



# NCN Health Annual Report

2019/2020



**NCN**  
Health

Nathalia  
Cobram  
Numurkah



## OUR VALUES

### RESPECT

*Value the rights, beliefs and choices of every individual*

### ACCOUNTABILITY

*Take responsibility for our decisions and actions*

### PARTNERSHIP

*Work together to create value in health*

## STATEMENT OF INTENT:

*‘NCN Health commits to growing together to provide safe and accessible care to all our communities’*

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# INTRODUCTION

## Annual Reporting

NCN Health reports on its annual performance in two separate documents each year - the Annual Report and Quality Account. The Quality Account is not available this year due to COVID-19.

The Annual Report fulfills the statutory reporting requirements for governance. The Quality Account reports on quality, safety, risk management and performance improvement matters.

The purpose, functions, powers and duties of NCN Health are described in the Bylaws of the organisation.

NCN Health is incorporated as a public hospital under the Health Services Act 1988 and came into operation on 1 July 2019, following the voluntary amalgamation of three health services - Nathalia District Hospital, Cobram District Health and Numurkah District Health Service.

The Annual Report is presented to the Annual General Meeting and distributed to the community. The report is also available on the NCN Health website ([www.ncnhealth.org.au](http://www.ncnhealth.org.au)).

## Responsible Ministers

The responsible Ministers during the reporting period were:

- Jenny Mikakos MP, Minister for Health Minister for Ambulance Services
- Martin Foley MP, Minister for Mental Health
- The Hon. Luke Donnellan MP, Minister for Disability, Ageing and Carers

## Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for NCN Health for the year ending 30 June 2020.



**Mr Dale Brooks**  
**Board Chair**  
**NCN Health**  
22 September 2020





# ABOUT NCN HEALTH

NCN Health is a rural health service that provides services to the people of Nathalia, Cobram and Numurkah and surrounding communities, located within the Moira Shire. This includes a total catchment of 18,000 people.

NCN Health was created on 1 July 2019, combining the services of three former health organisations - Nathalia District Hospital, Cobram District Health and Numurkah District Health Service.

NCN Health has three campuses, with the following services offered:



## NATHALIA CAMPUS

- Urgent Care Centre
- Acute Care Unit offering general inpatient medical and palliative care
- X-Ray
- Pathology Collection
- Medical Clinic
- Residential Aged Care
- Transitional Care

Community and Primary Health services are offered either by the health service or through private providers, including:

- Physiotherapy
- Podiatry
- Diabetes Education
- Occupational Therapy
- Dietician
- Counselling
- Exercise Groups
- District Nursing Service

### BEDS

- 6 Acute beds
- 20 Residential Aged Care beds - Banawah



## COBRAM CAMPUS

- Urgent Care Centre
- Acute Ward offering general inpatient medical and palliative care
- Operating Theatre
- X-Ray and Ultrasound
- Medical Clinic
- Dental Clinic providing public and private dentistry
- Residential Aged Care
- Transitional Care
- Pathology Collection

### Community Health Centre:

- Community Nursing
- Physiotherapy
- Diabetes Education
- Occupational Therapy
- Health Promotion
- Dietician
- Speech Therapy
- Chronic Disease Support
- Home Care Packages
- District Nursing Service
- Community Midwife
- Counselling
- Moira Community Rehabilitation Centre

### BEDS

- 12 Acute beds
- 6 Day Procedure beds
- 30 Residential Aged Care beds - Irvin House



## NUMURKAH CAMPUS

- Urgent Care Centre
- Acute Ward offering general inpatient medical and palliative care
- Operating Suite
- X-Ray and Ultrasound
- Pathology collection
- Residential Aged Care
- Transitional Care

### Primary Health services:

- Chronic Disease Support
- Community Midwife
- Dental (privately via GV Dental)
- Diabetes Education
- District Nursing Service
- Geriatrician (visiting service)
- Health Promotion
- Healthy Habits Group Program
- Intake and Access
- Moira Mental Health Service
- Nutrition and Dietician
- Obstetrics and Gynaecology (Visiting)
- Occupational Therapy
- Palliative Care (Moira Palliative Care Service)
- Physiotherapy
- Planned Activity Group
- Podiatry
- Psychology, Psychiatry, Counselling
- Pulmonary Rehabilitation
- Rural Support

### BEDS

- 16 Acute beds
- 6 Day Procedure beds
- Aged Care - Karinya 30 beds
- Numurkah Pioneers Memorial Lodge 36 beds
- Gwandalan Court - 11 independent living units

# Message from the CEO



Jacque Phillips, OAM  
**Chief Executive Officer**

## ONE YEAR ON

This has been a significant year for NCN Health and we are pleased to celebrate our first birthday, 12 months after the joining of the three health services of Nathalia, Cobram and Numurkah.

The Board of Directors has provided great leadership, helping to shape NCN Health throughout its first successful year.

This year the organisation commenced the development of the new strategic plan, which sets the direction of the organisation and will outline health service priorities for the community now and into the future. Extensive staff and community consultation was undertaken, helping to inform the plan.

NCN Health managers participated in the Leadership Gateway Program during the year. Safer Care Victoria provided funding for the workshops following a successful submission. Project-based leadership skills have developed capacity and capability across NCN Health.

A new logo was developed, embracing the three entities of Nathalia, Cobram and Numurkah joining together into a strong and unified symbol with a positive message of 'moving forward together'.

We also developed our values which underpin the organisation: Respect - value the rights, beliefs and choices of every individual; Accountability - take responsibility for our decisions and actions; and Partnership - work together to create value in health.

An important milestone was reached with the first NCN Health Board Clinical Governance meeting held in June 2020. The focus was on acute, urgent care and theatre services.

The joining of the three health services has already resulted in a range of new job opportunities for staff, funding success for new programs, the appointment of a new Cardiologist, bringing services in-house instead of contracting out, and significant savings through using one supplier agreement rather than three - allowing for reinvestment back into health care services for the community.

## HIGH QUALITY SERVICES AND FACILITIES

NCN Health has delivered excellent services throughout the year with high level performance. We also achieved accreditation at Nathalia and Numurkah during the year, with Cobram coming up in 2021.

Our Urgent Care Centres are continuing to provide an essential service and we have continued our safety and quality focus through the previously funded Better Care Victoria project. This includes staff and doctors and will also include other key stakeholders such as Ambulance Victoria.

## BUSH FIRE AND COVID-19 RESPONSE

NCN Health responded to significant events and challenges in 2020. At the start of the year, the health service responded to bush fires, heat, smoke and storms. The Department of Health and Human Services acknowledged the fantastic efforts of staff and volunteers in relation to caring for the Corryong residents. Significant work was also undertaken across all communities in relation to air quality and respiratory health.

NCN Health has also responded with a high level of professionalism and integrity to the challenges of the coronavirus pandemic emergency. I would like to thank our staff for their co-operation, dedication and support to our patients, residents, clients and each other during this time.

Staff across the campuses and in all roles continued to work hard to ensure our vulnerable patients and clients are cared for, protected and safe during the coronavirus pandemic. We have taken a new and innovative approach to the way health care is provided. We have successfully implemented telehealth services and have undertaken risk assessment around essential and non-essential client needs. The commitment demonstrated to supporting our community during this difficult time has been truly amazing.

## AWARDS

Numurkah District Health Service (now part of NCN Health) won the 2019 Premier's Small Health Service of the Year Award. The Victorian Public Healthcare Awards recognise excellence, dedication and innovation in health services. It is wonderful to be acknowledged as an organisation that is leading the way in health services across the State.

We were also part of the Community Interlink health services consortium, which won the Minister for Disability, Ageing and Carers Award for Excellence in Public Sector Aged Care. It was great to be a finalist in the Minister for Mental Health's Award for Excellence in Supporting the Mental Health and Wellbeing of Victorians - for the Dairy Industry Support Project.

Congratulations to staff for their outstanding efforts in helping to make our health services the best in the State and for continuing to provide excellent care to our community. Thank you to our dedicated volunteers for your valuable services and thank you to the Board of Directors for your Leadership during a very successful year.

I would like to recognise and thank Wendy Ross DCS for her leadership and innovation. Wendy left NCN Health in February for a position at Kyabram Health. I would also like to acknowledge Sarah Finlayson who made a huge contribution to quality, safety, innovation and systems development for the health service.

A handwritten signature in dark ink, appearing to read 'JP Phillips'.

**Jacque Phillips, CEO**

# Message from the Chair



Dale Brooks  
**Board Chair**

It has been a great pleasure to work with the Board of Directors, CEO, staff and the community over the last 12 months, as Board Chair of NCN Health.

It was a significant milestone to celebrate our first birthday and we are delighted to have achieved so much during this time - in terms of implementing the new governance frameworks, undertaking planning and enhancing service delivery.

It has been a challenging year with the impact of bush fires and then the coronavirus pandemic bringing much change and requiring significant response and adaptability from all staff and community members.

The health service has done an outstanding job in supporting the community during this difficult time, while continuing to deliver the broad range of essential health services that we provide to patients, residents, clients and consumers each day through our three campuses.

## **GOOD GOVERNANCE**

This year we set a strong foundation for the newly formed organisation.

Initially, the Board of Directors developed a Statement of Intent for NCN Health which helps to communicate our core message and sets out what we aim to achieve. The Statement of Intent is: *NCN Health commits to growing together to provide safe and accessible care to all our communities.*

Strategic planning is well underway and will shape our organisation and health service priorities in line with growing community needs over the next three to five years.

The NCN Health Community Advisory Committee was established during the year including community

representatives from Nathalia, Cobram and Numurkah communities. This is in addition to the Consumer Committees at each campus.

The first NCN Health Board Clinical Governance meeting was also held in June 2020. The Clinical Governance meeting has been established to align our governance across our three campuses and we look forward to their hard work in the lead up to accreditation of our services in 2021.

## **CAPITAL WORKS**

It was great to see some significant capital works taking shape across the three campuses during the year.

Building works were undertaken at Irvin House and the Kitchen at Cobram campus and these are progressing well to be completed by Christmas 2020. The improvements include the creation of 14 single rooms with ensuites at Irvin House. The new rooms will enhance independence, privacy and safety for residents. The new kitchen for the Cobram campus will be 1.5 times larger than the existing space and have the latest equipment.

The renovation of Karinya Nursing Home at Numurkah campus was completed during the year, including the dining room extension and renovation of the kitchenette and dining area with an activities kitchen for residents to enjoy.

A master plan and feasibility study for the redevelopment of Numurkah Pioneers Memorial Lodge was undertaken in consultation with user groups.

Solar panels and shade structure works commenced at Nathalia campus this year, reducing our environmental impact and providing a sustainable solution.

## **FINANCIAL PERFORMANCE**

I am pleased to report that NCN Health is in a strong financial position. NCN Health also has an important role in advocating for funding and services on behalf of the community. We have been able to maintain a positive financial outlook despite a very challenging year with many services closed or restricted. We have been fortunate in obtaining some government grants to continue the capital works programs at Cobram and Numurkah and

appreciate the State Government's investment in much needed infrastructure in regional areas. We believe that we are well placed to fund and grow services in the future.

## **THANK YOU**

I would like to take this opportunity to thank my fellow Board of Directors, as well as the Executive Team and staff, who have worked tirelessly this year to provide outstanding health services to the community and deliver significant capital projects.

Sadly we said farewell to Board Members Melissa Nicoll and Susan Logie who have both served terms in excess of 12 years. They have made an enormous contribution to Numurkah District Health Service and Nathalia District Hospital respectively. Both Melissa and Sue were involved in the Governance working group that oversaw the voluntary amalgamation of NCN Health.

We welcomed new Board Directors this year, Alicia Cunningham and Trish Quibell and we are delighted with the reappointment of Jennie Gould.

I would like to thank our donors who have provided tremendous support to the health service. Your generosity has enabled the health service to provide medical equipment and supplies that directly benefit the community. I thank the Community Advisory Committee and Consumer Committees for your role in community engagement and health service improvement, which improves the health service outcomes for our communities. I also extend our thanks and appreciation for our volunteers, notably those working in our aged care facilities. They are genuinely our unsung heroes and their tireless work provides invaluable assistance to our residents and their families. Whilst the COVID-19 pandemic has impacted volunteers engaged at NCN Health for much of the year, we anticipate that they will continue to play an important role with NCN.

We look forward to working with the community over the next 12 months to continue to provide high quality and safe local services.

**Dale Brooks, Board Chair**



# BOARD DIRECTORS AND COMMITTEES

## BOARD OF DIRECTORS

### Role of Board of Directors

The Board of Directors is a group of local people who represent the Numurkah, Cobram, Nathalia and surrounding communities. Directors of the Board volunteer their time to work with the Chief Executive Officer (CEO), Jacque Phillips to guide the strategic direction of NCN Health. They are appointed by the Governor in Council and are responsible for making sure that NCN Health responds to population health needs using available funds.

The Board of Directors is the governance body of NCN Health and accountable to the Minister for Health. This means that they make sure that NCN Health steers the organisation to oversee finances, quality and safe health care and many other duties that are set by government bodies.

The functions of the Board as determined by the *Health Services Act 1988* are:

- To oversee and manage the organisation; and
- To ensure the services provided by the organisation comply with the requirements of the *Act* and the aims of the organisation.

Below are the 12 Board Directors for 2019/2020.



