

human security

CARE Australia Annual Report 2004



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CARE Australia

OUR VISION

We seek a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

CARE will be a global force and partner of choice within a worldwide movement dedicated to ending poverty. We will be known everywhere for our unshakable commitment to the dignity of people.

OUR MISSION

CARE's mission is to serve individuals and families in the poorest communities in the world. Drawing strength from our global diversity, resources and experience, we promote innovative solutions and are advocates for global responsibility.

We facilitate lasting change by:

- strengthening capacity for self-help;
- providing economic opportunity;
- delivering relief in emergencies;
- influencing policy decisions at all levels; and
- addressing discrimination in all its forms.

Guided by the aspirations of local communities, we pursue our mission with both excellence and compassion because the people whom we serve deserve nothing less.

CORE VALUES

We respect and value diversity.

We respect, value and seek to enhance local capacities.

We value and support the central role of women in development.

We recognise and value the professionalism, skills and experience of our staff, and their contribution to institutional learning and development.

We value CARE's dynamism, adaptability and resilience.

We value the support of our donors and programme partners.

We value the operational freedom which stems from being a not-for-profit Australian agency which is independent of any religious or political affiliation and which does not discriminate on the basis of race, gender, ethnicity, age, religion or politics.



Chairman's report

We are all conscious of the fact that, in the terrorist outrages of the World Trade Centre in 2001, Bali in 2002, and Madrid and Jakarta this year, some 3500 innocent people lost their lives. None of us doubt that we must do all that we can to fight international terrorism in all its forms.

As my three-year term as Chairman of CARE Australia comes to a close, I can only wish that we could all be as conscious of the fact that, on September 11, 2001, and on each day since, 25,000 equally innocent people, including no less than 16,000 children, died from starvation, thirst, malnutrition and related sicknesses – more than one person every four seconds. Surely, we all share a moral obligation to do what we can to help reduce those awful statistics of the death and suffering of our fellow human beings through preventable lack of food and water. I personally have no doubt that, through unwavering dedication, acute awareness and an unshakable belief in the power of our common humanity, we can succeed in fighting the conditions which give rise to the suffering and death of so many of the world's most vulnerable and disadvantaged.

CARE's commitment to that fight is demonstrated by the countless small victories we experience every day. Helping a farmer grow enough food to feed his family, assisting a mother to send her first girl to school, vaccinating a child against preventable illnesses, and helping a parent or young adult avoid the scourge of HIV/AIDS are all small steps towards CARE's wider vision – a world of hope, tolerance and social justice, where poverty has been overcome and people live in dignity and security.

In Iraq, as one of the few international non-government organisations remaining, CARE Australia continues to assist in rebuilding a nation devastated by more than 14 years of sanctions and conflict. It is sometimes easy to forget that one result of those past years of conflict is that more than half of the present people of Iraq are children.

In Sudan, as civil conflict continues to force hundreds of thousands of people from their homes, CARE is assisting in providing vital food, water and shelter to those who have been left with nothing.

Once again, I express my heartfelt thanks to all our staff in Australia and around the world. Without their extraordinary dedication and commitment, CARE would not be able to achieve what it does. It is a great honour to be associated with them in their work. I also warmly thank all those who have served as Directors of the organisation during the period I have been Chairman. Without exception, they have been an invaluable source of generous guidance, advice and encouragement.

To our donors – governmental, institutional and the general public – I extend the warm appreciation of all at CARE. You share in all that CARE does and achieves. Please continue your support.

While I am finishing my term as Chairman, I shall not be leaving the CARE Australia family. I shall be joining my colleagues, including Malcolm Fraser, all of whom have done great things for CARE over many years, as a member of CARE Australia's recently established Advisory Council. I complete my period as Chairman secure in the knowledge that the organisation is in very good hands, under a remarkably strong Board and with an absolutely outstanding CEO, Robert Glasser, and staff.

I particularly want to welcome my friend, Tony Eggleton, as the next Chairman of CARE Australia. Tony has not only had a prominent career in Australia, but also vast experience with the wider CARE family, including as the former Director General of CARE International. His personal qualities and extensive experience uniquely qualify him to lead the organisation in all its efforts to achieve its vision of a world free of poverty.

Sir William Deane

CEO's report



In my discussions this year with CARE Australia's friends and supporters across the country I have observed a growing sense of unease linked to the changing international environment. It is not just the threat of terrorism and continuing unrest in the Middle East and parts of Africa that seem to concern Australians, but also problems closer to home, including threats to stability in the Solomon Islands and Papua New Guinea. Australia's high-profile interventions with the Australian military and Federal Police in some of these trouble spots reinforce in our minds the security dimensions of these problems.

But these security interventions also obscure the fact that poverty is often at the root of many of the threats we confront internationally. The emerging concept of human security concerns the protection of individuals not only from conflict, but also from other pervasive threats linked to poverty, such as the spread of infectious diseases, environmental degradation, and food and water shortages. These threats can not be addressed with military force and they do not necessarily respect international borders – they require long-term sustainable development solutions that are delivered at policy and grass roots level. Organisations such as CARE are in an ideal position to assist.

It is for these reasons that we have designed the CARE Australia Annual Report around the theme of human security. In it we provide some highlights of CARE Australia's significant accomplishments over the past twelve months. One example is our work in Iraq, where since 2003 we have helped 7.3 million Iraqis obtain fresh water and sanitation, and rehabilitated more than 150 health centres and 40 hospitals. I hope you find the many examples of CARE's projects described in the report to be both informative and inspiring.

It has been an honour for me to work with Sir William Deane, who is now completing his three-year term as CARE Australia's Chairman. I want to take this opportunity to thank him on behalf of all of us at CARE Australia for his contribution and commitment to fighting global poverty and injustice, and for his strong leadership.

In conclusion, I want to thank sincerely our dedicated CARE staff around the world, our developing country partners, and our very generous supporters here in Australia for making our important work possible.

A handwritten signature in orange ink, which appears to read 'Robert Glasser'. The signature is fluid and cursive, extending across the width of the text area.

Dr Robert Glasser



human security

Since the Second World War, discussions on global security have concentrated on state security as enshrined in the Charter of the United Nations. However, with the demise of the Cold War, the shrinking of the world through communications technologies, and an increasing commitment of the international community to the enforcement of human rights, human security is becoming increasingly important in foreign policy and international affairs.

In this context, security is not only about physical safety but also about surety in the future. Human security requires a community that is self-reliant and where the fundamentals of human life – clean water, food, shelter, health care and education – are assured. Pervasive threats such as poverty, disease, environmental degradation and conflict must be redressed. There is an increasing role for non-state actors to play in ensuring that human security is not just a dream but a reality for millions of the world's most disadvantaged.

CARE Australia is about empowering individuals and communities to take charge of their lives and provide for and secure their own future. Last year our programmes directly benefited 31 million people in over 70 countries. This was achieved through the provision of microcredit, the establishment of community groups focused on personal and civil development, the rehabilitation of infrastructure for water supply and sanitation, and programmes concentrating on agriculture, natural resources, health and education. As we work towards human development we also work towards human security. A community's confidence in a better future promotes economic and political stability, which are themselves the building blocks for the eradication of poverty.

The United Nations Human Development Report in 1994 noted that: 'In the final analysis, human security is a child who did not die, a disease that did not spread ... (it) is not a concern with weapons – it is a concern with human life and dignity.' This is CARE's concern – that all people should live with hope in a better future, and with dignity in their present.

community security

Freedom to take action on one's own behalf is an important component of human security. Empowering people to develop their potential and become full participants in decision-making is a top priority for CARE. In countries where there is no safety net in the form of a welfare system, the strength and durability of a community can mean the difference between life and death.

Empowering communities in Yemen

The Akhdam community is the lowest social class in Yemen, living in isolated shanty housing in over-crowded squatter settlements. The Akhdam (literally 'servants') suffer from extreme poverty, marginalisation and lack of basic services, sanitation and education. They work mainly as street cleaners and garbage collectors. In most families, even children under 12 work, typically by begging. Mainstream discrimination and prejudices persist, perpetuating the impoverishment, powerlessness and poor self-image of this social group. As they are small in number and live in dispersed groups, the Akhdam are also politically weak.

Omar Salim Mohamed is 25 years old and a member of the Akhdam community, living in the shanty town of Beni Hwat on the outskirts of Yemen's capital, Sana'a. He lives with his parents and six older brothers, and is one of only three income earners in his family. Until recently, Omar worked as a garbage collector for 15 hours a day, six days a week. His salary was just US\$1.80 a day.

