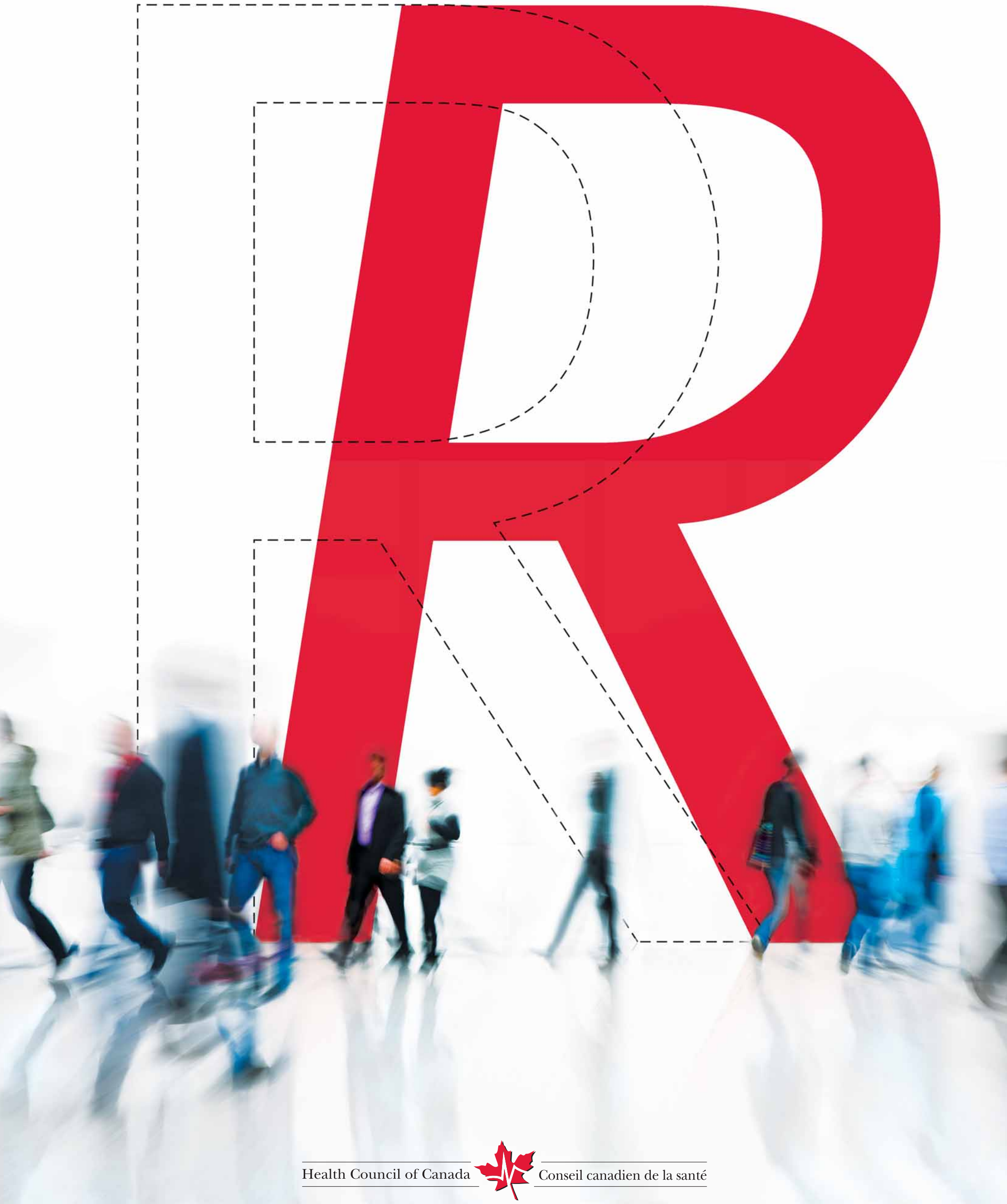
Renewal in Action

ANNUAL REPORT 2009/2010



Health Council of Canada | Conseil canadien de la santé

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COUNCILLORS

GOVERNMENT REPRESENTATIVES

Dr. Bruce Beaton – Yukon
Mr. Albert Fogarty – Prince Edward Island
Dr. Alex Gillis – Nova Scotia
Mr. Michel C. Leger – New Brunswick
Ms. Lyn McLeod – Ontario
Mr. David Richardson – Nunavut
Ms. Elizabeth Snider – Northwest Territories
Dr. Les Vertesi – British Columbia

NON-GOVERNMENT REPRESENTATIVES

Dr. Jeanne F. Besner – Chair
Dr. M. Ian Bowmer*– Vice Chair
Mr. Jean-Guy Finn*
Dr. Danielle Martin
Mr. George L. Morfitt*
Ms. Verda Petry*

* Term of service ended June 12, 2010.

