthusiasm and dedication. The countless hours of voluntary service, pro bono work, in-kind donations are not reflected in these financial statements, but they are an essential element which makes our work possible. By working together we are able to truly contribute towards a better and brighter future for so many people and for this, we sincerely thank you.

Together we all bring the power of humanity to life.

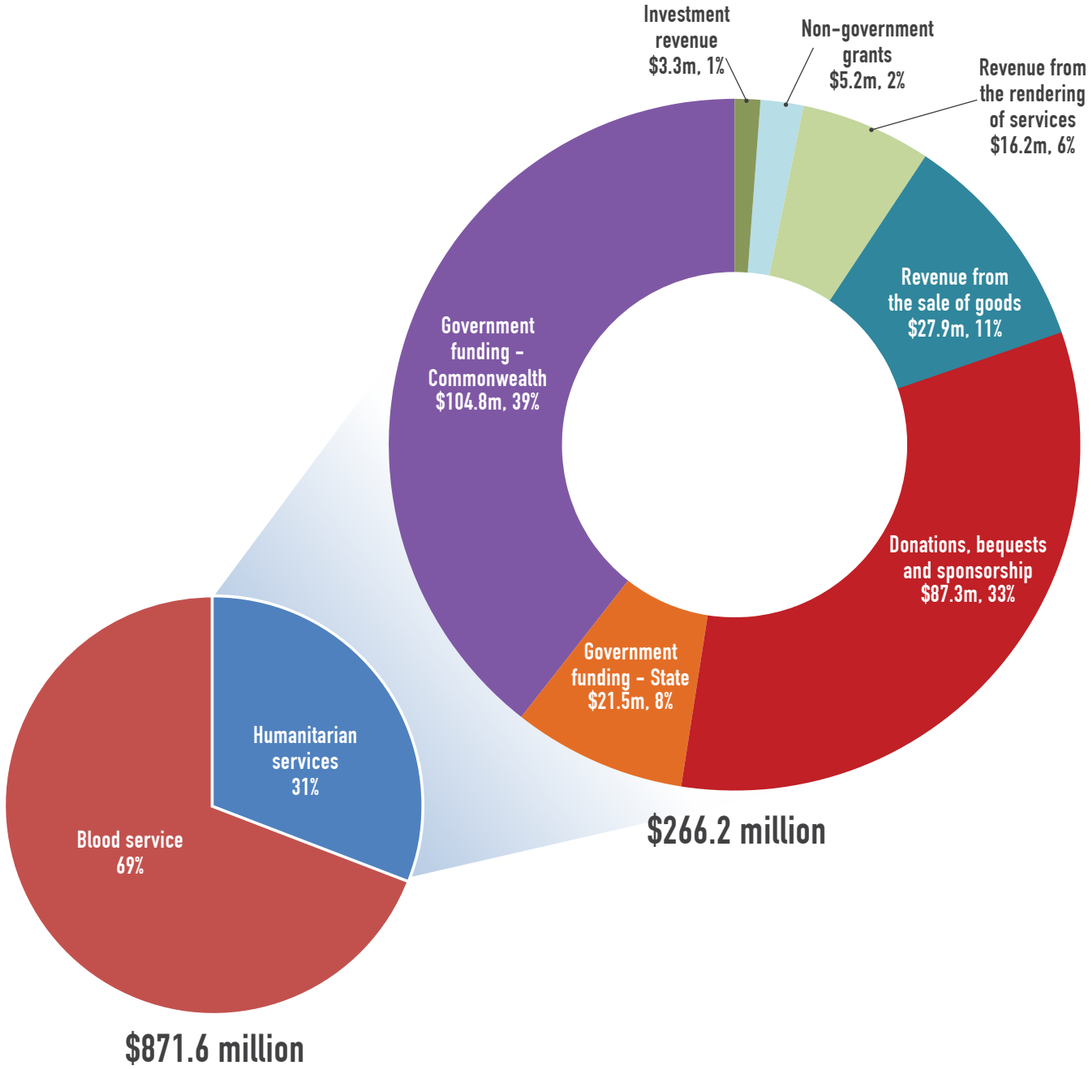
Cameron Power

Chief Financial Officer

Canberra, 28 October 2017

Note: The Australian Red Cross Blood Service publishes its own set of financial statements. The annual report and full financial statements can be obtained at donateblood.com.au.

WHERE THE MONEY CAME FROM



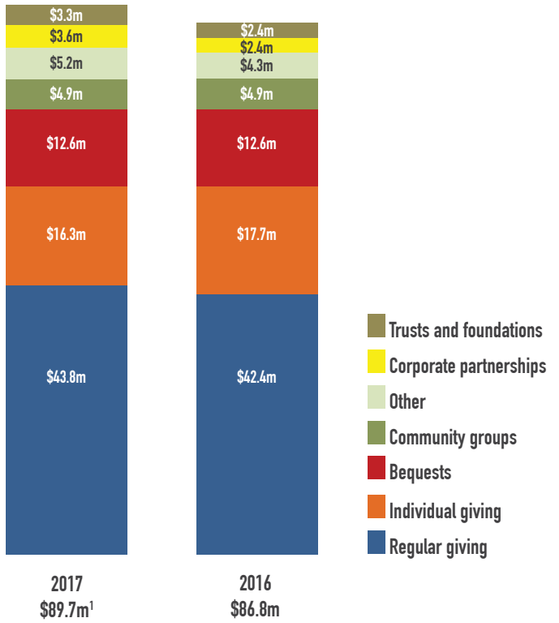
Overall gross revenue for the Society was $871.6 million, including $605.4 million for the Blood Service operating division which is fully government funded. Revenue for the Humanitarian Services operating division totalled $266.2 million, a $27.3 million decrease from the previous year, reflecting a $28.6 million decline in government funding. Despite this reduction, government funding remains our single largest form of income, accounting for 47% of the funding for our humanitarian programs. We aim to reduce our reliance on the proportion of government funding in the long term and diversify and grow other sources of income.

To counter this reduction in government funding, we rely more than ever on the Australian community to support our work. The Australian public donated over $92.5 million this year ($89.7 million for our everyday work and $2.8 million for emergency appeals), a strong result driven by our regular giving program and the generosity of people who give ongoing monthly donations. This year we recorded $27.9 million from the sale of goods, with our retail revenue growing 10% year on year. Overall, 44% of the funding for our humanitarian services came through the Australian community and goods purchased.

This revenue is supplemented by substantial support of a non-financial nature, given to Red Cross in the form of volunteering, gifts in-kind, and pro bono services. While we do not place a dollar value on these priceless forms of support, without them our everyday work would not be possible.

All funding opportunities are assessed through internal review processes, to ensure that services funded are aligned with community need and Red Cross' strategic direction. Thorough risk assessments are undertaken to ensure that our services remain viable and effective.

Community support for our humanitarian services



[1]Community support excludes appeals revenue of $2.8 million and includes non-government grants of $5.2 million.

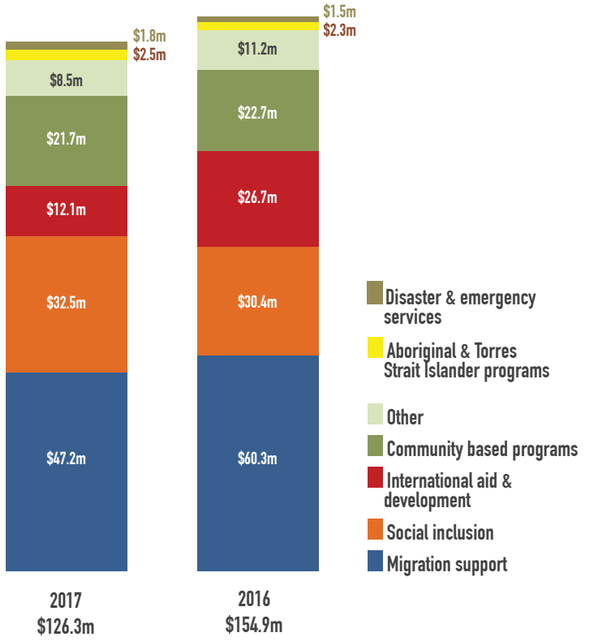
Financial support provided by individuals and the community for our everyday, non-disaster services totalled $89.7 million, reflecting the generosity of the Australian public. The largest source of community support for our everyday work continues to be regular, ongoing monthly contributions. These regular givers donated $43.8 million, a small increase from last year. The overall proportion of our everyday work funded by regular giving remains unchanged at 49% (note that this does not include disaster appeals).

Another key group of supporters are people who thoughtfully leave a gift to Red Cross in their Will. Bequests accounted for 14% of our income and this year provided $12.6 million, comparable with last year.

Almost two in every three dollars given by the community come from regular givers and bequestors, highlighting the huge positive impact made by these groups of ordinary Australians.

We also received income from valued corporate partners, trusts and foundations, individuals making one-off donations, Red Cross members, and community groups.

Changes in government funding for our humanitarian services work

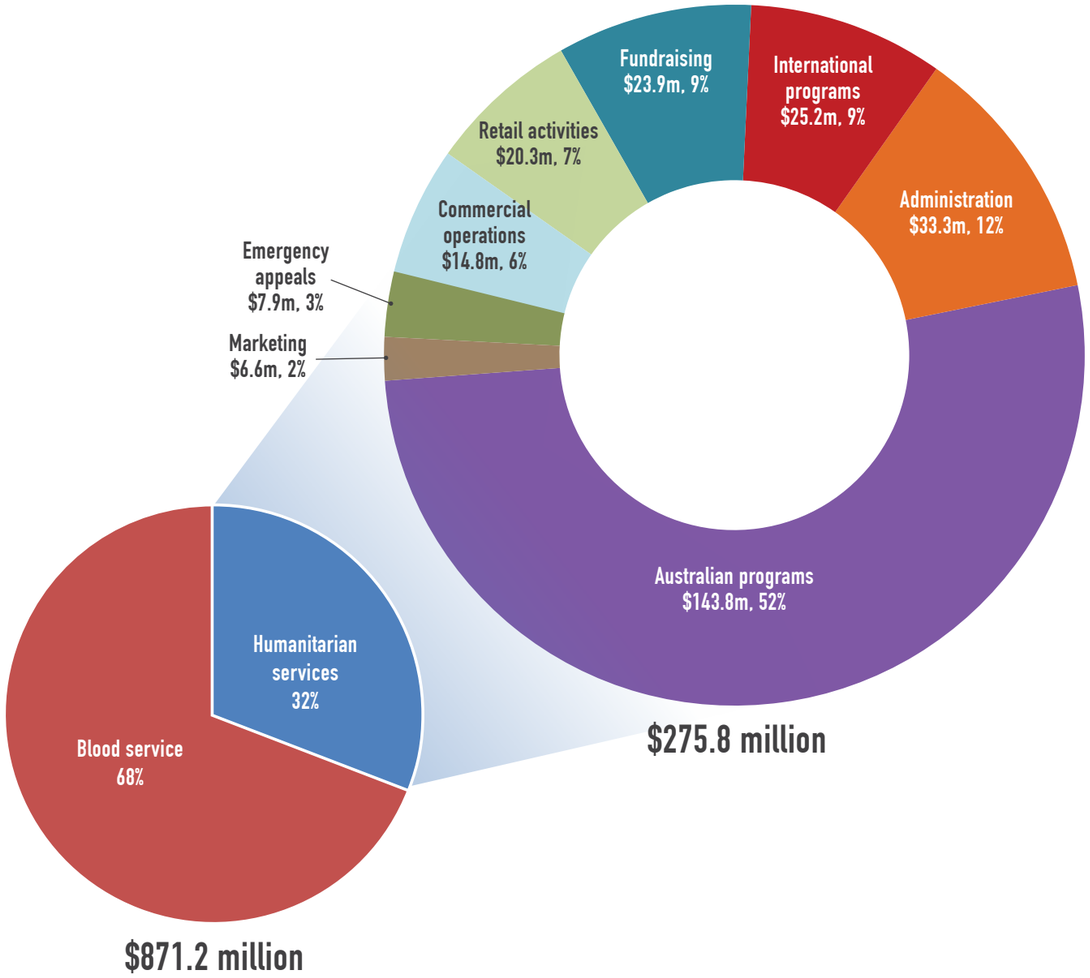


Government funding for our humanitarian services decreased this year by $28.6 million (18%), largely due to the $13.1 million and $14.6 million corresponding reductions in our Migration Support and International Aid & Development programs. Funds for the Status Resolution Support Service program declined this year with a progressive decrease in clients receiving our support services; attributable to the increased processing of refugee status assessments by the Department of Immigration.