**BROOKS, Dale**  
(Chair)



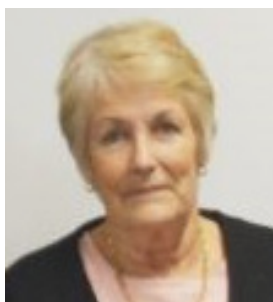
**BEASLEY, Kade**



**CAMPBELL, Suni**



**DISSAN, Mewan**



**GOULD, Jennifer**



**HODGE, Kate**



**LELLIOTT, Andrew**



**LOGIE, Susan**  
(Vice Chair)



**McCALLUM, Christopher**



**MORRIS, Nathan**



**NICOLL, Melissa**



**WEST, Pat**

# COMMITTEES

The Committees are:

- Board of Directors
- Corporate Governance Finance
- Corporate Governance Audit and Risk - Independent Members include: Jeff Buzza and Michelle McCracken
- Clinical Governance Quality and Safety
- Community Advisory
- Credentialing and Privileging
- Executive Remuneration

Corporate Governance Finance	Corporate Governance Audit and Risk	Executive Remuneration	Community Advisory
Andrew Lelliott Kade Beasley Mewan Dissan Jennie Gould	Andrew Lelliott Dale Brooks Suni Campbell Mewan Dissan	Dale Brooks Susan Logie Suni Campbell	Susan Logie

Clinical Governance Quality and Safety			Credentialing and Privileging		
Nathalia	Cobram	Numurkah	Nathalia	Cobram	Numurkah
Susan Logie Chris McCallum Melissa Nicoll	Pat West Kade Beasley Jennie Gould	Melissa Nicoll Kate Hodge Nathan Morris	Mewan Dissan Susan Logie	Dale Brooks Jennie Gould	Nathan Morris Kate Hodge



**The first NCN Health Community Advisory Committee meeting was held on 21 January 2020, with community representatives from Nathalia, Cobram and Numurkah communities.**

*CAPTION: CEO Jacque Phillips with Community Advisory Committee members - Kate Macheda, Adrienne Gledhill, Paul Ukich, Kerry Murray, Beverley Wain, Maree Hogan, David Vaughan and Diana Baxter. Missing from Picture - Susan Logie.*

## CONSUMER COMMITTEES

### Nathalia

- Ania Wiltshire
- David McKenzie
- Dianna Baxter
- Fay Brown
- Kevin Pell
- Mary Barry
- Maureen McGowan
- Sue Maloney

### Cobram

- Ian Yeaman
- Rodney Dutneall
- Kellie Butler
- Dianne Rigby
- Dale Brooks (Board of Directors, Chair)

### Numurkah

- Beverley Wain
- Helena Cornelia
- Jodi Cunningham
- Kate Hodge (Board of Directors Member)
- Steven Mills
- Sally Rose-Bassett
- Jenny Watson
- Sue Oxley (finished December 2019)

# EXECUTIVE TEAM



## CHIEF EXECUTIVE OFFICER

**Jacquie Phillips, OAM**

*RN, RM, Certificate MCH, Grad Cert CH, EMPA, MAICD*

The Chief Executive Officer (CEO) is responsible to the Board of Directors for the effective operation of the Health Service, ensuring the integration of services and provision of health care to the community. Key responsibilities include the development and implementation of operational and strategic planning, maximising service efficiency, quality and safety improvement and leadership.



## DIRECTOR PEOPLE AND CULTURE

**Nicole Cason**

*Dip HR, Grad Cert BusAdmin*

The Director People and Culture role is responsible for all human resources (HR) management and reporting requirements including employment and industrial relations, recruitment, planning and performance, assists with strategic management, operational budgeting, training and provides managers with generalist HR advice and support. This role oversees the Occupational Health and Safety, Payroll, Volunteers and Administration Departments.



## DIRECTOR CORPORATE SERVICES

**Justin Sullivan**

*RN, Grad Dip Critical Care, Grad Dip Business Man*

The Director Corporate Services is responsible for many of the non-clinical areas of NCN Health including ICT, catering, environmental services, maintenance, supply, asset management and the delivery of key infrastructure projects. This role also oversees contracts and compliance with Health Purchasing Victoria requirements.



## DIRECTOR MEDICAL SERVICES

**Dr Ka Chun Tse**

*MBBS, MHM, MPH, FACHSM, GAICD*

The Director Medical Services (DMS) provides leadership and clinical advice to the health service, contributes to quality and safety meetings and supports Visiting Medical Officers. The DMS oversees Medical Credentialling and Medical staff meetings, reviews clinical policies, and provides advice to Executive and staff.



## DIRECTOR CLINICAL SERVICES - NUMURKAH CAMPUS

**Catherine Church**

*RN, Grad Cert Critical Care, Cert IV TAE*

The Director Clinical Services is responsible for Acute, Aged Care, Primary Health, Theatre and clinical areas such as Infection Control and Education. The role encompasses clinical governance, clinical leadership and standards of practice, service and strategic planning, clinical risk management, quality improvement and resource management.



## DIRECTOR CLINICAL SERVICES - COBRAM CAMPUS

**Carolyn Hargreaves**

*RN Div 1, Grad Cert in Critical Care*

The Director Clinical Services is responsible for Acute, Aged Care, Community Health, Theatre and clinical areas such as Infection Control and Education. The role encompasses clinical governance, clinical leadership and standards of practice, service and strategic planning, clinical risk management, quality improvement and resource management.





**DIRECTOR OF NURSING -  
NATHALIA CAMPUS**

**Greg van Popering**

*RN, BN, Dip Management, Post  
Grad Diploma in Advanced Clinical  
Nursing*

The Director of Nursing is responsible for the management of all clinical services across the Nathalia Campus. This includes Nursing, Allied Health Services and the Nathalia Medical Clinic.



**MANAGER QUALITY  
IMPROVEMENT AND RISK**  
**Sheridan Davies**

*B. Applied Management, Grad Cert  
Community Engagement*

The Manager Quality Improvement and Risk is responsible for the organisation's quality and risk management systems. Key responsibilities include oversight of clinical audit, clinical review, and accreditation of acute, aged care, radiography and community health services. This role actively pursues opportunities for service development, innovation, research and evaluation.

**Thank you to previous  
Executive members for your  
support during the year.**



**DIRECTOR CLINICAL SERVICES  
AND AGED CARE (left 1/3/20)**  
**Wendy Ross**

*RN, Grad Cert eHealth, Dip Bus/HR,  
MAICD*

The Director of Clinical Services (DCS) is responsible for Acute, Aged Care, Primary Health, Theatre and clinical areas such as Infection Control and Education. The role encompasses clinical governance, clinical leadership and standards of practice, service and strategic planning, clinical risk management, quality improvement and resource management.



**MANAGER PRIMARY HEALTH -  
NUMURKAH CAMPUS**

**Robyn Sprunt**

*B OccTher, Grad Cert Health  
Services Mgt*

The Manager Primary Health is responsible for a comprehensive range of community based programs including allied health, community and palliative nursing, mental health and community engagement. Key responsibilities include clinical leadership, operational management, and service and strategic planning to meet local community health needs.



**MANAGER COMMUNITY HEALTH -  
COBRAM CAMPUS**

**Kim Fitzgerald**

*B. Social Science (Social Welfare),  
Dip Business, Dip Community  
Services, Cert IV TAE*

The Manager Community Health is responsible for the operational management of district nursing, allied health, community programs, home care packages and Moira Community Rehabilitation Centre. The role works with local partners to meet local health needs.



**QUALITY SYSTEMS MANAGER  
(left 30/8/19)**

**Sarah Finlayson**

*B. Bus Accting, Gr Dip Mgt & Rural  
Health, Master Health Services Mgt*

The Quality Systems Manager is responsible for development of the organisation's quality and risk management systems. Key responsibilities include oversight of clinical audit, clinical review; and accreditation of acute, aged care, radiography and primary health services.

# DIRECTOR MEDICAL SERVICES REPORT



Dr Ka Chun Tse  
**Director of Medical Services**  
MBBS, MHM, MPH, FACHSM,  
GAICD

This extraordinary year has seen NCN Health as a proactive player in the Victorian healthcare system as we prepared for and responded to the COVID-19 pandemic.

We have responded in a timely fashion to policy and guideline changes from the Victorian Department of Health and Human Services (DHHS), on anything from testing criteria to health screening on entry, to personal protective equipment use.

NCN Health has established an Emergency Operations Centre, appointed a Pandemic Manager, contributed to the statewide testing program (including the asymptomatic testing blitz) and established processes for the identification and management of suspected COVID-19 patients presenting to the health service.

We are part of the Hume Region “Cluster” which develops collaborative, regional approaches to COVID-19 prevention and care.

NCN Health has faced ongoing medical workforce shortages, and I would like to take this opportunity to thank all of our medical officers who have remained engaged and worked through some very challenging times between this and COVID-19 preparations. They are ably supported by our nursing, allied health and non-clinical staff, as well as the continuation of the Murray Primary Health Network-funded “My Emergency Dr” telemedicine service.

A strategic response to our medical workforce shortages has been the leading role taken by NCN Health in the Hume Region component of the Victorian Rural Generalist Program. This leverages on the very successful Murray-2-Mountain (M2M) medical intern training program, to create a four-plus year training pathway for medical graduates who would like to work in a smaller rural community.

The initial focus will be on supporting skills development in rural general practice, emergency care, anaesthesia, obstetrics and paediatrics.

NCN Health has successfully integrated its medical and dental credentialling and defining scope of clinical practice processes across Nathalia, Cobram and Numurkah.

This is being gradually expanded to include “extended scope” nursing practice (such as Rural and Isolated Practice Endorsed Registered Nurse) and allied health disciplines.

We are also aligning clinical review and other clinical governance processes across our three campuses – to optimise the cross-pollination of knowledge, experiences and learnings among all of our clinical staff.

A handwritten signature in black ink, appearing to be 'KCT', written over a light blue grid background.

Dr Ka Chun Tse  
**Director of Medical Services**



*Caption: A regional Urgent Care Centre working group meeting*









# Highlights

## NCN Health - First Birthday Milestone

NCN Health turned one and celebrated 12 months of achievement since officially joining the health services of Nathalia, Numurkah and Cobram. In the first year, strong governance, leadership and key roles have been established; planning has been undertaken; and high quality health services have been delivered across the three campuses.

## Statement of Intent

The Board of Directors developed a Statement of Intent for NCN Health to communicate our core message and sets out what we aim to achieve.

The Statement of Intent is: *NCN Health commits to growing together to provide safe and accessible care to all our communities.*

## Values

The development of NCN Health values was undertaken during the year with extensive staff input - helping to shape the new organisation and guide service delivery.

The new Values are:

- **RESPECT:** *Value the rights, beliefs and choices of every individual*
- **ACCOUNTABILITY:** *Take responsibility for our decisions and actions*
- **PARTNERSHIP:** *Work together to create value in health*

## Strategic Plan

NCN Health worked on the development of a three to five year Strategic Plan to guide the future of the health service and enhance local access to care – in close consultation with staff and the community. The Strategic Plan is the key strategic document that sets a clear direction for the organisation and will guide services, priorities and actions to meet the needs of the community now and in the future. The Strategic Plan builds upon the valued services that are already in place and provides significant opportunities for growth, improvement and enhanced access to local care in our communities.

## Clinical Governance

NCN Health reviewed the Clinical Governance framework. This was lead by our three experienced Directors of Clinical Services/Nursing, along with the skills and experience of key managers across the organisation. This has involved reviewing committee terms of reference and streamlining committees and agenda items.

An important milestone was reached with the first NCN Health Board Clinical Governance meeting held on 17 June 2020. The focus was on acute, urgent care and theatre services.

## Branding

**New branding for NCN Health was developed and rolled out in January 2020, bringing together the three organisations under one strong identity.**



### LOGO DEFINITION

In the new logo, the three entities of Nathalia, Cobram and Numurkah are represented by the individual arrow heads (a strong shape on its own), which join together into a unified configuration. The coming together of the arrow heads also forms a directional arrow in the negative space – which represents a positive message of ‘moving forward together’.



## Capital Works

### Irvin House - Cobram

NCN Health appointed Landmark Constructions (based in Benalla) to undertake building works on Irvin House and the Kitchen at Cobram Campus. Building works commenced on 16 March 2020 and are progressing well to be completed by Christmas 2020. The improvements include the creation of 14 single rooms with ensuites at Irvin House. The new rooms will enhance independence, privacy and safety for residents, and provide the latest facilities in an attractive and dementia-friendly setting.

Works also include a new kitchen for the Cobram Campus which will be 1.5 times larger than the existing space. It will have advanced equipment, such as a pass-through dishwasher and latest technology ovens, plus state-of-the-art design. This will enhance food preparation, systems and flow for the benefit of residents, patients and users of the whole health service. The project is over \$2.5 million, which is being funded by State Government through the Rural Health Infrastructure fund.

### Karinya Nursing Home Renovation - Numurkah

The renovation of Karinya Nursing Home was completed during the year, by Moretto Builders. Works included the extension of the west dining room and renovation of the kitchenette and dining area with an activities kitchen for residents to enjoy. The new facilities enable residents to prepare food, cook and enjoy meals. The lounge provides an extended area for residents to enjoy and a quiet space for meeting with friends and family.

The new facilities bring a modern, bright addition to Karinya, enhancing the lifestyle and experiences of residents. The works were funded through a successful State Government refurbishment grant along with funding allocated by the Board of Directors.

### The Hub - Numurkah

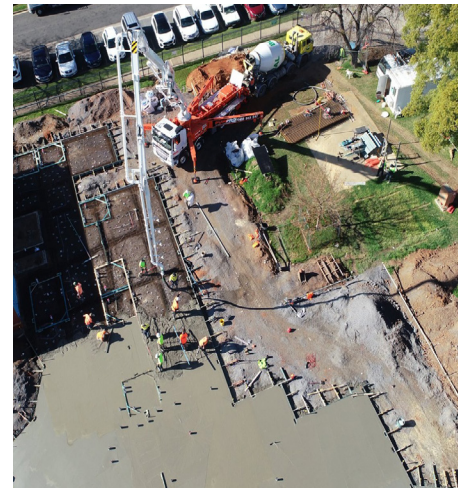
An additional administration space has been created for students and staff. This was funded by the Board of Directors and provides a valuable learning and interactive space.

### Numurkah Pioneers Memorial Lodge Redevelopment

A master plan and feasibility study for the redevelopment of Numurkah Pioneers Memorial Lodge was undertaken by Bamford Architects. Consultation has been undertaken with user groups. The master plan and feasibility study process focused on the needs and preferences of consumers now and in the future, the site options and opportunities, latest design, structure, development guidelines, the character of the local area and other considerations.

