

2022 Financial Report

Improving the mental health of communities
through high-quality psychiatric care, education,
leadership and advocacy



The Royal
Australian &
New Zealand
College of
Psychiatrists



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The Royal Australian and New
Zealand College of Psychiatrists

A.B.N. 68 000 439 047

(A company limited by guarantee
incorporated in Australia)

For the year ended 31 December 2022

Registered Office
309 La Trobe Street
Melbourne Victoria 3000

Directors' Report

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2022.

Directors

The RANZCP Board comprises of eight directors including the President, the President Elect, five directors elected from among the RANZCP's Fellows and a Board appointed director, trainee from 2022. The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, goals for management and the operation of the RANZCP.

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- » A/Prof Vinay Lakra
- » Dr Elizabeth Moore
- » Prof Neeraj Gill
- » A/Prof Beth Kotzé (up to 18 May 2022)
- » Dr Mark Lawrence
- » Dr Sue Mackersey
- » Dr Nick O'Connor
- » A/Prof Melanie Turner (from 18 May 2022)
- » Dr Pramudie Gunaratne (from 18 May 2022)

Information on directors

Associate Professor Vinay Lakra President

Qualifications: MBBS, MD, MHM, GAICD, FRACMA, FRANZCP, FAMS

Experience and expertise: Vinay is the Divisional Director of Mental Health Services at Northern Health, Melbourne.

Vinay joined the Board for a two-year term from May 2018 and served as Chair, Finance Committee until his election to President Elect in May 2019. In this role, Vinay chaired the Audit Committee, Members' Advisory Council, Awards and Recognition Committee, and PIF Advisory Group.

As President, from May 2021 to May 2023, Vinay chairs the RANZCP Board and is a Board Director of the Council of Presidents of Medical Colleges (CPMC).

Special responsibilities: President; Chair, RANZCP Board; Ex-officio, Finance Committee; Member, Members' Advisory Council; and Board Director, Council of Presidents of Medical Colleges.

Dr Elizabeth Moore President Elect

Qualifications: MBBS (AdI), FRANZCP, Grad Cert HPE (UWA), MAICD

Experience and expertise: Elizabeth is the inaugural ACT Coordinator-General of the Office of Mental Health and Wellbeing and has worked in both public and private hospital and community settings, holding clinical and/or administrative positions in psychiatry in South Australia, New South Wales, Victoria, and Western Australia.

Elizabeth joined the Board in May 2019 as a Casual Board Director for a 12-month term and was elected to the Board for a two-year term in June 2020. Elizabeth chaired the Practice, Policy and Partnerships Committee until her election to President Elect in May 2021.

During 2022, Elizabeth chaired the Audit Committee, Members' Advisory Council, Awards and Recognition Committee, and PIF Advisory Group.

Elizabeth will assume the role of President in May 2023.

Special responsibilities: President Elect; Chair, Members' Advisory Council; Chair, Audit Committee; Member, Finance Committee; Chair, Awards and Recognition Committee; Chair, PIF Advisory Group; and Member, Practice, Policy and Partnerships Committee (until May 2022).

Professor Neeraj Gill

Board Director

Qualifications: FRANZCP, MD (Psychiatry), DrPH**Experience and expertise:** Neeraj is a psychiatrist at Gold Coast Health and Professor and clinical lead for mental health at the School of Medicine, Griffith University, Gold Coast. He is Professor, Public Mental Health, Mental Health Policy Unit, University of Canberra, ACT, and a member of the Queensland Mental Health Review Tribunal.

Neeraj joined the RANZCP Board in June 2020 for a two-year term and chaired the Finance Committee during this time. Neeraj was re-elected for a further two-year term in May 2023 and continues to Chair the Finance Committee.

Special responsibilities: Chair, Finance Committee; Member, Practice, Policy and Partnerships Committee; Member, Audit Committee; and Member, Members' Advisory Council.**Associate Professor Beth Kotzé**Board Director
(to 18 May 2022)**Qualifications:** FRANZCP, FRACMA, MBBS, MMed (Psychotherapy), MHA, MA, Cert Child Psych, GAICD**Experience and expertise:** Beth is the Director of Child and Adolescent Mental Health Services, Sydney Local Health District. She has held senior executive, leadership, and management positions over more than twenty years during which time she has contributed to mental health service development, mental health policy, psychiatry education and practice.

Beth joined the RANZCP Board in June 2020 for a two-year term and served as Chair, Corporate Governance and Risk Committee until the end of her term in May 2022.

Special responsibilities: Up to 18 May 2022: Chair, Corporate Governance and Risk Committee; Member, Audit Committee; Member, Members' Advisory Council; and Member, Education Committee.**Dr Mark Lawrence**

Board Director

Qualifications: BPhED (Otago), MBChB (Otago), Dip Paediatrics (Auckland), FRANZCP**Experience and expertise:** Mark works as a Consultant Psychiatrist in the Bay of Plenty, Tauranga. He is an adult psychiatrist working within an integrated model of care with both Kaupapa Māori (Māori Model of care) and mainstream services at Tauranga public hospital. He is a recipient of the Henry Rongomau Bennett Memorial Scholarship (in memory of the first Māori Psychiatrist) and proudly the 9th Māori fellow.

Mark was appointed as a Casual Vacancy Board Director to the RANZCP Board in May 2021 for twelve months and elected for a two-year term in 2022. Mark is the current Chair of the Membership Engagement Committee.

Special responsibilities: Chair, Membership Engagement Committee; Member, Corporate Governance and Risk Committee; and Member, Members' Advisory Council.**Dr Sue Mackersey**

Board Director

Qualifications: MBChB, FRANZCP**Experience and expertise:** Sue has over 25 years' experience in governance, clinical leadership and management in Australia and New Zealand. She has worked in public roles and private practice in metropolitan and rural locations. Her current leadership role is with rural mental health services in Tairāwhiti where she is Clinical Director and Director of Area Mental Health Services. Sue also works in private practice.

Sue joined the Board in May 2018 for a two-year term, was re-elected for further two-year terms in June 2020 and May 2022. Sue has chaired the Membership Engagement Committee and is the current Chair of the Practice, Policy and Partnerships Committee.

Special responsibilities: Chair, Practice, Policy and Partnerships Committee; Member, Audit Committee; and Member, Members' Advisory Council.

Dr Nick O'Connor
Board Director

Qualifications: MBBS, MMed (Syd), MHA, FRANZCP, FRACMA, GAICD, FHETI

Experience and expertise: Nick is Clinical Lead of the Mental Health Patient Safety Program, NSW Clinical Excellence Commission and Co-Chair of the NSW COVID-19 Mental Health Community of Practice. Nick's previous roles include Chair of the Board of the NSW Mental Health Association, Chair Governing Council Higher Education NSW Health Education and Training Institute, and Co-Chair of the Mental Health Network of the NSW Agency of Clinical Innovation.

Nick joined the Board in May 2017 as a Casual Board Director for a 12-month term, was elected for a two-year term in May 2018, and re-elected for further two-year terms in June 2020 and May 2022. Nick is currently the Chair of the Education Committee.

Special responsibilities: Chair, Education Committee; Member, Membership Engagement Committee; and Member, Members' Advisory Council.

Associate Professor Melanie Turner
Board Director (from 18 May 2022)

Qualifications: FRANZCP, BAppSci, MBBS, Cert Child Adol Psych, PhD, AFRACMA, Grad Cert Health Management

Experience and expertise: Mel works in the Office of the Chief Psychiatrist in the role of Psychiatrist for Investigations and Inspections and is a Practitioner Member on the South Australian Board of the Medical Board of Australia. In 2022, Mel was appointed the inaugural presiding member of the Voluntary Assisted Dying Review Board of South Australia.