ABOUT THE HEALTH COUNCIL OF CANADA

Canada's First Ministers established the Health Council of Canada in the 2003 *Accord on Health Care Renewal* and enhanced our role in the 2004 *10-Year Plan to Strengthen Health Care*. We report on the progress of health care renewal, on the health status of Canadians, and on the health outcomes of our system. Our goal is to provide a system-wide perspective on health care reform for the Canadian public, with particular attention to accountability and transparency.

The participating jurisdictions have named Councillors representing each of their governments and also Councillors with expertise and broad experience in areas such as community care, Aboriginal health, nursing, health education and administration, finance, medicine and pharmacy. Participating jurisdictions include British Columbia, Saskatchewan, Manitoba, Ontario, Prince Edward Island, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon, the Northwest Territories, Nunavut and the federal government. Funded by Health Canada, the Health Council operates as an independent non-profit agency, with members of the corporation being the ministers of health of the participating jurisdictions.

THE COUNCIL'S VISION

An informed and healthy Canadian public, confident in the effectiveness, sustainability and capacity of the Canadian health care system to promote their health and meet their health care needs.

THE COUNCIL'S MISSION

The Health Council of Canada fosters accountability and transparency by assessing progress in improving the quality, effectiveness and sustainability of the health care system. Through insightful monitoring, public reporting and facilitating informed discussion, the Council shines a light on what helps or hinders health care renewal and the well-being of Canadians.

The Health Council of Canada would like to acknowledge funding support from Health Canada. The views expressed here do not necessarily represent the views of Health Canada.

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Cette publication est aussi disponible en français.

WE BELIEVE

THAT RENEWAL in Canada's health care system is more evident than many of us realize, and those stories need to be shared with Canadians.

THIS YEAR, AS ALWAYS, WE INFORMED THE CANADIAN PUBLIC ABOUT THE PROGRESS OF health care renewal across the country. Much has been accomplished so far, and there is still much left to do. We worked hard to share this information with the broader health care community by building our stakeholder and government relations portfolio, and by collaborating with organizations that are equally committed to a health care system that yields the best health outcomes for all. As a result, organizations have started to come to us as much as we reach out to them. Our Council crossed the country – from British Columbia to Newfoundland and Labrador – and our CEO was invited to speak at conferences and share our views on health care renewal. He also attended the World Health Congress in Washington, to monitor the U.S. health care reform debate and draw parallels to what is happening in Canada. We monitored developments in Europe and had the pleasure of hosting three international delegations – from Russia, Kazakhstan and the Henan province of China – at our office. Our chair, Dr. Jeanne Besner, presented perspectives on Canadian health care reform to several audiences in Australia and addressed the House of Commons Standing Committee on Health on the important topic of health human resource planning in Canada.

To start the year, we built

on last year's successful Value for Money paper and National Pharmaceuticals Strategy report with our most requested report to date: *Teams in Action: Primary Health Care Teams in Canada,* downloaded more than 25,000 times. To increase understanding of primary health care teams, we also released a related document: *Getting it Right: Case Studies of Effective Management of Chronic Disease Using Primary Health Care Teams.* Both reports looked at the importance of primary health care teams, particularly in chronic disease management. → We also released three bulletins based on independent survey data, which looked at different aspects of the care received by Canadians with chronic conditions. Taken as a whole, the *Canadian Health Care Matters* series helped draw a more complete picture of life as a Canadian with chronic illness, providing policy makers, health care providers, patients and family members with increased insight into how to better manage the growing tide of Canadians with chronic disease. → The Health Council made more use of multimedia and website engagement than we have in the past. We produced two **videos** which appear on our website and aired on TVOntario: **Teams work, patients win** (Peterborough, ON) and **Better health is a community effort** (Saint John, NB), each highlighting a story of health care renewal. We recorded 11 English and 5 French **podcasts** with stakeholders for the Canada Values Health section of our website on the theme of best practices and innovation. And, we expanded our online library of important reports on health care issues for easy access by researchers. → The inaugural **Health Innovation Award** – an essay contest for Canadian college and university students – asked for ideas on the sustainability of our health care system. Forty seven entries were received and awards were presented to winners from Ontario, Saskatchewan and British Columbia at a ceremony in Ottawa during our Council's winter meeting.