### Solar and Shade - Nathalia Campus

Renewable energy expanded at Nathalia with solar installation works undertaken this year. The health service utilises energy from an 80kw solar system with panels located on the roof. An additional 90kw was added to create a 170kw system. The additional system was constructed on framing over the current public carpark, creating a new shade structure, which provides shade for clients and their vehicles when visiting the health service.





# Response to Bush Fire

At the start of 2020, NCN Health responded to air quality issues in relation to the bush fires in North East Victoria and the health service also cared for 10 residents who were evacuated from Corryong Health Service.

## Corryong Residents

The response from staff and volunteers was amazing. There was not one area of the health service that did not have a role to play. On the day of arrival the kitchen staff had prepared extra meals and continued making meals for the residents, and often for family members who were staying. Beds were moved by maintenance, there was extra cleaning and laundry to be done. The Primary Health team changed their work day plans to do assessments, to make sure the right aids and equipment were in place. The Psychologist and her dog visited to check in on the residents and provide some fun. A call went out for extra staffing via text and all shifts were filled within 2 hours. Volunteers came in to visit the residents regularly and took them on a bus tour.

After a two and a half week stay, the residents returned to Corryong, accompanied by a lot more luggage than they arrived with (due to donations) and a pot plant each from the Numurkah Network group members who they had come to know when they attended activities.

Thank you and well done to everyone who was involved. The Corryong residents went home looking well after their stay.

## Air Quality and Respiratory Health

In response to the bush fire activity in January this year and the poor air quality, the Moira Respiratory Project (MRP) team provided information, advice, support and assisted in the distribution of masks in our communities.

NCN Health - Numurkah MRP Staff members visited various businesses in the town including the two supermarkets and two pharmacies and distributed information and spoke to community members on air quality and first aid for asthma. The staff had great feedback regarding the information given and businesses were happy to display. Masks and information sheets were also distributed to local businesses. A comment was posted on the Numurkah Bakery Facebook page regarding the how great it was that the "Health Nurse" from the hospital came in.

NCN Health - Cobram MRP Staff visited all the pharmacies in the town and spent some time at the local supermarket, handing out information to community members and providing advice. Staff noted that they had a number of questions around asthma and were able to refer a gentleman in for spirometry testing. The staff received feedback: "Well done for coming out and supporting the community".

NCN Health - Nathalia MRP Staff distributed masks and information to 8 local businesses and provided advice to community members. Well done and thank you to all staff involved.







## Response to COVID-19

**NCN Health undertook a range of activities in response to the COVID-19 pandemic from March 2020, to ensure health and safety for everyone. This included:**

- Increased cleaning and enhanced use of Personal Protective Equipment in high risk areas in addition to the excellent infection control processes already in place.
- Screening staff, patients and visitors prior to entering the health service (checking health, temperature, travel and contact).
- Changed visiting hours and put restrictions in place at our hospitals and residential aged care facilities to protect everyone, especially those most vulnerable.
- Staff undertook specific training in preparation for COVID-19.
- Changes were made to the layout of furniture in our buildings and meet new requirements to ensure social distancing.
- Cleared areas and removed items such as books, newspapers etc from shared spaces.
- Prepared and implemented a pandemic plan and meet regularly.
- Building our workforce in preparedness for months ahead.
- Continued to work closely with the Department of Health and Human Services, GV Health, other health services and experts.
- Daily communication has taken place with staff.
- Provided important information to the community, patients, residents and visitors on a regular basis through a range of online and print channels.
- NCN Health participates in the State-wide COVID-19 community testing blitz across all campuses.
- Undertaking Influenza vaccinations.
- Introducing Telehealth in a range of areas.
- Introducing a range of activities for residents in aged care including electronic communication.





# Response to COVID-19



## Exercise Pack for Clients

To help clients stay healthy and well during the COVID-19 pandemic, NCN Health provided clients with a pack to encourage regular exercise and maintain healthy habits. The pack included an exercise program and diary, a resistance band and a USB including education topics from health professionals at NCN Health. The presentations related to improving health and wellbeing. The USB includes videos of the exercises provided on the exercise program.



## Aged Care Residents

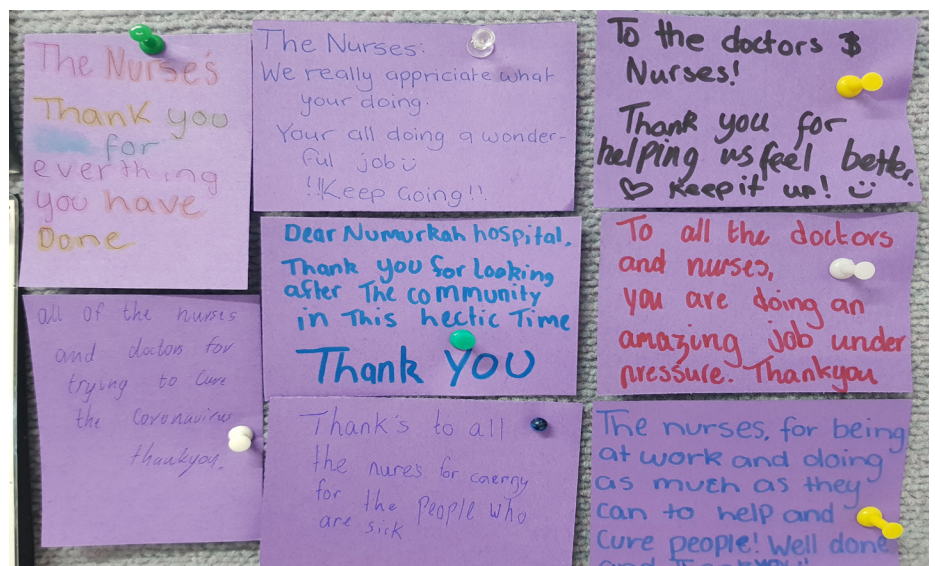
Residential Aged Care staff have been working hard to ensure our vulnerable patients and clients are cared for, protected and safe during the coronavirus pandemic.

A number of additional activities were introduced at Residential Aged Care facilities to care for residents and ensure social wellbeing during COVID-19, including written messages, video calls, dress up days, activities, letters and more.



## Community Support

Community support for our healthcare workers has been significant during this time.







## More4Moira

More4Moira is a program led by NCN Health that promotes healthy eating and active living in children.

The project began through a partnership with Deakin University.

NCN Health supports the community as the backbone agency for the project and has now achieved over 120 initiatives across the community with the key messages: encourage activity, offer vegetables, provide tap water and support breastfeeding.

### Activities included

- Fun at the park family day with 60 people attending in September 2019
- Healthy eating promotion
- Facebook page
- Reading to children
- Smiles for Miles
- Health promotion at the Numurkah Show
- Attending the Save the Koalas Festival in Cobram in January 2020 with the 'blenda bikes'

## Events

NCN Health celebrated a number of key events throughout the year including:

- International Nurses Day
- Volunteer Week
- National Sorry Day
- National Reconciliation Week
- Palliative Care Week
- Allied Health Professionals Day
- OHS WorkSafe Luncheon
- Children's Week
- Odd Socks Day
- LGBTI Domestic Violence Awareness Day







NAIDOC Week 2019

## Aboriginal Health

**NCN Health's Commitment:** NCN Health's Aboriginal and Torres Strait Islander Health Plan contributes to advancing reconciliation by developing respectful relationships and creating meaningful opportunities with Aboriginal and Torres Strait Islander people.

NCN Health has worked with local Aboriginal elder Aunty Faye Lynam, and others, to build our knowledge and understanding of Aboriginal and Torres Strait Islander peoples history.

NCN Health is committed to providing our community with a welcoming environment for all, creating a place where Aboriginal and Torres Strait Islander people feel safe, comfortable, accepted and confident they will be respected, listened to and receive high quality care.

NCN Health's Aboriginal and Torres Strait Islander Health Plan 2019-2021 goals include:

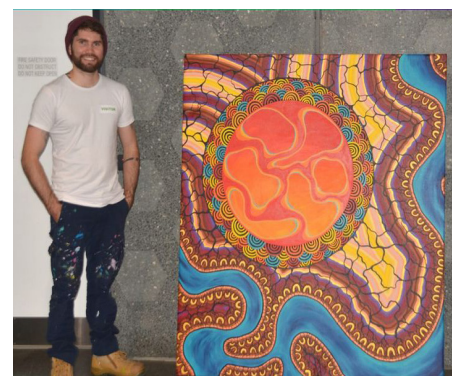
- Cultural awareness and cultural competency
- Creating a culturally safe and welcoming environment
- Improving identification rates of Aboriginal and Torres Strait Islander origin
- Aboriginal and Torres Strait Islander health workforce plan

Activities throughout the year:

- National Reconciliation Week 27 May – 3 June 2020
- National Sorry Day 26 May 2020
- Commissioned Aboriginal artwork from local renowned artist – Troy Firebrace



*Local Aboriginal elder Aunty Faye Lynam during NAIDOC week activities 2019*



*Commissioned Aboriginal artwork from local renowned artist – Troy Firebrace*





*Moira Palliative Care volunteers and staff celebrate 20 years, from left; Marita Crowther-Harris, Tarnya Hamilton, Heather Rice, Rachel O'Dwyer, Debra Morland, Kathryn Watson, Kim Kirkham and Christine Ginnane.*

## Moira Palliative Care Service - Celebrating 20 Years

Moira Palliative Care celebrated 20 years of service to the Moira Shire in May with an afternoon tea and “virtual get together” over Zoom at NCN Health Numurkah campus. The milestone coincided with Palliative Care Week held from 25 – 29 May 2020.

Moira Palliative Care Clinical Nurse Specialist, Heather Rice, said it was 20 years ago in May 2000, that Moira Palliative Care Service began. “The vision was for Hume Region Palliative Care, to have 5 sites to outreach to rural areas; Moira, Lower Hume, Benalla, Wangaratta and Wodonga.”

Mrs Rice, who has been with Moira Palliative Care since the beginning, along with colleague and Administration Officer Debra Morland, said the early days were challenging.

“We had limited support from visiting Palliative Care Specialists, but we were fortunate to have access to Nurse Consultants Coral Marks and Sue Salau. They were both great pioneers and mentors.” The much-needed service quickly grew and Moira Palliative Care were soon able to support the community five days per week.

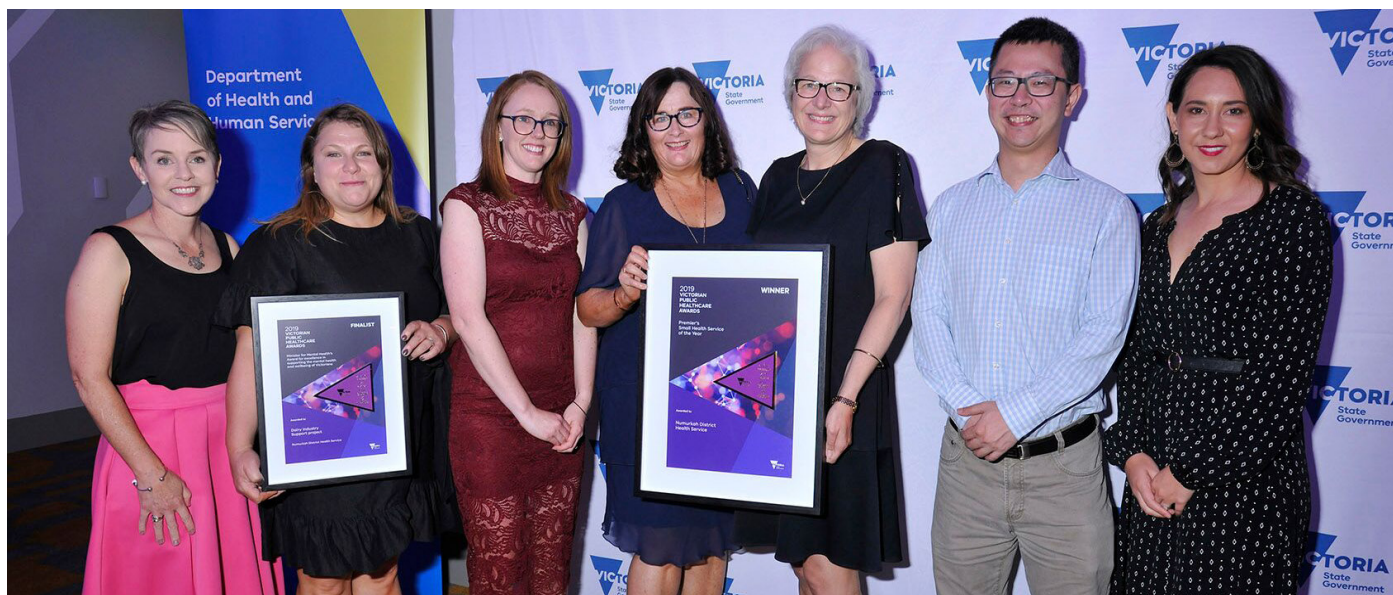
Twenty years on, Moira Palliative Care have a dedicated team that includes three Clinical Nurse Specialists, a Bereavement Support Worker, Social Worker, Occupational Therapist, administration support and volunteers. The service has District Nurses in each town to help support patients and families.

Mrs Rice said Moira Palliative Care also benefited from the expertise provided by St Vincent’s Palliative Care Physicians and the Palliative Care Consultancy Team, based at GV Health. “Dr Siva, our local Palliative Care Physician and his team of Clinical Nurse Consultants, provide clinics for our clients that have complex needs and require additional care and support.” Mrs Rice said from very humble beginnings the team was very proud of what Moira Palliative Care Service has achieved.

“The highlight of our service is making a difference, no matter how big or small, to our patients and families. We look forward to many more years of providing support and care to our community. “Thank you to everyone, past and present, who has been part of the Moira Palliative Care Service.”

NCN Health CEO Jacque Phillips congratulated the staff and volunteers on 20 years of achievement. “The previous Numurkah District Health Service, now NCN Health, has a long history in supporting and providing community palliative care in the Moira Shire. “The palliative care staff, volunteers and local health services are congratulated on your commitment to high standards of palliative care and seeing the service grow and expand to what we see today.”