Mel was elected to the Board in May 2022 for a two-year term and is the current Chair of the Corporate Governance and Risk Committee.

Special responsibilities: Chair, Corporate Governance and Risk Committee; Member, Audit Committee; Member, Members' Advisory Council; and Member, Education Committee.

Dr Pramudie Gunaratne
Board Appointed Director, Trainee (from May 2022)

Qualifications: MD, BMed, BA, MMed, MSc, FRANZCP, MAICD

Experience and expertise: Pramudie completed her psychiatry training and was admitted as a Fellow of the RANZCP in December 2022. Pramudie had undertaken her clinical training in multiple health networks across greater Sydney; worked as the registrar to the Chief Psychiatrist in New South Wales (NSW) and is an Adjunct Lecturer for the School of Psychiatry, University of NSW and holds a casual academic post at the Faculty of Medicine and Health, University of Sydney.

Pramudie was appointed to the Board in May 2022 as the inaugural Appointed Director, Trainee for a one-year term.

Special responsibilities: Member, Education Committee; Member, Membership Engagement Committee; and Member, Members' Advisory Council.

Meetings of Directors

RANZCP Directors' attendance at Board meetings – 1 January to 31 December 2022

Director and position	2022/1 Feb 2	2022/2 Feb 23	2022/3 Mar 16	2022/4 April 6	2022/5 April 27	2022/6 May 6	2022/7 May 15*	2022/8 June 29
A/Prof Vinay Lakra <i>President</i>	✓	✓	✓	✓	✓	✓	✓	✓
Dr Elizabeth Moore <i>President Elect</i>	✓	✓	✓	✓	✓	✓	✓	✓
Dr Pramudie Gunaratne <i>Appointed Director May-Dec</i>	—	—	—	—	—	—	○	✓
Prof Neeraj Gill <i>Elected Director</i>	✓	✓	✗	✓	✓	✓	✓	✗
A/Prof Beth Kotzé <i>Elected Director Jan-May</i>	✓	✓	✓	✓	✓	✓	✓	—
Dr Mark Lawrence <i>Elected Director (Casual Vacancy) Jan-May Elected Director May-Dec</i>	✓	✓	✓	✓	✓	✓	✓	✓
Dr Sue Mackersey <i>Elected Director</i>	✓	✓	✓	✓	✓	✓	✓	✓
Dr Nick O'Connor <i>Elected Director</i>	✓	✓	✓	✓	✓	✓	✓	✓
Dr Melanie Turner <i>Elected Director May-Dec</i>	—	—	—	—	—	—	○	✓

Director and position	2022/9 July 20	2022/10 August 31	2022/11 Sep 25*	2022/12 October 12	2022/13 Nov 27*	2022/14 Dec 14	Attended	Eligible to attend
A/Prof Vinay Lakra <i>President</i>	✗	✓	✓	✓	✓	✓	13	14
Dr Elizabeth Moore <i>President Elect</i>	✓	✓	✓	✓	✓	✓	14	14
Dr Pramudie Gunaratne <i>Appointed Director May-Dec</i>	✓	✓	✓	✓	✓	✗	6	7
Prof Neeraj Gill <i>Elected Director</i>	✓	✓	✓	✓	✓	✗	11	14
A/Prof Beth Kotzé <i>Elected Director Jan-May</i>	—	—	—	—	—	—	7	7
Dr Mark Lawrence <i>Elected Director (Casual Vacancy) Jan-May Elected Director May-Dec</i>	✓	✓	✓	✓	✓	✓	14	14
Dr Sue Mackersey <i>Elected Director</i>	✓	✓	✓	✓	✓	✓	14	14
Dr Nick O'Connor <i>Elected Director</i>	✓	✓	✓	✓	✓	✓	14	14
Dr Melanie Turner <i>Elected Director May-Dec</i>	✓	✓	✓	✓	✓	✓	7	7

Key: ✓ Attended ✗ Apology ○ Attended as observer only — Not applicable * Face to face meeting
(All other meetings in this table were held via Zoom)

Principal activities

The principal activities of the RANZCP during the year were to promote the study of psychiatry and investigation and research in psychiatry, to bring together psychiatrists for their common benefit and for scientific discussion, to disseminate knowledge of the principles of psychiatry and to conduct training and examinations for qualifying for membership of the RANZCP.

There was no significant change in the nature of these activities during 2022.

State of affairs

There was no significant change in the state of affairs of the RANZCP during the year.

Operations and results

The surplus after income tax expense for the RANZCP for the financial year amounted to \$1,297,705 (2021: \$1,208,324).

The COVID-19 pandemic continued into 2022 with the gradual easing and removal of restrictions enabling the return to some level of face-to-face events and activities across Australia and New Zealand. The surplus for the year adds to the RANZCP retained earnings and reflected the RANZCP's on-going proactive response to the disruption which included managing the uncertainties and risk during the pandemic, prudent financial management and seeking alternate arrangements where possible for the delivery of key activities.

The strong retained earnings position places the RANZCP on a sound financial footing to future-proof the RANZCP's operations and undertake key initiatives to meet strategic priorities outlined in the 2022 – 2025 Strategic Plan for the benefit of all members. Examples of initiatives and strategic priorities during the year included reviewing employee resourcing to meet key organisational goals and support the work of the Education Department, reviewing and redesigning the RANZCP website, enhancing information technology security and funding for renovation works for the Melbourne and Branch offices. During the pandemic the RANZCP provided targeted support and increased payment flexibility to members whilst keeping membership subscriptions and training fees at 2020 levels with no increase for 2021 and 2022.

Operating revenue and operating expenditure were both higher in 2022 in line with slightly increased number of face-to-face events in comparison to the

previous financial year. Forward looking into next year, costs are expected to increase driven by inflation, a tight labour market and the need for additional resourcing to support the work of the Education department to deliver the development of the overall program of assessments for the RANZCP and conditions of the AMC.

The net movement in the fair value of the investment portfolio is unrealised losses of \$1,702,993 (2021: unrealised gains of \$674,279) and realised gains of \$220,013 (2021: realised gains of \$501,142).

As at 31 December 2022 the value of the RANZCP investment portfolio with JBWere was \$10,524,601. This includes \$1,232,706 in a cash management trust account.

The 2022 net losses of \$1,482,980 from the realised gains and unrealised losses on a portfolio value of \$10,524,601 indicated a 14.09% decrease in capital for 2022. Taking this into account, the overall portfolio produced a negative return for the RANZCP of 10.68% after expenses in comparison to the ASX 200 Accumulation Index which decreased by 5.45% over this period. Over the past 5 years, the portfolio has achieved a return after expenses of 5.11%, slightly lower than the portfolio's investment objective of 5.87% being the Consumer Price Index (CPI) plus 3%.

In 2022, the uncertainty around the global economic outlook has contributed to higher than normal volatility in financial markets with the weakening of local and international sharemarkets reflected in the RANZCP portfolio performance. A broad range of risks continue to present uncertainty around the global outlook including the Russia-Ukraine conflict, supply chain disruptions and inflation steadily rising in Australia and overseas. In response, the Reserve Bank of Australia and central banks globally have been rapidly tightening monetary policy to control inflation.

In order to position the portfolio from sharemarket volatility, approximately half of the RANZCP portfolio was invested in Australian and international equities with the other half of the portfolio invested in defensive asset classes such as cash, government bonds and fixed interest securities. The RANZCP portfolio is well diversified and performance continues to be regularly monitored to ensure asset allocations are in accordance with the RANZCP's investment policy. The RANZCP divested from companies exposed to fossil fuels.