Now Omar works as a water delivery driver as part of a CARE project that aims to increase economic opportunities for Akhdam members, and to improve their long-standing social isolation and low self esteem.

In this project, CARE works with local people in three of the six urban shanty communities in Sana'a. Together they have established three income-generating water delivery services, which are owned and managed by community associations. Importantly, the money generated from the water delivery services supports three literacy programmes, training 150 people per year. Because of their social exclusion, literacy rates among the Akhdam are lower than for the rest of Yemeni society. Literacy is not only a basic human right but a life skill essential to one's ability to function and contribute to society.

Omar is now a member of one of the associations running the water delivery services. 'I rent the water truck from the association for about US\$13.50 a day. I then go to the wells around Sana'a to fill up the water tank and deliver water to people who need it. It takes around four deliveries to cover the cost of the truck rental and the diesel fuel for both the truck and the water pump onboard. After that any other deliveries will be my profit,' Omar explains. 'In this way, the harder I work the more I earn. When I was a rubbish collector, work was very hard and it didn't matter how hard I worked, I still got the same miserable pay.'

Omar now talks of a bright future. 'I have hopes and dreams now. I can think of many projects I would like to set up and run, like a bakery, a shop, many things,' he says. 'There are many opportunities now in my community.'

'The most important change in my life is the way I am living it. Before, my life was all work, horrible work, dealing with rubbish all day. Now I have a clean job that pays much more money for me and my family. I thank CARE for the way my life and the life of my community has changed.'



Omar and his water truck

Yemen © 2004 CARE



education

Education helps individuals and communities to reach their full potential. Literacy improves people's quality of life and their ability to make informed and sensible choices.

Basic education, especially for girls, has a particular impact. Women are often the primary carers of children and ill people. They can help their family if they have knowledge of health, sanitation, immunisation, nutrition and HIV/AIDS prevention. To educate a girl is to educate a whole family.

- In Cambodia only 37.1 per cent of the population aged 15 and over are functionally literate.¹
- Primary school completion rates are low, only 51 per cent for boys and 34 per cent for girls², with much lower rates among ethnic minority groups.

¹ *Report on the Assessment of the Functional Literacy Levels of the Adult Population in Cambodia - Phnom Penh, Ministry of Education, Youth and Sports, 2000.*

² <http://www.usaid.gov/pubs/cbj2003/ane/kh/>

Educating teachers and children in remote Ratanakiri

CARE is working towards improving levels of education for children, especially girls, in minority communities in the Ratanakiri province in north-east Cambodia. Community-governed schools in six remote villages are providing the first three years of primary education to children from the Tam Puen and Kreung minority groups in their own languages, while gradually introducing them to the national language of Khmer. Khmer then becomes the main language of instruction so that the children can join the government school system.

Despite having very little education herself, 19-year-old Thong Thavy was selected by her community to teach because of her good heart. Part of the project is to educate teachers, keeping them at least one grade ahead of the children. Thavy was nervous in her first few weeks of teaching and was having trouble with her students as they didn't respect her due to her young age. However, despite having to juggle her responsibilities at home and on her family's farm, she persevered, following the project's approach of 'learning by doing'.

Students learn to read and write through participating in life skills training and cultural activities, such as basket weaving and rice growing, with their teacher. Returning to the classroom they discuss how to turn each activity into a story. The teacher then teaches the students the core vocabulary and they write each sentence out on the blackboard. The students draw pictures to go with each sentence and some of these have been turned into their own classroom readers.

Thavy's students began to enjoy their lessons and now admire their young teacher, and even voluntarily help her at home with farming activities and housework. Thavy's confidence has improved tremendously, especially as her students have asked that she remain their teacher next year. 'I'm determined to continue learning and teaching,' she says. 'I want to improve my teaching skills to provide a future for the children in the village.'

The project, supported by the Australian Government's aid agency AusAID, ensures the lessons are relevant to ethnic minority people by adapting the national curriculum for primary education. The children have had fantastic success, with grade 1 students achieving results beyond that of government school grade 6 students.

Indigenous populations in the Ratanakiri province are under increasing pressure, with loss of access to land and deforestation threatening traditional forms of livelihood. By providing education that is relevant to their environment and culture, CARE supports communities to negotiate the rapid changes happening around them.

Community empowerment and education in Afghanistan

The two-decade-long conflict in Afghanistan resulted in instability and the devastation of public and social services. While the new Afghan government has expressed strong support for the rehabilitation of the education system, most qualified, trained and professional teachers have left the country.

Since 1994, CARE has been helping to rebuild the education system by setting up community-managed schools and

providing training for teachers in the rural areas of central and south-east Afghanistan. Last year the project reached a record high, at one point educating more than 52,000 primary school students (55 per cent girls) in 533 schools and training 1223 teachers. Of these students, 21,845 (42 per cent girls) from 164 schools were fully integrated into the public school system.

CARE also supports Village Education Committees in their work to continue to integrate the students into the public school system. These committees are responsible for the management and financing of the schools.

Sultan Mohammad is 51 years old and a Village Education Committee member for the Qaracha School in the Nowar district of Ghazni province. Four of his six children have studied at the school. 'In the past we thought it was the government's responsibility to provide education for our children,' he says.

Sultan explains that when the government was toppled and teachers' salaries stopped, it did not occur to the communities that they could run the schools themselves. 'We had everything necessary for teaching,' he says. 'But we didn't know the importance of community participation and contribution and we couldn't maintain our schools. As a result our children grew up illiterate.'

Through CARE's project, which is currently educating nearly 26,500 students (63 per cent girls) in 371 communities and training 635 teachers, Sultan and his community now recognise they can ensure their children's education themselves. 'Now we feel responsible to our children. We are not looking to the government,' he says. 'Now we are taking the initiative for providing our children with quality education. This is a big change for us.'

The committees are now looking at ways to improve irrigation, agriculture, roads and other infrastructure. 'We want to change our name to the Village Development Committee, to show we're looking at wider issues as well. People are contributing and we're feeling strong now.'

health security

Reducing the spread of HIV/AIDS and helping those affected by the virus are important components of our efforts to improve health in the developing world. While people from all walks of life are vulnerable to HIV/AIDS, those living in poverty are at particular risk. Poverty is both a cause and consequence of HIV/AIDS. In many poor communities, efforts to end poverty, to promote human rights and to respond to HIV/AIDS have become inseparable.

In 2003, CARE projects provided information about how to stop the spread of HIV/AIDS and resources to alleviate its impact to more than 5.5 million people in 30 countries.

- Almost 38 million people worldwide are living with HIV today, 50 per cent of whom are women.¹
- Since its outbreak, AIDS has caused the deaths of more than 20 million people.²
- More than 13 million children have lost their mother or both parents to AIDS – 95 per cent of these children are in sub-Saharan Africa.³

^{1,2} 2004 Report on the Global AIDS epidemic, UNAIDS.

³ We the Children, 2001, United Nations.

Changing the lives of people living with HIV/AIDS

Twenty-four-year-old Aung Aung was working in a knitting factory in Thailand until he began experiencing frequent fevers and skin infections. When he returned home to Yay, a district of Mon State in Myanmar/Burma*, he was diagnosed as HIV positive. Some of Aung's family members immediately began to avoid him. As well as facing the implications of his diagnosis, Aung felt his family no longer cared for him. 'It was like my world had turned upside down,' he says. 'I tried to kill myself.'

Through CARE's home care assistance project for people living with HIV/AIDS, Aung was introduced to a CARE volunteer in

June 2003. Volunteers help people with HIV/AIDS to live more positively and productively, by providing home-based care and counselling. The project also targets stigma and discrimination, and works towards improving medical treatment and nutrition.

'First I was shy and ashamed, especially because my volunteer was a woman,' Aung says. 'But after we talked a lot, I felt ready to accept her help.'

CARE was also instrumental in educating Aung's relatives about HIV transmission and prevention, who initially believed that contracting HIV was due to personal irresponsibility and a punishment for wrong-doings in a previous life. Now they care for Aung when he is unwell, and, most importantly, they support and encourage him to live positively.

Today Aung is well enough to volunteer with the same CARE project that supports him, helping others with home-based care and counselling. His own experience enables him to empathise and provide relevant advice to those he is caring for. He is also able to suggest improvements to home-based care and other services for people with HIV/AIDS in his community.