In line with Strategy 2020, our International Programs withdrew from the AVID (Australian Volunteers for International Development) program in 2015 and reduced our footprint to focus on providing efficient and effective support to 14 key partner countries in the Asia Pacific region. With no significant disaster appeals in the region during 2016-2017, we did not receive any emergency response funding from DFAT (Department of Foreign Affairs and Trade). Government funding for other areas of our work remained similar to last year.

Our government-funded services must meet stipulated conditions over the term of each agreement and are subject to regular review.

WHERE THE MONEY WAS SPENT



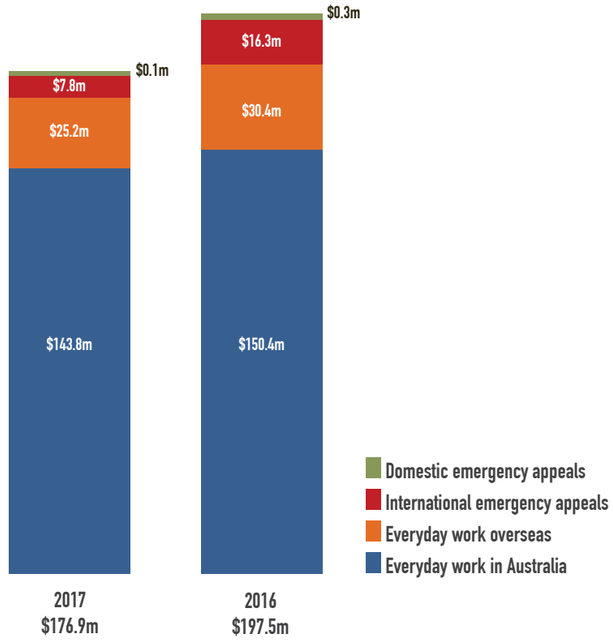
Overall expenditure for the Society was $871.2 million, including $595.4 million (68%) expended by the Blood Service operating division. Expenditure within the Humanitarian Services operating division decreased by $21.7 million to $275.8 million this financial year. This 7% decrease is largely due to a $8.8 million reduction in disaster appeal response spending (with no significant disasters in the Asia-Pacific region this year), $6.0 million reduced spending on migration support programs (following on from the reduction in government funding for this area of our work) and a $5.4 million reduction in our International Aid & Development programs (again reflecting a reduction in government funding).

The percentage of Humanitarian Services operating division expenditure incurred on Australian programs increased slightly this year from 51% to 52%, whilst our expenditure on International programs reduced slightly from 10% to 9%.

Fundraising costs for Humanitarian Services operating division comprise 9% of total expenditure (8% in 2016). This includes all expenditure associated with fundraising for our services, administration of emergency appeals and managing pro bono work and non-cash gifts (which are not recognised in the financial accounts). The cost of fundraising was 26% (comparable with 2016); excluding income from disaster appeals it was 27% (28% in 2016), reflecting the investment required to produce reliable and sustainable ongoing income streams to enable our work.

Administration costs for Humanitarian Services operating division accounted for 12% of total expenditure (11% in 2016). These costs include information technology, finance, human resources and occupancy expenses, and are critical to making our services run smoothly and effectively.

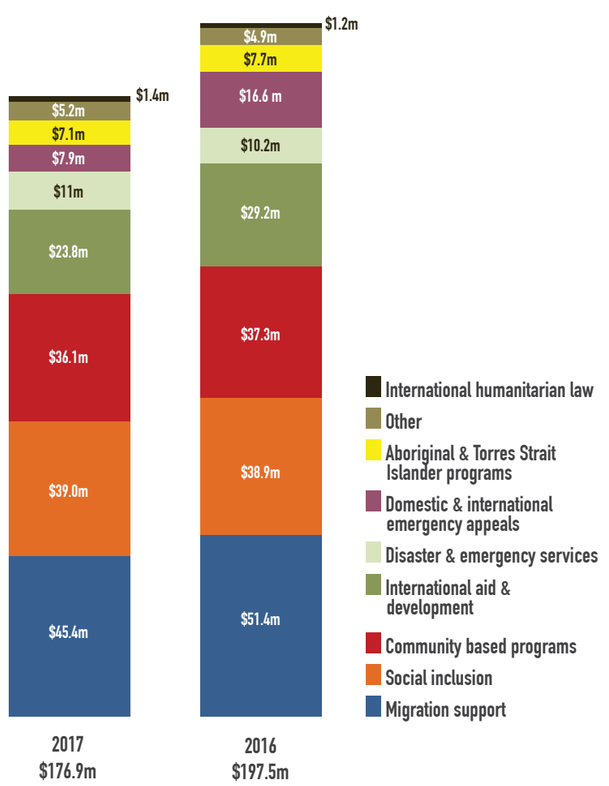
Our humanitarian work in Australia and overseas (including emergency appeals)



$176.9 million was incurred in providing humanitarian service in Australia and overseas. Over 95% of expenditure was on everyday work with individuals and communities, while the remaining expenditure was spent responding to emergencies in Australia and overseas.

The majority of non-emergency spending ($143.8 million) was for domestic services in Australia, while $25.2 million was spent on everyday work overseas in the Asia–Pacific region. In our emergency appeal work, $0.1 million was spent responding to emergencies in Australia while $7.8 million was spent helping people impacted by disasters overseas such as the food crisis in East Africa Food and the humanitarian challenges in Syria. The proportion of funds spent in emergencies locally versus internationally varies from year to year, depending on the location and severity of disasters and the need being responded to.

Humanitarian program spend (including emergency appeals)



$176.9 million was incurred in providing programs, a 10% reduction from 2016. This reduced program expenditure was largely attributable to a $5.4 million decrease in our International Aid & Development program and a $6.0 million decrease in Migrant Support services. Despite reduced funding received, our work supporting migrants in transition is still our greatest program expenditure and we remain dedicated to delivering much needed services in this area.

Social inclusion services account for the second-largest share of expenditure ($39.0 million), representing our work with people experiencing exclusion from mainstream society due to age, disability, mental ill health, involvement with the justice system, or other factors. Community based programs were close behind with $36.1 million expenditure, comprising our work with specific communities experiencing entrenched disadvantage.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
REVENUE			
Government funding			
Operating - Commonwealth funded		614,837	619,535
Operating - State funded		44,238	49,445
Capital - Commonwealth and state funded		52,376	55,006
Total government funding		**711,451**	**723,986**
Sale of goods		27,912	26,031
Rendering of services		16,177	15,413
Donations, bequests and sponsorships	4	87,331	89,495
Investment revenue	5	11,285	11,125
Non-government grant		5,230	4,299
Other revenue		12,168	23,683
Total revenue		**871,554**	**894,032**
EXPENDITURE			
Employee expenditure	7	(453,459)	(447,666)
Operating expenditure	7	(245,450)	(241,798)
Cost of services, sale of goods and consumables	7	(108,162)	(109,040)
Depreciation and amortisation		(53,416)	(55,771)
Interest and debt servicing costs		(5,341)	(6,552)
Net loss on assets	6	(5,323)	(12,585)
Total expenditure		**(871,151)**	**(873,412)**
NET SURPLUS FOR THE YEAR		**403**	**20,620**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on retirement benefit obligations	17	2,701	(1,281)
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) arising on investment revaluation	18	4,904	(2,246)
Other comprehensive income/(deficit) for the year		**7,605**	**(3,527)**
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		**8,008**	**17,093**

The accompanying notes on pages 66 to 101 form part of these financial statements.
For divisional reporting refer to Note 3.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	21(a)	199,584	230,693
Trade and other receivables	8	21,527	23,781
Inventories	9	19,659	24,271
Other financial assets	10	135,931	110,341
Prepayments		11,441	7,571
Assets classified as held for sale	11(b)	3,029	-
Total current assets		**391,171**	**396,657**
Non-current assets			
Property, plant and equipment	11(a), 11(b)	365,950	375,810
Intangible assets	12	44,298	47,758
Total non-current assets		**410,248**	**423,568**
TOTAL ASSETS		**801,419**	**820,225**
LIABILITIES			
Current liabilities			
Trade and other payables	13	52,393	47,449
Borrowings	14	14,648	10,786
Provisions	15	81,157	72,316
Other liabilities	16	98,414	124,171
Total current liabilities		**246,612**	**254,722**
Non-current liabilities			
Borrowings	14	35,094	49,741
Provisions	15	16,105	17,813
Defined benefit superannuation plans	17	748	3,346
Other liabilities	16	4,534	4,285
Total non-current liabilities		**56,481**	**75,185**
TOTAL LIABILITIES		**303,093**	**329,907**
NET ASSETS		**498,326**	**490,318**
EQUITY			
Reserves	18	135,852	120,836
Specific purpose funds	19	36,530	40,056
Accumulated funds	20	325,944	329,426
TOTAL EQUITY		**498,326**	**490,318**

The accompanying notes on pages 66 to 101 form part of these financial statements.
For divisional reporting refer to Note 3.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Accumulated funds	Specific purpose funds	Investment revaluation reserve	Special reserve	Capital reserve	Total
YEAR ENDED 30 JUNE 2016	**Notes**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 July 2015		310,065	51,958	1,983	58,696	50,523	473,225
Net surplus for the year	20	20,620	-	-	-	-	20,620
Other comprehensive (deficit) for the year	18, 20	(1,281)	-	(2,246)	-	-	(3,527)
Transfers to / (from) specific purpose funds	19	11,902	(11,902)	-	-	-	-
Transfers to / (from) other reserves	18	(11,880)	-	-	6,816	5,064	-
Balance as at 30 June 2016		**329,426**	**40,056**	**(263)**	**65,512**	**55,587**	**490,318**
YEAR ENDED 30 JUNE 2017							
Net surplus for the year	20	403	-	-	-	-	403
Other comprehensive surplus for the year	18, 20	2,701	-	4,904	-	-	7,605
Transfers to / (from) specific purpose funds	19	3,526	(3,526)	-	-	-	-
Transfers to / (from) other reserves	18	(10,112)	-	-	7,438	2,674	-
Balance as at 30 June 2017		**325,944**	**36,530**	**4,641**	**72,950**	**58,261**	**498,326**

The accompanying notes on pages 66 to 101 form part of these financial statements.
For divisional reporting refer to Note 3.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from donors, government and other sources		924,317	948,046
Payments to suppliers and employees		(881,054)	(840,752)
Interest and other costs of finance paid		(5,341)	(6,552)
Net cash provided by operating activities	**21(b)**	**37,922**	**100,742**
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(48,582)	(62,021)
Proceeds from disposal of property, plant and equipment		844	450
Net payments for purchase of investment securities		(20,946)	(39,453)
Dividends received		2,069	1,780
Interest received		8,405	8,629
Net cash used in investing activities		**(58,210)**	**(90,615)**
Cash flows from financing activities			
Proceeds from borrowings		-	1,500
Repayment of borrowings		(10,786)	(18,292)
Net cash used in financing activities		**(10,786)**	**(16,792)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(31,074)**	**(6,665)**
Cash and cash equivalents at the beginning of the financial year		230,693	237,354
Effects of exchange rate changes on the balance of cash held in foreign currencies		(35)	4
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**21(a)**	**199,584**	**230,693**

The accompanying notes on pages 66 to 101 form part of these financial statements.
For divisional reporting refer to Note 3.

NOTE 1. PRINCIPAL ACTIVITIES AND REGISTERED OFFICE IN AUSTRALIA

Australian Red Cross Society ('Society') undertakes a wide range of humanitarian activities to reduce vulnerability and improve lives in Australia and overseas.

Australian Red Cross Society is an organisation incorporated by Royal Charter and is a member of the International Federation of Red Cross and Red Crescent Societies. Australian Red Cross Society operates as two key operating divisions: Humanitarian Services, which provides relief in times of crisis and care for people experiencing vulnerability in Australia and around the world; and the Australian Red Cross Blood Service (Blood Service), providing quality blood products, tissues and related services for the benefit of the community.