The Specialist Training Program (STP) is well established within the RANZCP with

continued management of training posts and support projects. Under the Commonwealth Standard Grant Agreement, a multi-year agreement commencing from 2022 which replaced the Commonwealth Standard Funding Agreement, the RANZCP in 2023 will continue to manage up to 160 FTE training posts for the Specialist Training Placements and Support projects, 3 FTE training posts and 1.31 FTE supervisor positions for the Tasmanian project and 34 FTE training posts for the Integrated Rural Training Pipeline Specialist Training Program (IRTP-STP).

The RANZCP also received funding from the Commonwealth Government during the year under the Flexible Approach to Training in Expanded Settings (FATES) and the Psychiatry Workforce Package (PWP) programs to fund rural director of training positions and the various initiatives from the Rural Psychiatry Training Pathways project. Revenue recognised during the year and the corresponding project expenditure is \$2,956,802. In addition, the RANZCP continued to receive funding under a grant agreement with the Department of Veterans' Affairs which commenced from 2021 to manage the salary and related support for up to 10 training posts over three years.

Total revenue recognised during the year for the Specialist Training Placements and Support projects is \$20,463,671 (2021: \$22,468,647) and project expenditure equals to \$20,463,671 (2021: \$22,468,647). Total revenue recognised during the year for the STP Tasmanian project is \$715,486 (2021: \$822,767) and project expenditure equals to \$715,486 (2021: \$822,767). Total revenue recognised during the year for the Integrated Rural Training Pipeline Specialist Training Program is \$4,793,943 (2021: \$4,430,250) and project expenditure equals to \$4,793,943 (2021: \$4,430,250). Total revenue recognised during the year for the Military and Veterans' Psychiatry Training Program is \$839,478 (2021: \$25,569) and project expenditure equals to \$839,478 (2021: \$25,569). The RANZCP also received from the Commonwealth and State Governments funding for other projects with revenue recognised totalling \$378,227 (2021: \$50,900) and corresponding project expenditure of \$378,227 (2021: \$50,900).

Dividends

The Constitution of the RANZCP prohibits it from paying dividends.

Indemnities and insurances

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of the RANZCP. The RANZCP insurance provides coverage for staff and Fellows undertaking activities under College business.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the RANZCP or intervene in any proceedings to which the RANZCP is a party for the purpose of taking responsibility on behalf of the RANZCP for all or any part of those proceedings.

The RANZCP was not a party to any such proceedings during the year.

Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the RANZCP up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

There are no likely developments in the operations of the RANZCP that will result in significant change to the core operations in subsequent financial years upon which the directors consider there is a need to comment at this time.

Directors' benefits

Since the end of the previous financial year no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable shown in this report) by reason of a contract made by the RANZCP with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors are required to pay membership subscriptions at the rates applying to other members and are entitled to discounts only

when such discounts are available to all members.

Key objectives and strategic priorities overview

The RANZCP vision is excellence and equity in the provision of mental healthcare.

1. Training, education and learning that increases capability and quality

The RANZCP is committed to training, continued learning, education and research that builds capability and facilitates the delivery of high-quality psychiatric treatment, care and support to the community.

In 2022 the College continued to explore best practice that facilitated candidates' needs and met community demands in psychiatry. In addition to continuing with the supportive measures to accommodate trainees and SIMG candidates in their training as COVID-19 continued to impact health services, Education enhanced the implementation of the Alternative Assessment Pathway by developing a more robust Clinical Competency Assessment, enabling a greater number of trainees and SIMG candidates to progress in their trajectory towards Fellowship.

At the same time, the College continued to explore opportunities in line with contemporary assessment literature and methodology that provides a longer-term vision in the assessment of RANZCP candidates' clinical skills that ensures a generation of well-equipped psychiatrists servicing our communities.

The College worked closely with renowned subject matter experts to develop fundamental approaches and options for the short-term and long-term assessment programs. Going forward, the RANZCP is planning to hold further stakeholder forums to discuss and arrive at an appropriate and feasible model of assessment and determine the implementation plan that will involve multiple stakeholder participation and engagement by supervisors and Directors of Training in the assessment process, hereby bringing the link between training and assessment closer and work towards a more integrative formative and summative assessment model in the workplace.

In 2022 the College worked alongside trainees and SIMGs, assessment and medical education experts, and importantly held multiple consultations with the relevant RANZCP stakeholders who have an invaluable role to play in the assessment of our trainees and SIMGs.

The College has conducted discussions with the Committees for Examinations and

Training, Bi-national Committee for Trainees (BCT) (formerly known as the Trainee Representative Committee (TRC)), Education Committee, Directors of Training, and members of the Board.

In 2022, the College underwent the accreditation review by the Australian Medical Council and via their preliminary report, areas for improvement have been identified and conditions set for the College to address. This body of work will progress in consultation with stakeholders, and via several education projects that are underway with the aim of strengthening our Fellowship Program and better align training with assessment. This will enable RANZCP candidates to acquire experiential training that is current, relevant, flexible, progressive, and integrative that is based on a semi-programmatic model and meet community need.

The College is undertaking educational development work to continue to drive our educational activities to meet community needs and train high quality psychiatrists. Using international research, benchmarking, and the effective utilisation of data, the College will move towards generating quality improvement activities and outcomes across Education.

Australian Council for Educational Research (ACER) work is continuing to produce tangible outcomes, with the decoupling of the Essay-style exam and a current review of the Critical Essay Question (CEQ) exam. The College will be making decisions based on the contemporary evidence in assessment and trainee's needs and in line with the new assessment program to be determined. The review of the Syllabus/Knowledge Base is informing the development of the Assessment Framework in line with the ACER recommendation to better align training and assessment. This work is significant and will be aligned with the various changes in the assessment space.

Additionally, the Writtens subcommittee is reviewing and developing quality improvement processes for the written examination, such as the use of Blueprinting for written examinations, marking guides and the use of item statistics for improving the quality of the examination.

As part of the ACER report, several internal processes are being reviewed, and progress has been made in the examination feedback, with this work continuing to meet key operational activities for the examinations' delivery and the requirements made by the AMC in this area. Further process improvement relates to examiner workshops, standard setting, review of the objectives and the assessment standards of the Scholarly Project, and the related policies.

Education is undergoing an evolutionary phase with the development of targeted programs and quality improvement projects.

- » The EPA Working Group is working on the review of the EPAs and to refine the purpose and number of current EPAs and achieve the global best practice of 20 - 25 core EPAs. This work will feed into the Assessment Framework, transitioning to a more workplace-based assessment.
- » A Supervisor Program - a Supervisor survey was recently conducted to identify the needs of Supervisors and how best to support their role in the Fellowship Program, develop appropriate online resources and launch Supervisor Workshops starting at the Pre-Congress in May 2023.
- » A six-month online Mental Health Rehabilitation Program is being launched for NSW Fellows, but the program will be designed to tailor to a rollout to all RANZCP members in the future.
- » Further InTrain work continues to include assessment applications and payments for the Clinical Competency Assessment (CCA) with additional functionalities to enhance the process.
- » The SAP Litmos Learning Management System (LMS) has recently been configured to provide better access to online courses, with further work underway to introduce Learning Paths and Collections to allow related courses groups and other assets around for specific topics.
- » Continuing with the eLearning catalogue audit to deliver a baseline of the eLearning content, gaps in content/ modules to inform future development.
- » Psych Matters podcast - our 60th episode of Psych Matters has been recently published; the podcast has had 65,400 downloads. A new AV studio on level 12 has been completed to support our capability for increasing demand for podcast, and video production for developing eLearning and other multimedia resources.
- » Addressing the recommendations for improvement of the training program processes based on the results of the Medical Board of Australia 2021 Medical Training Survey (MTS). 13 recommendations were made across a wide range of training matters, and stakeholder engagement will be sought to facilitate their implementation.
- » With the new CPD standard (from 1/1/2023), all Australian doctors will need to nominate a CPD Home at their registration renewal. The RANZCP sets the standard for CPD for psychiatrists

and continues working towards a CPD program that is relevant, accessible and of the highest quality for its members.