Myanmar/Burma -
© 2004 CARE/Stephen Williams



Malawi - © 2002 CARE/Chloe Bayram



Mozambique - © 2001 CARE/Brian Atkinson



Malawi - © 2003 CARE/Valenda Campbell

With his family's and CARE's support, Aung also runs a small shop near his home. 'Whenever I get sick or need some rest, my mother or sister take my place,' he says. His small business now regularly generates about 1000 kyats (about US\$1) a day.

Aung and his family are very grateful for CARE's support, especially the psychosocial support. They say that CARE's work to combat stigmatisation has been invaluable and has improved Aung's life and the lives of other people with HIV/AIDS immeasurably.

Considering HIV/AIDS in everything we do

CARE has recently embarked on a new programme that aims to integrate HIV/AIDS thinking into all service provision in some of the most marginalised areas of Malawi, Kenya, Mozambique and South Africa. In these countries, and throughout Africa, vast numbers of people are living without basic services. The devastating HIV/AIDS pandemic throughout the continent means that all service delivery models must consider HIV/AIDS.

CARE incorporates HIV/AIDS knowledge into all projects and services in Southern and East Africa, from food security to clean water provision to sanitation education. For example, the current South African water policy states there should be a water source (a well or a tap) no more than 500 metres from each household. However, families caring for a relative with AIDS, especially someone who is very ill, need to be able to access water much closer to their home.

Similarly, food security for people with HIV/AIDS and their carers, commonly women, requires non-labour-intensive varieties of crops with a high nutrition value, as people with HIV have little energy to work in their fields and need greater gain (high-yield, high-nutrition crops) for less effort.

CARE recognises that HIV/AIDS is not simply a health problem, but something that permeates all facets of life in Africa. CARE is developing models to address this situation and is also advocating to authorities that infrastructure must change to consider people with HIV/AIDS. Over a five-year period, CARE is directing A\$3.5 million to this all-encompassing strategy.

**Myanmar is the name recognised by the United Nations and the country in question. Burma is the name recognised by the Australian Government.*

The Impact of HIV/AIDS

In poor countries where access to health care services is poor, and even clean water can be hard to come by, the means to battle the virus through prevention and awareness programmes are often unavailable.

In many countries, education is being compromised by a dwindling supply of both teachers and students – particularly girls who must care for their younger siblings when a parent dies or becomes ill.

Consequently, the impact of AIDS and the potential for future damage to societies and economies in the developing world is particularly devastating.

Loong Joy



Laos - © 2004 CARE



Laos - © 2004 CARE

environmental security

Environmental degradation and the diminishment of natural resources threaten to undermine efforts to overcome poverty. People living in poor communities often have nothing but natural resources to draw upon to earn money. A secure and steady food supply is crucial for poor families and CARE helps people find alternative sources of income while protecting scarce natural resources.

Earning money while preserving Lao forests

Loong Joy is 45 years old and has been living in the village of Huay Hai in the Paklay district of north-west Laos for the past 25 years. He is one of the many farmers in the area who are successfully supporting their families while still protecting the surrounding tropical forest.

Traditionally, farmers earned a living through slash and burn agriculture, which caused considerable deforestation and

forest degradation. In recent decades, population increases and declining soil fertility have forced farmers to further encroach on forested areas and convert them to farm fields. While areas have now been defined for permanent agriculture, there is a risk that the population will return to traditional practices if soil fertility is not maintained.

Over the last seven years, CARE has been working with 11 villages, supporting villagers like Loong Joy and local government staff to protect the environment, while enabling farmers to produce more food and generate alternative forms of income. This work is supported by the Australian Government's aid agency AusAID. Loong Joy and his wife Keo have three children – a daughter and two sons. Before CARE began its work in his village, Loong Joy's family was very poor. 'We managed to produce enough food to feed ourselves,' he says. 'But we had nothing extra to sell.'



Laos - © 2003 CARE/Bryan Watt



Vietnam - © 2003 CARE

With CARE's help, Loong Joy and his fellow villagers built fish ponds and ground wells, and are cultivating agricultural products such as maize and legumes. Now they produce enough to be able to trade goods on the local market. CARE has also assisted the village to start a fruit tree nursery so that the villagers have access to a more varied and nutritious diet – and again surplus produce can be sold for profit. 'My family has now been lifted out of poverty,' Loong Joy says.

The people living in the Paklay district have been actively involved in the development of the project, which aims to manage and conserve the forest in a sustainable way, rehabilitate the degraded forest, and provide alternative incomes and ways of living for local forest inhabitants. Loong Joy's family has become a role model for the rest of the village, taking on extra responsibilities to assist with the effective implementation of the project, such as collecting feedback and information from the village for future project planning. Loong Joy believes that the project has given him and his family the skills and knowledge that will help them handle challenges in the area of conservation in the future. 'I know that the experiences and knowledge I have gained are now part of me,' he says.

Preserving natural resources in Vietnam

U Minh Thuong National Park is one of the last remaining examples of a unique wetland ecosystem that once dominated the Mekong River Delta in Vietnam. A CARE conservation and community-development project has brought attention to a range of nationally threatened animal species, including the hairy-nosed otter (rediscovered in the national park after 24 years without sighting). The project also protects the peat swamp forest, which plays a significant role in the life of the surrounding communities by storing fresh water, serving as a spawning and nursery area for freshwater fish and shellfish, filtering surface water and preventing the acidification of topsoil and surface water.

The park faces conservation challenges from poaching and exploitation of resources by the people living within it. CARE is working with the national park population to develop livelihoods that do not rely on the park's resources. These include a savings and loan programme managed by women's unions to fund agricultural projects. Upon loan approval, farmers are supported with training in appropriate and profitable agricultural and aquacultural techniques.

Yoeun Kan

economic security

Many of the world's poorest people seem entrenched in poverty with no way out. But access to credit, improved incomes and employment provide a path to economic security.

- A fifth of the world's people – 1.2 billion – experience severe poverty and live on less than US\$1 a day.¹
- Another 1.6 billion live on less than US\$2 a day.²
- About 800 million people in the developing world do not have enough to eat.³

^{1,2} *A Better World for All, 2000, United Nations, World Bank, IMF and OECD.*

³ *The State of Food Insecurity in The World, 1999, United Nations.*

Microcredit and savings in north-west Cambodia

Yoeun Kan is 44 years old and lives in Omal, a village in the Battambang province of north-west Cambodia. She lives with her husband, and together they support their three children aged between 17 and 24. Traditionally, children live with their parents until they marry, and the virtually non-existent job market in the province means they are a huge financial liability for their parents. Until recently, Kan had very little income and she found it extremely difficult to provide for her family. Her husband's work doing small jobs on other people's land contributes as little as 3000 riels (US\$0.75) per day to the family budget.

People in the Battambang province typically need loans for food and other goods leading up to the harvest, when rice stores have been exhausted. As money lenders charge exorbitant interest rates – up to 180 per cent interest per annum – it is easy for people who borrow to fall further and further into debt. CARE's innovative microcredit scheme, supported by the Australian Government's aid agency AusAID, has been operating since 1998. It provides alternate sources of credit while also encouraging people to save for the future.

Evidence shows that even the poorest people are able to save small amounts of money on a regular basis. In the Battambang province, members of community-owned savings banks deposit agreed monthly savings, and can add additional amounts if they wish. After a certain period of time they are eligible to take out loans, at an affordable interest rate, to support money-earning ventures.

Kan has been a member of her local savings bank since February 1999 and has never withdrawn any of her regular savings, which earn interest at a rate of 12 per cent per annum. Earlier this year she was granted a loan of 1,000,000 riel (US\$250) to start her own business. Kan purchased some irrigation piping that she now rents to people in her village to irrigate their crops. 'So far I have been able to make the

interest and capital payments on my loan with no problem,' she says. 'I have a lot of business in the dry season and enough to get by in the wet season.'

The community-owned banks operate on a cost-recovery basis, and as well as ensuring access to affordable credit, they aim to increase women's influence in community decision-making. The community elects local people to the positions of Chair, Vice Chair and Treasurer for each savings bank, who are then responsible for the management of the bank and approval of loans. CARE staff ensure that savings bank members and committee members understand the way the banks work and receive training in their formation and development.