Australian Red Cross Society is domiciled in Australia and its registered office and principal place of business is:

Australian Red Cross Society

155 Pelham Street
CARLTON VIC 3053
Tel: (03) 9345 1800
ABN 501 69 561 394

The Humanitarian Services' head office is at 155 Pelham Street, Carlton, Victoria and it operates from more than 395 sites, including retail stores and and offices in capital cities of all states and territories in Australia. The delivery of humanitarian services is funded principally through government grants, public donations (in particular regular monthly giving and bequests from generous Australians) and approved corporate/private donors. A network of 17,486 members support fundraising and advocacy efforts, while almost 20,000 volunteers assist us to deliver services to those most in need.

The Blood Service's head office is at 417 St Kilda Road, Melbourne, Victoria and it operates in all states and territories in Australia. The Blood Service operates four major blood processing centres, two major inventory and distribution hubs, plus approximately 100 fixed and mobile blood donor centres in metropolitan and regional areas across Australia. The Blood Service is funded for this activity by the Commonwealth, State and Territory Governments under a Deed of Agreement (Deed) which is administered by the National Blood Authority (NBA). In the event that the Blood Service ceases to perform services under the Deed, the Deed-funded net assets of the Blood Service would be transferred to the NBA for no consideration. The financial statements of the Australian Red Cross Society, inclusive of the Australian Red Cross Blood Service, have been prepared on the basis of the continuation of operations under the Deed. As the Blood Service carries on its work as a seperate operating division of the Society, any cessation of services under the Deed is not anticipated to adversely impact the operations of the remainder of the Society.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations, and complies with other requirements of the law and the Australian Charities and Not-for-profit Commission Act 2012.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the Society comply with International Financial Reporting Standards (IFRS), except for the requirements applicable to not-for-profit organisations.

The financial report of Australian Red Cross Society for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Board on 28th October 2017.

For the purpose of the financial report the entity is considered to be a not-for-profit entity.

ACFID Compliance

Australian Red Cross is a signatory to the Australian Council for International Aid and Development (ACFID) Code of Conduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations. The financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct and should be read in conjunction with the Financial Statements and accompanying notes. For further information on the code, please refer to www.acfid.asn.au

2.1 Application of new and revised Accounting Standards

Amendments to Australian Accounting Standards Board and interpretations that are mandatorily effective for the current year

In the current year, the Society has applied the following amendments to the AASB issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016, and therefore relevant for the current year end.

AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'

AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'

AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

The application of the above amendments has not had a material impact on the disclosures or amounts recognised in the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Standards and interpretations issued not yet effective

At the date of authorisation of the financial statements, a number of standards and interpretations were in issue but not yet effective. These are listed below.

Standard/interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards	1 Jan 18	30 Jun 19
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15', and AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15', AASB 2016-7 'Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities' and AASB 2016-8 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities'	1 Jan 19	30 Jun 19
AASB 2016-7 'Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities' and AASB 2016-8 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities'	1 Jan 19	30 Jun 19
AASB 16 'Leases'	1 Jan 19	30 Jun 20
AASB 1058 'Income of Not-for-Profit Entities', AASB 2016-7 'Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities' and AASB 2016-8 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities'	1 Jan 19	30 Jun 19
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 Jan 17	30 Jun 18
AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle	1 Jan 17	30 Jun 18

The Directors have considered the above pending standards and anticipate that the adoption of the new revenue and leasing standards may have a material impact on measurements and disclosure within the financial statements. Other pending standards are being considered, and while some further impacts are expected, they are unlikely to be material.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit (NFP) Entities

The AASB has issued new income recognition requirements for NFP entities via: AASB 1058 *Income of NFP entities*, AASB 2016-8 *NFP specific guidance in AASB 15* and AASB 2016-7 *deferral of AASB 15*. The new standards will be effective for the Society beginning 1 July 2019 and the Society currently anticipate early adoption of the standards effective 1 July 2018.

AASB 1058 shifts the focus from the current reciprocal/non-reciprocal basis to basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements under AASB 1058 is that where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income would be recognised when (or as) the performance obligations are satisfied under AASB 15. Should the transaction fall outside of the scope of AASB 15, then income would be recognised immediately under AASB 1058. It is anticipated the main revenue stream impacted will be grant income.

Further, upon AASB 16 *Leases* becoming effective there will also be a change in how peppercorn leases will be recognised and recorded whereby the benefit (i.e. fair value of the right to use the asset) of the full lease term is to be recognised.

NFP entities have a choice of applying the new standards retrospectively or to use a modified transition approach (with no restatement of comparatives). The Society anticipate adopting the modified transitional approach where transactional adjustments are to be recognised in retained earnings at the date of implementation of the standard without adjustment comparatives.

2.3 Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets and liabilities, including derivatives, for which the fair value basis of accounting has been applied. Historical cost is based on the fair values of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Society takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable; and the significance of the inputs to the fair value measurement in its entirety. These are described as follows:

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
2.3 Basis of preparation (Continued)

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;
- Level 2: Inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The Society's financial statements are prepared by combining the financial statements of Humanitarian Services and Blood Service. Consistent accounting policies are employed in the preparation of and presentation of the financial statements across the divisions. The financial statements include the information and results of both divisions.

There is a change in the presentation of the financial statements as compared to the previous year. The introduction of note 3 'Divisional Reporting', presents the Society's results and financial position split by Humanitarian Services and Blood Service (divisions). All other notes are shown at an aggregated level except for note 29 'Key Management Personnel'. Following a review of the financial statements, change in presentation was implemented to provide more relevant and simpler presentation to the users of the financial statements.

In preparing the financial statements, all balances and transactions between Humanitarian Services and the Blood Service, as well as unrealised profits arising within the entity, are eliminated in full.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Foreign currency

The functional and presentation currency of Australian Red Cross Society is Australian dollars ($AUD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at reporting date. All foreign currency differences in the financial report are taken to profit or loss.

Derivative financial instruments

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing and recognition in other comprehensive income depends on the nature of the hedge relationship.

(b) Income tax

The Society, being a humanitarian organisation, is exempt from income tax under subsection 50-5 of the Income Tax Assessment Act 1997. The entity is also registered as a deductible gift recipient for tax.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured.

Training services

Revenue is recognised when the training services have been provided to participants and the fee is receivable.

Grants

Government grants are received by the entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants also include income where there are no conditions specifically relating to the operating activities of the entity other than the requirement to operate in certain regions or industry sectors.

Grant income is recognised in accordance with AASB 1004 'Contributions' when:

(i) the entity obtains control or the right to receive the contribution;

(ii) the amount of the contribution can be measured reliably; and

(iii) it is probable that the future economic benefits comprising the contribution will flow to the entity.

The expenditure to which the grant relates is expensed as incurred and may not correlate to the timing of grant receipts.

Output-based funding

The Blood Service recognises income for the delivery of products to approved health providers on an accrual basis, representing the right to receive contributions from the NBA. Under the Output Based Funding Principles, the Blood Service can apply to retain up to $5.000 million of any surplus for the purpose outlined in the Principles. If the annual surplus is more than $5.000 million in any year then the surplus funding over that amount will be returned to the NBA unless otherwise agreed between the Blood Service and the NBA. Any excess funds to be returned are recorded as a liability within revenue in advance.

Capital funding

The arrangement with the Blood Service and the NBA provides for capital funding comprising 10% of the funding for the Main Operating Programme for the financial year. Capital funding from government grants are recognised as revenue when the Blood Service obtains control of the contribution, or the right to receive the contribution, and it is probable that the economic benefits of the contribution will flow to the Blood Service. Capital funding received in one year may be carried forward and expended in future years.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and it can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset. Interest accruing on funds held for a special purpose within international projects is transferred to the Special Purpose Fund within equity after first being recorded in profit or loss.

Dividends

Dividend revenue is recognised when the shareholder's right to receive payment has been established, provided it is probable that the economic benefits will flow to the Society and the amount of income can be measured reliably.

Rental income

Rental income received from properties owned by the Society is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Donations, bequests and sponsorships

The Society receives part of its income from donations, either as cash or in-kind. Amounts donated can be recognised as revenue only when the Society gains control, economic benefits are probable and the amounts can be measured reliably.

The Society establishes controls to ensure that donations are recorded in the financial records, however at times it is impractical to maintain effective controls over the collection of such revenue prior to its initial entry into the financial records. Therefore, donations are recognised as revenue when they are recorded in the books and records of the Society. Donations received for specific purposes are transferred to a separate fund within equity after being first recorded in profit or loss.

Bequests are recognised at the fair value of the benefit received when receipt of the amount is certain. Where required, bequests are recognised in accordance with the express terms of the Will.

Sponsorship agreements entitle the sponsor to something of value in return for their support. Revenue is recognised when the Society gains control, economic benefits are probable and the amounts can be reliably measured.

(e) Cash and cash equivalents

For the purposes of the statement of cash flows, 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. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Non-derivative financial instruments

Financial instruments are initially measured when the related contractual rights or obligations exist, with cost including acquisition and related transaction costs on the trade date. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets

Financial assets are recognised and derecognised on trade date where purchase or sale of a financial asset is under contract, the terms of which require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value.

Subsequent to initial recognition, financial assets are classified into the following categories depending on the nature and the purpose of the financial asset as determined at the time of initial recognition.

(i) Held-to-maturity investments

These investments have fixed maturities, and it is the Society's intention to hold these investments to maturity. This category includes government bonds and fixed-interest securities. Any held-to-maturity investments held by the Society are stated at amortised cost using the effective interest method less impairment, with revenue recognised on an effective-yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period.

(ii) Available for sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from the changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, except for impairment losses which are recognised in profit or loss.

Loans and other receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms-length transactions and reference to similar instruments.

Impairment

At each reporting date, the Society assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial assets, a prolonged or significant decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the profit or loss in the period.

With the exception of available-for-sale equity instruments, if in a subsequent period the amount of the impairment loss decreases

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
2.3 Basis of preparation (Continued)

and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in other comprehensive income and accumulated under the heading of investments revaluation reserve.

Derecognition of financial assets

Financial assets are recognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Society neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Society recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Society retains substantially all the risks and rewards of ownership of a transferred financial asset, the Society continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount, the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Society retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Society retains control), the Society allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the profit or loss.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where inventories are held for distribution or are to be consumed by the Society in providing services or aid at no or nominal charge, they are valued at the lower of cost and replacement cost.

Retail inventory

Retail inventory is valued at cost. No value is assigned to donated goods based on the lower of cost and net realisable value principle.

Blood inventory

Inventories held for distribution display the following three essential characteristics:

(i) There must be future economic benefits;

(ii) The entity must have control over the future economic benefits; and

(iii) The transaction giving rise to the entity's control over future economic benefit must have occurred.

The Blood Service provides products and services in accordance with the Deed with the NBA. In the discharge of this agreement, the Blood Service is responsible for a range of activities, including collection, testing, processing, inventory management and distribution of blood and blood products. In this context, the Blood Service recognises certain categories of blood and blood products as current assets, to be measured at the lower of cost and current replacement cost. Cost comprises direct materials, direct labour and overheads of the division incurred in the collection, processing and testing of blood.

The Blood Service distributes in Australia the supply of fractionated plasma products manufactured in Australia and imported finished product. Plasma-derived products are manufactured in Australia by the fractionator, CSL Limited ('CSL'). In relation to blood products held for distribution, the Blood Service does not recognise plasma supplied to CSL for fractionation, fractionated product held at CSL and fractionated product at the Blood Service held for distribution. This is due to the retention of control and risk over these specific products by parties other than the Blood Service and the absence of future economic benefit under output-based funding arrangements.

Inventory at year end includes:

(i) all fresh blood products and plasma for fractionation (not yet supplied to CSL) held at the Blood Service or at a Blood Service storage facility; and

(ii) all work in progress held at the Blood Service.

Consumable inventory has been valued at weighted average cost. Fresh product volumes are physically counted and valued as individual units. The value of work in progress is calculated using the average daily quantity supplied during the June period. All blood products are valued at direct costs plus operating overheads.