- » The Comparability Assessment Framework Working Group is reviewing the CAF tool used to assess overseas psychiatrists' comparability to RANZCP training.

The College is commencing the development of the overall program of assessments that aims to rationalise the assessment burden, move towards an integrative model of formative and summative assessments in the workplace, allowing for holistic decisions about candidates' progress and adopts a more contemporary assessment methodology, as recommended in the context of the ACER report that triangulates data and better integrates training and assessments, optimises learning in a workplace-based environment, and utilises multiple points of performance for observation, feedback and making progression decisions.

2. Advocacy and collaboration to improve access and equity

The RANZCP will continue to lead and collaborate on initiatives that reduce barriers and stigma, and promote equitable access to psychiatric treatment, care and support.

The RANZCP advocates and collaborates to improve access to mental health services and equity in mental health outcomes across community groups.

The RANZCP partners with people who have lived experience of mental illness, together with families, whānau carers and supporters, to promote mental health care and recovery. Building on our *Position Statement 105: Cultural safety*, one priority in this area is to achieve universal cultural safety in mental health systems, services, and care. Cultural safety is of paramount importance for the RANZCP and as such, the RANZCP has also released *Position Statement 107: Recognising the significance of Te Tiriti o Waitangi* and *Position Statement 108: Pacific Mental Health in Aotearoa New Zealand*.

The RANZCP continues to advocate for mental health care resourcing and reform that progresses towards optimal mental health systems, as per our *Position Statement 37: Principles for mental health systems*. With a focus of equity, affordability and accessibility, our advocacy works to inform governments and funders to reduce stigma and discrimination to achieve the best possible outcomes for the wider community.

The RANZCP is committed to engaging and collaborating with governments and key stakeholders on psychiatry workforce strategies and to support high quality care. In 2022, the RANZCP continued to advocate to governments at all levels for

measures that address systemic issues in the mental health system and can facilitate access to a psychiatrist for those facing geographic and socioeconomic disadvantage. One such measure was the reinstatement of a Medicare Benefits Schedule (MBS) item for telehealth and the RANZCP remains committed to working with the Australian Government to address issues of inequity and financial disadvantage. Workforce remains a priority and the RANZCP will continue to work with the Australian Department of Health on the implementation of the National Medical Workforce Strategy and National Mental Health Workforce Strategy. Members also provide their expertise on a wide variety of external committees and advisory groups to ensure psychiatry is reflected in policy change and initiatives.

As part of its commitment to improve access and equity, RANZCP members continued to offer free online training in child and adolescent mental health for health workers in Pacific Island countries. Offered in collaboration with St Vincent's Postgraduate Overseas Specialist Training (POST) and Fiji National University, the OPHELIA program had 158 people from 18 countries registered with at least 143 people attending at least 1 session. The RANZCP and its international working groups continue to scope opportunities to build workforce capacity in Pacific Island countries.

3. Connected and contemporary College for community and member benefit

The RANZCP members and employees are committed to being part of an accountable, connected and contemporary organisation.

Providing support for members, and ensuring that all members are supported, engaged, respected and heard is a core objective of the RANZCP. The RANZCP is committed to enhancing the value of membership in particular through the provision of relevant services and resources which address the specific practice, professional and educational needs of members.

The RANZCP's Membership Engagement Committee (MEC) has a broad high-level oversight of membership engagement activities, including providing guidance in relation to member support programs and advising on effective communication strategies.

In 2022, the MEC undertook significant work on improving gender equity in psychiatry and developed a new College-wide gender equity action plan to be released in 2023. Additionally, a review of the training fee structure commenced to establish a new, more equitable model which can better support members

Key objectives and strategic priorities overview (cont.)

training at less than full time. Member wellbeing has remained a priority, and the MEC has also formed a working group to look at the specific needs of psychiatrists who are approaching the end of their working careers, and how the RANZCP can best assist members' transition to retirement.

The RANZCP Mentoring Program was expanded in 2022, and with COVID-19 restrictions easing many in-person activities and other events were available to members once again to help build and reinforce collegial networks and support.

Following the cancellation in November 2021 of the RANZCP's AV OSCE, a strong focus was maintained on enhancing engagement with trainees and early career psychiatrists, to foster a supportive and inclusive College for all.

Members Liability

	2022	2021
Capital capable of being called up in the event of and for the purpose of winding-up is no more than \$20 per member		
Total number of members	7,864	7,413
Total amount @ \$20 per member	\$157,280	\$148,260

Industry engagement

To promote transparency in relation to the RANZCP's engagement with industry, the RANZCP acknowledges the following support of College activities:

- » The Australian and New Zealand Journal of Psychiatry (ANZJP) and Australasian Psychiatry: Janssen, Lundbeck Australia, Seqirus, Camurus.
- » Congress 2022: Servier Laboratories, Janssen, Seqirus, Lundbeck Australia, Biogen, Aspen Australia, Juno Pharmaceuticals, Otsuka, Pfizer Australia Pty Ltd., Takeda Pharmaceuticals.
- » 11th Annual Neuropsychiatry and Behavioural Neurology 2022 Conference: Teva Pharmaceuticals, Lundbeck Australia.
- » Faculty of Adult Psychiatry 2022 Conference: Janssen, Lundbeck Australia.
- » Queensland Branch 2022 Conference: Servier Laboratories, Janssen, Takeda Pharmaceuticals.

- » Western Australia Branch 2022 Conference: Janssen, Lundbeck Australia, Seqirus, Servier Laboratories, Inova Pharmaceuticals, Takeda Pharmaceuticals.

Climate change and environment

The RANZCP is committed to reducing its carbon footprint. The RANZCP will continue to distribute the 2022 annual report to members electronically, and where possible, 2023 membership subscription notices and all papers for the weekly Executive Committee meeting and Branch newsletters will be issued and distributed electronically.

The RANZCP journals Australasian Psychiatry and Australian and New Zealand Journal of Psychiatry have predominantly been available online since 2020.

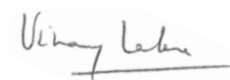
The RANZCP investment portfolio remains divested from companies exposed to fossil fuels and continues to monitor and work with its investment advisors to ensure the portfolio reflects the values of the RANZCP and aligns with the interests of its stakeholders.

The Climate and Sustainability Steering Group was established towards the end of 2022 and will be chaired by the President-Elect in response to the RANZCP recognising the increasing mental health disorders associated with the impacts of climate change (*Position Statement 106*). In collaboration with other specialist medical colleges, the RANZCP will advocate to governments to urgently take more meaningful action by highlighting that climate change is the biggest threat to our health system. The Steering Group is tasked with reviewing previous and current activities of the RANZCP as it relates to climate and sustainability.

Auditor's independence declaration

A copy of the Auditor's independence declaration is set out immediately after the Directors' Report.

On behalf of the directors:



A/Prof Vinay Lakra
President
18 March 2023

Directors' declaration

The directors of the RANZCP declare that:

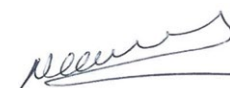
1. The financial statements and notes as set out in pages 14-33 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - a. Complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulations 2013;

- b. Giving a true and fair view of the RANZCP's financial position as at 31 December 2022 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the RANZCP will be able to pay its debts as and when they become due and payable.