Moira Palliative Care is based at NCN Health Numurkah campus. It is a free service that operates across Nathalia, Numurkah, Cobram and Yarrawonga. The service aims to improve the quality of life for people living with life limiting illnesses.



*Photo Caption - Left to Right: Robyn Sprunt, Emma Knapp, Catherine Church, Wendy Ross, CEO Jacque Phillips, Dr Ka Chun Tse and Sheridan Davies.*

## Premier's Small Health Service of the Year Award

**Numurkah District Health Service (now part of NCN Health) won the Premier's Small Health Service of the Year Award in the 2019 Victorian Public Healthcare Awards at a ceremony in Melbourne on 20 November 2019.**

The health service has undergone a complete transformation. In 2012 facilities were destroyed by a major flood then two years later the organisation was affected by major wild fires. The health service was rebuilt and opened in 2015. It took an enormous effort to re-establish services, develop new services, retain and build workforce and undertake planning. The health service not only met this challenge, but has improved overall performance significantly:

**People:** Employee engagement has been in the top quartile for 4 years in a row.

**Service:** NDHS achieved 100% for overall care in the past two quarters of the Victorian Healthcare Experience Survey results.

**Safety and Quality:** The staff influenza immunisation rate in 2018 was 98% (the highest in the State); the average total compliance rate for the hand hygiene Australia Audit was 93%.

NDHS had a robust Clinical Governance System in place and has responded to the Safer Care Victoria Policy and implemented Frameworks. NDHS achieved full accreditation under Version 2 of the National Standards in 2019 with all individual actions rated as 'met' and no recommendations. Residential aged care facilities Karinya and Numurkah Pioneers Memorial Lodge are fully accredited by the Aged Care Quality Agency. The facilities were assessed as meeting all four accreditation standards and 44 expected outcomes. Unannounced visits demonstrate ongoing compliance with aged care standards.

**Finance:** NDHS is a leader in the region for finance and has achieved strong Internal Audit compliance in Aged Care, Health Purchasing Victoria and Financial Management.

**Partnerships:** NDHS has undertaken a range of partnerships to deliver new services that meet community needs, including mental health and respiratory services.

**Innovation:** NDHS has led a number of innovative projects to engage with consumers in health promotion and to enhance health care experiences, including a Dairy Industry Project, a School Cooking Project, More4Moira, and Urgent Care Centre project. Numurkah District Health Service also partnered with Cobram District Health and Nathalia District Hospital for the successful voluntary amalgamation proposal - to enhance access to health care for local communities. This is now successfully in place with the commencement of NCN Health on 1 July 2019.



## Community Interlink Award

NCN Health is part of the Community Interlink health services consortium which won the Minister for Disability, Ageing and Carers Award for Excellence in Public Sector Aged Care in November 2019. The Community Interlink health services consortium was formed in 2015 to ensure ongoing home care could be provided to those most in need in the communities the consortium services. The award recognises the outstanding work carried out by the entire consortium.

## Dairy Project

**During the year, Numurkah District Health Service (NDHS), now part of NCN Health, was a finalist in the Minister for Mental Health's Award for Excellence in Supporting the Mental Health and Wellbeing of Victorians – for the Dairy Industry Support Project.**

NDHS created a Dairy Industry Support Worker role based at the health service to support dairy farmers within the Moira Shire region with ongoing stress and/or health issues as a result of changes to the dairy industry from 2016/2017.

The Dairy Industry Support worker engaged with members of the dairy farm community, coordinated access to health and support services, developed programs and community events, and formed partnerships with community groups, service providers and other key stakeholders to respond to issues affecting dairy farmers.

The work focused on community engagement, enhancing social connections (reducing isolation), and providing support with accessing counselling/mental health services.

The project was a success with over 200 people attending events including a Dairy Farmer Barbecue, Men's Health Night, and Women in Farming Morning Tea, and appointments were made for further support. A local 'service finder' publication was developed and partnership networks were formed.

The innovative project has resulted in the creation of strong networks and industry/community partnerships working together to help local families address challenges in the rural Dairy community. This has involved schools, Rotary, government, health services, businesses and agencies working together to ensure people access and receive the help they need, and form sustainable networks and social connections.

## WorkSafe Celebrations

WorkSafe celebrations were held across NCN Health during the year. It was wonderful to see so many staff members participate in sharing our message about safety and providing a culture of wellbeing, diversity and acceptance of individual differences. We launched our diversity video across campuses and received positive feedback.



## LGBTIQA+

NCN Health is committed to providing an inclusive and supportive local health service for everyone in our region. Activities included the following:

- Cultural competency training was provided for all staff to help promote a better understanding of the needs of the LGBTIQA+ people and provide staff with more confidence to deliver an inclusive, best practice service.
- NCN Health is working towards Rainbow Tick Accreditation.
- NCN Health celebrated 'Wear It Purple' to support young people.

## Graduate Nursing Program

Congratulations to the 2020 Graduate Nurses. 2020 has been a challenging year for all Health Professionals, but imagine if it was your first year working as a nurse. That is the case for hundreds of graduate nurses around Australia. NCN Health is lucky to have 11 graduate nurses working with us this year and they have displayed great adaptability and flexibility early in their careers. NCN Health would like to say congratulations to the following graduates;

- Danielle James
- Elizabeth Kent
- Ambrosia Muir
- Gemma McGaw
- Ashley Cumming
- Mikayla Vella
- Courtney Kelly
- Davina Vidler
- Kym John
- Alexander McIntosh
- Holly Madden



# WORKFORCE

Labour Category	June current month FTE		Average montly FTE	
	2019	2020	2019	2020
Nursing	N/A	160.2272	N/A	161.36
Administration and Clerical		66.1866		59.20
Medical Support		6.1077		5.56
Hotel and Allied Services		72.3733		71.55
Medical Officers		0		0.00
Hospital Medical Officers		17.0757		18.16
Sessional Clinicians		0		0.00
Ancillary Staff (Allied Health)		28.3552		28.78
		<b>350.3257</b>		<b>344.61</b>

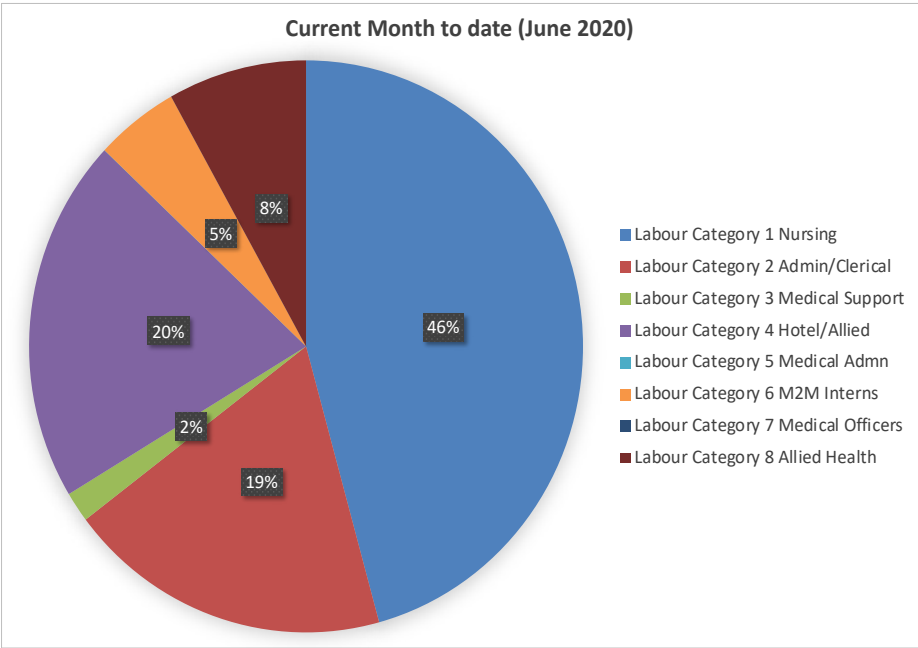
The FTE figures in the table above are those excluding overtime. These do not include contracted staff (e.g. Agency nurses or Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The data should be consistent with that provided in the Minimum Employee Data Set.

## Statement of Employment and Conduct Principles

NCN Health ensures a fair and transparent process for recruitment, selection, transfer and promotion of staff. Employment selection is based on merit and complies with the relevant legislation. Policies and Procedures are in place to ensure staff are treated fairly, respected and provided with avenues for grievance and complaint processes. NCN Health is committed to the application of the employment and conduct principles.

## Code of Conduct

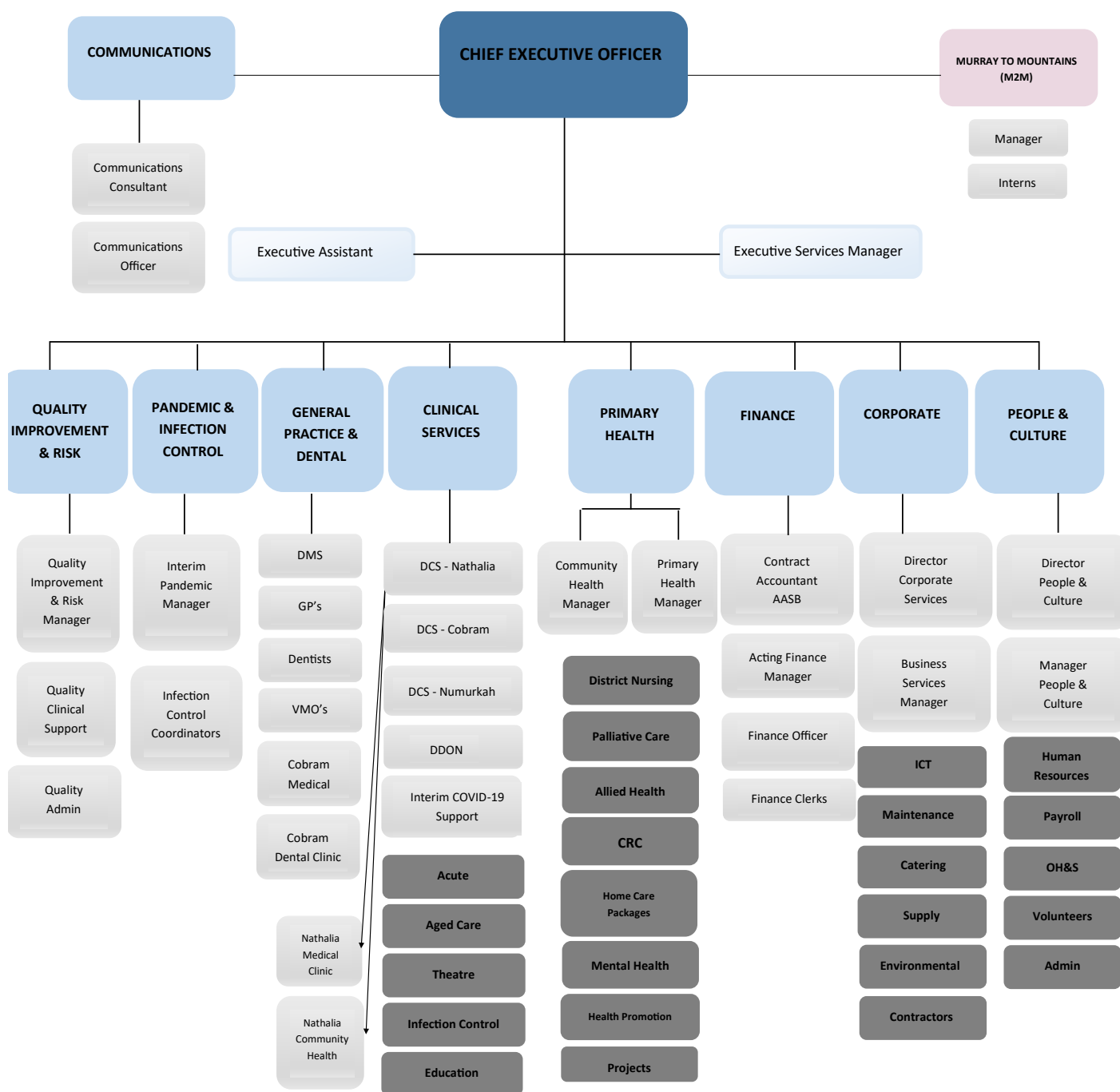
All NCN Health staff are required to abide by the Code of Conduct, which is based on the Code of Conduct for Victorian Public Sector Employees.



# ORGANISATION CHART



## Organisation Structure





# STATUTORY REQUIREMENTS

## Occupational Health and Safety

NCN Health has a strong commitment to Occupational Health and Safety and endeavours to ensure all people – staff, volunteers, contractors and the general public, have the highest level of protection against risks to health and safety.

NCN Health is proactive in promoting health and safety in the workplace through education, development of policies and procedures and staff training. The health service ensures that consultation, information and ideas about actual risks and potential risks and how to control them is shared and employees are actively encouraged to highlight any actual or potential safety issues through the Health and Safety Representative in each department. Health and Safety Representatives receive annual training and attend monthly meetings. NCN Health acknowledges that improvement of workplace safety standards is best achieved through consultation, participation and training, and will continue to improve its performance in compliance with all relevant codes, legislation and standards.

Occupational Health and Safety Statistics	2019-20	2018-19	2017-18
The number of reported hazards/incidents for the year per 100 FTE	87.34	N/A	N/A
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	2.28	N/A	N/A
The average cost per WorkCover claim for the year ('000)	\$27,479	N/A	N/A

## Occupational Violence

The following statistics have been collated for Occupational Violence in the workplace at NCN Health.

Occupational Violence Statistics	2019-20
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	137
Number of occupational violence incidents reported per 100 FTE	39.76
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	9.48

### Definitions of occupational violence

*Occupational violence* – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

*Incident* – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

*Accepted WorkCover claims* – Accepted WorkCover claims that were lodged in 2019-20.

*Lost time* – is defined as greater than one day.