(h) Trade receivables

Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. The carrying value less impairment of trade receivables are assumed to approximate fair value due to their short-term nature.

(i) Non-current assets held for sale

Non-current assets classified as assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale of the asset is expected to be completed within one year from the date of classification.

(j) Property, plant and equipment

Property, plant and equipment are recorded at historical cost, less any subsequent accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the item. Grant funded assets are depreciated in accordance with the terms of funding agreement.

The initial cost of the asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This relates to leasehold improvements and the restoration obligations to restore the property to its original condition. These costs are included in leasehold improvements with a corresponding provision for site restoration.

Depreciation is provided on property, plant and equipment including leasehold buildings but excluding freehold land.

Depreciation is calculated on a straight-line basis so as to write-off the net cost of each asset (including leasehold buildings but excluding freehold land) over the shorter of its expected useful life or period of the lease, to its estimated residual value. The estimated useful life, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Freehold buildings and renovations	5 - 40	2.5 - 20	40	2.5
Leasehold improvements	Shorter of lease period or useful life		Shorter of lease period or useful life	
Shop fit-outs	Shorter of lease period or useful life		-	-
Plant and equipment:				
- Motor vehicles	5	20	4 - 10	10 - 25
- Computer equipment	3	33.33	4	25
- Plant, furniture, fittings and equipment	5	20	5 - 20	5 - 20

The gain or loss on disposal of fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of the disposal, and is included in profit or loss in the year of disposal.

The useful life and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful life and residual value in a particular year will affect depreciation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

(k) Intangibles

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recognised in profit or loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Subsequent expenditure is capitalised only when it increases the future economic benefits for the specific assets.

The following estimated useful lives are used in the calculation of amortisation:

	Humanitarian Services		Blood Service	
	Years	%	Years	%
Intangibles	2 - 10	10 - 50	4	25

(l) Borrowings

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (which are assets that necessarily take a substantial period of time to get ready for their intended use or sale) are initially recognised at cost against the borrowing.

All borrowings are initially recorded at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortised cost using effective interest rate method. Amortised cost is calculated by taking into account any issue cost and discount premium on settlement.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised, as well as through the amortisation process.

(m) Payables

These amounts represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally due for settlement within 30 days of recognition.

The carrying value of trade payables is assumed to approximate their fair value due to their short-term nature.

(n) Impairment

At each reporting date, the Society reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from the other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. The future economic benefits of the Society's assets are not primarily dependent on their ability to generate net cash inflows. The value in use is determined as the depreciated replacement cost of the asset, rather than by using discounted future cash flows.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
2.3 Basis of preparation (Continued)

to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amounts of the asset (cash-generating unit) in prior years. A reversal is recognised immediately as profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(o) Finance costs

Finance costs are recognised as an expense when incurred.

(p) Leases

Finance leases

Finance leases transfer to the Society substantially all the risks and benefits incidental to ownership of the leased item and are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Lease incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(q) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, and long-service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The liability for annual leave and long-service leave is recognised under provision for employee benefits. All other short-term benefit obligations are presented as payables.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Society in respect of services provided by employees up to the reporting date. Expected future payments are discounted using corporate bond yields. Consideration is given to future wage and salary levels, experience of employee departures and periods of service.

Superannuation

The Society contributes to various staff retirement funds, both defined benefit and accumulation schemes, to provide members with benefits on death or retirement. The defined benefit funds operated by the Society are the Local Government Superannuation Scheme ("LGSS") in New South Wales, Australian Red Cross Staff Superannuation Plan and the Australian Red Cross Queensland Staff Retirement Fund.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

(i) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
(ii) Net interest expense or income; and
(iii) Remeasurement.

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 Society recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees, according to a detailed formal plan without the 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 statement of financial position date are discounted to present value and classified as non-current.

(r) Provisions

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense. Provisions include an amount relating to the site restoration requirements on leased properties.

(s) Judgements and estimates

In the application of the Society's accounting policies, management are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period of the revision and future periods, if the revision affects both current and future periods.

Long-service leave and annual leave

Management judgement is applied in determining the following key assumptions used in the calculation of long-service leave at reporting date:

(i) future increases in salaries, wages and on costs;
(ii) experience of employee departures and period of service; and
(iii) flow of anticipated leave.

Allowance for doubtful debts

Management's judgement is applied in determining the allowance for doubtful debts. If the estimated recoverable amount of the debt is less than the amount of revenue recognised, the difference is recognised in the allowance for doubtful debts.

Provision for site restoration

The provision for the costs of site restoration represents the present value of the best estimate of the future sacrifice of economic benefits that will be required to remove leasehold improvements from leasehold properties. The estimate has been made on the basis of historical restoration costs, a review of leases and future rentals. The unexpired terms of the leases range from one to 40 years.

Property, plant and equipment & intangibles

Useful lives and residual value of property, plant and equipment & intangibles are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

(t) Comparative amounts

Certain comparative amounts in the financial statements have been reclassified or re-represented to conform to changes in presentation in the current financial year.

Note 3 DIVISIONAL REPORTING

Operating divisions

The Australian Red Cross Society comprises the following operating divisions as defined in Note 1 to this report:

Australian Red Cross Humanitarian Services (Humanitarian Services)

Australian Red Cross Blood Service (Blood Service)

The accounting policies of the reportable divisions are the same as the group's accounting policies described in Note 2. Division surplus represents the surplus earned by each division. There is no allocation of central administration costs.

Interdivision transactions include rent paid by the Blood Service operating division to the Humanitarian Services operating divsion. Accumulated funds balances for both Humanitarian Services and Blood Service includes eliminations of interdivision transactions amounting to $5.835 million.

DIVISIONAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2017			2016		
	Humanitarian Services	Blood Service	Society	Humanitarian Services	Blood Service	Society
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
Government funding						
Operating - Commonwealth funded	104,810	510,027	614,837	127,022	492,513	619,535
Operating - State funded	21,467	22,771	44,238	27,883	21,562	49,445
Capital - Commonwealth and state funded	-	52,376	52,376	-	55,006	55,006
Total government funding	**126,277**	**585,174**	**711,451**	**154,905**	**569,081**	**723,986**
Sale of goods	27,912	-	27,912	26,031	-	26,031
Rendering of services	16,177	-	16,177	15,413	-	15,413
Donations, bequests and sponsorships	87,331	-	87,331	89,495	-	89,495
Investment revenue	3,253	8,032	11,285	3,384	7,741	11,125
Non-government grant	5,230	-	5,230	4,299	-	4,299
Other revenue	-	12,168	12,168	-	23,683	23,683
Total revenue	**266,180**	**605,374**	**871,554**	**293,527**	**600,505**	**894,032**
Expenditure						
Employee expenditure	(153,988)	(299,471)	(453,459)	(155,002)	(292,664)	(447,666)
Operating expenditure	(106,968)	(138,482)	(245,450)	(124,393)	(117,405)	(241,798)
Cost of services, sale of goods and consumables	(5,911)	(102,251)	(108,162)	(6,561)	(102,479)	(109,040)
Depreciation and amortisation	(8,010)	(45,406)	(53,416)	(9,530)	(46,241)	(55,771)
Interest and debt servicing costs	(888)	(4,453)	(5,341)	(1,263)	(5,289)	(6,552)
Net loss on assets	(33)	(5,290)	(5,323)	(759)	(11,826)	(12,585)
Total expenditure	**(275,798)**	**(595,353)**	**(871,151)**	**(297,508)**	**(575,904)**	**(873,412)**
NET SURPLUS/(DEFICIT) FOR THE YEAR	**(9,618)**	**10,021**	**403**	**(3,981)**	**24,601**	**20,620**
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified subsequently to profit or loss						
Actuarial gain/(loss) on retirement benefit obligations	-	2,701	2,701	-	(1,281)	(1,281)
Items that may be reclassified subsequently to profit or loss						
Net gain/(loss) arising on investment revaluation	1,458	3,446	4,904	(1,008)	(1,238)	(2,246)
Other comprehensive income/(deficit) for the year	**1,458**	**6,147**	**7,605**	**(1,008)**	**(2,519)**	**(3,527)**
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR	**(8,160)**	**16,168**	**8,008**	**(4,989)**	**22,082**	**17,093**

DIVISIONAL STATEMENT OF FINANCIAL POSITION

	2017			2016		
	Humanitarian Services	Blood Service	Society	Humanitarian Services	Blood Service	Society
	$'000	$'000	$'000	$'000	$'000	$'000
ASSETS						
Current assets						
Cash and cash equivalents	39,501	160,083	199,584	36,955	193,738	230,693
Trade and other receivables[1]	17,160	4,367	21,527	16,392	7,389	23,781
Inventories	1,198	18,461	19,659	1,405	22,866	24,271
Other financial assets	45,561	90,370	135,931	39,681	70,660	110,341
Prepayments	2,559	8,882	11,441	2,465	5,106	7,571
Assets classified as held for sale	3,029	-	3,029	-	-	-
Total current assets	**109,008**	**282,163**	**391,171**	**96,898**	**299,759**	**396,657**
Non-current assets						
Property, plant and equipment	61,152	304,798	365,950	67,371	308,439	375,810
Intangible assets	16,551	27,747	44,298	17,687	30,071	47,758
Total non-current assets	**77,703**	**332,545**	**410,248**	**85,058**	**338,510**	**423,568**
TOTAL ASSETS	**186,711**	**614,708**	**801,419**	**181,956**	**638,269**	**820,225**
LIABILITIES						
Current liabilities						
Trade and other payables[2]	17,584	34,809	52,393	13,854	33,595	47,449
Borrowings	-	14,648	14,648	-	10,786	10,786
Provisions	21,124	60,033	81,157	15,735	56,581	72,316
Other liabilities	2,718	95,696	98,414	3,912	120,259	124,171
Total current liabilities	**41,426**	**205,186**	**246,612**	**33,501**	**221,221**	**254,722**
Non-current liabilities						
Borrowings	-	35,094	35,094	-	49,741	49,741
Provisions	3,739	12,366	16,105	4,519	13,294	17,813
Defined benefit superannuation plans	-	748	748	65	3,281	3,346
Other liabilities	-	4,534	4,534	-	4,285	4,285
Total non-current liabilities	**3,739**	**52,742**	**56,481**	**4,584**	**70,601**	**75,185**
TOTAL LIABILITIES	**45,165**	**257,928**	**303,093**	**38,085**	**291,822**	**329,907**
NET ASSETS	**141,546**	**356,780**	**498,326**	**143,871**	**346,447**	**490,318**
EQUITY						
Reserves	2,771	133,081	135,852	1,313	119,523	120,836
Specific purpose funds	36,530	-	36,530	40,056	-	40,056
Accumulated funds	102,245	223,699	325,944	102,502	226,924	329,426
TOTAL EQUITY	**141,546**	**356,780**	**498,326**	**143,871**	**346,447**	**490,318**

[1] FY17 Trade and other receivables is offset by nil (2016: $0.080 million) intra-division transaction elimination.

[2] FY17 Trade and other payables is offset by nil (2016: $0.091 million) intra-division transaction elimination.