Kan's savings bank currently has around 900 members, two thirds of whom are woman. It has provided around 250 loans to local people, ranging from 50,000 riel to 5 million riel (US\$12.50 to US\$1,250). Hers is one of the 41 savings banks in the province that have formed a federation that has become a local NGO in its own right – the Cambodian Community Savings Federation. The federation provides savings banks funds to meet greater credit demands of bank members. The savings banks in the federation have over 12,000 members, and are planning to increase this to 20,000 by the end of 2005.

A participant recording savings



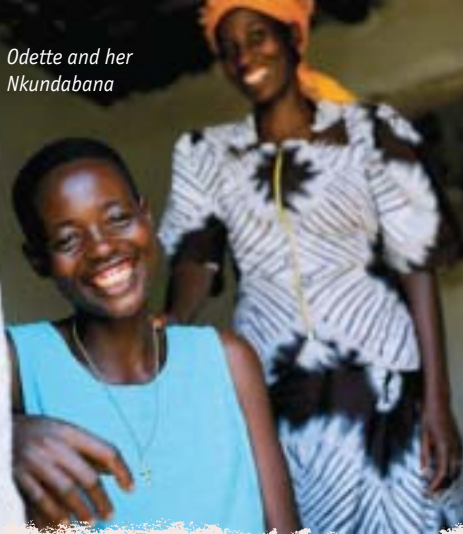
Cambodia - © 2004 CARE

Yoeun Kan with her irrigation piping



Odette and her
Nkundabana

Rwanda - © 2004 CARE/Kate Holt



Sudan - © 2004 CARE/Evelyn Hockstein



personal security

Safety from threats such as disease, environmental degradation, conflict and persecution is a critical element of human security.

Rwanda 10 years on

Ten years ago the fastest and most efficient genocide in history was perpetrated in Rwanda. In just 100 days 800,000 people were massacred and over 2 million became refugees. CARE was there providing medical attention and health education to refugees and working with 2000 lost and orphaned children. Over 250,000 people received assistance from CARE at that time.

Now CARE is concentrating on the most innocent of all genocide victims – the children – 85,000 of whom are now heading households having lost their parents through the war or HIV/AIDS. Odette* is one of these children. She now cares for her four younger brothers after her father was murdered during the genocide and her mother died of AIDS last year.

CARE links child-headed households like Odette's to a Nkundabana, literally 'one who loves children', who mentors them, provides adult support and training, HIV/AIDS education, and savings and loans activities. There is counselling, and financial support through such things

as the provision of school books, uniforms, a new roof or cooking utensils.

CARE is assisting 3000 child-headed households in this innovative project that aims to bring stability and safety into the lives of those who are so often exploited the most.

'Sometimes it's difficult for us to have enough money to buy things like soap,' Odette says. As well as the daily struggle for survival, she is frightened that someone will try to kill her and her brothers, as they did her father. 'But I think things are better now that we have our Nkundabana,' she adds, smiling.

Each Nkundabana supports up to five child-headed households and visits them weekly. The children are also free to visit their Nkundabana if there is an urgent need.

Responding to crisis in Sudan and Chad

This year, while we remembered the world's slow response to the Rwandan crisis, another disaster was brewing.

For the people of Darfur in western Sudan, life became intolerable as armed militia drove them from their homes. In partnership with AusAID, CARE responded with the provision of critical relief items in refugee camps in neighbouring Chad where 200,000 Darfurians had fled.

Another one million people have been displaced within Darfur, too frightened to return home.

Kahouma Abdelmula Abdalla is 22 and has three children. She fled from her village when her husband was murdered and her home destroyed. She is one of 20,000 people seeking shelter in the town of Zalingei, doubling its population and stretching its limited resources. 'We will stay here as long as there is insecurity. We are depending on outsiders to give us a little food to keep us alive,' she says. 'If the situation doesn't improve, we'll move again. We can not go back home. They burned everything.'

CARE will feed 400,000 people throughout the wet season until Christmas.

Rebuilding Iraq

CARE staff have continued to provide life-saving assistance in a dangerous post-war environment. We have been working to supply clean water and sanitation, rehabilitating 16 water treatment plants, 11 sewage pumping stations and 14 compact water treatment units. Two hundred and forty kilometres of water pipes have also been laid, providing water directly to houses, hospitals and primary health clinics. Eighteen generators have been installed. Water and sanitation systems in a number of Schools for the Deaf throughout the country were repaired. CARE has also rehabilitated the Mahmoudia water treatment plant in Baghdad, serving about one million people. Around four million Iraqis benefited from CARE's water and sanitation projects since the end of the war.

CARE carried out four health projects over the past year. One of these involved the rehabilitation of Iraq's Centre for Disease Control and the Central Public Health Laboratory in Baghdad. One million dollars worth of equipment was delivered to both institutions that were completely looted after the war. Small infrastructural repairs were completed to support the new equipment. Both labs are now back in operation and as a result, Iraq now has an adequately functioning health surveillance system, able to gather information on waterborne and communicable diseases and other public health hazards.

The number of women who die from pregnancy and childbirth in Iraq has nearly tripled since 1990.¹ CARE is working to reduce Iraq's astronomically high maternal and infant mortality rates, which are among the worst in the world. More mother and child deaths occur in rural areas, where women have little access to maternal and natal health care. Most women deliver their children at home and depend on traditional birth attendants. CARE has provided training to traditional birth attendants, supplying them with kits containing permanent and replenishable supplies, like gauze and gloves and umbilical cord clamps. Training has been given on hygiene and what to do in case of complications and an illustrated manual in Arabic has been distributed.

** CARE is committed to building a child-safe organisation. The names of the children have been changed for the protection of the child.*

¹ <http://www.unfpa.org/rh/docs/iraq-rept04-08-03.doc>



food security

Food security exists when all people at all times have both physical and economic access to enough food for an active and healthy life. CARE works with people in rural areas to improve their livelihood through increasing food production, improving agricultural techniques and creating alternative income sources that will promote self-sufficiency and ensure food security.

- Malnutrition affects one in three people worldwide, encompassing all age groups and populations, especially the poor and vulnerable. ¹
- Twenty per cent of people in the developing world are malnourished. ²

^{1,2} <http://www.who.int/nut/nutrition2.htm>

Farming for food security

Amid the still plains of Kibwezi in Makueni district in Kenya, a new class of well-to-do horticultural farmers has emerged.

Four years ago, these farmers were among the poorest in the country, earning less than a dollar a day. But thanks to one of CARE's food security projects, these same farmers now take home up to US\$500 in their first year and are able to double this figure within the next year. The project targets rural smallholder farmers, who are typically organised into groups so that together they can save by buying goods and services in bulk. Collectively, they are also able to produce large quantities of crops to meet market demands.

The Masimbani group production unit is a beehive of activity, with farmers working in the field, picking, digging, weeding and grading. Masimbani was formed in 2002 and is jointly owned by 36 smallholder farmers.

Veronica Mutiso, who doubles as both the farm clerk and the group's treasurer, is issuing fertilizer from the store. She then moves to check the quality of the produce before packaging. These crops – chillies, baby corn, okra, aubergines, karela – are for export to the European Union and quality is important.



*Veronica Mutiso
checking quality*

Kenya - © 2004 CARE/Raymond Muddalige



Kenya - © 2004 CARE/Raymond Muddalige

Every day, Veronica walks several miles to and from the farm under the scorching sun. Her husband, a carpenter, finds it hard to get work, so she is the sole breadwinner.