*Injury, illness or condition* – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

## Compliance with the Building Act 1993

NCN Health complies with provisions of the *Building Act 1993* which encompasses the Building Code of Australia and Standards for Publicly owned Buildings November 1994.

### Occupancy Permits and Certificates of Final Inspection

NCN Health Occupancy Permits and Certificates of Final Inspection are all current.

### Building Works

An Occupancy Permit and certificate of final inspection was issued for Alterations and Additions to Existing Aged Care Facility and administration extension at the Numurkah Campus

## National Competition Policy

### COMPETITIVE NEUTRALITY

NCN Health is committed to ensuring that our services demonstrate both quality and efficiency.

Competitive neutrality, which supports the Commonwealth Government's national competition policy, helps to ensure that net competitive advantages which accrue to a government business are offset.

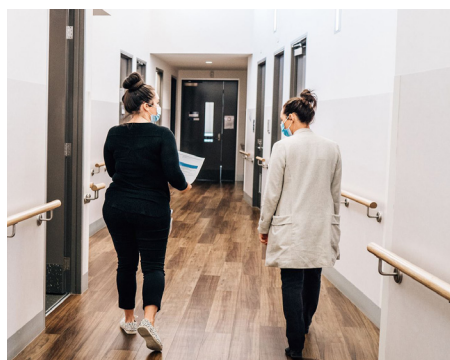
We understand the requirements of competitive neutrality and act accordingly. We support the principles of the Partnerships Victoria policy, which relates to responsible expenditure and infrastructure projects and the creation of effective partnerships between private enterprise and the public sector.

## Local Jobs First Act 2003

NCN Health abides by the principles of the Local Jobs First Policy. This policy applies to all tenders in regional Victoria over \$1 million. NCN Health commenced works at our Cobram campus with a value over \$1 million and has provided compliance reporting to the Department of Health and Human Services Capital Management Branch.

## Safe Patient Care Act 2015

The hospital has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.



## Carers Recognition Act 2012

NCN Health complies with the *Carers Recognition Act 2012*, which recognises and values the role of carers and the importance of care relationships in the Victorian community. The Act includes a set of principles about the significance of care relationships and specifies obligations for state government agencies, local councils and other organisations that interact with people in care relationships.

## Public Interest Disclosure Act 2012

NCN Health is committed to the aims and objectives of the *Public Interest Disclosure Act 2012*. NCN Health does not tolerate improper conduct by its employees, officers, directors, nor the taking of reprisals against those who come forward to disclose such conduct. NCN Health recognises the value of transparency and accountability in our administrative and management practices, and supports the making of disclosures that reveal inappropriate action resulting in the mismanagement of public resources. NCN Health will take reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making such a disclosure. There were 0 disclosures made in the year ended 30 June 2020 as per the *Public Interest Disclosure Act 2012*.



# Freedom of Information Act 1982

NCN Health complies with the *Freedom of Information Act 1982*. The legislative requirement around the *Freedom of Information Act 1982* ensures NCN Health's ability to maintain the rights of clients.

## Access to medical records and disclosure of information

A person's information can only be accessed and/or disclosed by the person's treatment team for the purpose of ongoing care. It cannot be accessed by relatives or friends without consent. Information may be shared with external organisations as a requirement by law. If a person has any concerns about information being shared with other health care providers or services, they are encouraged to speak to a member of the health care team.

People may have access to information held in their medical record through the *Freedom of Information Act*. All applications for information must be processed by the Freedom of Information Officer. These incur a request / application fee and may take up to 30 days to process. Enquiries can be made in person or in writing to The Freedom of Information Officer at each campus.

Numurkah Campus Freedom of Information Officer is Catherine Church

Cobram Campus Freedom of Information Officer is Tania Hill

Nathalia Campus Freedom of Information Officer is Greg van Popering

### Fees:

\$29.60	Application Fee (non-refundable)
\$20.00	Search Fee if record is off campus
.20	Per page photocopying
\$ 6.50	Postage and handling (registered post)
\$40.00	Copy of records on a CD

Further information is available on the health service websites:

[www.nathaliahospital.org.au](http://www.nathaliahospital.org.au)

[www.cobramdistricthealth.org.au](http://www.cobramdistricthealth.org.au)

[www.ndhs.org.au](http://www.ndhs.org.au)

FOI DATA	Numurkah	Numurkah	Cobram	Cobram	Nathalia	Nathalia
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Requests Received	26	33	32	31	4	3
Investigated	0	0	0	0	0	0
Resolved	0	0	0	0	0	0
Not Processed (no record)	5	4	5	1	0	0
Request Withdrawn	0	0	0	0	0	0



## Environmental Performance

NCN Health is committed to environmental sustainability.

Electricity	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020	Numurkah 2018/2019	Numurkah 2017/2018
Peak (MWh)	226	463	487	519	536
Off Peak (MWh)	245	580	628	620	629

Gas	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020	Numurkah 2018/2019	Numurkah 2017/2018
LPG Usage (lts)	57,618	0	0	0	0
Natural Gas (GJ)	0	3,404	3,407	3,510	3,344

Carbon Emissions (tonnes of CO <sub>2</sub> e)	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020	Numurkah 2018/2019	Numurkah 2017/2018
From Electricity Use	408	1,060	1,140	1,220	1,260
From Gas Use	90	180	180	180	170

Water	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020	Numurkah 2018/2019	Numurkah 2017/2018
Water Usage (kL)	2,180	8,130	13,776	15,914	15,487

Waste	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020	Numurkah 2018/2019	Numurkah 2017/2018
Clinical Waste (kg)	860	2,370	2,614	1,708	2,178
General Waste (kg)	13,570	61,470	49,035	41,280	37,180
Recycled Waste (kg)	14,590	29,310	17,940	5,870	6,000

Note: Data for Nathalia and Cobram only available for 2019/20.

## Consultancies

### Details of consultancies (under \$10,000)

In 2019-20, there were 4 consultancies where the total fees payable to the consultant was less than \$10,000. The total expenditure incurred during 2019-20 in relation to this was \$959 (excl. GST).

### Details of consultancies (valued at \$10,000 or greater)

In 2019-20, there were 3 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is \$173,685 (excl. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl GST)	Expenditure 2018-19 (excl GST)	Future Expenditure (excl GST)
Cube Group	Management	1/11/2019	31/05/2020	\$37,988.00	\$37,988.00	\$96,000.00
HR on Track	Human Resources	1/09/2019	30/04/2020	\$21,620.00	\$21,620.00	\$21,620.00
Prism Edge PR	Public Relations	1/07/2019	30/06/2020	\$114,077.00	\$114,077.00	\$70,000.00

## ICT Expenditure

The total ICT expenditure incurred during 2019-20 is \$682,075 (excluding GST) with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$391,959	\$290,116.00	\$13,037.00	\$277,079.00



## Additional Information

**Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):**

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.





# PART A. STATEMENT OF PRIORITIES - OUTCOMES

## Introduction

The Statement of Priorities are key accountability agreements between Government and Victorian publicly funded health, mental health and ambulance services. The annual agreements support the delivery of, or substantial progress towards the key shared objectives of quality and safety, good governance and leadership, access and timeliness, and financial sustainability.

NCN Health is responsible for ensuring that a wide range of health care services are delivered to our local communities. By working together, we strive to build services that connect to support the health, wellbeing and safety of all our communities, no matter what their personal circumstances or stage of life are.

### Monitoring and accountability

- The Chief Executive Officer is responsible for monitoring actions in the NCN Health Statement of Priorities and will include six-monthly reporting to the Board of Directors which will oversee the plan's implementation.
- The plan will be supported by the Executive and Management Committees. The health services annual reports will provide an update on the plan's progress.

# Strategic Priorities – Health 2040

In 2019-20 NCN Health will contribute to the achievement of the Government's commitments within Health 2040: Advancing health, access and care by:

Better Health	
Goals	Strategies
<p>A system geared to prevention as much as treatment. Everyone understands their own health and risks. Illness is detected and managed early. Healthy neighbourhoods and communities encourage healthy lifestyles.</p>	<p>Reduce statewide risks. Build healthy neighbourhoods. Help people to stay healthy. Target health gaps.</p>
Deliverables	Outcome
<p>NCN Health will continue the Better Care Victoria funded Urgent Care Project. This involves consumer participation and engagement strategies to increase health literacy around the right care in the right place and promotes avoidance of unnecessary emergency department attendances, particularly at Goulburn Valley Health. The project involves four rural communities, five health services, Ambulance Victoria and seven general practice clinics and through targeted communication strategies, aims to provide people with information about local options for urgent care and treatment.</p>	<p>Achieved.</p> <p>The formal period of the project has concluded; however, performance monitoring has continued.</p> <p>Presentations from the targeted postcodes to GV Health Emergency Department have decreased slightly during Jan-Jun 2020 compared to Jan-Jun 2019.</p> <p>We have seen a decrease in presentations to the project Urgent Care Centres due to COVID-19.</p> <p>SMS patient experience monitors have also continued.</p>
<p>Implement strategies for More 4 Moira and RESPOND, childhood obesity project, including Deakin University research study. Undertake community engagement and create at least six partnerships with local food retailers to focus on access to tap water, encourage breastfeeding and healthy menus.</p>	<p>Achieved.</p> <p>Strategies have been implemented including systems thinking model building, pre-school lunch box research project, 65 registered breast feeding venues, tap water refill pilot project and ongoing support of the Active April campaign in partnership with Moira Shire Council and Yarrawonga Health.</p>

Better Access	
Goals	Strategies
<p>Care is always being there when people need it.            Better access to care in the home and community.            People are connected to the full range of care and support they need.            Equal access to care.</p>	<p>Plan and invest.            Unlock innovation.            Provide easier access.            Ensure fair access.</p>
Deliverables	Outcome
<p>Telehealth initiatives such as My Emergency Doctor and Health Direct platform will be implemented during the first half of 2019-20 (and evaluated by the end of June 2020) to improve access to on call general practitioner services in urgent care and access to specialist in NCN's primary health and residential aged care services.</p>	<p>Achieved.</p> <p>MED (My Emergency Doctor) and Health Direct have been implemented.</p> <p>NCN Health has received My Emergency Doctor funding until June 30th 2022.</p> <p>A research project has been undertaken to explore the clinicians experience and identify any barriers that may have existed in the implementation and usage of telehealth which will form part of a broader study which also includes client experiences of using telehealth during COVID-19.</p>
<p>NCN Health will continue development of Murray Primary Health Network funded Chronic Disease – Respiratory Project to develop pathways to access early intervention and local self-management services to improve lung health and reduce avoidable admissions and death due to lung disease across Moira.</p>	<p>Achieved.</p> <p>The project continues to expand across Moira catchment in 2020.</p> <p>Pathways and screening tool were implemented and spirometry testing available across sites.</p> <p>Funding has been extended to 2022, however this project has been significantly impacted due to COVID-19 restrictions.</p> <p>Exploration of alternate respiratory health models of care have been trialled which have included group based telehealth sessions.</p>



Better Care	
Goals	Strategies
<p>Targeting zero avoidable harm.</p> <p>Healthcare that focuses on outcomes.</p> <p>Patients and carers are active partners in care.</p> <p>Care fits together around people's needs.</p>	<p>Put quality first.</p> <p>Join up care.</p> <p>Partner with patients.</p> <p>Strengthen the workforce.</p> <p>Embed evidence.</p> <p>Ensure equal care.</p>
Deliverables	Outcome
<p>In 2019-20, NCN Health will complete Safer Care Victoria's Leadership Gateway executive team leadership and workplace culture and development program.</p>	<p>Achieved.</p> <p>Five sessions were completed.</p>
<p>NCN Health will train eight health professionals (registered nurses) in rural and isolated practice endorsed registered nurses (RIPERN) to improve urgent care services.</p>	<p>Achieved.</p> <p>Six NCN Health employees have completed RIPERN training with a further four to commence in late 2020.</p>



## Specific Priorities for 2019-20

In 2019-20, NCN Health will contribute to the achievement of the Government's priorities by:

Supporting the Mental Health System	
Deliverables	Outcome
NCN Health will implement Murray Primary Health Network's funded psychological treatment services and stepped care pathways to access psychological services across Moira – at least 50 individuals will receive support under this program in 2019-20.	<p>Achieved.</p> <p>The program continues to expand with Mental Health Nurse Practitioner commenced in August 2019, enabling longer term Complex Care Coordination to commence.</p> <p>For the period July 2019 -June 2020, 668 client psychological therapy sessions have been provided across Moira catchment and 180 unique clients have been supported through the Moira Mental Health Service program.</p>
Addressing Occupational Violence	
Deliverables	Outcome
In 2019-20, NCN Health will implement the department's security training principles to address identified security risks arising from the security risk assessment and gap analysis undertaken during 2018/19.	<p>Achieved.</p> <p>Several principles have been implemented from the gap analysis including OVA and dementia training, Lone Workers Duress Alarms with GPS tracking, review of policies and procedures, maintenance garden program for increased visibility of doorways, regular security presence, training and daily safety huddles.</p>
NCN will also ensure that occupational violence training is undertaken annually for all staff and will also deliver training to all front line staff for occupational violence and aggression prevention principles. In the latter part of 2019-20 NCN Health will evaluate the effectiveness of the training.	<p>Not Achieved.</p> <p>Unable to source training. Ongoing support and education provided to staff via Occupational Health and Safety.</p>



Addressing Bullying and Harassment	
Deliverables	Outcome
NCN health will develop an action plan driven by the Staff Health and Well Being Committee that identifies strategies to further strengthen positive workplace environment – the plan will be finalised by the end of the third quarter of 2019-20.	<p>Achieved.</p> <p>An NCN Health, Health and Wellbeing committee has been established with representatives from multiple disciplines across all campuses.</p> <p>Wellbeing initiatives have been identified and an action plan is underway.</p>
NCN Health will fully implement the departments framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.	<p>Achieved.</p> <p>NCN Health is working through the action plan, managers and staff training is underway with all new employees attending the training during orientation.</p> <p>The Director of People and Culture will appoint a Contact Officer at each campus.</p>
<p>NCN Health's leaders will actively work with staff to identify poor culture and workplace behaviours and create a culture that aligns with new NCN Health organisational values and policies (under development) with a focus on learning, improvement and prevention and supporting equity and diversity.</p> <p>All new staff will complete the online and face to face bullying and harassment training at orientation.</p>	<p>Achieved.</p> <p>In 2019-20, NCN Health completed the Safer Care Victoria's Leadership Gateway executive team leadership and workplace culture and development program.</p> <p>NCN Health partners with the Studer Group. Executive, management and staff have all been provided with opportunities to participate in individual or group sessions with our Studer coach.</p> <p>All new staff will complete the online and face to face bullying and harassment training at orientation.</p>