On behalf of the directors:



Dr Elizabeth Moore
Chair, Audit Committee
18 March 2023



Prof Neeraj Gill
Chair, Finance Committee
18 March 2023

Auditor's independence declaration



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of The Royal Australian and New Zealand College of Psychiatrists for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian professional accounting bodies; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

K J DUNDON
Partner

Dated: 28 March 2023
Melbourne, Victoria

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Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

To the Members of The Royal Australian and New Zealand College of Psychiatrists

Opinion

We have audited the financial report of The Royal Australian and New Zealand College of Psychiatrists, which comprises the statement of financial position as at 31 December 2022, 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, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the financial report of The Royal Australian and New Zealand College of Psychiatrists has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 31 December 2022 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Royal Australian and New Zealand College of Psychiatrists 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

Those charged with governance are responsible for the other information. The other information comprises the information included in The Royal Australian and New Zealand College of Psychiatrists' annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

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

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Other Information (Continued)

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 Those Charged with Governance for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing The Royal Australian and New Zealand College of Psychiatrists' ability 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 intends to liquidate The Royal Australian and New Zealand College of Psychiatrists or to cease operations, or has no realistic alternative but to do so.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

K J DUNDON
Partner

Dated: 28 March 2023
Melbourne, Victoria

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue from continuing activities			
Operating revenue			
Subscriptions		9,661,827	9,263,882
Training and exam fees		7,786,200	7,424,489
Publications		765,935	579,649
Specialist Training Program and other projects		30,147,607	27,798,133
Other operating income		1,061,233	1,216,667
Total operating revenue	3	49,422,802	46,282,820
Non-operating revenue			
Investment and other revenue	4	410,072	423,784
Total non-operating revenue		410,072	423,784
Total revenue from continuing activities		49,832,874	46,706,604
Expenses for continuing activities	6		
Salaries and related oncosts		11,482,929	11,021,108
Travel and meeting expenses		1,174,753	918,643
Occupancy costs		1,021,301	682,993
Depreciation and amortisation		1,129,511	1,126,978
Finance costs		8,937	7,891
Publications		128,671	132,080
Honorariums		304,586	290,946
Other employment expenses		574,491	605,876
Professional services		1,616,437	1,982,454
Specialist Training Program and other projects		30,147,607	27,798,133
Other operating expenses		945,946	931,178
Total expenses for continuing activities		48,535,169	45,498,280
Surplus for the year		1,297,705	1,208,324
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Gain on revaluation of property, plant and equipment	11	436,609	2,299,894
Net change in market value of financial assets designated at fair value through other comprehensive income	5	(1,482,980)	1,175,421
Other comprehensive income for the year		(1,046,371)	3,475,315
Total comprehensive income for the year attributable to members of RANZCP		251,334	4,683,639

This statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 31 December 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	37,056,827	28,130,552
Trade and other receivables	8	845,757	547,060
Other assets	9	1,039,575	825,169
Other financial assets	10	6,951,900	7,507,300
Financial assets designated at fair value through other comprehensive income	10	9,291,894	10,768,137
Total current assets		55,185,953	47,778,218
Non-current assets			
Property, plant and equipment	11	25,313,976	23,917,937
Intangible assets	12	1,381,821	1,152,385
Right-of-use assets	13	222,620	152,779
Total non-current assets		26,918,417	25,223,101
Total assets		82,104,370	73,001,319
Liabilities			
Current liabilities			
Trade and other payables	14	1,104,906	1,297,742
Contract liabilities	15	32,321,445	23,210,000
Lease liabilities	16	102,912	77,909
Employee benefits	17	2,168,130	2,371,792
Total current liabilities		35,697,393	26,957,443
Non-current liabilities			
Lease liabilities	16	122,132	77,134
Employee benefits	17	342,971	276,202
Total non-current liabilities		465,103	353,336
Total liabilities		36,162,496	27,310,779
Net assets		45,941,874	45,690,540
Equity	18		
Retained earnings		23,428,793	22,106,167
Foundation fund		6,473,913	6,473,913
Asset revaluation reserve		14,804,759	14,368,150
Investment reserve		780,532	2,263,512
Kinsman Bequest		418,738	443,659
General Bequest reserve		35,139	35,139
Total equity		45,941,874	45,690,540

The statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 December 2022

	Retained earnings	Foundation fund	Reserves				Total
			Asset revaluation	Investment reserve	Kinsman Bequest	General Bequest	
	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2020	20,900,344	6,473,913	12,068,256	1,088,091	441,158	35,139	41,006,901
Surplus after income tax expense for the year	1,208,324	-	-	-	-	-	1,208,324
Other comprehensive income for the year, net of tax	-	-	2,299,894	1,175,421	-	-	3,475,315
Transfer to/(from)	(2,501)	-	-	-	2,501	-	-
Balance at 31 December 2021	22,106,167	6,473,913	14,368,150	2,263,512	443,659	35,139	45,690,540
Surplus after income tax expense for the year	1,297,705	-	-	-	-	-	1,297,705
Other comprehensive income for the year, net of tax	-	-	436,609	(1,482,980)	-	-	(1,046,371)
Transfer to/(from)	24,921	-	-	-	(24,921)	-	-
Balance at 31 December 2022	23,428,793	6,473,913	14,804,759	780,532	418,738	35,139	45,941,874

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from members and others (inclusive of GST)		63,088,728	53,129,715
Payments to suppliers and employees (inclusive of GST)		(52,753,341)	(48,538,909)
Dividends, distributions and imputation credits received		254,531	382,025
Interest received		150,423	38,534
Interest and other finance costs paid		(8,937)	(7,891)
Net cash provided by operating activities	19	10,731,404	5,003,474
Cash flows from investing activities			
Payments for property, plant, equipment and intangible assets		(2,204,959)	(837,187)
Payments for investments		(1,975,697)	(6,568,280)
Receipts from trading in investments		2,488,784	2,451,611
Net cash used in investing activities		(1,691,872)	(4,953,856)
Cash flows from financing activities			
Repayment of lease liabilities		(113,257)	(96,436)
Net cash used in financing activities		(113,257)	(96,436)
Net increase in cash and cash equivalents held		8,926,275	(46,818)
Cash and cash equivalents at the beginning of the financial year		28,130,552	28,177,370
Cash and cash equivalents at the end of the financial year	7	37,056,827	28,130,552

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 31 December 2022

Note 1: General information

The financial report covers The Royal Australian and New Zealand College of Psychiatrists ("RANZCP") as an individual entity. The Royal Australian and New Zealand College of Psychiatrists is a company limited by guarantee, incorporated and domiciled in Australia.

The operations of the RANZCP are to promote the study of psychiatry and investigation and research in psychiatry, to bring together psychiatrists for their common benefit and for scientific discussion, to disseminate knowledge of the principles of psychiatry and to conduct examinations for qualifying for membership of the RANZCP.

The registered office of the RANZCP is 309 La Trobe Street Melbourne 3000.

The financial report was authorised for issue by the directors on the date of the directors' declaration.

Note 2: Significant accounting policies

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The RANZCP has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the RANZCP.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board and complies with other requirements of law, as appropriate for not-for-profit oriented entities. The RANZCP is a not-for-profit entity for the purpose of preparing the financial statements.

Accounting Standards include Australian equivalents to International Financial Reporting Standards. A statement of compliance with International Financial Reporting Standards cannot be made as the RANZCP is considered to be a not-for-profit entity and has prepared the financial statements in accordance with the requirements regarding not-for-profit entities as contained in Australian Accounting Standards.

Reporting basis

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets for which fair value basis of accounting has been applied.

The financial report is presented in Australian dollars.

Accounting policies

(a) Company limited by guarantee

In the event of the RANZCP being wound up, where the assets are insufficient to meet the liabilities, each member of the RANZCP is liable to contribute no more than \$20.

(b) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions

that affect the reported amounts in the financial statements. Management continually evaluates their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the RANZCP.