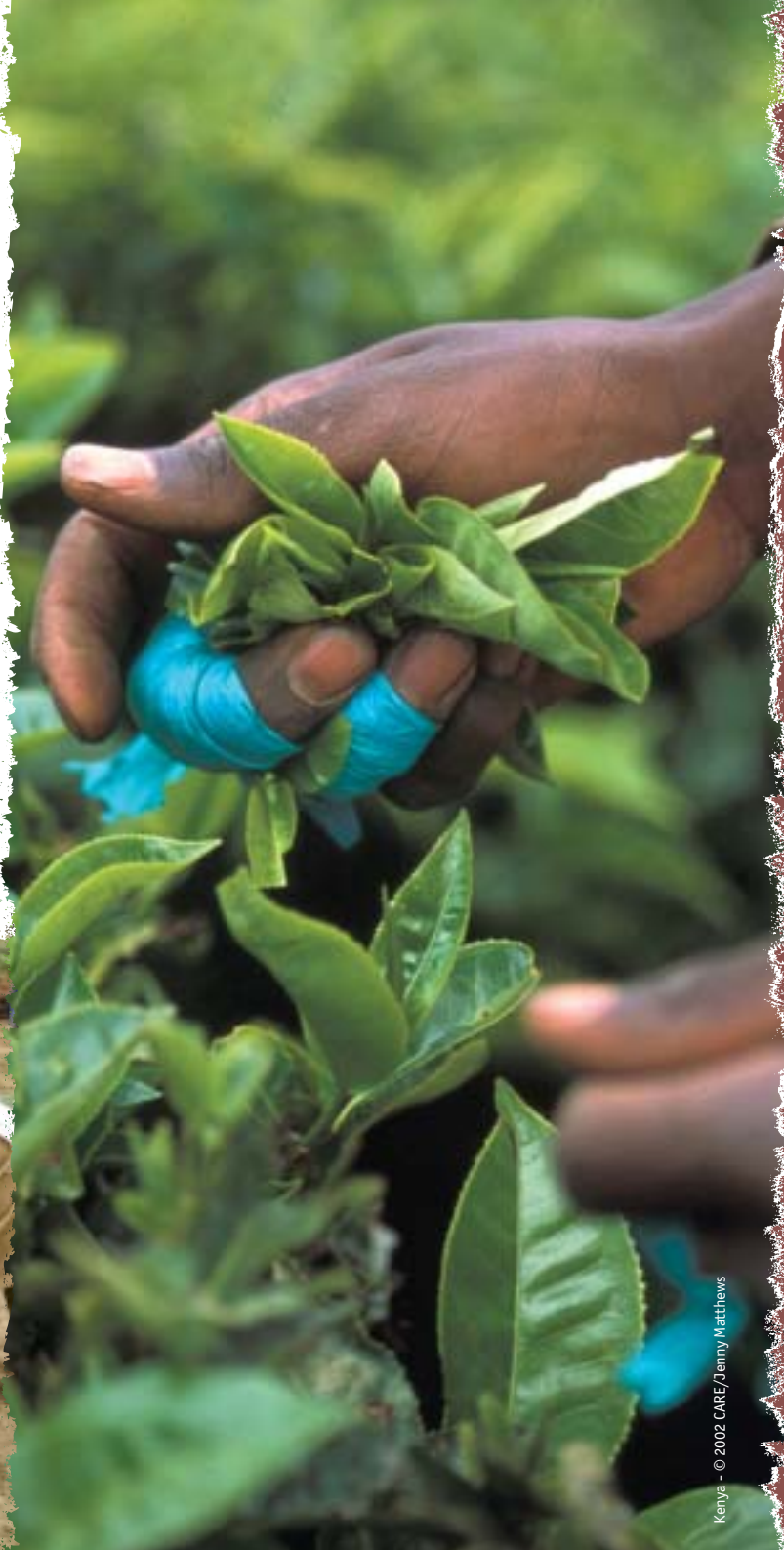
'Although life can be difficult here, especially as a result of long dry spells, this is home and I like it.' Her eyes light up as she grins, adding, 'For you to gain something you must work for it. If we work hard, we can achieve so much.'

Veronica has reason to smile. 'Through the CARE project in Kibwezi, we are able to get things like seeds and fertilizer cheaper than we could on our own, plan our production, get technical support and loans for irrigation equipment and, most importantly, get connected with a reliable market,' she says. 'I have bought two cows and five goats from the income I have earned. I also pay school fees and I am able to settle family debts on time. I can now feed and dress my children, and recently I was able to vaccinate my family for typhoid and hepatitis B.'

Veronica says her life has changed since CARE started working with her community. 'Before CARE came here, it was difficult to make ends meet,' she says. 'Now I can earn a living from farming. I feel much better off.'



Kenya - © 2004 CARE/Raymond Mudalige



Kenya - © 2002 CARE/Jenny Matthews



CARE in Australia

CARE Expeditions

This year CARE launched CARE Expeditions, which takes travellers to developing countries, allowing them to see CARE's work firsthand as well as raise funds for our projects.

The first CARE Expeditions event, the Mekong Challenge, was conducted from 24 March – 6 April 2004. Twenty-four participants from Victoria, Western Australia, New South Wales and Queensland cycled 400 km through Northern Thailand and Laos. They also visited the CARE Khammuan

Food Security project at Nyommalat near the town of Tha Khaek, where CARE staff have worked with local people to remove unexploded ordnance left during the Vietnam War and other conflicts. In this safe environment, local people are learning new farming techniques and livestock management, providing a consistent food supply and an income for their families. Irrigation channels, fences and wells have also been constructed to help ensure a reliable food supply in this drought-stricken and flood-affected region.

World Hunger Campaign

CARE Australia's signature event, the World Hunger Campaign, was held in October. Building on the United Nations World Food Day (16 October), CARE encourages people to share a meal with their family, friends and colleagues and pass the hat around to fight world hunger. The message is simple: no one in the world should go hungry.

This year we piloted a schools' programme to diversify the campaign. Students across New South Wales and Victoria learnt about malnutrition and food access in the developing world. The schools' programme opened doors to exciting opportunities and is paving the way to establishing a place in the school curriculum.

Former Prime Minister Malcolm Fraser officially launched the World Hunger Campaign at Melbourne's Federation Square. The launch featured celebrity chef Gabriel Gaté and musician Vanessa Amorosi. In Sydney, the Starbucks Martin Place Café hosted a morning tea with live music. CARE Australia's Chairman Sir William Deane closed proceedings with a moving speech on the state of world hunger.

CARE's Corporate Council

CARE Australia's corporate philanthropy programme continues to provide an ideal platform for companies who wish to share the common goal of social responsibility.

It has been another successful year for the Corporate Council with more than 50 participants continuing to commit time, money and resources to the vision of reducing poverty in the world's poorest countries.

In direct funding terms, the CARE Australia Corporate Council has already raised more than A\$3 million and in addition to financial support, participants provide significant in-kind contributions. Using a conservative estimate, in the 2004 financial year alone this in-kind support was valued at almost A\$200,000. Our corporate supporters also contribute to CARE by sharing resources and specialist expertise in management, promotion, logistics, strategic planning and financial advice, as well as continuing to generously support CARE events.

This year the Corporate Council gathered together at various functions in Melbourne and Sydney to hear a number of fascinating guest speakers and be updated on how their support is helping CARE continue its life-saving work. Speakers included one of the leading authorities on the philanthropic landscape in Australia, David Gonski, long-time Corporate Council member and Managing Director of Tattersall's, Duncan Fischer, and CARE's own Phoebe Fraser, who spoke passionately of her return to Rwanda ten years after the horrific genocide and the difference CARE has made and continues to make to those who survived that terrible moment in history.



Melbourne - © 2003 CARE

© 2004 CARE



Ma Khin



Megan

© 2004 CARE



Viengkeo

© 2004 CARE

CARE in Australia

CARE Australia's staff

CARE Australia employs professional and dedicated development and emergency specialists. Our staff, such as the three people highlighted below, are our greatest strength and their commitment to the communities with which we work is truly remarkable.

MYANMAR/BURMA*

Ma Khin Cho HIV/AIDS Outreach Worker

For the past 18 months, Ma Khin Cho has been working to prevent people contracting HIV in her homeland of Myanmar/Burma*. Ma Khin contracted HIV from her husband who died a year after they were married. She works as an outreach worker, providing education and health care to people throughout her small village in Mon state. 'I like working for CARE because it helps me forget about my disease and provides me with an avenue to help care for people living with AIDS.'

**Myanmar is the name recognised by the United Nations and the country in question. Burma is the name recognised by the Australian Government.*

AUSTRALIA

Megan Chisholm Senior Emergencies Officer

Since returning from a six-month stint in Iraq last year, Megan Chisholm has been the backbone of CARE Australia's emergency response. Her recent trip to Chad, to assess the needs of thousands of Sudanese fleeing their homes, has reaffirmed her commitment to assisting the most vulnerable. 'When a woman who has walked for weeks to escape conflict and violence can still smile at you, I am amazed by the resilience of the human spirit.'

CAMBODIA

Viengkeo Sisomvang Agricultural and Nature Resource Programme Manager

Viengkeo Sisomvang has spent the last three years working with Cambodian families to make the most of natural resources without destroying the environment. 'Even though CARE is assisting thousands of families throughout the country, it's sometimes hard for me to visit villages because the residents often need more than CARE can give them.'