DIVISIONAL STATEMENT OF CHANGES IN EQUITY

		Humanitarian Services			Blood Service				Total
		Accumulated funds	Specific purpose funds	Investment revaluation reserve	Accumulated funds	Special reserve	Capital reserve	Investment revaluation reserve	
	Notes	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2016									
Balance as at 1 July 2015		94,581	51,958	2,321	215,484	58,696	50,523	(338)	**473,225**
Net surplus/ (deficit) for the year	20	(3,981)	-	-	24,601	-	-	-	**20,620**
Other comprehensive (deficit) for the year	18,20	-	-	(1,008)	(1,281)	-	-	(1,238)	**(3,527)**
Transfers to / (from) specific purpose funds	19	11,902	(11,902)	-	-	-	-	-	**-**
Transfers to / (from) other reserves	18	-	-	-	(11,880)	6,816	5,064	-	**-**
Balance as at 30 June 2016		**102,502**	**40,056**	**1,313**	**226,924**	**65,512**	**55,587**	**(1,576)**	**490,318**
YEAR ENDED 30 JUNE 2017									
Net surplus/ (deficit) for the year	20	(9,618)	-	-	10,021	-	-	-	**403**
Other comprehensive surplus for the year	18,20	-	-	1,458	2,701	-	-	3,446	**7,605**
Transfers to / (from) specific purpose funds	19	3,526	(3,526)	-	-	-	-	-	**-**
Transfers to / (from) other reserves	18	-	-	-	(10,112)	7,438	2,674	-	**-**
Elimination of interdivision transactions		5,835	-	-	(5,835)	-	-	-	**-**
Balance as at 30 June 2017		**102,245**	**36,530**	**2,771**	**223,699**	**72,950**	**58,261**	**1,870**	**498,326**

DIVISIONAL STATEMENT OF CASH FLOWS

		2017			2016		
		Humanitarian Services	Blood Service	Total	Humanitarian Services	Blood Service	Total
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Cash flows from operating activities							
Receipts from donors, government and other sources		267,240	657,077	924,317	296,005	652,041	948,046
Payments to suppliers and employees		(258,529)	(622,525)	(881,054)	(289,400)	(551,352)	(840,752)
Interest and other costs of finance paid		(888)	(4,453)	(5,341)	(1,263)	(5,289)	(6,552)
Net cash provided by operating activities	**21(b)**	**7,823**	**30,099**	**37,922**	**5,342**	**95,400**	**100,742**
Cash flows from investing activities							
Payments for property, plant and equipment and intangibles		(4,446)	(44,136)	(48,582)	(2,284)	(59,737)	(62,021)
Proceeds from disposal of property, plant and equipment		636	208	844	159	291	450
Net payments for purchase of investment securities		(3,909)	(17,037)	(20,946)	(575)	(38,878)	(39,453)
Dividends received		1,195	874	2,069	737	1,043	1,780
Interest received		1,247	7,158	8,405	1,931	6,698	8,629
Net cash used in investing activities		**(5,277)**	**(52,933)**	**(58,210)**	**(32)**	**(90,583)**	**(90,615)**
Cash flows from financing activities							
Proceeds from borrowings		-	-	-	1,500	-	1,500
Repayment of borrowings		-	(10,786)	(10,786)	(8,346)	(9,946)	(18,292)
Net cash used in financing activities		**-**	**(10,786)**	**(10,786)**	**(6,846)**	**(9,946)**	**(16,792)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,546**	**(33,620)**	**(31,074)**	**(1,536)**	**(5,129)**	**(6,665)**
Cash and cash equivalents at the beginning of the financial year		36,955	193,738	230,693	38,491	198,863	237,354
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(35)	(35)	-	4	4
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**21(a)**	**39,501**	**160,083**	**199,584**	**36,955**	**193,738**	**230,693**

Note 4 DONATIONS, BEQUESTS AND SPONSORSHIPS

	2017 $'000	2016 $'000
Donations and sponsorships	66,199	62,772
Appeals - international		
Cyclone Pam (Vanuatu) Appeal	38	59
Ebola Outbreak Appeal	1	4
Nepal Earthquake Appeal	80	839
Syria Crisis Appeal	1,083	1,455
Tropical Cyclone Winston (Fiji) Appeal	44	4,546
Typhoon Haiyan (Philippines) Appeal	14	99
East Africa Food Crisis Appeal	1,261	-
Bequests	12,571	12,594
Membership fee and fundraising	2,208	2,546
Raffle tickets	3,832	4,581
Total donations, bequests and sponsorships	**87,331**	**89,495**

Note 5 INVESTMENT REVENUE

Interest revenue - bank deposits	7,654	7,463
Interest revenue - Available-for-sale investments	751	1,166
Dividends from other entities and imputation credit	2,487	2,036
Other income	393	460
Total investment revenue	**11,285**	**11,125**

Note 6 GAINS AND (LOSSES)

(Losses) / gains on disposal of property, plant and equipment	(1,132)	67
Write off of intangible projects	(618)	(1,192)
Impairment of property, plant and equipment	(2,741)	(11,440)
Impairment losses of intangibles	(667)	-
Gains on disposal of investments	464	488
Impairment of available-for-sale financial assets[1]	(574)	(462)
Foreign exchange losses	(55)	(46)
Total (losses) and gains	**(5,323)**	**(12,585)**

[1] Where an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to the profit or loss in the period.

Note 7 EXPENDITURE

	2017 $'000	2016 $'000
Employee expenditure		
Wages and salaries	410,622	407,331
Post employment benefits		
Defined benefit plans	168	367
Defined contribution plans	36,901	36,640
Termination benefits	5,768	3,328
Total employee expenditure	**453,459**	**447,666**
Depreciation of property, plant and equipment and amortisation of intangibles		
Depreciation of property, plant and equipment	41,827	48,178
Amortisation of intangible	11,589	7,593
Total depreciation of property, plant and equipment and amortisation of Intangibles	**53,416**	**55,771**
Interest and debt servicing costs	5,341	6,552
Total Interest and Debt Servicing Costs	**5,341**	**6,552**
Operating expenditure		
Decrease / (increase) in inventory	5,129	(3,360)
Impairment of trade receivables	23	(28)
Operating lease rental expenditure - minimum lease payments	39,919	40,040
Other expenditure		
Partner and call centre expense	15,752	17,633
Buildings and facilities expense	7,071	7,200
Client support costs	11,791	12,757
Travel and accommodation	6,069	5,644
Contribution to other partner societies	12,129	14,836
Advertising and promotional activities	8,286	9,438
Other operational costs	30,497	41,699
Overheads	106,342	93,612
Workers compensation costs	2,442	2,327
Total operating expenditure	**245,450**	**241,798**
Cost of services, sale of goods and consumables		
Cost of sales	3,819	3,012
Cost of rendering training services	2,092	3,549
Consumables	102,251	102,479
Total cost of services, sale of goods and consumables	**108,162**	**109,040**

Note 8 TRADE AND OTHER RECEIVABLES

Trade receivables	9,457	11,154
Allowance for doubtful debts	(154)	(213)
Total trade receivables	**9,303**	**10,941**
Other receivables	11,243	12,835
Goods and services tax receivable	981	5
Total trade and other receivables	**21,527**	**23,781**

Trade receivables are non-interest bearing and are generally on 30 day terms. Where debts are assessed to be non-recoverable, these are written off.

Note 8 TRADE AND OTHER RECEIVABLES (Continued)

	2017	2016
	$'000	$'000
Ageing of past due but not impaired trade receivables		
30-60 days	262	69
60-90 days	22	52
90-120 days	28	38
120+ days	11	134
Total past due but not impaired trade receivables	**323**	**293**
Movement in the allowance for doubtful debts		
Opening balance 1 July	213	299
Impairment (losses recognised)/written back on receivables	23	(28)
Amounts written off as uncollectible	(82)	(58)
Closing balance 30 June	**154**	**213**
Ageing of impaired trade receivables		
0-30 days	28	48
30-60 days	8	4
60-90 days	30	15
90-120 days	16	23
120+ days	51	123
Total impaired trade receivables	**133**	**213**

Note 9 INVENTORIES

Consumables inventory	7,226	6,796
Finished goods	11,453	16,519
Work in progress	980	956
Total inventories	**19,659**	**24,271**

Note 10 OTHER FINANCIAL ASSETS

	2017	2016
	$'000	$'000
Current		
Available-for-sale financial assets		
Shares	43,429	35,054
Managed funds		
Listed managed funds	1,342	626
Unlisted managed funds	9,989	9,975
Bonds		
Listed bonds	11,787	12,325
Unlisted bonds	60,324	43,838
Total available-for-sale financial assets	**126,871**	**101,818**
Held-to-maturity investment		
Term deposits	9,060	8,523
Total current other financial assets	**135,931**	**110,341**

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2017				
Available-for-sale financial assets				
Bonds	11,787	60,324	-	72,111
Shares	43,429	-	-	43,429
Managed funds	1,342	9,989	-	11,331
Held-to-maturity investment				
Term deposits	9,060	-	-	9,060
Total current other financial assets	**65,618**	**70,313**	**-**	**135,931**
YEAR ENDED 30 JUNE 2016				
Available-for-sale financial assets				
Bonds	12,325	43,838	-	56,163
Shares	35,054	-	-	35,054
Managed funds	626	9,975	-	10,601
Held-to-maturity investment				
Term deposits	8,523	-	-	8,523
Total current other financial assets	**56,528**	**53,813**	**-**	**110,341**

There were no transfers between levels during the period.

Note 11(a) PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and renovations	Shop fit-outs	Plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2017					
Gross carrying amount					
- Balance as at 30 June 2016	349,984	5,420	276,196	36,519	668,119
- Balance as at 30 June 2017	347,077	4,501	271,832	54,899	678,309
Accumulated depreciation					
- Balance as at 30 June 2016	(114,953)	(4,837)	(172,519)	-	(292,309)
- Balance as at 30 June 2017	(126,718)	(3,995)	(181,646)	-	(312,359)
Net book value as at 30 June 2016	**235,031**	**583**	**103,677**	**36,519**	**375,810**
Net book value as at 30 June 2017	**220,359**	**506**	**90,186**	**54,899**	**365,950**

Note 11(b) PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and renovations	Shop fit-outs	Plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2016					
Gross carrying amount					
Balance as at 1 July 2015	332,564	5,692	268,279	34,640	641,175
Classification transfer	16	-	(16)	-	-
Transfer to intangible	-	-	-	(655)	(655)
Additions	674	1	374	47,252	48,301
Disposals	(1,417)	(400)	(7,445)	-	(9,262)
Transfers to / (from) work in progress	18,147	127	15,004	(33,278)	-
Impairment loss of property, plant and equipment	-	-	-	(11,440)	(11,440)
Balance as at 30 June 2016	**349,984**	**5,420**	**276,196**	**36,519**	**668,119**
Accumulated depreciation					
Balance as at 1 July 2015	(98,491)	(4,466)	(149,605)	-	(252,562)
Classification transfer	(16)	-	16	-	-
Depreciation	(17,635)	(722)	(29,821)	-	(48,178)
Disposals	1,189	351	6,891	-	8,431
Balance as at 30 June 2016	**(114,953)**	**(4,837)**	**(172,519)**	**-**	**(292,309)**
Net book value as at 30 June 2016	**235,031**	**583**	**103,677**	**36,519**	**375,810**
YEAR ENDED 30 JUNE 2017					
Gross carrying amount					
Balance as at 1 July 2016	349,984	5,420	276,196	36,519	668,119
Transfer to asset held for sale[1]	(5,010)	-	-	-	(5,010)
Classification transfer [2]	-	-	460	76	536
Additions	740	-	-	38,496	39,236
Disposals	(3,844)	(1,350)	(16,637)	-	(21,831)
Transfers to / (from) work in progress	5,207	431	12,187	(17,825)	-
Impairment loss of property, plant and equipment	-	-	(374)	(2,367)	(2,741)
Balance as at 30 June 2017	**347,077**	**4,501**	**271,832**	**54,899**	**678,309**

Note 11(b) PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land, buildings and renovations	Shop fit-outs	Plant and equipment	Work in progress	Total
	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation					
Balance as at 1 July 2016	(114,953)	(4,837)	(172,519)	-	(292,309)
Transfer to asset held for sale[1]	1,982	-	-	-	1,982
Depreciation expense	(17,034)	(313)	(24,480)	-	(41,827)
Disposals	3,287	1,155	15,353	-	19,795
Balance as at 30 June 2017	**(126,718)**	**(3,995)**	**(181,646)**	**-**	**(312,359)**
Net book value as at 30 June 2017	**220,359**	**506**	**90,186**	**54,899**	**365,950**

[1] In 2017, assets classified as held for sale ($3.028 million) include properties in Larrakeyah (Northern Territory) and Hobart (Tasmania).

[2] In 2017 $0.536 million in assets were reclassified to computer equipment from software (intangibles). Refer to note 12.