Top row L to R: Dr. Brenda Elias (right), co-Director of the Centre for Aboriginal Research, provided Councillors with an update on aboriginal health issues.

Boyd Rowe (left), CEO of the Labrador-Grenfell Regional Health Authority, joined Chair Jeanne Besner and CEO John G. Abbott in Happy Valley-Goose Bay.

The Council hosted a delegation from the southern Chinese province of Henan interested in learning about Canadian health care issues.

Shooting footage in Peterborough, Ontario for production of *Teams work, patients win,* one of two new videos from the Health Council.

Middle row L to R: A delegation from the central Asian republic of Kazakhstan visited our office to learn about Canadian approaches to shared health issues.

Lynne Slotek, CEO of the Institute of Wellbeing, provided Councillors with an overview of the Canadian Index of Wellbeing, a new method to assess quality of life.

Shelly Cory, CEO of the Canadian Virtual Hospice, recorded a new podcast for the Council's Canada Values Health forum.

Dr. Steve Morgan talked to Councillors about the Canadian Rx Atlas.

Bottom row L to R: Dr. Robert Ouellet, then president of the Canadian Medical Association (CMA), shared the CMA's perspective on sustaining the health care system.

The Quebec Health and Welfare Commission and the Health Council of Canada shared ideas on key health issues facing the province. Pictured from right: Deputy Commissioner Dr. Jean Frédéric Levesque, Health Council CEO John Abbott, and Commissioner Dr. Robert Salois.

Canada Health Infoway President and CEO Richard Alvarez talked to Councillors about the development of electronic health records.

The Council's new series of bulletins, *Canadian Heath Care Matters,* reported on Canadians' experiences with the health care system.

Bottom image: Winners of the first Health Innovation Award joined Council members in Ottawa (Feb 2010).

THE HEALTH COUNCIL OF CANADA MADE MORE USE OF MULTIMEDIA AND WEBSITE ENGAGEMENT THAN IN THE PAST. ORGANIZATIONS HAVE STARTED TO COME TO US AS MUCH AS WE REACH OUT TO THEM.










GROUNDWORK


MESSAGE FROM THE CHAIR AND CEO

After a year of successful report launches and engagement activities, and a re-affirmation of our mandate by our corporate members, we look toward our future. Our current – and past – Councillors have laid the groundwork for the future. Their dedication to the Health Council of Canada brought us to where we are today in reporting on health care reform in Canada. We now begin the process of welcoming a new group of Councillors to guide us. We will use their expertise to continue monitoring and reporting on progress as outlined in the 2003 and 2004 health accords, using evidence of best practices in health care to inspire the confidence of Canadians that reform is possible across the full spectrum of our health care system. → Over the next year, our work will focus on and build substantial knowledge in the following areas: pharmaceutical management issues, primary health care, health promotion and disease prevention, health outcomes, health services utilization and Aboriginal health. The Health Council appreciates the support of other national health care and provider agencies, its member governments, and the Canadian public, and looks forward to building on the successes of 2009/2010.

Jeanne Besner, RN, PhD
Chair

John G. Abbott
CEO

The Health Council of Canada held four council meetings this year. Special guests from the health care community addressed Councillors at each meeting.