CARE Australia's donors

Without our valuable donors, CARE Australia could not continue to achieve lasting change throughout the world, helping the poorest and most disadvantaged individuals, families and communities.

Omar Zawadski from Canberra supported CARE Australia's Rwanda Appeal by donating his pocket money. He wrote us this letter:

Hi, my name is Omar and I am nine years old. After reading the letter that you sent me I felt very sad. It was my birthday last month and this is my present to myself, sending 50 dollars to you for you to help the children in Rwanda. It took me two terms to save up this money and I hope this will help some children that are not as lucky as I am.

Len Broadberry has been donating his time since November 2003. He volunteers in the CARE Australia Melbourne office every Tuesday.

I volunteered because I have some spare time and I want to use it to help other people. Doing something to help others gives me a sense of self-worth, and I enjoy being part of an organisation that I know is doing good work in the world.

I meet a lot of friendly people and it gives me a break from the home front caring for my wife Hazel. I really feel that CARE values what I do. They make me feel special and have gone out of their way to welcome me into their organisation.

Debra Fallon cycled 400 km in the Mekong Challenge through Thailand and Laos to raise money for CARE Australia. She continues to fundraise for CARE and is supporting others to take part in the next Challenge.

Initially I was drawn to the idea of an adventure, but after learning about CARE's work I decided it was time to do something for someone less fortunate than myself. My husband and I earn good incomes, and recognise how lucky we are to live in Australia. When I started fundraising I realised that many people feel the same way and are only too happy to contribute to a worthy cause. The trip opened my eyes to the challenges people face on a daily basis. It was a powerful experience – due both to the support at home and knowing we were contributing to the communities we were visiting.

CARE Australia's partners

CARE Australia receives funding from a number of institutional donors. For the last 12 months, for every dollar raised from the Australian public we have been able to leverage a further 10 dollars from our institutional partners.

BILATERAL SUPPORTERS

Australian Government
British Government
Canadian Government
Danish Government
German Government
Japanese Government
Jordanian Government
Liechtenstein Government
Netherlands Government
New Zealand Government
Norwegian Government
Swiss Government
Swedish Government
United States Government

MULTILATERAL SUPPORTERS

Asian Development Bank (ADB)
Council of Europe
European Union (EU)
European Commission Humanitarian Aid Office (ECHO)
United Nations Children's Fund (UNICEF)
United Nations High Commission for Refugees (UNHCR)
United Nations Development Programme (UNDP)
United Nations World Food Programme (WFP)
United Nations Office on Drugs and Crime (UNODC)
United Nations Population Fund (UNFPA)

ACFID

CARE Australia is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

More information about the ACFID Code of Conduct can be obtained from CARE Australia and from ACFID at:

Web: www.acfid.asn.au

Email: main@acfid.asn.au

Phone: (02) 6285 1816

Fax: (02) 6285 1720



SPECIAL THANKS

CARE Australia would like to thank the following organisations for their kind partnership over the past year:

AGL
Clemenger Harvie Edge
DDB Needham
Dick Smith Foods
Eye Corp
Guest Furniture Hire
Lonely Planet Publications
Mitchell Media
robejohn & associates
Starbucks Coffee Company (Australia)
TomatoSource
Victorian Home Economics and Textiles Teachers' Association (VHETTA)
Young & Rubicam

Corporate Council

EXECUTIVE DONORS

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OneSteel
Pinpoint
Qantas
The Pratt Foundation
Tattersall's
TomatoSource
Travelex
UBS

GENERAL DONORS

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Intrepid Travel
Jetmaster
Macquarie Bank
Maple-Brown Abbott
Merrill Lynch
Optus
Palace Cinemas
PSA Project Management
ResMed
Responsible Travel
Rusher Rogers Recruiting
SalesForce
Smorgon Steel
The Castan Family Foundation
The Gandel Foundation



Sierra Leone - © 2002 CARE/Valenda Campbell

Board of Directors

Chairman

Sir William Deane, AC KBE

Director since 2001; former Supreme Court (NSW) and Federal Court Judge; Justice of the High Court of Australia (1982–1995); Governor-General of Australia (1996–2001).

Vice Chairman

Tony Eggleton, AO CVO

Director since 1996; Member, Australian Aid Advisory Council; Member, Foreign Affairs Editorial Advisory Board; Chairman, CEW Bean Foundation; former Secretary General, CARE International (1991–1995).

Treasurer

Brian Jamieson

Director since 2001; Fellow of the Institute of Chartered Accountants; Chief Executive Melbourne, Minter Ellison International Law Firm; former CEO, KPMG; Member, Australian Institute of Company Directors; Deputy Chairman, Committee for Melbourne; Director, The Bionic Ear Institute; Director, Sigma Company Ltd; Director, Oxiana Ltd.

Will J Bailey, AO

Director since 1992; Chairman, CRC for Coastal Zone, Estuaries and Waterways; Director, Foundation for Young Australians. Previous involvements: Chairman and Group Chief Executive, ANZ Banking Group; Chairman, Open Learning Australia; President, National Gallery of Victoria; Chairman, Australian Bankers' Association; President, Australian Institute of Bankers.

Kim Boehm

Director since 1998; Managing Director, Young & Rubicam, Melbourne; former Managing Director, Clemenger Harvie Edge; Chairman, Advertising Federation of Australia's Victorian Chapter; Board Member, Advertising Federation of Australia National Board; Board Member, Strathcona Baptist Girls School.

Robert (Bob) Every

Director since 2003; Managing Director and Chief Executive Officer, OneSteel Ltd; Chairman, CARE Australia Corporate Council; Chairman, Steel and Tube Holdings Ltd (NZ); Director, Iluka Resources Ltd; Member, Business Council of Australia.

Philip Flood AO

Director since 2003; Chairman, Australia Indonesia Institute; Member of Council, AustralAsia Centre of the Asia Society; former Secretary, Department of Foreign Affairs and Trade; Director-General, AusAID; High Commissioner to the United Kingdom; Ambassador to Indonesia; High Commissioner to Bangladesh.

Colin Galbraith AM

Director since 2004; Partner, Allens Arthur Robinson; Director, Commonwealth Bank of Australia; Director, OneSteel Ltd; Director, GasNet Australia (Group).

Bill Guest

Director since 2000; former Director, Freedom Furniture Ltd; Director of Sofa Workshop, Guest Furniture Hire, Property 4 Retail, World Furniture Rentals, Threeways Investment, Lounge Designer Furniture and Wyatt Imports; Member, Young Presidents Organisation.

ectors

Board of Directors (cont.)

Helen Handbury, AOM

Director since 2000; former Member of Boards of Advertiser Newspapers Ltd, Southdown Press and Progress Press; Patron, Inspire Foundation.

The Hon. Barry Jones, AO

Director since 1992; Australian Minister for Science 1983–1990; Member, Executive Board of UNESCO in Paris (1991–1995); Chairman, CARE Australia Programme Committee; Chairman, Victorian Schools Innovation Commission since 2001.

Martin McKinnon

Director since 2004; Head of Marketing, Qantas; various positions in the airline industry over the past 35 years; former Managing Partner, Publicis Mojo; previous roles with Mojo, TAA & British Airways.

Sandra McPhee

Director since July 2001 (resigned February 2004); Group General Manager Alliances, Qantas Airways Ltd; Non-Executive Director of Australia Post, Coles Myer Ltd, Primelife Corporation, St Vincents and Mater Health.

Jocelyn Mitchell

Director since 1993; former Teacher and Careers Advisor; foundation Member, Women's Electoral Lobby; former Chairperson, The Australian Garden History Society; Chairperson, Board of Management, Beaufort & Skipton Health Service; Director, Lowell Pty Ltd.

Peter Smedley

Director since 2000; Chairman, OneSteel Ltd; Director, Colonial Foundation and The Australian Ballet; former Managing Director and CEO, Colonial Ltd and Mayne Ltd; Deputy Chairman, Newcrest Mining; Executive Director, Shell Australia Ltd; Director, Austin and Butta Ltd.

ADVISORY COUNCIL

The Rt Hon Malcolm Fraser AC CH

Founding Chairman, CARE Australia (1987–2001); Director, CARE Australia (2001–2004); former President, CARE International (1990–1995); former Vice-President, CARE International (1995–1999); Prime Minister of Australia (1975–1983); Co-Chairman, InterAction Council (1996–current).