Note 12 INTANGIBLE ASSETS

	2017	2016
	$'000	$'000
Carrying amounts of:		
Software	33,255	35,462
Work in progress	11,043	12,296
Total intangible assets	**44,298**	**47,758**

Note 12 INTANGIBLE ASSETS (Continued)

	Software	Work in progress	Total
	$'000	$'000	$'000
YEAR ENDED 30 JUNE 2016			
Gross carrying amount			
Balance as at 1 July 2015	63,654	8,490	72,144
Transfer from property, plant and equipment	-	655	655
Additions to work in progress	-	14,329	14,329
Disposals / Write Off	(7)	(1,129)	(1,136)
Transfers to / (from) work in progress	10,049	(10,049)	-
Balance as at 30 June 2016	**73,696**	**12,296**	**85,992**
Accumulated amortisation			
Balance as at 1 July 2015	(30,645)	-	(30,645)
Amortisation expense	(7,593)	-	(7,593)
Disposals	4	-	4
Balance as at 30 June 2016	**(38,234)**	**-**	**(38,234)**
Net book value as at 30 June 2016	**35,462**	**12,296**	**47,758**
YEAR ENDED 30 JUNE 2017			
Gross carrying amount			
Balance as at 1 July 2016	73,696	12,296	85,992
Transfer to property, plant and equipment	(460)	(76)	(536)
Additions to work in progress	-	9,950	9,950
Disposals / write off	-	(618)	(618)
Transfers to / (from) work in progress	9,842	(9,842)	-
Impairment losses recognised in profit or loss	-	(667)	(667)
Balance as at 30 June 2017	**83,078**	**11,043**	**94,121**
Accumulated amortisation			
Balance as at 1 July 2016	(38,234)	-	(38,234)
Transfer to property, plant and equipment	-	-	-
Amortisation expense	(11,589)	-	(11,589)
Disposals	-	-	-
Balance as at 30 June 2017	**(49,823)**	**-**	**(49,823)**
Net book value as at 30 June 2017	**33,255**	**11,043**	**44,298**

Note 13 TRADE AND OTHER PAYABLES

	Notes	2017 $'000	2016 $'000
Current			
Trade payables		35,420	32,271
Accruals and other payables		16,973	13,627
Goods and services tax payable		-	1,551
Total trade and other payables		**52,393**	**47,449**

Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables are non interest bearing and have an average term of 30 days. The continuous monitoring of cash flow ensures payables are paid within the credit timeframe.

Note 14 BORROWINGS

Current - secured			
Bank loans		5,380	4,943
Finance lease liabilities	23	9,268	5,843
Non-current - secured			
Bank loans		16,860	22,239
Finance lease liabilities	23	18,234	27,502
Total borrowings		**49,742**	**60,527**
Disclosed in the financial statements as:			
Current borrowings		14,648	10,786
Non-current borrowings		35,094	49,741
Total borrowings		**49,742**	**60,527**
Financing facilities			
Unsecured bank overdraft facility:			
amount used		-	-
amount unused		16,000	18,000
Total		**16,000**	**18,000**
Secured bank loan facility:			
amount used		-	27,182
Total		**-**	**27,182**
Unsecured cash advance facility:			
amount used		-	-
amount unused		4,000	25,000
Total		**4,000**	**25,000**
Secured leasing facility:			
amount used	23	27,502	33,345
Total		**27,502**	**33,345**

Note 14 BORROWINGS (Continued)

	2017	2016
	$'000	$'000
Credit card facility:		
amount used	938	645
amount unused	1,712	2,005
Total credit card facility	**2,650**	**2,650**

The Society is not in default of the financing facilities.

Note 15 PROVISIONS

Current		
Employee benefits	77,272	69,349
Site restoration	3,885	2,967
Non-current		
Employee benefits	10,362	10,703
Site restoration	5,743	7,110
Total provisions	**97,262**	**90,129**
Disclosed in the financial statements as:		
Current provisions	81,157	72,316
Non-current provisions	16,105	17,813
Total provisions	**97,262**	**90,129**

The employee benefits provision contains provisions for long service leave, rostered days off and other employee entitlements.

Movements in employee benefits provisions		
Opening balance 1 July	80,052	77,137
Provision recognised during the year	7,582	2,915
Closing balance 30 June	**87,634**	**80,052**

Movements in site restoration		
Opening balance 1 July	10,076	9,773
Provision (utilised) / recognised during the year	(448)	303
Closing balance 30 June	**9,628**	**10,076**

Note 16 OTHER LIABILITIES

Current		
Lease incentive	1,523	1,462
Government funding refundable[1]	22,277	42,016
Revenue in advance[2]	74,614	80,693
Non-current		
Lease incentive	4,534	4,285
Total other liabilities	**102,948**	**128,456**
Disclosed in the financial statements as:		
Current other liabilities	98,414	124,171
Non-current other liabilities	4,534	4,285
Total other liabilities	**102,948**	**128,456**

Note 16 OTHER LIABILITIES (Continued)

[1] Government funding refundable relates to the expected return of funds to the NBA for surpluses in the reported period.

[2]Revenue in advance includes:(i) Output funding net cash relates to the working capital advance received by the Blood Service operating division from the NBA upon commencement of the Output Based Funding Model from 1 July 2011, less June 2017 revenue not received until July 2017(ii) Funds received relating to reciprocal grants of $10.854 million

Note 17 DEFINED BENEFIT SUPERANNUATION PLANS

Local Government Super (NSW): Local Government Super provides defined benefits whereby components of the final benefit are derived from a multiple of member salary and years of membership. Members receive lump sum or pension benefits on retirement, death, disablement and withdrawal. The defined benefits scheme was closed to new members effective from 15 December 1992. The Local Government Superannuation Scheme was established on 1 July 1997 to specifically cater for the superannuation requirements of Local Government employees. LGSS Pty Ltd (ABN 68078003497) (AFSL 383558) is the Trustee of the Local Government Superannuation Scheme (known as Local Government Super). Local Government Super is a resident regulated superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993.

Australian Red Cross Queensland Staff Retirement Fund (QLD): The fund, offering both defined benefit and a defined contribution plans, is a final average (3years) lump sum benefit arrangement providing benefits on death, disability, resignation and retirement. The defined benefit section provides benefits based on the length of service and final average salary. The defined contribution section receives fixed contributions and the employer's legal or constructive obligation is limited to these contributions. The fund commenced on 15 June 2006 as a successor fund transfer from the Australian Red Cross Qld Staff Superannuation Plan. This fund is a sub-fund of the AMP Superannuation Savings Trust which was established under a Trust Deed dated 1 July 1998. The Trustee is AMP Superannuation Limited.

The plans in Australia typically expose the Australian Red Cross to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk:

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest Risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependants of plan members (widow and orphan benefits) is re-insured by an external insurance company. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 30 June 2017 by Mr Jeff Humphries , Principal, CHR Consulting Pty Ltd for Australian Red Cross Queensland Staff Retirement Fund (QLD) - Mr Richard Boyfield, Partner, Representative of Mercer Consulting (Australia) Pty Ltd for Local Government Super (NSW).

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (Continued)

	Notes	2017 %	2016 %
Principal actuarial assumptions:			
Discount rate		4.00%	3.30%
Expected rate of salary increases		3.00%	3.00%
Anticipated rate of return on plan assets		6.38%	6.40%

	2017 $'000	2016 $'000
Amounts recognised in the statement of profit or loss and other comprehensive income:		
Current service cost	68	305
Net interest cost	100	62
Components of defined benefit costs recognised in profit or loss	**168**	**367**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1,093)	476
Actuarial gains arising from changes in demographic assumption	-	(4)
Actuarial (gains) and losses arising from changes in financial assumption	(1,253)	1,334
Actuarial gains arising from experience adjustments	(355)	(525)
Components of defined benefit gain recognised in other comprehensive income	**(2,701)**	**1,281**
Contributions by plan participants (employer and members) in profit or loss	-	-
Total defined benefits (gain) / costs	**(2,533)**	**1,648**

The current service cost and the net interest expense for the year are included in staff expenditure in the Statement of Profit or Loss and Other Comprehensive Income. The remeasurement of the net defined benefit liability is included in Other Comprehensive Income.

		2017 $'000	2016 $'000
Amounts recognised in the statement of financial position:			
Present value of funded obligations (a)	17 (a)	19,753	21,820
Fair value of plan assets (b)	17 (b)	(19,005)	(18,474)
Net liability arising from defined benefit plan obligation		**748**	**3,346**
(a) Reconciliation of movement in the present value of the defined benefit obligations in the current year were as follows:			
Balance at beginning of the year		21,820	21,104
Current service cost		848	932
Interest on obligation		677	858
Remeasurement (gains) / losses		-	-
Actuarial gains arising from changes in demographic assumptions		-	(4)
Actuarial losses and (gains) arising from changes in financial assumptions		(1,253)	1,334
Actuarial gains arising from experience adjustments		(355)	(525)
Benefits paid (including expenses and taxes)		(1,863)	(1,879)
Other		(121)	-
Balance at end of the year		**19,753**	**21,820**

Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (Continued)

	2017 $'000	2016 $'000
(b) Reconciliation of movements in the fair value of the plan assets in the current year were as follows:		
Balance at beginning of the year	18,474	19,406
Interest income	577	796
Remeasurement (gains) / losses		
Return on plan asset (excluding amounts included in net interest expense)	1,158	(476)
Contributions by the employer	726	587
Contributions from plan participants	54	40
Benefits paid (including expenses and taxes)	(1,863)	(1,879)
Other	(121)	-
Balance at end of the year	**19,005**	**18,474**

	2017 $'000	2016 $'000
The fair value of the plan assets at the end of the reporting period for each category, are as follows:		
Australian equities	4,637	4,794
International equities	4,827	4,683
Property	1,996	1,672
Australian fixed interest	1,501	2,374
International fixed interest	342	775
Cash	1,805	2,402
Other	3,897	1,774
Balance at end of the year	**19,005**	**18,474**

	2017 %	2016 %
Other disclosures:		
The percentage contribution of each majority category of total plan assets comprises:		
Australian equities	24.4%	23.7%
International equities	25.4%	24.8%
Property	10.5%	10.4%
Australian fixed interest	7.9%	7.9%
International fixed interest	1.8%	1.4%
Cash	9.5%	12.6%
Other	20.5%	19.2%
	100.0%	**100.0%**

Note 17 DEFINED BENEFIT SUPERANNUATION PLANS (Continued)

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

Sensitivity analysis for actuarial assumptions

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower), the defined benefit obligation would (decrease)/increase by $0.653 million (2016: $0.801 million).

- If the expected salary growth increases/(decreases) by 50 basis points, the defined benefit obligation would increase/(decrease) by $0.259 million (2016: $0.460 million).

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years other then the change in the bond rate used to calculate the employee liability obligations.

Asset-Liability matching study

There were no asset-liability matching strategies adopted by the funds during the period.

Effects on future cash flows

Local Government Super's funding arrangements are assessed at least every three years following the release of the triennial actuarial review. Following completion of the last review as at 30 June 2015, the Blood Service operating division had sufficient assets to cover its liabilities, and no adjustments to funding have occurred. The Society reviews its funding positions annually with funding arrangements adjusted as appropriate. Members of the Australian Red Cross Queensland Staff Retirement Fund contribute at the rate of 5% of salary. The residual contribution (including back service payments) is paid by the Society. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on the expected return on the Fund's assets. The Society carries the investment volatility risk and may be required to make additional contributions from time to time if assets do not cover members' vested benefits.

The average duration of the benefit obligation for the funds at 30 June 2017 is 8.92 years (2016: 8.95 years). This number can be analysed as follows:

- active members: 9.53 years (2016: 9.59 years);
- retired members: 8.78 years (2016: 9.14 years).

The Society expects to make a contribution of $0.551 million to the defined benefit plans during the next financial year.

	2017	2016
	$'000	$'000
Historic summary		
Defined benefit plan obligations	19,753	21,820
Plan assets	(19,005)	(18,474)
Deficit	**748**	**3,346**
Actual return on assets	**1,158**	**(476)**
Cumulative amount recognised in the other comprehensive income		
Cumulative amount of actuarial losses	**2,519**	**5,220**
Expected contributions and funding arrangements		
Expected employer contributions at 30 June	**551**	**553**

Note 18 RESERVES

	Investment revaluation reserve (i)	Special reserve (ii)	Capital reserve (iii)	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2016				
Balance as at 1 July 2015	1,983	58,696	50,523	111,202
Net loss arising on revaluation	(2,246)	-	-	(2,246)
Transfers to reserves from accumulated funds	-	6,816	5,064	11,880
Balance as at 30 June 2016	**(263)**	**65,512**	**55,587**	**120,836**
Year ended 30 June 2017				
Balance as at 1 July 2016	(263)	65,512	55,587	120,836
Net gains arising on revaluation	4,904	-	-	4,904
Transfers to reserves from accumulated funds	-	7,438	2,674	10,112
Balance as at 30 June 2017	**4,641**	**72,950**	**58,261**	**135,852**

(i) Investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised net of any permanent impairment identified and reserved to the profit or loss.