Supporting Vulnerable Patients	
Deliverables	Outcome
NCN Health will undertake a gap analysis against the Rainbow eQuality guide and develop an action plan for implementation by 30 June 2020 in preparation for possible future accreditation.	<p>Not achieved.</p> <p>NCN Health has participated in the 2020 six-month HOW2 Program which is designed around the six national standards that make up the Rainbow Tick.</p> <p>The gap analysis has been completed with the action plan to commence.</p>
<p>NCN Health will undertake a population health analysis of homelessness across NCN Health communities and identify strategies to improve engagement with the health service.</p> <p>The strategies will be identified and documented by the end of June 2020.</p>	<p>Achieved.</p> <p>NCN Health Research Coordinator participated in events within the Hume Region Homelessness Network.</p> <p>The analysis was conducted and strategies identified included providing training for staff in trauma informed practice.</p>
Supporting Aboriginal Cultural Safety	
Deliverables	Outcome
<p>NCN Health will continue to implement actions from the Aboriginal and Torres Strait Islander Health plan in particular, by the end of 2019-20, NCN health will have:</p> <ul style="list-style-type: none"> <li>• Ensured policies make reference to Aboriginal and Torres Strait Islander community members;</li> <li>• Sought to add Aboriginal and Torres Strait Islander representatives to consultative committees;</li> <li>• Developed an inclusive approach using Aboriginal and Torres Strait Islander health materials; and</li> <li>• Reviewed human resources processes to ensure inclusiveness of Aboriginal and Torres Strait Islander people.</li> </ul>	<p>Achieved.</p> <p>NCN Health has built several relationships with members of Aboriginal and Torres Strait Islander local communities and business networks in 2019-20.</p> <p>All NCN Health policies where relevant are reviewed by an Aboriginal and Torres Strait Islander Elder and make reference to our local communities.</p>



Addressing Family Violence	
Deliverables	Outcome
NCN Health will in 2019-20 implement the MARAM with policies, staff training (at least two sessions and associated online resources) and deliver person centred care to people who are at risk of family violence.	<p>Achieved.</p> <p>All staff have completed Family Violence training in accordance with SHRFV guidelines. All new staff complete this training at Orientation Day. Refresher training is available via online modules on the NCN Health Learning portal (previously E3 ReHSeN).</p>
Implementing Disability Action Plans	
Deliverables	Outcome
In 2019-20, NCN Health will implement training for front line staff for identifying and assisting people with complex communication and physical needs in a way that is inclusive.	<p>Achieved.</p> <p>Staff have participated in a range of communication training to meet the needs of diverse communities.</p>
By the end of 2019-20, NCN health will have integrated the Disability Action Plan into the Consumer Engagement Framework.	<p>Achieved.</p> <p>NCN Health's Disability Action Plan has been tabled throughout the committee structure.</p> <p>A resource has been developed for staff and placed on prompt. A newsletter article was written for staff and community newsletters.</p>
<p>In 2019-20, NCN Health will implement the Disability Action Plan including the following priority areas:</p> <ul style="list-style-type: none"> <li>• Greater accessibility to our health service for people with disabilities;</li> <li>• Providing equal employment and volunteer opportunities for people with a disability;</li> <li>• Promoting a positive workplace culture: preventing bullying, reassessment and discrimination;</li> <li>• Promoting inclusion and participation of people with a disability in the community.</li> </ul>	<p>Achieved.</p> <p>NCN Health recognised International Day of People with a Disability with a social media campaign and community newsletter article.</p> <p>Readspeaker was purchased and will be placed on the new NCN Health website scheduled to go live in December.</p> <p>Know Better, Be Better campaign was launched with a staff diversity video with key messages to preventing bullying, reassessment and discrimination.</p> <p>NCN Health Community Development Officer – Community Projects commenced in May 2020 with a focus project of Carers support.</p> <p>NCN Health is a registered NDIS provider and will participate in accreditation in October 2020.</p>

Supporting Environmental Sustainability	
Deliverables	Outcome
In a project jointly funded by DHHS and NCN Health that will be completed by 30 June 2020, NCN Health will install solar systems for the generation of energy for heating, cooling, air conditioning and electricity.	Achieved at Nathalia.  Installation of solar system planned for Cobram and Numurkah.



# PART B. PERFORMANCE PRIORITIES

## 2019/20

The Victorian Health Services Performance monitoring Framework outlines the government's approach to overseeing the performance of Victorian health services.

HIGH QUALITY AND SAFE CARE		
Key performance measure	Target	Result
<b>Accreditation</b>		
Compliance with Aged Care Standards	Full Compliance	Full Compliance
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia Program	83%	88.6%*
Percentage of health care workers immunised for influenza	84%	96%
<b>Patient Experience</b>		
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 1	95%	98.4%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 2	95%	98.8%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 3	95%	96.6%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 1	75%	91.4%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 2	75%	91.5%
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care - Quarter 3	75%	84.7%
Victorian Healthcare Experience Survey - patient's perception of cleanliness - Quarter 1	70%	92.4%
Victorian Healthcare Experience Survey - patient's perception of cleanliness - Quarter 2	70%	93.8%
Victorian Healthcare Experience Survey - patient's perception of cleanliness - Quarter 3	70%	86.6%
<b>Adverse Events</b>		
Sentinel Events - root cause analysis (RCA) reporting	All RCA reports submitted within 30 days	100%

\* Hand hygiene - Quarter 4 data is not available due to COVID-19. Result is based on available data.

<b>EFFECTIVE FINANCIAL MANAGEMENT</b>		
<b>Key performance measure</b>	<b>Target</b>	<b>Result</b>
Operating Result (\$m)	0.00	1.22
Average number of days to pay trade creditors	60 days	Achieved
Average number of days to receive patient fee debtors	60 days	Achieved
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.49
Forecast number of days available cash (based on end of year forecast)	14 days	313.4
Actual number of days available cash (measured on the last day of each month)	14 days	313.4
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	0.63

<b>STRONG GOVERNANCE, LEADERSHIP AND CULTURE</b>		
<b>Key performance measure</b>	<b>Target</b>	<b>Result</b>
<b>Organisational culture</b>		
People Matter Survey - percentage of staff with an overall positive response to safety and culture questions	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "Patient care errors are handled appropriately in my work area"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "The culture in my work area makes it easy to learn from the errors of others"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "Management is driving us to be a safety-centred organisation"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "This health service does a good job of training new and existing staff"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "Trainees in my discipline are adequately supervised"	80%	N/A
People Matter Survey - percentage of staff with a positive response to the question "I would recommend a friend or relative to be treated here"	80%	N/A

# PART C. ACTIVITY REPORTING 2019/20

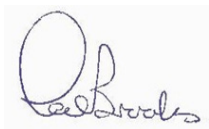
Small Rural		
	2019-20 Activity Achievement	Units
Small Rural Acute	76	WIES equivalents
Small Rural Primary Health & HACC	12,007	Service Hours
- Nursing	1,555	Service Hours
- Allied Health	(5375)	Service Hours
- Counselling/Casework	1,248	Service Hours
- Dietetics	1,337	Service Hours
- Occupational Therapy	363	Service Hours
- Physiotherapy	1,480	Service Hours
- Podiatry	528	Service Hours
- Speech Therapy	256	Service Hours
Small Rural Residential Care	38,541	Bed days
Health Workforce	254	Number of Students
Small Rural Health Independence Program	2,319	Service Hours



# ATTESTATIONS

## Financial Management Compliance Attestation – SD 5.1.4

I, Dale Brooks, on behalf of the Responsible Body, certify that NCN Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



**Dale Brooks**  
**Board Chair**  
**NCN Health**  
22 September 2020

## Data Integrity Declaration

I, Jacque Phillips certify that NCN Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. NCN Health has critically reviewed these controls and processes during the year.



**Jacque Phillips**  
**Chief Executive Officer**  
**NCN Health**  
22 September 2020

## Conflict of Interest Declaration

I, Jacque Phillips, certify that NCN Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within NCN Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



**Jacque Phillips**  
**Chief Executive Officer**  
**NCN Health**  
22 September 2020

## Integrity, Fraud and Corruption Declaration

I, Jacque Phillips certify that NCN Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at NCN Health during the year.



**Jacque Phillips**  
**Chief Executive Officer**  
**NCN Health**  
22 September 2020

# FINANCIAL SUMMARY

For the year ended 30 June 2020

NCN Health	2020 \$'000	2019	2018	2017	2016
<b>Operating Result*</b>	1,223				
<b>Total revenue</b>	49,935	N/A	N/A	N/A	N/A
<b>Total expenses</b>	51,346	N/A	N/A	N/A	N/A
<b>Net result from transactions</b>	(1,411)	N/A	N/A	N/A	N/A
<b>Total other economic flows</b>	(122)	N/A	N/A	N/A	N/A
<b>Net result</b>	(1,533)	N/A	N/A	N/A	N/A
<b>Total assets</b>	126,417	N/A	N/A	N/A	N/A
<b>Total liabilities</b>	28,136	N/A	N/A	N/A	N/A
<b>Net assets/Total equity</b>	98,281	N/A	N/A	N/A	N/A

Significant changes in financial position during the year - N/A

## Reconciliation of Net Result from Transactions and Operating Result

	2019-20
	\$'000
<b>Net operating result *</b>	1,223
Capital purpose income	1,421
Specific income	0
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply Arrangements	46
- State supply items consumed up to 30 June 2020	(46)
Assets (received) / gifted free of charge	56
Expenditure for capital purpose	(98)
Depreciation and amortisation	(4,070)
Impairment of non-financial assets	64
Finance costs (other)	(7)
<b>Net result from transactions</b>	(1,411)

\* The Operating result is the result for which the health service is monitored in its Statement of Priorities

# DISCLOSURE INDEX

The annual report of NCN Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page
Ministerial Directions		
Report of Operations		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	4
FRD 22H	Purpose, functions, powers and duties	4
FRD 22H	Nature and range of services provided	5
FRD 22H	Activities, programs and achievements for the reporting period	6, 7, 12, 14
FRD 22H	Significant changes in key initiatives and expectations for the future	6, 7, 12
<b>Management and structure</b>		
FRD 22H	Organisational structure	25
FRD 22H	Workforce data/ employment and conduct principles	24
FRD 22H	Occupational Health and Safety	26
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	45
FRD 22H	Significant changes in financial position during the year	45
FRD 22H	Operational and budgetary objectives and performance against objectives	42
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FRD 22H	Details of consultancies over \$10,000	30
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# **FINANCIAL REPORT**

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# Independent Auditor's Report

## To the Board of NCN Health

<b>Opinion</b>	<p>I have audited the financial report of NCN Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>



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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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Travis Derricott  
*as delegate for the Auditor-General of Victoria*

MELBOURNE  
29 September 2020

**Financial Statements**  
**Financial Year ended 30 June 2020**

## Board member's, accountable officer's, and chief finance & accounting officer's declaration

The attached financial statements for NCN Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of NCN Health at 30 June 2020.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 22 September 2020.

**Member of Responsible Body**



Mr Dale Brooks

Chair

Numurkah

22 September 2020

**Accountable Officer**



Ms Jacque Phillips

Chief Executive Officer

Numurkah

22 September 2020

**Chief Finance and Accountable Officer**



Mr Steven Jackel

Chief Finance and Accounting Officer

Numurkah

22 September 2020

# NCN Health

## Comprehensive Operating Statement

### For the Financial Year Ended 30 June 2020

		<b>Total 2020 \$'000</b>
<b>Income from Transactions</b>		
Operating activities	2.1	49,539
Non-operating activities	2.1	396
<b>Total Income from Transactions</b>		<b>49,935</b>
<b>Expenses from Transactions</b>		
Employee expenses	3.1	(37,735)
Supplies and consumables	3.1	(3,710)
Finance costs	3.1	(76)
Depreciation and amortisation	4.3	(4,070)
Other administrative expenses	3.1	(3,824)
Other operating expenses	3.1	(1,890)
Other non-operating expenses	3.1	(41)
<b>Total Expenses from Transactions</b>		<b>(51,346)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(1,411)</b>
<b>Other Economic Flows included in Net Result</b>		
Net Gain/(Loss) on sale of non-financial assets	3.2	21
Net Gain/(Loss) on financial instruments at fair value	3.2	(63)
Other Gain/(Loss) from other economic flows	3.2	(80)
<b>Total Other Economic Flows included in Net Result</b>		<b>(122)</b>
<b>Net Result for the year</b>		<b>(1,533)</b>
<b>Comprehensive Result for the Year</b>		<b>(1,533)</b>

This Statement should be read in conjunction with the accompanying notes.



# NCN Health

## Balance Sheet as at 30 June 2020

	Note	Total 2020 \$'000
<b>Current Assets</b>		
Cash and cash Equivalents	6.2	39,224
Receivables	5.1	1,741
Inventories	4.4	51
Other Assets		316
<b>Total Current Assets</b>		<b>41,332</b>
<b>Non-Current Assets</b>		
Receivables	5.1	739
Property, plant and equipment	4.1 (a)	84,296
Intangible assets	4.2	50
<b>Total Non-Current Assets</b>		<b>85,085</b>
<b>TOTAL ASSETS</b>		<b>126,417</b>
<b>Current Liabilities</b>		
Payables	5.2	5,888
Borrowings	6.1	82
Provisions	3.4	6,740
Other liabilities	5.3	14,179
<b>Total Current Liabilities</b>		<b>26,889</b>
<b>Non-Current Liabilities</b>		
Borrowings	6.1	214
Provisions	3.4	1,033
<b>Total Non-Current Liabilities</b>		<b>1,247</b>
<b>TOTAL LIABILITIES</b>		<b>28,136</b>
<b>NET ASSETS</b>		<b>98,281</b>
<b>EQUITY</b>		
Property, plant and equipment revaluation surplus	4.1(f)	-
Restricted specific purpose surplus	SCE	11,171
Contributed capital	SCE	102,210
Accumulated deficits	SCE	(15,100)
<b>TOTAL EQUITY</b>		<b>98,281</b>

This Statement should be read in conjunction with the accompanying notes.