Sir Leslie Froggatt

Director, CARE Australia (1989–2004); Vice Chairman, CARE Australia (1995–2001); former Chairman and CEO, Shell Australia; former Chairman, Pacific Dunlop, Ashton Mining, BRL Hardy.

Alf Paton

Director, CARE Australia (1994–2004); former Managing Director and Chairman, Placer Pacific Ltd and Kidston Gold Mines Ltd; former President, Australia Papua New Guinea Business Council; Chairman, Hill End Gold Ltd.

CARE - towards the Millennium Development Goals

Every day CARE works towards a future where people have enough food, adequate housing, good health care, clean drinking water, an education for their children and enough money to provide for themselves and their families.

To this end, in conjunction with agencies in 189 nations, CARE is committed to contributing to the achievement of the Millennium Development Goals – eight commitments made by the Member States of the United Nations at the Millennium Summit in September 2000. These commitments aim to reduce poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women. Measurable targets have been set, which, if achieved, will considerably improve the health and wellbeing of people in the developing world by 2015.

We know that aid works – we see the evidence of long-term solutions to poverty. Last year, CARE's programmes directly improved the lives of more than 31 million people in the developing world. Tens of millions more benefited indirectly from CARE projects that confronted poverty in their communities.

Poverty means not having access to clean drinking water or adequate sanitation systems. Last year, CARE helped 3 million people in 34 countries gain access to clean water and sanitation, reducing time spent gathering water and illness caused by poor hygiene.

Poverty means not being able to produce enough food to feed your family. Last year, CARE's programmes helped train more than 1.5 million farmers in 43 countries in activities relating to agriculture and natural resource management, increasing crop yields while conserving the environment.

While we have seen some successes, progress has been uneven. Despite the good work of CARE and many other agencies around the world, the World Bank and the International Monetary Fund warn that if current trends continue, most Millennium

Development Goals will not be met by most developing countries.¹ Only 15–20 per cent of countries are on track to reduce child and maternal mortality rates and HIV, malaria and tuberculosis infection rates continue to rise. The health goals are particularly difficult to achieve, due to lack of access to safe drinking water and basic sanitation.

While the Millennium Development Goals are challenging, the international community must remain focused on the need to fight poverty and to alleviate human suffering. If we look to past successes we can find hope for the future. Uganda's success in reducing HIV/AIDS infection rates for eight consecutive years in the 1990s is a remarkable achievement that could be replicated in other countries severely affected by the pandemic. Vietnam has reduced poverty from 51 per cent of the population to 14 per cent from 1990 to 2002², which is a significant achievement by any measure.

Achieving the Millennium Development Goals requires a partnership between developed and developing countries. With help from wealthy countries, developing countries need to expand access to services like safe drinking water, sanitation, health care, education, electricity, roads and protection from diseases. They also need to improve governance, fight corruption and put in place policies and practices to promote development. Without redoubled efforts by developed and developing countries alike, the Millennium Development Goals simply will not be met.

CARE will continue to work towards the achievement of the Millennium Development Goals. Every day, all over the world, CARE works with individuals, families and entire communities to alleviate poverty and suffering. Through this commitment CARE is playing its part in building a better future for all humanity.

^{1, 2}*Global Monitoring Report 2004, World Bank and International Monetary Fund.*

financial report

INDEPENDENT AUDIT REPORT

To the members of CARE Australia

We have audited the condensed financial statements of CARE Australia comprising the attached Statement of Financial Position, Statement of Financial Performance and Analysis of Operations for the year ended 30 June 2004 in accordance with Australian Auditing Standards. The condensed financial statements have been derived from the statutory financial statements of the company prepared in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements for the year ended 30 June 2004.

We have audited the annual statutory financial statements referred to above in accordance with Australian Auditing Standards, and in our report addressed to the members of the company we expressed an unqualified opinion on those financial statements. The date our opinion was formed on those financial statements was 22 September 2004.

In our opinion the condensed financial statements of CARE Australia and additional information contained in the accounting records of the company are consistent with the annual statutory financial statements referred to above from which they are derived. For a better understanding of the scope of our audit this report should be read in conjunction with our audit report on the annual statutory financial statements referred to above.



Ernst & Young

Melbourne, 22 September 2004

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of CARE Australia, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the provisions of the Charitable Fundraising Act 1991 (New South Wales) and the regulations under the Act and the conditions attached to the authority have been complied with.

On behalf of the Board.



Brian Jamieson

Treasurer

Melbourne, 22 September 2004



Peter Smedley

Director

CARE AUSTRALIA: STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

| | Note | 2004 \$ | 2003 \$ |
|--------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash | 1 | 12,470,305 | 17,763,447 |
| Prepayments | | 146,545 | 260,279 |
| Receivables | 2 | 375,076 | 1,179,735 |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 542,585 | 502,605 |
| Investments | 4 | 1 | 1 |
| Total Assets | | 13,534,512 | 19,706,067 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 5 | 1,038,527 | 1,165,423 |
| Provisions | 6 | 1,031,584 | 953,951 |
| Unexpended project funds | 7 | 7,909,051 | 14,489,184 |
| Non-Current Liabilities | | | |
| Provisions | 6 | 22,941 | 8,286 |
| Total Liabilities | | 10,002,103 | 16,616,844 |
| Net Assets | | 3,532,409 | 3,089,223 |
| EQUITY | | | |
| Funds available for future use | | 2,643,708 | 2,608,318 |
| Special Reserve | | 932,000 | 932,000 |
| Exchange Fluctuation Reserve | | (43,299) | (451,095) |
| Total Equity | | 3,532,409 | 3,089,223 |

This condensed financial information has been extracted from the statutory financial statements. It is consistent, in substance, with these statements notwithstanding the less technical language and content. The statutory financial statements have been audited and are available on request or for inspection at the registered office.

CARE AUSTRALIA: STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

| | | 2004 \$ | 2003 \$ |
|---|---------|-------------------|-------------------|
| REVENUE | | | |
| Donations and gifts from the Australian public | Cash | 4,618,467 | 4,505,173 |
| | In kind | 56,523 | 59,480 |
| Legacies and bequests from the Australian public | | 207,352 | 222,991 |
| Total Revenue from Australian public | | 4,882,342 | 4,787,644 |
| Grants and Contracts | | | |
| • AusAID | Cash | 8,546,506 | 9,413,572 |
| • Other Australian | Cash | 425,493 | 673,667 |
| • Overseas | | | |
| Project grants from CARE International members | Cash | 36,921,052 | 36,481,054 |
| Project grants from multi-lateral agencies | Cash | 2,747,636 | 2,519,572 |
| Project grants from foreign governments and overseas-based organisations | Cash | 4,809,483 | 3,562,037 |
| Investment income | | 205,349 | 64,808 |
| Other income | | 556,148 | 246,519 |
| Total Revenue | | 59,094,009 | 57,748,873 |
| DISBURSEMENTS | | | |
| Overseas projects (programme expenditures) | | | |
| • Funds to overseas projects | | 53,650,697 | 52,176,201 |
| • Cost of raising project funds from government and multilateral agencies | | 417,023 | 450,346 |
| • Other project costs | | 604,502 | 1,108,834 |
| Total overseas projects | | 54,672,222 | 53,735,381 |
| Community education | | 507,083 | 467,591 |
| Fundraising costs – Australian Public | | 1,779,083 | 1,007,035 |
| Administration | | 1,692,435 | 1,812,212 |
| Total Disbursements | | 58,650,823 | 57,022,219 |
| Excess of revenue over disbursements (shortfall) | | 443,186 | 726,654 |
| Funds available for future use at the beginning of the financial year | | 2,608,318 | 1,389,185 |
| Decrease in funds on adoption of revised accounting standard: | | | |
| AASB 1028 Employee Entitlements | | - | (8,749) |
| Transfers to Reserves | | | |
| • Special Reserve | | - | (50,000) |
| • Exchange Fluctuation Reserve | | (407,796) | 551,228 |
| Funds available for future use at the end of the Financial Year | | 2,643,708 | 2,608,318 |

This condensed financial information has been extracted from the statutory financial statements. It is consistent, in substance, with these statements notwithstanding the less technical language and content. The statutory financial statements have been audited and are available on request or for inspection at the registered office.