(ii) The Society's special reserve records retained surplus over which the Society has restricted use.

(iii) The Society's Capital Reserve records capital surplus less capital expenditure relating to various capital funded programs or funds received for the purpose of future capital expenditure.

Note 19 SPECIFIC PURPOSE FUNDS

	Domestic appeals	International projects	Domestic programs	Strategic Initiatives	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2016					
Balance as at 1 July 2015	586	32,913	18,459	-	51,958
Transfers to accumulated funds	(586)	(3,694)	(7,622)	-	(11,902)
Balance as at 30 June 2016	**-**	**29,219**	**10,837**	-	**40,056**
Year ended 30 June 2017				-	
Balance as at 1 July 2016	-	29,219	10,837	-	40,056
Transfers from/(to) accumulated funds	-	(6,014)	(1,182)	3,670	(3,526)
Balance as at 30 June 2017	**-**	**23,205**	**9,655**	**3,670**	**36,530**

Specific purpose funds are unspent tied funds carried forward for the purpose of spending on specific activities or programs in the future.

Note 20 ACCUMULATED FUNDS

	Notes	2017 $'000	2016 $'000
Balance at beginning of financial year		329,426	310,065
Surplus for the financial year		403	20,620
Actuarial gain / (loss) on defined benefit superannuation plans	17	2,701	(1,281)
Transfers from specific purpose funds	18, 19	3,526	11,902
Transfers to other reserves	18	(10,112)	(11,880)
Balance at end of financial year		**325,944**	**329,426**

Note 21 CASH AND CASH EQUIVALENTS

21(a) Reconciliation of cash and cash equivalents			
Cash		32,125	32,302
Term deposits		167,459	198,391
Net cash and cash equivalents		**199,584**	**230,693**
21(b) Reconciliation of surplus / (deficit) for the year to cash flows from operating activities			
Net surplus / (deficit)		403	20,620
Depreciation and amortisation of non-current assets	7	53,416	55,771
Impairment of property, plant and equipment & intangibles	6	3,408	11,440
Impairment of available-for-sale financial assets	6	574	462
Net foreign currency (gains)	6	55	46
Gain on disposal of investments	6	(464)	(488)
Loss on disposal of property, plant and equipment and intangibles	6	1,750	1,125
Investment interest recognised in profit or loss		(8,405)	(8,629)
Dividends recognised in profit or loss		(2,487)	(2,036)
Changes in assets and liabilities :			
Decrease in trade and other receivables		2,254	2,835
(Increase) / decrease in inventory		4,612	(4,433)
Decrease / (increase) in prepayments		(3,870)	2,502
Increase / (decrease) in trade, other payables and other liabilities		5,017	502
(Decrease) / increase in prepaid government funds		(24,424)	14,398
Increase / (decrease) in revenue in advance		(1,153)	3,042
Increase in provisions		7,133	3,218
Components of defined benefit recognised in profit or loss		103	367
Net cash provided by operating activities		**37,922**	**100,742**

Note 22 COMMITMENTS

Capital commitments		
Capital commitments contracted for at reporting balance date but not provided for in the financial statements are payable as follows:		
Not longer than 1 year	14,729	9,411
TOTAL COMMITMENTS	**14,729**	**9,411**

The majority of the Society's commitments include premises related activities with the balance committed to other business initiatives.

Note 23 LEASES

	Minimum future lease payments		Present value of minimum future lease payments	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Finance lease liabilities				
Not later than 1 year	11,139	8,168	9,268	5,843
Later than 1 year and not later than 5 years	20,430	29,535	18,234	25,504
Later than 5 years	-	2,035	-	1,998
Minimum future lease payments	**31,569**	**39,738**	**27,502**	**33,345**
Less future finance charges	(4,067)	(6,393)	-	-
Total lease liabilities	**27,502**	**33,345**	**27,502**	**33,345**
Included in financial statements as :				
Current borrowings	-		9,268	5,843
Non-current borrowings	-		18,234	27,502
Present value of minimum lease payments	**-**		**27,502**	**33,345**

The Society leases various equipment and fit-outs with a carrying value of $27.501 million (2016: $33.345 million) under finance leases expiring within 3 to 10 years. Under the terms of the leases, the Society has the option to acquire the leased assets on expiry of the leases. The Society's obligations under finance leases are secured by the lessor's title to the leased assets.

	2017 $'000	2016 $'000
Non-cancellable operating lease commitments		
Not longer than 1 year	32,091	33,071
Longer than 1 year and not longer than 5 years	84,250	91,128
Longer than 5 years	79,716	99,704
	196,057	**223,903**

The Society leases various premises used as offices, retail stores, blood collection centres, processing and testing centres, and warehouses under non-cancellable leases expiring within 2 to 20-years.

Note 24 CONTINGENT ASSETS AND LIABILITIES

24.1 Contingent Assets

There are no contingent assets or events identified which would be expected to have a material impact on the financial statements in the future.

24.2 Contingent Liabilities

There is a potential for claims to arise from viral / bacterial infections or blood-borne disease which are currently unidentified, or in circumstances where there are no test or screening procedures available to test for a virus / bacteria / disease state. In the event that commercial insurance does not cover financial exposure arising as a result of transmission of blood-borne disease occurring subsequent to 1 July 2000, a national managed fund has been established with claims covered at the discretion of the NBA.

The Society is entitled to seek, and the NBA may at its discretion grant, indemnities in respect of potential liabilities arising from litigation in relation to pre July 2000 transfusion-transmitted diseases.

The Society has bank guarantees in place in relation to certain property leases. The value of these guarantees at 30 June 2017 was $0.226 million (2016: $0.190 million). The Board is satisfied the guarantees will not be called upon and therefore no liability has been recorded in the statement of financial position.

There are no other contingent liabilities or events identified which would be expected to have a material impact on the financial statements in the future.

Note 25 FINANCIAL INSTRUMENTS

	Notes	2017 $'000	2016 $'000
(a) Categories of financial instruments			
Financial assets			
Cash and cash equivalents	21(a)	199,584	230,693
Trade and other receivables	8	21,527	23,781
Prepayment		11,441	7,571
Available-for-sale financial assets	10	126,871	101,818
Held-to-maturity investment	10	9,060	8,523
Financial liabilities			
Trade and other payables	13	52,393	47,449
Deferred revenue	16	96,891	122,709
Lease incentives	16	6,057	5,747
Interest bearing loans and borrowings	14	49,742	60,527

The Society's Board considers the above carrying amounts of financial assets and financial liabilities to approximate their fair values.

(b) Financial risk management objectives and policies

The Society's financial instruments consist mainly of:

- deposits with banks;

- investments in equities, managed funds, bonds, debentures and other fixed interest securities;

- accounts receivable and payable, which arise directly from the Society's operations;

- derivatives, being forward foreign currency contracts, to manage currency risks.

It is, and has been throughout the financial year, the Society's policy that no trading in derivative financial instruments shall be undertaken. Similarly, it is not the Society's policy to trade in investments (i.e. to speculate and engage in short-term profit taking). All investments are held to generate income to further the Society's causes and as such are classified as 'available-for-sale' or 'held-to maturity'. Sales do occur however with selected investments which are described in the financial statements as 'available-for-sale', when the Society is advised to adjust its portfolio in relation to risk exposure and diversification as advised by its investment portfolio managers.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: market interest rates (interest rate risk), foreign currency risk and market prices (price risk).

(c)(i) Foreign currency risk management

The Society is exposed to fluctuations in foreign currencies arising from purchase of goods and supply of aid in currencies other than the Society's functional currency ($AUD).

The carrying amount of the Society's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2017		2016	
	Foreign currency $'000	AUD equivalent $'000	Foreign currency $'000	AUD equivalent $'000
Assets				
Cash				
USD	1,413	1,803	152	199
Euro	239	357	-	-
	1,652	**2,160**	**152**	**199**

Note 25 FINANCIAL INSTRUMENTS (Continued)

Foreign currency sensitivity analysis

The Society is mainly exposed to movements in exchange rates relating to US dollars and Euro.

The following table details the Society's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	2017 $'000	2016 $'000
Profit or loss		
USD	180	20
Euro	36	-

(c)(ii) Interest rate risk management

The Society is exposed to market interest rate fluctuations on its fixed and variable interest securities, as well as interest bearing borrowings. The Society accepts the risk as normal in relation to fixed interest financial assets, as they are held to generate investment income on unused funds.

Interest rate sensitivity analysis

The following table summarises how the Society's surplus or deficit and equity would have been affected by changes in interest rates at reporting date.

	Carrying amount	- 50 basis points Surplus / (deficit)	- 50 basis points Equity	+ 100 basis points Surplus / (deficit)	+ 100 basis points Equity
	$'000	$'000	$'000	$'000	$'000
Financial assets					
Cash and cash equivalents	199,584	(997)	(997)	1,995	1,995
Available-for-sale financial assets	126,871	(634)	(634)	1,269	1,269
Held-to-maturity investment	9,060	(45)	(45)	91	91
Financial liabilities					
Bank loans - fixed interest rate	22,240	-	-	-	-
Finance leases	27,501	-	-	-	-
Total increase / (decrease)	**385,256**	**(1,676)**	**(1,676)**	**3,355**	**3,355**

Sensitivity analysis does not apply to Bank loans with fixed Interest Rate.

(c)(iii) Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

(d) Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at year end.

If the equity prices of available-for-sale Australian equities had been 5% higher or lower:

- the surplus for the year ended 30 June 2017 would have been unaffected as the equity investments are classified as available-for-sale and any increment or decrement in the fair value, with the exception of impairment, is an adjustment to other comprehensive income
- other comprehensive income for the year ended 30 June 2017 would have increased or decreased by $2.171 million (2016: $1.753 million) as a result of the change in the fair value of available-for-sale Australian equities.

The Society's sensitivity to equity prices has not changed significantly from the prior year.

Note 25 FINANCIAL INSTRUMENTS (Continued)

(e) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter parties to the contract to meet their obligations.

The Society does not have any material credit risk exposures to any single receivable or group of receivables under financial instruments. The Society's largest receivable is from the Federal Department of Immigration and Border Protection (DIBP) which constitutes receipts in accordance with agreed terms.

(f) Liquidity risk management

The Society manages liquidity risk by monitoring forecast cash flows and ensuring that adequate liquid funds or unutilised borrowing facilities are maintained.

The following table details the Society's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Society can be requested to pay. The table includes both interest and principal cash flows.

Non-derivative financial liabilities	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 to 5 years	5 + years	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2017							
Non-interest bearing	-	124,978	22,568	1,547	3,869	2,380	155,342
Finance lease liability	7.62%	506	1,023	7,738	18,234	-	27,501
Bank loan liability	8.63%	429	862	4,089	16,860	-	22,240
		125,913	**24,453**	**13,374**	**38,963**	**2,380**	**205,083**
Year ended 30 June 2016							
Non-interest bearing	-	125,025	42,165	1,903	4,240	2,571	175,905
Finance lease liability	7.60%	470	950	4,423	25,504	1,998	33,345
Bank loan liability	8.63%	386	806	3,751	22,239	-	27,182
		125,881	**43,921**	**10,077**	**51,983**	**4,569**	**236,432**

The following table details the Society's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Society anticipates that the cash flow will occur in a different period.