Winnipeg
May 2009

Dr. Brian Postl, then-CEO, Winnipeg Regional Health Authority

Dr. Brenda Elias, Co-director, Centre for Aboriginal Research, University of Manitoba

Dr. Robert Ouellet, then-president, Canadian Medical Association

Victoria
September 2009

Bruce Dumont and Tanya Davoren, Métis Nation of British Columbia

Dr. Steve Morgan, author of the *Canadian Rx Atlas, 2nd edition*

Senator Wilbert Keon, author of *Canada's Aging Population: Seizing the Opportunity*

Happy Valley – Goose Bay
November 2009

Leo Abbass, Mayor

Gail Turner, Director of Health Services with the Nunatsiavut, Department of Health and Social Development

Boyd Rowe, CEO of the Labrador-Grenfell Regional Health Authority

Ottawa
February 2010

Dr. Cal Gutkin, President and CEO of the College of Family Physicians of Canada

Richard Alvarez, CEO of Canada Health Infoway

Lynne Slotek, CEO of the Institute of Wellbeing

Senators Hugh Segal and Art Eggleton

2009/2010 COUNCILLORS

We thank the following councillors for their commitment and service to the Council. Top row L to R: Dr. Bruce Beaton, Mr. Albert Fogarty, Dr. Alex Gillis, Mr. Michel C. Leger, Ms. Lyn McLeod, Mr. David Richardson, Ms. Elizabeth Snider. Bottom row L to R: Dr. Les Vertesi, Dr. Jeanne F. Besner, Dr. M. Ian Bowmer, Mr. Jean-Guy Finn, Dr. Danielle Martin, Mr. George L. Morfitt, Ms. Verda Petry.

OVER THE NEXT YEAR,

OUR WORK WILL FOCUS ON

and build substantial knowledge in the following areas: pharmaceutical management issues, primary health care, health promotion and disease prevention, health outcomes, health services utilization and Aboriginal health.

Statement of financial position

as at March 31, 2010	2010	2009
	$	$
ASSETS		
CURRENT		
Cash	2,685,712	2,255,034
Accrued interest receivable	9	634
Accounts receivable	61,706	2,029
Prepaid expenses	76,941	39,865
	2,824,368	2,297,562
Restricted investment	10,000	10,000
Capital assets (Note 4)	172,165	259,343
	3,006,533	2,566,905
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	302,104	432,256
Lease inducements	–	7,647
Deferred revenue (Note 7)	2,704,429	2,127,002
	3,006,533	2,566,905
NET ASSETS		
Invested in capital assets	172,165	254,251
Operating fund	(172,165)	(254,251)
	–	–
	3,006,533	2,566,905

Statement of operations

year ended March 31, 2010	2010	2009
	$	$
REVENUE		
Health Canada (Note 7)	4,250,887	5,084,691
Miscellaneous income	371,474	–
Interest income	307	33,975
	4,622,668	5,118,666
EXPENSES		
Compensation	2,074,239	2,250,679
External professional services	738,437	492,758
Councillor expenses and meeting facilities		
Councillors' travel	116,760	112,475
Councillors' honoraria	114,950	137,450
Meeting facilities	64,027	79,633
Guest travel	20,897	5,826
Speakers' honoraria	6,000	500
Administration		
Occupancy	301,921	311,270
Financial management	33,576	35,855
Secretariat – travel	159,929	104,210
Computers and telecommunications	93,182	91,820
Amortization	99,725	205,829
Office services and supplies	35,252	45,099
Legal fees	3,729	9,905
Human resources	38,271	59,011
Insurance	18,165	17,571
Miscellaneous	9,057	7,587
Loss on disposal of capital assets	–	345
Reports and communication		
Supplies and services	283,181	612,498
Promotion and media	411,370	538,345
	4,622,668	5,118,666
Excess of revenue over expenses	–	–

Statement of changes in net assets

year ended March 31, 2010			2010	2009
	INVESTED IN CAPITAL ASSETS	OPERATING FUND	TOTAL	TOTAL
	$	$	$	$
Balance, beginning of year	254,251	(254,251)	–	–
Excess (deficiency) of revenue over expenses	(94,633)	94,633	–	–
Additions to capital assets	12,547	(12,547)	–	–
Balance, end of year	172,165	(172,165)	–	–