**NCN Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2020**

<b>Total</b>		<b>Property, Plant and Equipment Revaluation Surplus</b>	<b>Restricted Specific Purpose Surplus</b>	<b>Contributed Capital</b>	<b>Accumulated Deficits</b>	<b>Total</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 30 June 2019</b>		-	-	-	-	-
<b>Net Capital contribution on creation of NCN Health on 1 July 2019</b>	<b>8.11</b>	-	-	<b>102,210</b>	-	<b>102,210</b>
<b>Effect of adoption of AASB 15, 16 and 1058</b>	<b>8.9</b>	-	-	-	(2,396)	<b>(2,396)</b>
<b>Restated balance at 1 July 2019</b>		-	-	<b>102,210</b>	<b>(2,396)</b>	<b>99,814</b>
Net result for the year		-	-	-	(1,533)	(1,533)
Transfer from/(to) accumulated deficit		-	11,171	-	(11,171)	-
<b>Balance at 30 June 2020</b>		-	<b>11,171</b>	<b>102,210</b>	<b>(15,100)</b>	<b>98,281</b>

This Statement should be read in conjunction with the accompanying notes.

**NCN Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2020**

	<b>Note</b>	<b>Total 2020 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Operating grants from government		33,936
Capital grants from government - State		197
Patient fees received		4,823
Private practice fees received		1,015
GST paid to ATO		(15)
Interest and investment income received		423
Commercial Income Received		5,229
Other Receipts		3,679
<b>Total Receipts</b>		<b>49,286</b>
Employee expenses paid		(38,130)
Payments for supplies and consumables		(3,596)
Payments for medical indemnity insurance		(119)
Payments for repairs and Maintenance		(830)
Finance Costs		(76)
Cash outflow for leases		(1)
Other payments		(4,659)
<b>Total Payments</b>		<b>(47,412)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>	<b>8.1</b>	<b>1,874</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of investments		1,000
Purchase of non-financial assets		(2,288)
Capital Donations and Bequests Received		194
Other Capital Receipts		15
Purchase of Intangible assets		(5)
Proceeds from disposal of non-financial assets		23
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(1,061)</b>
<b>Cash Flows from Financing Activities</b>		
Net proceeds/(payments) from borrowings		125
Net proceeds/(payments) from accommodation deposits/ (refunds)		283
<b>Net Cash Flows from /(used in) Financing Activities</b>		<b>408</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>1,221</b>
Cash and cash equivalents at beginning of year		<b>38,003</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>6.2</b>	<b>39,224</b>

This Statement should be read in conjunction with the accompanying notes.



**NCN Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2020**  
**Basis of preparation**

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

**Note 1 – Summary of Significant Accounting Policies**

These annual financial statements represent the audited general purpose financial statements for NCN Health for the year ended 30 June 2020. The report provides users with information about NCN Health's stewardship of resources entrusted to it.

**(a) Statement of Compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions authorised by the Assistant Treasurer.

NCN Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

**(b) Reporting Entity**

Effective 1 July 2019, the Minister-in-Council pursuant to the Health Services Act 1988 amalgamated Numurkah and District Health Service, Cobram District Health and Nathalia District Hospital to form NCN Health. As this is the first year of operations of NCN Health, no comparatives are provided. Refer to Note 8.11 Restructuring of administrative arrangements for details of balances transferred at 1 July 2019.

The financial statements include all the controlled activities of NCN Health.

Its principal address is:

2 Katamatite Road  
Numurkah, Victoria 3636

A description of the nature of NCN Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

**(c) Basis of Accounting Preparation and Measurement**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020.

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of NCN Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The NCN Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

# **NCN Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2020**

#### ***(c) Basis of Accounting Preparation and Measurement***

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

#### ***Covid-19***

The global health pandemic Covid-19, has impacted Australia and the World in a significant manner. Victoria was originally declared a State of Emergency and subsequently moved to a State of Disaster prior to signing these financial statements. The impact on communities and businesses has been varied, with Government policies put in place to provide support to those who are most in need. Financial support in the form of JobKeeper and JobSeeker have been implemented for those who are unable to be fully employed or have been made redundant. State Government entities have also been instructed to provide 100% rent relief to tenants and to ensure trade creditor payments are made more regularly, with a target of net 5 days from invoice.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government have recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Private Patient Revenue due to restrictions on surgical activity.
- Recoveries from clinicians for use of hospital facilities as they have not been able to provide them.
- Recoveries from clients for services normally provided directly, but are no longer able to be provided.
- Activity based funding areas where there is no dispensation or reduced dispensation made available by the provider.
- Specific costs incurred in the prevention and/or treatment of Covid-19.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.1 Property, Plant and Equipment.

#### **Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented separately in the operating cash flow.

Commitments and contingent assets and liabilities are presented on a gross basis.

# **NCN Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2020**

#### ***(d) Jointly Controlled Operation***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, NCN Health recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

NCN Health is a member of the Hume Region Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations)

#### ***(e) Equity***

##### ***Contributed Capital***

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the NCN Health.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

##### ***Specific Restricted Purpose Surplus***

The Specific Restricted Purpose Surplus is established where NCN Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

The Board acknowledges the specific requirements and restrictions of the special purpose funds that were brought forward on the amalgamation of Cobram District Health, Nathalia District Hospital and Numurkah District Hospital as the governing body of NCN Health.



## Note: 2 Funding delivery of our services

The Health Service's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. NCN Health is predominantly funded by accrual based grant funding for the provision of outputs. NCN Health also receives income from the supply of services.

### Structure

#### 2.1 Income from Transactions

### Note 2.1: Income from Transactions

	<b>Total 2020 \$'000</b>
Government grants (state) - Operating <sup>1</sup>	25,152
Government grants (Commonwealth) - Operating	8,550
Government grants (State) - Capital	1,164
Other capital purpose income	15
Patient and resident fees	4,652
Private practice fees	1,015
Commercial activities <sup>2</sup>	5,229
Assets received free of charge or for nominal consideration	240
Other revenue from operating activities (including non-capital donations)	3,522
<b>Total Income from Operating Activities</b>	<b>49,539</b>
Capital interest	1
Other interest	395
<b>Total Income from Non-Operating Activities</b>	<b>396</b>
<b>Total Income from Transactions</b>	<b>49,935</b>

<sup>1</sup>. Government Grants (State) - Operating includes \$0.23m of funding support for COVID-19 impact on health service operations.

<sup>2</sup>. Commercial activities represent business activities which health services enter into to support their operations.

### Revenue Recognition

#### Impact of COVID-19 on revenue and income

As indicated at Note 1, NCN Health's response to the pandemic included introduction of restrictions for entry, deferral of elective surgeries and reduced activity. This resulted in NCN Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on NCN Health. NCN Health also received essential personal protective equipment free of charge under the state supply arrangement.

#### Government Grants

Income from grants to construct major infrastructure is recognised when (or as) NCN Health satisfies its obligations under the transfer. This aligns with NCN Health's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when NCN Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, NCN Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, as portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).

## Note 2.1: Income from Transactions

### *Performance obligations*

The types of government grants recognised under AASB15 *Revenue from Contracts with Customers* includes:

- Activity based funding (ABF) for DVA, TAC and Health Independence Program (HIP) funding,
- Commonwealth funding for residential aged care,
- State and Commonwealth grant funding for programs with specific obligations.

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they are agreed with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SOP). For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For Commonwealth residential aged care, revenue is recognised as the services to residents are delivered. The performance obligation has been selected as it aligns with the terms and conditions of the funding provided.

For State and Commonwealth funded programs, revenue is recognised in accordance with the funding agreement. NCN Health exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

### **Previous accounting policy for 30 June 2019**

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to NCN Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). NCN Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, NCN Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

### *Patient and Resident Fees*

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as NCN Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

### *Private Practice Fees*

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

### *Commercial activities*

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

## 2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 \$'000
Cash donations and gifts	194
Assets received free of charge under State supply arrangements	46
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>240</b>

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery and distributed the products to health services as resources provided free of charge.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. NCN Health operates with minimal volunteer services and does not consider a reliable fair value can be determined.

### Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration

## 2.1 (c) Other income

	2020 \$'000
Capital interest	1
Other interest	395
<b>Total other income</b>	<b>396</b>

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

### Interest Income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.



## Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

### Note 3.1: Expenses from Transactions

	<b>Total 2020 \$'000</b>
Salaries and wages	31,103
On-costs	2,780
Agency expenses	490
Fee for service medical officer expenses	3,123
Workcover premium	239
<b>Total Employee Expenses</b>	<b>37,735</b>
Drug supplies	234
Medical and surgical supplies (including Prostheses)	1,691
Diagnostic and radiology supplies	303
Other supplies and consumables	1,482
<b>Total Supplies and Consumables</b>	<b>3,710</b>
Finance costs	76
<b>Total Finance Costs</b>	<b>76</b>
Other administrative expenses	3,824
<b>Total Other Administrative Expenses</b>	<b>3,824</b>
Fuel, light, power and water	842
Repairs and maintenance	579
Maintenance contracts	251
Medical indemnity insurance	119
Expenses related to leases of low value assets	1
Expenditure for capital purposes	98
<b>Total Other Operating Expenses</b>	<b>1,890</b>
<b>Total Operating Expense</b>	<b>47,235</b>
Depreciation and amortisation (refer Note 4.3)	4,070
<b>Total Depreciation and Amortisation</b>	<b>4,070</b>
Bad and doubtful debt expense	41
<b>Total Other Non-Operating Expenses</b>	<b>41</b>
<b>Total Non-Operating Expense</b>	<b>4,111</b>
<b>Total Expenses from Transactions</b>	<b>51,346</b>

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

### Impact of Covid-19 on expenses

As indicated at Note 1(c), NCN Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional medical supplies, maintenance of salary levels for casual and part-time employees, acquisition of minor equipment for testing purposes and redeployment of staff where activities have been impacted by shutdowns.

NCN Health has had no patient admissions relating directly to Covid-19, therefore the impact on the Health Service has been in preventative and preparatory costs only.

## **Note 3.1: Expenses from Transactions**

### ***Employee Expenses***

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

### ***Supplies and consumables***

Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

### ***Finance costs***

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

### ***Other Operating Expenses***

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health and Human Services also makes certain payments on behalf of NCN Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

### ***Non-operating expenses***

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

### ***Operating lease payments***

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

## Note 3.2: Other economic flows included in net result

	<b>Total 2020 \$'000</b>
<u>Net gain/(loss) on non-financial assets</u>	
Net gain on disposal of property plant and equipment	21
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>21</b>
<u>Net gain/(loss) on financial instruments</u>	
Allowance for impairment losses of contractual receivables	(64)
Other Gains/(Losses) from Other Economic Flows	1
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>(63)</b>
<u>Other gains/(losses) from other economic flows</u>	
Net gain/(loss) arising from revaluation of long service liability	(80)
<b>Total other Gains/(Losses) from Other Economic Flows</b>	<b>(80)</b>
<b>Total Gains/(Losses) From Other Economic Flows</b>	<b>(122)</b>

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

### ***Net gain/ (loss) on non-financial assets***

Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.



***Net gain/ (loss) on financial instruments***

Net gain/ (loss) on financial instruments at fair value includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Financial Instruments; and
- disposals of financial assets and derecognition of financial liabilities.

***Other gains/ (losses) from other economic flows***

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

### **Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds**

**Commercial Activities**

Private practice and other patient activities  
Diagnostic imaging  
Catering  
Laundry  
Cafeteria  
Property  
Other (include any activity not stated above)

**TOTAL**

Expense	Revenue
Total 2020 \$'000	Total 2020 \$'000
4,985	4,280
411	322
232	159
-	1
28	27
8	184
62	256
<b>5,726</b>	<b>5,229</b>

### Note 3.4: Employee Benefits in the Balance Sheet

	<b>Total 2020 \$'000</b>
<b>CURRENT PROVISIONS</b>	
Employee Benefits <sup>i</sup>	
<i>Accrued days off</i>	
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	43
<i>Annual leave</i>	
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	2,045
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	400
<i>Long service leave</i>	
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	705
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	2,519
	<b>5,712</b>
<b>Provisions related to Employee Benefit On-Costs</b>	
Unconditional and expected to be settled within 12 months <sup>ii</sup>	759
Unconditional and expected to be settled after 12 months <sup>iii</sup>	269
	<b>1,028</b>
<b>TOTAL CURRENT PROVISIONS</b>	<b>6,740</b>
<b>NON-CURRENT PROVISIONS</b>	
Conditional long service leave	933
Provisions related to employee benefit on-costs	100
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>1,033</b>
<b>TOTAL PROVISIONS</b>	<b>7,773</b>

<sup>i</sup> Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

<sup>ii</sup> The amounts disclosed are nominal amounts.

<sup>iii</sup> The amounts disclosed are discounted to present values.

## Note 3.4: Employee Benefits in the Balance Sheet

### (a) Employee Benefits and Related On-Costs

#### Current Employee Benefits and Related On-Costs

Unconditional long service leave entitlements  
Annual leave entitlements  
Accrued days off

#### Total Current Employee Benefits and Related On-Costs

#### Non-Current Employee Benefits and Related On-Costs

Conditional long service leave entitlements

#### Total Non-Current Employee Benefits and Related On-Costs

#### TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

Total 2020 \$'000
3,568
3,126
46
<b>6,740</b>
1,033
<b>1,033</b>
<b>7,773</b>

### (b) Movement in On-Costs Provision

#### Balance at Recognition

Additional provisions recognised  
Unwinding of discount and effect of changes  
in the discount rate  
Reduction due to transfer out

#### Balance at end of year

Total 2020 \$'000
<b>921</b>
681
(80)
(393)
<b>1,128</b>

#### *Employee Benefit Recognition*

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

#### *Provisions*

Provisions are recognised when NCN Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

## Note 3.4: Employee Benefits in the Balance Sheet

### *Annual Leave and Accrued Days Off*

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because NCN Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if NCN Health expects to wholly settle within 12 months; or
- Present value – if NCN Health does not expect to wholly settle within 12 months.