Key estimates – Impairment

The RANZCP assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the RANZCP that may lead to impairment of assets. Where impairment triggers exist, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Estimation of useful lives of assets

The RANZCP determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the entity's operations; comparison of terms and conditions to prevailing market rates;

incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(d) Foreign currencies

Amounts received in foreign currency are translated at the spot rate on the date of the transactions with any balances of foreign currency denominated accounts (NZD) being translated at the rate at the reporting date. All differences are taken to profit or loss.

(e) Taxes

Income taxes

No income tax is payable on the net income for the period as outlined in section 50-5 of the Income Tax Assessment Act 1997 and endorsed by the Commissioner of Taxation and Registrar of the Australian Business register.

As the RANZCP is exempt from income tax the requirements of Australian Accounting Standards in relation to income tax do not apply.

Goods and Services Tax (GST)

Revenue and expenses and assets are recognised net of the amount of GST except:

- » Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- » Receivables and payables are stated with the amount of GST included.

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 and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the taxation authority.

(f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the

purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(g) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the RANZCP is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the RANZCP: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Note 3 categorises operating revenue based on the timing of when revenue from contracts with customers is recognised.

Subscriptions and training fees

Subscription and training revenue are recognised for the period in which the member has subscribed for. The subscription and training fee is payable annually for the period 1 January to 31 December.

Project grants

Grant revenue is recognised in profit or loss when the RANZCP satisfies the performance obligations stated within the funding agreements. If conditions are attached to the grant which must be satisfied before the RANZCP is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Exam fees

Exam fees are recognised when the exam has taken place. Exam revenue received in advance is treated as income in advance until the exam has taken place.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends and distributions

Dividends and distributions are recognised when received or when the right to receive payment is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, 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.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The RANZCP has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(j) Financial assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the entity has transferred substantially all the risks and rewards of ownership.

When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The RANZCP recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the RANZCP's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected

credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair values less, where applicable, any accumulated depreciation and impairment losses.

Land and buildings

Freehold land and buildings are shown at their fair value, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of land and buildings are charged against fair value reserves directly in equity, all other decreases are charged to the statement of profit or loss and other comprehensive income.

Revaluation – Land and buildings

Refer Note 11 for details of most recent valuation.

Office equipment, furniture and fittings and art collection

Office equipment, furniture and fittings and the art collection are measured on the cost basis less depreciation and impairment losses.

The carrying amount of office equipment, furniture and fittings and the art collection is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land and the art collection, is depreciated on a straight line basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of asset are:

Buildings	2.5–10%
Furniture and fittings	5–25%
Office equipment	10–33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Intangible assets

Costs incurred in developing the software, educational curriculum and training material are recognised as an intangible asset when it is probable that the costs incurred to develop the curriculum will generate future economic benefits and can be measured reliably. The expenditure recognised comprises all directly attributable costs, largely consisting of

labour and direct costs of material. Other development expenditure that does not meet these criteria are recognised as an expense as incurred. The recognised costs are amortised from the date when the asset becomes available for use.

Intangible assets are classified as having a finite useful life and measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 8 years.

(m) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The RANZCP has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(n) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an

asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(o) Trade and other payables

Trade payables represent liabilities for goods and services provided to the RANZCP prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Contract liabilities

Contract liabilities represents the consideration received by the RANZCP in advance of the entitlement to revenue until the performance obligation has been satisfied and the exchange for transferring goods or services to a customer has occurred. Contract liabilities includes subscriptions and examination fees, events revenue and government grant funding. Conditions under the grant agreement must be satisfied before the RANZCP is eligible to retain the contribution, and the grant funding will be recognised in the statement of financial position as a liability until those conditions are satisfied.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(r) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 3: Operating revenue

	2022 \$	2021 \$
Revenue from contracts with customers by timing of revenue recognition under AASB 15:		
Revenue recognised over time	45,662,128	42,766,364
Revenue recognised at a point in time	3,760,674	3,516,456
Total operating revenue	49,422,802	46,282,820

Note 4: Investment revenue

	2022 \$	2021 \$
Investments		
Interest		
» From bank	133,408	34,603
Dividends and distributions		
» From other corporations (JBWere Investment Portfolio)	276,664	389,181
Total investment revenue	410,072	423,784

Note 5: Net change in market value of financial assets designated at fair value through other comprehensive income

	2022 \$	2021 \$
Change in market value of financial assets designated at fair value through other comprehensive income		
Unrealised change in market value of financial assets designated at fair value through other comprehensive income	(1,702,993)	674,279
Realised change in market value of financial assets designated at fair value through other comprehensive income	220,013	501,142
Net change in market value of financial assets designated at fair value through other comprehensive income	(1,482,980)	1,175,421

Note 6: Expenses for continuing activities

	2022 \$	2021 \$
Expenses for continuing activities includes the following specific expenses:		
Superannuation expense		
» Defined contribution superannuation expense	1,020,506	898,661
Finance costs relating to lease liabilities:		
» Interest expense	8,937	7,891
Depreciation and amortisation expense includes:		
» Depreciation on property, plant and equipment	710,276	666,963
» Amortisation of intangible assets	305,818	365,318
» Depreciation on right-of-use assets	113,417	94,697
Other operating expenses (Includes reimbursement from the Specialist Training Program for central services)	945,946	931,178

Note 7: Current assets – Cash and cash equivalents

	2022 \$	2021 \$
Cash on hand	1,826	1,846
Cash at bank:		
» General accounts	2,842,637	2,004,827
» Branch, faculty and section accounts	2,485,422	2,942,844
» Project accounts	30,494,235	22,098,597
» Cash management accounts	1,232,707	1,082,438
Total cash	37,056,827	28,130,552

Note 8: Current assets – Trade and other receivables

	2022 \$	2021 \$
Trade receivables		
Members and trainee subscriptions	846,207	645,004
Other	204,964	66,624
Less allowance for expected credit losses	(322,118)	(272,179)
Sub-total	729,053	439,449
Other receivables		
Investments	112,729	107,611
Net GST receivable	3,975	-
Sub-total	116,704	107,611
Total receivables	845,757	547,060

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate % 2022	Carrying amount 2022 \$	Allowance for expected credit losses 2022 \$
Ageing analysis			
0 – 30 Days	0.01%	292,613	1,467
31 – 60 Days	5.68%	15,203	864
61 – 90 Days	7.54%	1,577	119
90+ Days	37.24%	858,482	319,668
Total receivables		1,167,875	322,118

Movements in the allowance for expected credit losses are as follows:

	2022 \$	2021 \$
Opening balance	272,179	267,015
Additional provisions recognised	95,307	59,936
Receivables written off as uncollectable/recovered during the year	(45,368)	(54,772)
Closing balance	322,118	272,179

Note 9: Current assets – Other assets

	2022 \$	2021 \$
Prepayments	835,935	696,900
Advances	194,198	121,448
Accrued revenue	9,442	6,821
Total other assets	1,039,575	825,169

Note 10: Current assets – Other financial assets and financial assets designated at fair value through other comprehensive income

	2022 \$	2021 \$
Other financial assets		
Short-term deposits – branches, faculties and sections	1,816,251	1,811,197
Short-term deposits – head office	5,135,649	5,696,103
Total other financial assets	6,951,900	7,507,300
Financial assets designated at fair value through other comprehensive income		
Fixed interest securities	4,003,984	2,466,312
Shares	5,287,910	8,301,825
Total financial assets designated at fair value through other comprehensive income	9,291,894	10,768,137
Grand total	16,243,794	18,275,437

Note 11: Non-current assets – Property, plant and equipment

	2022 \$	2021 \$
Freehold land and buildings at valuation	25,039,764	23,725,952
	25,039,764	23,725,952
Furniture and fittings at cost	1,970,704	1,935,032
Accumulated depreciation	(1,891,011)	(1,880,455)
	79,693	54,577
Office equipment at cost	3,919,857	3,816,378
Accumulated depreciation	(3,744,672)	(3,698,304)
	175,185	118,074
Art collections	19,334	19,334
	19,334	19,334
Total property, plant and equipment	25,313,976	23,917,937