Non-derivative financial assets							
Year ended 30 June 2017							
Non-interest bearing	-	127,224	-	-	-	-	127,224
Fixed interest rate instruments	2.64%	-	150,000	10,693	41,765	27,713	230,171
Variable interest rate instruments	1.54%	11,088	-	-	-	-	11,088
		138,312	**150,000**	**10,693**	**41,765**	**27,713**	**368,483**
Year ended 30 June 2016							
Non-interest bearing	-	298,962	-	-	-	-	298,962
Fixed interest rate instruments	3.12%	-	56,163	3,000	5,523	-	64,686
Variable interest rate instruments	1.85%	8,738	-	-	-	-	8,738
		307,700	**56,163**	**3,000**	**5,523**	**-**	**372,386**

Note 26 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period.

Note 27 ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of recurrent and capital grants from Commonwealth, State and Territory governments. The current Deed between the NBA and the Society relates to the period 1 July 2016 to 30 June 2025.

Note 28 KEY MANAGEMENT PERSONNEL

The members of the Australian Red Cross Society Board provide their service on a voluntary basis and receive no payment other than reimbursement for reasonable travel and other expenses incurred in connection with their roles. The Blood Service Board comprises executive and non-executive members who are remunerated. Members of the Society Board who also serve as a member of the Blood Service Board or a Blood Service committee are remunerated by the Blood Service.

Details of remuneration of Board Members and Executive Team are outlined in the following table. The following includes payments for short-term employee benefits, post-employement benefits, long-term employee benefits and termination benefits:

	Short-term employee benefits	Post employment benefits	Long-term employee benefits	Termination benefits	Total
	Salaries and fees	Superannuation contributions	Long service leave		
	$	$	$	$	$
SOCIETY					
Year ended 30 June 2017					
HUMANITARIAN SERVICES	2,071,110	160,585	112,518	418,387	2,762,600
BLOOD SERVICE	3,896,000	357,000	110,000	175,000	4,538,000
Total compensation	**5,967,110**	**517,585**	**222,518**	**593,387**	**7,300,600**
Year ended 30 June 2016					
HUMANITARIAN SERVICES	4,024,763	304,344	90,452	437,956	4,857,515
BLOOD SERVICE	3,806,000	275,000	(58,000)	-	4,023,000
Total compensation	**7,830,763**	**579,344**	**32,452**	**437,956**	**8,880,515**

* In January 2016, there was a change in the leadership structure of Humanitarian Services. Under the new leadership structure, only the Executive Team was included in key management personnel.

For the purposes of the above table, remuneration includes salaries and wages, paid annual leave and paid sick leave, non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services). Also included in remuneration is an amount relating to long-term employee benefits which have accrued, but not paid, to the employees during the period such as long-service leave.

Note 28 KEY MANAGEMENT PERSONNEL (Continued)

Board members	
SOCIETY	**BLOOD SERVICE OPERATING DIVISION**
Mr Michael Legge AM (President)	Mr James Birch AM (Chair)
Mr Ross Pinney (Deputy President)	Ms Shelly Park (Chief Executive)
Ms Jan West AM (Chair of Audit and Risk Committee)	Mr Nigel Ampherlaw
Ms Dianne Buckles	Professor Christopher Baggoley AO (from October 2016)
Mr Charles Burkitt	Ms Hannah Crawford (Chair of Audit and Risk Committee)
Mr John D Dorrian	Ms Jenni Mack
The Hon Dr David Hamill AM (to November 2016)	Associate Professor Larry McNicol
Ms Lyndal Herbert	Mr Ross Pinney
Ms Anne Macarthur OAM	Professor John Zalcberg OAM
Mr John Pinney AM	Ms Fiona Balfour (from May 2017)
Ms Margaret Piper AM	
Ms Pearl Li	
Ms Sue Vardon AO	
Mr Sam Wong AM (to October 2016)	
Ms Wendy Prowse (from October 2016)	
Mr Sam Hardjono	
Mr James Birch AM	
Mr Ian Hamm (from April 2017)	

HUMANITARIAN SERVICES OPERATING DIVISION	BLOOD SERVICE OPERATING DIVISION
Executive Team	**Executive Directors**
Ms Judy Slatyer - Chief Executive Officer	Ms Shelly Park - Chief Executive Officer
Mr Cameron Power - Chief Financial Officer	Mr John Brown - Executive Director, Finance
Ms Jennifer Gibb - Director, Marketing, Fundraising and Communications (to November 2016)	Ms Jacqui Caulfield - Executive Director, Manufacturing (to July 2016)
Ms Caroline Sheehan - Acting Director, Engagement & Support (from December 2016 to June 2017)	Mr Greg Wilkie - Executive Director, Manufacturing (from October 2016)
Ms Belinda Dimovski - Director, Engagement & Support (from June 2017)	Ms Frances Guyett - Executive Director, Innovation and Commercial Strategy
Ms Kerry McGrath - Director, Community Programs	Mr Philip Nesci - Executive Director, Information and Communications Technology
Mr Noel Clement - Director, Migration, Emergencies & Movement Relations	Ms Anne Heyes - Executive Director, People and Culture (to April 2017)
Mr Chris Steinfort - Director, Human Resources (to December 2016)	Ms Cath Gillard - Executive Director, People and Culture (from April 2017)
Ms Elaine Montegriffo - Director, People & Organisational Effectiveness (from November 2016)	Mr Peter McDonald - Executive Director, Business Improvement
Mr Peter Walton - Director, International Programs	Dr Joanne Pink - Executive Director, Clinical Services and Research
Mr Chris Wheatley - Director, Strategy and Performance	Ms Janine Wilson - Executive Director, Donor Services
Ms Penny Harrison - Director, Volunteering (from November 2016)	Ms Marion Hemphill - General Counsel and Head of Government Relations

Note 29 AUDITORS' REMUNERATION

	2017	2016
	$	$
Auditor of Australian Red Cross		
Audit of financial report	354,500	344,000
Audit of acquittals in relation to specific purpose grants	93,630	117,740
Other non audit services[1]	148,000	92,000
Total Auditor's remuneration	**596,130**	**553,740**

[1]Other non-audit services relate to consulting fees for the Blood Service operating division Supplier Management framework.

Note 30 RELATED PARTY DISCLOSURES

(a) Board members

The Board Members are disclosed in note 28.

(b) Wholly-owned group

In states and territories where the Blood Service operating division is located on Humanitarian Services operating division premises, there are contractual arrangements for the sub-lease of premises between the respective operating units for the sharing of facilities and outgoings. The effect of the above transactions has been eliminated in full in the Society balances.

During the reporting period,net payments of $1.044 million (2016: $1.053 million) transacted between the Blood Service operating division and Humanitarian Services operating division. The transactions largely relate to the Blood Service operating division's occupancy of premises owned by Humanitarian Services operating division, whereby there are contractual arrangements for the sub-lease of these facilities by the Blood Service. As at 30 June 2017, an aggregate of $0.772 million (2016: $1.502 million) of commitments for minimum lease payments in relation to non-cancellable operating leases are payable to the Society over a 5-year period.

Note 31 FINANCIAL STATEMENT IN COMPLIANCE WITH ACFID CODE OF CONDUCT

Australian Red Cross is a signatory to the Australian Council for International Aid and Development (ACFID) Code of Coduct and is committed to full adherence to its requirements. The Code aims to improve international development outcomes and increase stakeholder trust by enhancing the transparency and accountability of signatory organisations.

The financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct and should be read in conjunction with the Financial Statements and accompanying notes. Please refer to the ACFID website www.acfid.asn.au for more details.

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Humanitarian services	Society	Humanitarian services	Society
	2017	2017	2016	2016
	$'000	$'000	$'000	$'000
REVENUE				
Donations and gifts[1]	74,760	74,760	76,901	76,901
Legacies and bequests	12,571	12,571	12,594	12,594
Grants				
• Department of Foreign Affairs and Trade	11,883	11,883	24,358	24,358
• other Australian	115,197	700,371	129,062	698,143
• other overseas	4,427	4,427	5,784	5,784
Investment income	3,253	11,285	3,384	11,125
Other income	10,073	22,241	9,197	32,880
Retail and commercial activities	34,016	34,016	32,247	32,247
Total revenue	**266,180**	**871,554**	**293,527**	**894,032**
EXPENDITURE				
International aid and development programs expenditure				
• funds to international programs	(26,676)	(26,676)	(41,728)	(41,728)
• program support costs	(4,700)	(4,700)	(3,428)	(3,428)
• community education[2]	(1,604)	(1,604)	(1,561)	(1,561)
Domestic programs				
• Blood service	-	(595,353)	-	(575,904)
• Migration support	(45,417)	(45,417)	(51,413)	(51,413)
• Social inclusion	(38,993)	(38,993)	(38,929)	(38,929)
• Community based programs	(36,069)	(36,069)	(37,296)	(37,296)
• Disaster and emergency services	(10,979)	(10,979)	(10,186)	(10,186)
• Aboriginal & Torres Straight Islander programs	(7,073)	(7,073)	(7,700)	(7,700)
• emergency appeals	(98)	(98)	(349)	(349)
• other	(5,214)	(5,214)	(4,867)	(4,867)
Fundraising costs[3]				
• public, government, multilateral and private	(23,882)	(23,882)	(24,204)	(24,204)
Retail and commercial activities	(35,144)	(35,144)	(37,122)	(37,122)
Accountability and administration	(39,949)	(39,949)	(38,725)	(38,725)
Total expenditure	**(275,798)**	**(871,151)**	**(297,508)**	**(873,412)**
(Deficiency)/Excess of revenue over expenditure from continuing operations	**(9,618)**	**403**	**(3,981)**	**20,620**

Note 31 FINANCIAL STATEMENT IN COMPLIANCE WITH ACFID CODE OF CONDUCT (Continued)

[1]During the financial year nil (2016:nil) was recorded as non-monetary donations and gifts. In addition to those goods which are capable of reliable measurement, the organisation has received donated goods for sale in its retail outlets as well as volunteer hours in providing community services. Significant contributions are also received by way of gifts in kind as pro bono support from corporate partners and volunteers. These goods and services are of a nature for which fair value cannot be reasonably determined and have not been recorded in this income statement. There has been no non monetary expenditure included in the income statement.

[2]Expenditure incurred for International Humanitarian Law is included in Community education as per ACFID guidelines

[3]Fundraising costs include both International and Domestic programs. There are no separately recorded costs incurred for Government, multilateral and private fundraising costs.

During the financial year there were no transactions (2016:nil) in the International Political or Religious Adherence Promotion program category.

Board Members' declaration

The Board Members declare that:

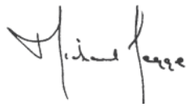
(a) in the Board's opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable;

(b) in the Board's opinion, the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Society and the ACFID financial statements comply with the ACFID Code of Conduct; and

(c) the Board has been given signed declarations by the Chief Executive Officer and the Chief Financial Officer regarding the integrity of the financial statements and that the Society's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Signed in accordance with a resolution of the Board.

On behalf of the Board



Michael Legge AM

President of the Society

Canberra

28 October 2017

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The Board Members
The Australian Red Cross Society
155 Pelham Street
CARLTON VIC 3053

28 October 2017

Dear Board Members,

The Australian Red Cross Society

In accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the board members of The Australian Red Cross Society.

As lead audit partner for the audit of the financial statements of The Australian Red Cross Society for the financial year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountants

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Independent Auditor's Report to the Members of the Australian Red Cross Society

Opinion

We have audited the financial report of the Australian Red Cross Society (the "Entity") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, Australian Council for International Development (ACFID) statement, other explanatory information and the Board Members' declaration as set out on pages 62 to 101.

In our opinion:

(a) the accompanying financial report of the Entity is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act), including:

  (i) giving a true and fair view of the Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
  (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

(b) the Entity complied in all material respects with the financial reporting requirements of the ACFID Code of Conduct.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The Board Members are responsible for the other information. The other information comprises the Australian Red Cross 'A Year in Review 2016/2017' and the introduction to the financial statements but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board Members for the Financial Report

Management of the Entity is responsible for the preparation of the financial report in accordance with Australian Accounting Standards, the ACNC Act and the ACFID Code of Conduct and for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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Deloitte.

In preparing the financial report, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Board Members are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the Board Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountants
Canberra, 28 October 2017

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W redcross.org.au

Red Cross Blood Service

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E contactus@redcrossblood.org.au
W donateblood.com.au

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- Donate or become a regular giver
- Volunteer with us
- Become a member
- Give blood
- Leave a gift in your will
- Find a bargain in a Red Cross Shop
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