Statement of changes in financial position

year ended March 31, 2010	2010	2009
	$	$
NET INFLOW OF CASH RELATED TO THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenses	–	–
Loss on disposal of capital assets	–	345
Amortization of capital assets	99,725	205,829
Amortization of rent-free lease inducements	(2,555)	(10,220)
Amortization of lease inducements	(5,092)	(8,600)
	92,078	187,354
Changes in working capital items		
Accrued interest receivable	625	3,892
Accounts receivable	(59,677)	(2,029)
Prepaid expenses	(37,076)	22,055
Accounts payable and accrued liabilities	(130,152)	(410,465)
Deferred revenue	577,427	1,104,109
	443,225	904,916
INVESTING AND FINANCING		
Capital lease payments	–	(27,509)
Repaid lease inducements	–	(11,770)
Purchase of capital assets	(12,547)	(11,191)
Proceed on disposal of capital assets	–	750
	(12,547)	(49,720)
Net inflow of cash	430,678	855,196
Cash, beginning of year	2,255,034	1,399,838
Cash, end of year	2,685,712	2,255,034

To the Members of the Health Council of Canada / Conseil canadien de la santé

We have audited the statement of financial position of the Health Council of Canada / Conseil canadien de la santé as at March 31, 2010 and the statements of operations, changes in net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2010 and the results of its operations and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
May 27, 2010

Notes to the financial statements

as at March 31, 2010

1 / DESCRIPTION OF THE BUSINESS

The Health Council of Canada / Conseil canadien de la santé (the "Council") was incorporated on December 2, 2003 under the *Canada Corporations Act*. The Council's mandate is to monitor and make annual public reports regarding the implementation of the 2003 First Ministers' Accord on Health Care Renewal and the 2004 10-Year Plan, particularly its accountability and transparency provisions.

The Council is registered as a not-for-profit organization under the *Income Tax Act* and, accordingly, is exempt from income taxes.

2 / CHANGE IN ACCOUNTING POLICIES

Series of Sections 4400 – Not-for-profit organizations

In September 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to several of the existing sections on accounting, measurement and financial reporting by Not-for-profit organizations contained in the 4400 series of Sections of the CICA Handbook. The adoption of these amendments has not resulted in any change in how the Council accounts for its transactions.

Section 1000 – Financial statement concepts

On January 1, 2009, the Council adopted the amendments made to Section 1000 "Financial statements concepts." The amended section requires an entity to demonstrate that any amount that is presented as an asset meets the conceptual definition of an asset or is permitted to be recorded as assets under specific CICA Handbook sections, and any revenue that it wishes to present as liability must meet the definition of restricted contribution under Section 4410. The adoption of these amendments has not resulted in any change in how the Council accounts for its transactions.

EIC-173 – Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") issued EIC-173 "Credit risk and the fair value of financial assets and financial liabilities." This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counter-party (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities. The adoption of EIC-173 did not have any impact on the financial statements.

3 / SIGNIFICANT ACCOUNTING POLICIES

(a) Financial statement presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations published by the Canadian Institute of Chartered Accountants using the deferral method of reporting restricted contributions.

(b) Revenue recognition
The Council is funded solely by Health Canada through a funding agreement expiring on March 31, 2015.

These financial statements reflect agreed arrangements with Health Canada with respect to the fiscal year ended March 31, 2010.

(c) Description of funds
Operating Fund – records the ongoing operations of the Council.

Invested in Capital Assets Fund – records the capital assets of the Council and the related financing activities.

(d) Capital assets
Capital assets are recorded at cost and are amortized on a straight-line basis using the following rates:

Information technology and telecommunication	20%
Office equipment and furniture	10%
Leasehold improvements	Term of lease

In the year of acquisition, 50% of the annual amortization rate is used.

(e) Lease inducements
Lease inducements, consisting of leasehold improvement allowances and free rent, are amortized on a straight line basis over the term of the lease.

(f) Deferred revenue
Deferred revenue represents amounts received from Health Canada which have not been expended on the Council's mandate.

(g) Use of estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from management's estimates as additional information becomes available in the future. Estimates are used when accounting for a number of items including, but not limited to, the recording of accrued liabilities.

(h) Financial instruments
The Council has classified its financial instruments as follows:

	CATEGORY
Cash	Held-for-trading
Restriced investment	Loans and receivables
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading items are carried at fair value, with changes in their fair value recognized in the Statement of operations in the current year. "Loans and receivables" are carried at amortized cost, using the effective interest method, net of any impairment. "Other liabilities" are carried at amortized cost, using the effective interest method.

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short-term maturity.