Note 11: Non-current assets – Property, plant and equipment (continued)*Reconciliations*

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

2022	Land and buildings \$	Furniture and fittings \$	Office equipment \$	Art collections \$	Total \$
Balance at the beginning of the year	23,725,952	54,577	118,074	19,334	23,917,937
Additions	1,530,554	35,673	103,479	-	1,669,706
Disposals/Write off	-	-	-	-	-
Asset revaluation increments/(decrements)	436,609	-	-	-	436,609
Depreciation expense	(653,351)	(10,557)	(46,368)	-	(710,276)
Carrying amount at the end of the year	25,039,764	79,693	175,185	19,334	25,313,976

2021	Land and buildings \$	Furniture and fittings \$	Office equipment \$	Art collections \$	Total \$
Balance at the beginning of the year	21,532,789	62,779	142,656	19,334	21,757,558
Additions	483,424	8,052	35,972	-	527,448
Disposals/Write off	-	-	-	-	-
Asset revaluation increments/(decrements)	2,299,894	-	-	-	2,299,894
Depreciation expense	(590,155)	(16,254)	(60,554)	-	(666,963)
Carrying amount at the end of the year	23,725,952	54,577	118,074	19,334	23,917,937

Historical cost of freehold land and buildings	2022 \$	2021 \$
Freehold land and buildings at cost	15,021,819	14,101,040
Accumulated depreciation	(3,262,839)	(2,901,020)
	11,758,980	11,200,020

The directors have assessed the fair value of land and buildings at 31 December 2022 based on desktop valuations conducted by Waterhouse Property and Business Valuers. Consequently, land and buildings were revalued to the amounts shown above as at 31 December 2022. The valuations recorded a net increase in the value of the properties with corresponding increase within the Asset Revaluation Reserve.

Note 12: Non-current assets – Intangible assets

	2022 \$	2021 \$
Balance at the beginning of the year	1,152,385	1,207,964
Additions	535,254	309,739
Impairments for the year	-	-
Amortisation expense	(305,818)	(365,318)
Disposals/Write off	-	-
Total intangible assets	1,381,821	1,152,385

Note 13: Non-current assets – Right-of-use assets

	2022 \$	2021 \$
Land and buildings – right-of-use	16,040	93,789
(Disposals)/Additions	44,315	(24,153)
Less depreciation	(42,620)	(53,596)
	17,735	16,040
Plant and equipment – right-of-use	136,739	52,446
Additions	138,944	125,394
Less depreciation	(70,798)	(41,101)
	204,885	136,739
Total right-of-use assets	222,620	152,779

The RANZCP leases land and buildings for its branch offices under agreements of between one and three years with an option to extend. On renewal, the terms of the leases are renegotiated. The RANZCP also leases plant and equipment under agreements of between three and five years.

The RANZCP has leases of office equipment that are either short-term or low-value and have been expensed as incurred and not capitalised as right-of-use asset in accordance with Note 2.

Note 14: Current liabilities – Trade and other payables

	2022 \$	2021 \$
Creditors	253,550	387,823
Accrued expenses	477,127	378,693
Salaries and wages	374,229	521,919
Net GST payable	-	9,307
Trade and other payables	1,104,906	1,297,742

Note 15: Current liabilities – Contract Liabilities

	2022 \$	2021 \$
Contract liabilities	32,321,445	23,210,000
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening Balance	23,210,000	20,574,206
Payments received in advance	56,890,532	46,253,727
Transfer to revenue	(47,779,087)	(43,617,933)
Closing balance	32,321,445	23,210,000

Note 16: Current and non-current liabilities – Lease liabilities

	2022 \$	2021 \$
Current		
Lease liability	102,912	77,909
Non-current		
Lease liability	122,132	77,134
Total lease liabilities	225,044	155,043

Note 17: Current and non-current liabilities – Employee benefits

	2022 \$	2021 \$
Current		
Employee benefits	2,168,130	2,371,792
Non-current		
Employee benefits	342,971	276,202
Total employee benefits	2,511,101	2,647,994
Movement in employee benefits		
Opening balance	2,647,994	2,280,048
Additional provisions	489,266	835,711
Charges against provision	(626,159)	(467,765)
Closing balance	2,511,101	2,647,994

Note 18: Equity

The Foundation Fund was established in 1984 as an amalgamation of a number of the RANZCP funds.

The asset revaluation reserve was created in 2005 and further increased in the 2009, 2013, and each year from 2015 to 2022 financial years as a result of the revaluations of the RANZCP's land and buildings.

The Kinsman Bequest reserve was established in 1997 and is used to award the Kinsman Research Scholarship. This is paid out of the Kinsman Bequest by the RANZCP to the scholarship recipient's institution under which the research is being conducted.

The General Bequest reserve contains the John Bostock award, the Margaret Tobin award and the Mark Sheldon prize totalling \$35,139.

Note 19: Cash flow reconciliation**Reconciliation of surplus after income tax to net cash provided by operating activities:**

	2022 \$	2021 \$
Surplus after income tax expense for the year	1,297,705	1,208,324
Adjustments for non-cash items:		
Dividends and distributions receivable	35,577	(100,441)
Depreciation of non-current assets	1,129,511	1,126,978
Increase in doubtful debts	49,939	5,164
Change in operating assets and liabilities:		
(Increase)/decrease in assets:		
Trade and other receivables	(353,969)	2,537
Other assets	(214,407)	(47,826)
Increase/(decrease) in liabilities:		
Trade and other payables	40,127	(287,374)
Contract liabilities	8,883,814	2,728,166
Employee benefits	(136,893)	367,946
Net cash provided by operating activities	10,731,404	5,003,474

Note 20: Financial instruments

(a) Interest rate risk

	Weighted average interest rate		Fixed interest		Floating interest		Non-interest bearing		Total	
	2022 %	2021 %	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Financial assets										
Cash	0.5%	0.0%	-	-	37,055,001	28,128,706	1,826	1,846	37,056,827	28,130,552
Short-term deposits and bank bills	1.9%	0.4%	-	-	6,951,900	7,507,300	-	-	6,951,900	7,507,300
Trade and other receivables			-	-	-	-	845,757	547,060	845,757	547,060
Fixed interest securities	3.4%	0.8%	4,003,984	2,466,312	-	-	-	-	4,003,984	2,466,312
Listed shares, income securities and unit trusts			-	-	-	-	5,287,910	8,301,825	5,287,910	8,301,825
Total financial assets			4,003,984	2,466,312	44,006,901	35,636,006	6,135,493	8,850,731	54,146,378	46,953,049
Financial liabilities										
Trade and other payables – current			-	-	-	-	1,104,906	1,297,742	1,104,906	1,297,742
Lease liabilities – current and non-current			225,044	155,043	-	-	-	-	225,044	155,043
Total financial liabilities			225,044	155,043	-	-	1,104,906	1,297,742	1,329,950	1,452,785

Cash on hand and in bank of \$37,056,827 is predominantly held with Westpac. Most of the funds relate to Specialist Training Program funding. This money is specifically to be used for the payment of registrar support costs as well as support activities and administration of the program. Cash on hand and at bank also includes funds held with JBWere as part of the investment portfolio.

(b) Fair value of financial instruments and assets

The fair values and net fair values of financial instrument and assets are determined as follows:

Fair value hierarchy

The following table details RANZCP's assets, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly.

Level 3: Unobservable inputs for the assets.