CARE AUSTRALIA: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS - 30 JUNE 2004

| | 2004 \$ | 2003 \$ |
|---|-------------------|-------------------|
| Note 1 Cash | | |
| Cash on hand | 389,369 | 280,644 |
| Cash at bank | 11,192,906 | 13,140,596 |
| Cash on deposit | 564,879 | 4,009,267 |
| International revolving fund | 322,974 | 367,383 |
| Cash in transit | 177 | (34,443) |
| | 12,470,305 | 17,763,447 |
| Note 2 Receivables | | |
| Debtors | 219,630 | 785,312 |
| CARE International members | 154,238 | 393,215 |
| Wholly owned entity | 1,208 | 1,208 |
| | 375,076 | 1,179,735 |
| Note 3 Property, Plant and Equipment | | |
| Total property, plant and equipment – cost | 2,130,043 | 2,333,837 |
| Accumulated depreciation and amortisation | (1,587,458) | (1,831,232) |
| | 542,585 | 502,605 |
| Note 4 Investments | | |
| Share in subsidiary – at cost | 1 | 1 |
| Note 5 Payables | | |
| Trade Creditors | 147,658 | 271,586 |
| Accruals | 42,314 | 49,250 |
| Other Creditors | 704,031 | 731,849 |
| Accrued salary and contract payments | 144,524 | 112,738 |
| | 1,038,527 | 1,165,423 |
| Note 6 Provisions | | |
| CURRENT | | |
| Employee entitlements | 925,890 | 859,985 |
| Other | 105,694 | 93,966 |
| | 1,031,584 | 953,951 |
| NON-CURRENT | | |
| Employee entitlements | 22,941 | 8,286 |

Note 7 Unexpended Project Funds

| Cash Movements | Grant Funds C/F from 2003 | Grants Received 2004 | Grant Expenses 2004 | Grant funds C/F to 2005 |
|--|------------------------------|-------------------------|------------------------|----------------------------|
| Australian Agency for International Development | 5,861,128 | 8,546,506 | (11,693,007) | 2,714,627 |
| Project Grants from other Australian organisations | 1,505,269 | 425,493 | (761,067) | 1,169,695 |
| Project grants from multi-lateral agencies | 251,394 | 2,747,636 | (2,559,095) | 439,935 |
| Project grants from CARE International members | 5,023,742 | 36,921,053 | (40,174,397) | 1,770,398 |
| Project grants from foreign governments and overseas-based organisations | 1,847,651 | 4,809,483 | (4,842,738) | 1,814,396 |
| Total | 14,489,184 | 53,450,171 | (60,030,304) | 7,909,051 |

Note 8 Donation Income

No single fundraising appeal for a designated purpose generated 10% or more of total donation income for the year.

CARE AUSTRALIA: ANALYSIS OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2004

| | 2004 % | 2003 % |
|---|------------|------------|
| Total Cost of Fundraising, Community Education and Administration / Total Income | 7 | 6 |
| Overseas Projects (programme expenditure) / Total Income | 92 | 93 |
| Increase (decrease) in funds available for future CARE programming / Total Income | 1 | 1 |
| Total | 100 | 100 |

INFORMATION (CHARITABLE FUNDRAISING ACT NSW)

Fundraising activities conducted

Direct Mail
 Major Gifts Programme
 Corporate Gifts
 Bequest Programme
 Special Events
 Media Awareness
 Community Service Announcements

| Comparison by Percentage | 2004 % | 2003 % |
|---|-----------|-----------|
| Total Cost of Services (Overseas Projects <i>plus</i> Community Education) / Total Expenditure <i>minus</i> Fundraising | 97 | 97 |
| Total Cost of Services (Overseas Projects <i>plus</i> Community Education) / Total Income <i>minus</i> Fundraising | 96 | 95 |
| Total Cost of Fundraising/Revenue from the Australian Public | 36 | 21 |
| Net surplus from Fundraising/Revenue from the Australian Public | 64 | 79 |

frequently asked questions

What are CARE's administration overheads?

We are primarily dependent on support from the Australian public to do our work. We build on that support to attract significant additional funds. Over the last seven years around 90 per cent of our total income from the Australian public and all other sources has been spent on work in the field, rather than on administration overheads.

How does my donation help CARE secure more funding from large donors such as governments?

Over the last seven years, for every \$1 we have raised from the Australian public we have been able to raise a further \$10 from institutional donors such as the Australian Government, United Nations organisations and the European Union (see page 22 for other institutional donors).

How do I know that the money I donate actually reaches those most in need?

CARE Australia has direct operational responsibility for its programmes. We have our own staff on the ground working with local partners and participants to directly deliver assistance. We plan, design, implement and evaluate projects with these local partners while retaining management and contractual control on all projects. This gives us a high degree of accountability and transparency.

How is a project designed?

CARE's aim is for each project to be designed by a broad team, including technical specialists, CARE national staff, and the people and communities who ultimately participate in and benefit from the project. Research is done at the beginning to ensure that local needs and priorities form the core of the project's activities.

Is there ongoing evaluation of projects?

Projects are regularly monitored and evaluated during their implementation and appropriate adjustments are made to ensure sustainability. Upon completion, projects are evaluated

to determine their impact and effectiveness. Lessons learned are shared with other CARE Country Offices and staff through workshops, policy documents and the CARE International network. CARE works to maximise efficiencies by creating models that can be replicated in other countries and other situations while retaining our focus on sustainable development.

How do our projects have lasting effects?

Each project is based on the goal of improving the capacities of local people so that after CARE leaves, development will be sustainable and the benefits of the project will continue. To achieve this, the needs, preferences and the beliefs of project participants are always central to project design and planned outcomes. Communities are often directly involved in the provision of labour and materials for a number of projects, which not only provides additional skills but also ownership of the subsequent improvements in community services.

Does CARE Australia have political or religious affiliations?

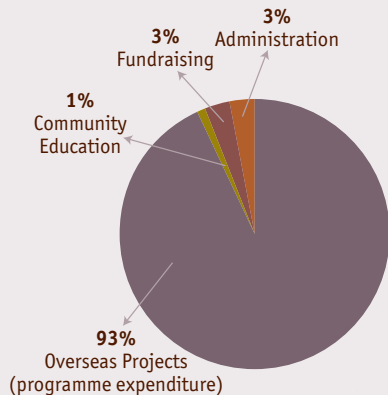
CARE Australia is non-religious and non-political, allowing us to deliver humanitarian assistance to anyone in need without discrimination.

Countries worked in:

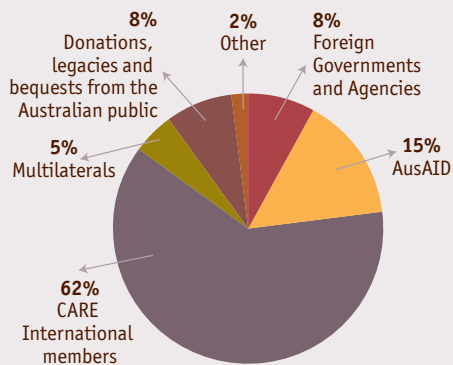
- | | | |
|---|---|--|
| Asia | Africa | Europe |
| <ul style="list-style-type: none">• Cambodia• China• East Timor• Indonesia• Laos• Myanmar/Burma*• Vietnam | <ul style="list-style-type: none">• Ethiopia• Kenya• Lesotho• Madagascar• Malawi• Mozambique• South Africa• Zimbabwe | <ul style="list-style-type: none">• Serbia and Montenegro Middle East/West Asia <ul style="list-style-type: none">• Afghanistan• Iraq• Jordan• Palestinian Territories• Yemen |

**Myanmar is the name recognised by the United Nations and the country in question. Burma is the name recognised by the Australian Government.*

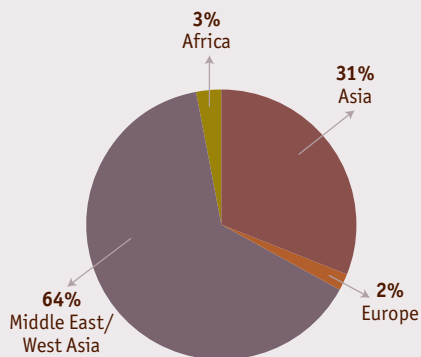
Expenditure (Total \$58,650,823)



Income by source (Total \$59,094,009)



Overseas projects by geographical region (Total \$54,672,222)



Cambodia - © 2004 CARE/Nami Nelson

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