The restricted investment consists of a guaranteed investment certificate which is classified as loans and receivables and is recorded at amortized cost plus accrued interest. The cost plus accrued interest income of the guaranteed investment certificate approximates the fair value.

Transaction costs are expensed as incurred.

As allowed under Section 3855 "Financial Instruments – Recognition and Measurement", the Council has elected not to account for non-financial contracts as derivatives, and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The Council has elected to follow the disclosure requirements of Section 3861 "Financial Instruments – Disclosure and Presentation" of the CICA Handbook.

4 / CAPITAL ASSETS

			2010	2009
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
	$	$	$	$
Information technology and telecommunication	452,353	391,492	60,861	107,895
Office equipment and furniture	218,134	106,830	111,304	132,170
Leasehold improvements	323,084	323,084	–	19,278
	993,571	821,406	172,165	259,343

Capital lease
Capital assets include information technology equipment under a capital lease with a cost of $175,437 (2009 – $175,437) and accumulated amortization of $175,437 (2009 – $143,643). The capital lease expired on September 30, 2009.

5 / CAPITAL LEASE OBLIGATIONS
The capital lease was fully paid on September 30, 2009.

Interest recorded in the Statement of Operations related to the capital lease obligations is $0 (2009 – $510).

6 / LEASE INDUCEMENTS
The balance of lease inducements includes the following:

	2010	2009
	$	$
Lease inducements payable (a)	–	2,942
Rent-free inducement (b)	–	2,555
Lease inducement (c)	–	2,150
Total	–	7,647
Current portion		
Lease inducement payable (a)	–	2,942
Rent-free inducement (b)	–	2,555
Lease inducement (c)	–	2,150
	–	7,647
Long-term portion	–	–

(a) The Council negotiated a repayable leasehold improvement allowance over the term of the lease with an interest rate of approximately 4%. The repayable allowance of principal and interest is being repaid over the term of the lease at $13,035 per annum. Interest expense of approximately $0 (2009 – $384) is included in the Statement of operations.

(b) The Council negotiated a long-term lease agreement for its corporate offices in 2004 and for additional premises in 2006 that included a 2-month rent-free period. The lease inducement benefits are amortized on a straight-line basis over the term of the lease as a reduction to rental expense.

(c) The Council negotiated a leasehold improvement allowance for its additional premises in 2006. This amount is being amortized at the same rate as the leasehold improvement.

7 / DEFERRED REVENUE

	2010	2009
	$	$
Balance, beginning of year	2,127,002	1,022,893
Funds received	4,828,314	6,188,800
Less: amounts recognized as revenue	(4,250,887)	(5,084,691)
Balance, end of year	2,704,429	2,127,002

8 / COMMITMENTS
(a) Leased premises
The Council entered into two leases for premises located at 90 Eglinton Avenue East, Toronto, Ontario. The leases, which were due to expire on June 30, 2010, have been renewed for a further five years to June 30, 2015.

Future minimum commitments for basic rent under the leases are approximately as follows:

Year ended March 31	
2011	128,914
2012	131,242
2013	137,505
2014	139,853
2015	47,840
2016	716,596

(b) Other commitments
The Council has entered into other commitments, including contracts for professional services with various expiry dates to May 2011. The annual payments are approximately as follows:

Year ended March 31	
2011	231,400
2012	3,846
	235,246

9 / GUARANTEES
In the normal course of operations, the Council enters into agreements that meet the definition of a guarantee. The Council's primary guarantees subject to disclosure are as follows:

(a) The Council has provided indemnities under a lease agreement for the use of operating facilities. Under the terms of this agreement, the Council agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, law suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) The Council has indemnified its present and future directors, officers and employees against expenses, judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to serving the best interest of the Council. The nature of the indemnity prevents the Council from reasonably estimating the maximum exposure. The Council has purchased errors and omissions liability insurance with respect to this indemnification.

10 / CAPITAL DISCLOSURES
The Council considers its deferred revenue as its capital.

The Council receives funding from Health Canada to be expended under the Council's mandate. Any unspent funds are recorded as deferred revenue. The Council has complied with the restrictions related to Health Canada's funding.

www.healthcouncilcanada.ca

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Health Council of Canada Conseil canadien de la santé

TAKING THE PULSE