Note 20: Financial instruments (continued)

2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Short-term deposits and bank bills	6,951,900	-	-	6,951,900
Fixed interest securities	4,003,984	-	-	4,003,984
Listed shares, income securities and managed funds	5,287,910	-	-	5,287,910
Land and buildings	-	-	25,039,764	25,039,764
Total assets	16,243,794	-	25,039,764	41,283,558

2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Short-term deposits and bank bills	7,507,300	-	-	7,507,300
Fixed interest securities	2,466,312	-	-	2,466,312
Listed shares, income securities and managed funds	8,301,825	-	-	8,301,825
Land and buildings	-	-	23,725,952	23,725,952
Total assets	18,275,437	-	23,725,952	42,001,389

(i) The following methods and assumptions are used to determine the fair values of assets:

Recognised financial instruments

Trade receivables and payables: The carrying amount approximates fair values due to their short-term nature.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

Land and buildings: These have been valued based on similar assets, location and market conditions. The basis of the valuation of land and buildings is fair value, being the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Note 21: Financial risk management

The RANZCP has exposure to the following risks from use of financial instruments:

- » Credit risk
- » Liquidity risk
- » Market risk

This note represents the RANZCP's exposure to the following risks and processes and policies for managing this risk.

Credit risk

Credit risk is the risk of financial loss to the RANZCP if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the RANZCP's receivables from customers and project activities. The RANZCP has two main receivables: a) paying members and b) government funding.

a) Annual fees earned from paying members (subscribers) are billed at the beginning of the financial year. More than 95% of RANZCP's members have been paying fees for five years with no credit issues. New members are only raised when they pay their dues and the RANZCP membership criteria are met. Non-payment may lead to suspension from RANZCP's membership base.

Any outstanding fees not recoverable are recorded as bad or doubtful debts at year end. In 2022 overdue fees were 4.7% of total membership fees. Overdue fees (Subscriptions, Trainees, Affiliates and CPD) at year end were \$811,085 (2021: \$615,536). The RANZCP has assessed the recoverability of outstanding fees as at 31 December 2022 and has made an allowance for expected credit losses (see note 8 for details). Any bad debts are written off as incurred.

b) Government funding relates to deliverables in relation to the RANZCP projects. All funding is receivable provided the criteria associated with the deliverables are achieved and debtor invoices are raised at the time all criteria is met. The risk of not receiving outstanding government funds is considered to be minimal provided all outcomes as per project deliverables are fulfilled.

Note 21: Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The RANZCP's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient short-term funding to meet its liabilities when due, under both normal and stressed conditions. The risk of incurring losses large enough to cause major impact on business is considered to be minimal. All payments due are considered to be more than adequately covered.

The RANZCP ensures that it has sufficient cash on demand to meet expected operational expenses when they fall due. The RANZCP has a business finance facility in place over a 3 year term to the value of \$2,047,500 secured against Level 4, 313 La Trobe Street, Melbourne. The outstanding balance of the finance facility was nil as at 31 December 2022. In 2022 the RANZCP was not in a situation whereby it was not able to adequately cover liabilities and is not expected to be in 2023.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the RANZCP's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The primary goal of the RANZCP's investment strategy is to maximise investment returns within determined risk parameters in order to meet partially the funding obligations to run the RANZCP operations. Management is assisted by external advisors in this regard. In accordance with this strategy, investments are carried at fair value through other comprehensive income because their performance is actively monitored and they are managed on a fair value basis.

The RANZCP market risk is consistent with the overall risk of the performance of the share market. In order to minimise investment value fluctuations, the Board has taken a conservative approach where 50% of the RANZCP's portfolio is held in cash, government bonds and fixed interest securities. A further 24% is invested in domestic equities that are considered to be "blue chip" equities held in publicly traded entities and the remainder 26% in international shares. This reduces our exposure to market risk which is associated with stock market fluctuations.

Sensitivity analysis

Equity price risk

The RANZCP's equity investments are listed on the Australian Securities Exchange and International Exchanges. For such investments designated at fair value through other comprehensive income, the impact of a 10% movement in price to other comprehensive income would have been an increase or decrease of \$929,189 (2021: \$1,076,814) either way, with no effect on the RANZCP cash flow.

Interest rates risk

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents and fixed interest securities as a result of changes in interest rates. The impact to the Profit or Loss of a 25 basis points movement in interest rates would result in an increase or decrease of \$125,146 (2021: \$100,375) either way.

Remaining contractual maturities

The following tables detail the RANZCP's remaining contractual maturity for its financial liabilities. The figures in the tables are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
Trade and other payables – current	-	1,104,906	-	-	-	1,104,906
Lease liabilities – current and non-current	-	102,912	47,498	74,634	-	225,044
Total non-derivatives	-	1,207,818	47,498	74,634	-	1,329,950

2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
Trade and other payables – current	-	1,297,742	-	-	-	1,297,742
Lease liabilities – current and non-current	-	77,909	57,224	19,910	-	155,043
Total non-derivatives	-	1,375,651	57,224	19,910	-	1,452,785

Note 22 Related party transactions and Directors' remuneration

Key management personnel compensation

Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the RANZCP. The values below include payments and payables in the form of employee benefits and superannuation contributions:

	2022 \$	2021 \$
Short-term employee benefits	2,160,522	1,583,252
Post-employment benefits	171,667	143,938
Other long-term benefits	48,181	35,584
Termination paid	(398,935)	-
Total key management personnel compensation	1,981,435	1,762,774

Directors of the RANZCP

The Directors of the RANZCP during the financial year are included in the Directors' report.

Key management personnel of the RANZCP:

Name	Date of appointment or resignation if position was not occupied for entire period
Andrew Peters (Chief Executive Officer)	Contract ended 23/12/2022
Callie Kalimniou (Executive General Manager – Education and Operations)	
Daisy Brooke (Executive General Manager – Bi-National Offices and Professional Practice)	Appointed 14/03/2022
Anna Lyubomirsky (Executive Manager – Education and Training)	
Rosie Forster (Executive Manager – Policy, Practice and Research)	Resigned 18/04/2022
Nicola Wright (Executive Manager – Policy, Practice and Research)	Appointed 08/08/2022
Heng Soong (Executive Manager – Finance and Business Services)	
Jon Cullum (Executive Manager – Membership and Events)	
Rebekah Kitto (Executive Manager – Bi-National Offices and Partnerships)	Appointed 14/02/2022 Resigned 21/11/2022

Transactions between related parties

The following honorariums were paid in 2022:

- » \$25,000 paid to the President entitled to an honorarium in 2022 (2021: \$25,000)
- » \$600 speaker fee paid to the President for the STP workshop
- » AUD\$3,523 (NZD\$3,850) paid to a Board Director in relation to role with the Vocational Education and Advisory Body (VEAB)

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties (2021: Nil).

Loans to/from related parties

There were no loans to or from related parties (2021: Nil).

Note 23: Commitments

The company had no commitments for expenditure as at 31 December 2022 and 31 December 2021.

Note 24: Company limited by guarantee

	2022	2021
Capital capable of being called up in the event of and for the purpose of winding-up		
» Total number of members	7,844	7,413
» Total amount @ \$20 per member	\$156,880	\$148,260

Note 25: Remuneration of auditors

	2022 \$	2021 \$
During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company.		
Audit services		
» Audit of the financial statements	37,400	34,000
» Other assurance services	8,250	4,500

Note 26: Contingent liabilities

The company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Note 27: Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the RANZCP up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Contact Us

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RANZCP Board

Associate Professor Vinay Lakra
President

Dr Elizabeth Moore
President-Elect

Professor Neeraj Gill
Elected Director

Dr Mark Lawrence
Elected Director

Dr Sue Mackersey
Elected Director

Dr Nick O'Connor
Elected Director

Associate Professor Melanie Turner
Elected Director

Dr Pramudie Gunaratne
Appointed Director, Trainee

Chief Executive Officer

Sharon McGowan
(from February 2023)



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