### *Long Service Leave*

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the NCN Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if NCN Health expects to wholly settle within 12 months; or
- Present value – if NCN Health does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

### *Termination Benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

### *On-Costs Related to Employee Benefits*

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

## Note 3.5: Superannuation

### **Defined Benefit Plans:<sup>i</sup>**

First State Super

### **Defined Contribution Plans:**

First State Super

Hesta

Other

**Total**

Paid Contribution for the Year		Contribution Outstanding at Year End	
Total 2020 \$'000		Total 2020 \$'000	
81		10	
1,440		200	
793		109	
466		64	
<b>2,780</b>		<b>383</b>	

<sup>i</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of NCN Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.



## **Note 3.5: Superannuation**

### ***Defined Benefit Superannuation Plans***

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by NCN Health to the superannuation plans in respect of the services of current NCN Health's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

NCN Health does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of NCN Health.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by NCN Health are disclosed above.

### ***Defined Contribution Superannuation Plans***

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

## Note 4: Key Assets to support service delivery

NCN Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to NCN Health to be utilised for delivery of those outputs.

### Structure

- 4.1 Property, plant & equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation
- 4.4 Inventories

### Note 4.1: Property, plant and equipment

#### *Initial Recognition*

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

#### ***Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement***

NCN Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

**Subsequent measurement:** Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

#### ***Right-of-use asset – Subsequent measurement***

NCN Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

### ***Revaluations of Non-Current Physical Assets***

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, NCN Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### ***Fair value measurement***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of fair value disclosures, NCN Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, NCN Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is NCN Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

### ***Valuation hierarchy***

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### ***Identifying unobservable inputs (level 3) fair value measurements***

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

### ***Consideration of highest and best use (HBU) for non-financial physical assets***

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with AASB 13 Fair Value Measurement paragraph 29, NCN Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

### ***Non-Specialised Land, Non-Specialised Buildings and Cultural Assets***

Non-specialised land, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

Non-specialised land and non-specialised buildings of the former health services were subject to an independent valuation performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

### **Specialised Land and Specialised Buildings**

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, NCN Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore, these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For NCN Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the former health services specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

### ***Motor Vehicles***

The NCN Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

### ***Plant and Equipment***

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2020.

For all assets measured at fair value, the current use is considered the highest and best use.



**Note 4.1: Property, Plant and Equipment**  
**(a) Gross carrying amount and accumulated depreciation**

	<b>Total 2020 \$'000</b>
Land - Freehold	2,922
<b>TOTAL LAND AT FAIR VALUE</b>	<b>2,922</b>
Buildings at cost	1,353
Less accumulated depreciation	(27)
<b>Sub-totals Buildings at Cost</b>	<b>1,326</b>
Buildings - right of use	96
Less accumulated depreciation	(55)
<b>Sub-total Buildings Right of Use</b>	<b>41</b>
Buildings at fair value	79,607
Less accumulated depreciation	(3,124)
<b>Sub-totals Buildings at Fair Value</b>	<b>76,483</b>
Building work in progress at cost	863
<b>TOTAL BUILDINGS</b>	<b>78,713</b>
Plant and equipment at fair value	2,201
Less accumulated depreciation	(1,602)
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>599</b>
Motor vehicles at fair value	728
Less accumulated depreciation	(502)
<b>TOTAL MOTOR VEHICLES</b>	<b>226</b>
Medical equipment at fair value	4,294
Less Accumulated Depreciation	(3,439)
<b>TOTAL MEDICAL EQUIPMENT</b>	<b>855</b>
Computers and communication equipment at fair value	1,633
Less accumulated depreciation	(1,324)
<b>TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT</b>	<b>309</b>
Furniture and fittings at fair value	941
Less accumulated depreciation	(420)
<b>TOTAL FURNITURE AND FITTINGS</b>	<b>521</b>
Right of use- plant, equipment, furniture and fittings and vehicles	180
Less accumulated depreciation	(29)
<b>TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES</b>	<b>151</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>84,296</b>

## Note 4.1: Property, Plant and Equipment (Continued)

### (b) Reconciliations of the carrying amounts of each class of asset

Total	Note	Land \$'000	Buildings \$'000	Right of Use - Buildings \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computers & Communica- tion Equipment \$'000	Furniture & Fittings \$'000	Right of use - PPE, F&V	Assets under construction	Total \$'000
<b>Assets transferred 1 July 2019</b>		<b>2,922</b>	<b>79,607</b>	<b>-</b>	<b>669</b>	<b>320</b>	<b>933</b>	<b>192</b>	<b>499</b>	<b>77</b>	<b>751</b>	<b>85,969</b>
Recognition of right-of-use assets on initial application of AASB 16		-	-	96	-	-	-	-	-	-	-	96
<b>Adjusted balance at 1 July 2019</b>		<b>2,922</b>	<b>79,607</b>	<b>96</b>	<b>669</b>	<b>320</b>	<b>933</b>	<b>192</b>	<b>499</b>	<b>77</b>	<b>751</b>	<b>86,065</b>
Additions		-	71	-	104	-	204	198	98	113	1,499	2,287
Disposals		-	-	-	-	(1)	-	-	-	-	-	(1)
Net Transfers between classes		-	1,282	-	-	-	-	104	-	-	(1,387)	-
Depreciation	4.3	-	(3,151)	(55)	(174)	(93)	(282)	(186)	(76)	(38)	-	(4,055)
<b>Balance at 30 June 2020</b>	4.1 (a)	<b>2,922</b>	<b>77,809</b>	<b>41</b>	<b>599</b>	<b>226</b>	<b>855</b>	<b>309</b>	<b>521</b>	<b>152</b>	<b>863</b>	<b>84,296</b>

### Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook a revaluation of all land and buildings owned and leased by the three former health services in 2018-19. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, NCN Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The latest indices did not indicate a material movement in fair values since 1 July 2019.

In undertaking this assessment, management considered whether the impact of Covid on the fair value of property may not have been reflected in the indices for the financial year and concluded the effect cannot yet be fully understood. In the absence of evidence to undermine the reliability of the indices, management have not altered their estimates of fair value as determined using the indices.

## Note 4.1: Property, Plant and Equipment (Continued)

### (c) Fair value measurement hierarchy for assets

#### Balance at 30 June 2020

- Non-specialised land
- Specialised land

#### Total Land at Fair Value

- Non-specialised buildings
- Specialised buildings

#### Total Building at Fair Value

Plant and equipment at fair value

Motor vehicles at fair value

Medical equipment at Fair Value

Computers and communication equipment at fair value

Furniture and fittings at fair value

#### Total Other Plant and Equipment at Fair Value

#### Total Property, Plant and Equipment

Note	Total Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
	\$'000	\$'000	\$'000	\$'000
	430	-	430	-
	2,492	-	-	2,492
4.1 (a)	<b>2,922</b>	-	<b>430</b>	<b>2,492</b>
	78	-	78	-
	77,772	-	-	77,772
4.1 (a)	<b>77,850</b>	-	<b>78</b>	<b>77,772</b>
4.1 (a)	599	-	-	599
4.1 (a)	226	-	-	226
4.1 (a)	855	-	-	855
4.1 (a)	309	-	-	309
4.1 (a)	521	-	-	521
	<b>2,510</b>	-	-	<b>2,510</b>
	<b>83,282</b>	-	<b>508</b>	<b>82,774</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## Note 4.1: Property, Plant and Equipment (Continued)

### (d) Reconciliation of Level 3 Fair Value <sup>i</sup>

	Note	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm \$'000	Furniture & Fittings \$'000
<b>Total</b>								
<b>Assets transferred at 1 July 2019</b>		<b>2,922</b>	<b>79,607</b>	<b>669</b>	<b>320</b>	<b>933</b>	<b>192</b>	<b>499</b>
Additions/(Disposals)	4.1 (b)	-	71	104	(1)	204	198	98
Net Transfers between classes	4.1 (b)	-	1,282	-	-	-	104	-
Gains/(Losses) recognised in net result								
- Depreciation and Amortisation	4.3	-	(3,151)	(174)	(93)	(282)	(186)	(76)
<b>Balance at 30 June 2020</b>	4.1 ( c )	<b>2,922</b>	<b>77,809</b>	<b>599</b>	<b>226</b>	<b>855</b>	<b>309</b>	<b>521</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

## Note 4.1: Property, Plant and Equipment (Continued)

### Note 4.1 (e): Property, Plant and Equipment (Fair value determination)

Asset class		Likely valuation approach	Significant inputs (Level 3 only) <sup>(c)</sup>
Non-specialised land		Market approach	n.a.
Specialised land (Crown / Freehold)		Market approach	Community Service Obligations Adjustments <sup>(a)</sup>
Non-specialised buildings		Market approach	n.a.
Specialised buildings		Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings		Market approach	n.a.
		Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles		Market approach	n.a.
		Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment		Depreciated replacement cost approach	- Cost per unit - Useful life

<sup>a</sup> A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.



## Note 4.2: Intangible Assets

### (a) Intangible assets - Gross carrying amount and accumulated amortisation

	2020 \$'000
Intangible Assets - Software	99
Less Accumulated Amortisation	(49)
	<b>50</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>50</b>

### (b) Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Note	Software \$'000	Total \$'000
<b>Balance at 1 July 2019</b>		<b>60</b>	<b>60</b>
Additions		5	<b>5</b>
Amortisation	4.3	(15)	<b>(15)</b>
<b>Balance at 30 June 2020</b>		<b>50</b>	<b>50</b>

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to NCN Health.

## Note 4.3: Depreciation and Amortisation

### Depreciation

Buildings
Plant and equipment
Motor vehicles
Medical equipment
Computers and communication equipment
Furniture and fittings
Right of use assets
- Right of use buildings
- Right of use plant, equipment and vehicles

### Total Depreciation

### Amortisation

Software

### Total Amortisation

### Total Depreciation and Amortisation

Total 2020 \$'000
3,151
174
93
282
186
76
55
38
<b>4,055</b>
15
<b>15</b>
<b>4,070</b>

### Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where NCN Health Service obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

### Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

## Note 4.3 (a): useful life of non-current assets

Buildings
- Structure shell building fabric
- Site engineering services and central plant
Central Plant
- Fit out
- Trunk reticulated building system
Plant and equipment
Medical equipment
Computers and communication
Furniture and fitting
Motor vehicles
Leasehold improvements
Intangible assets

2020
7 to 50 years
26 to 40 years
7 to 26 years
7 to 26 years
3 to 20 years
7 to 10 years
3 to 9 years
10 to 13 years
10 years
2 to 10 years
3 to 4 years

## Note 4.4: Inventories

General stores at cost  
**Total Inventories**

<b>Total 2020 \$'000</b>
51
<b>51</b>

### *Inventories*

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

## Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from NCN Health's operations.

Structure  
5.1 Receivables and contract assets  
5.2 Payables  
5.3 Other liabilities

## Note 5.1: Receivables

### **CURRENT**

#### **Contractual**

Trade Debtors  
Patient Fees  
Accrued Revenue  
Amounts receivable from governments and agencies  
Allowance for impairment (5.1a)  
Patient Fees

Notes

7.1(c )

#### **Sub-Total Contractual Receivables**

#### **Statutory**

Accrued Revenue - Department of Health (Commonwealth)  
Accrued Revenue - Department of Health and Human Services  
GST Receivable

#### **Sub-Total Statutory Receivables**

#### **TOTAL CURRENT RECEIVABLES**

### **NON-CURRENT**

#### **Statutory**

Long service leave - Department of Health and Human Services

#### **Sub-Total Statutory Receivables**

#### **TOTAL NON-CURRENT RECEIVABLES**

#### **TOTAL RECEIVABLES**

<b>Total 2020 \$'000</b>
330
483
469
186
(62)
<b>1,406</b>
21
175
139
<b>335</b>
<b>1,741</b>
739
<b>739</b>
<b>739</b>
<b>2,480</b>

## Note 5.1: Receivables

### (a) Movement in the Allowance for impairment losses of contractual receivables

	<b>Total 2020 \$'000</b>
Transferred at 1 July 2019	<b>8</b>
Amounts written off during the year	(8)
Increase in allowance recognised in the net result	62
<b>Balance at end of year</b>	<b>62</b>

#### **Receivables recognition**

Receivables consist of:

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

NCN Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.



## Note 5.2: Payables

### CURRENT

#### Contractual

Trade creditors	
Accrued salaries and wages	
Accrued expenses	
Deferred grant revenue	
Contract Liabilities - income received in advance	
Inter- hospital creditors	
Amounts payable to governments and agencies	
Deposits	

Notes

Total 2020 \$'000
1,045
163
1,063
5.2(a) 1,428
5.2(b) 1,998
160
27
4
<b>5,888</b>
<b>5,888</b>

### TOTAL PAYABLES

#### Payables recognition

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the NCN Health prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 60 days.

### Note 5.2 (a) Deferred grant revenue

Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year

Grant consideration for capital works received during the year

Grant revenue for capital works recognised consistent with the capital works undertaken during the year

#### Closing balance of deferred grant consideration received for capital works

2020 \$'000
2,396
16
(984)
<b>1,428</b>

Grant consideration was received for major infrastructure works. Grant revenue is recognised progressively as the asset is constructed, since this is the time when NCN Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, NCN Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

### Note 5.2 (b) Contract liabilities

Opening balance brought forward from 30 June 2019 adjusted for AASB 15

Add: Payments received for performance obligations yet to be completed during the period

Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year

#### Total contract liabilities

#### Represented by

Current contract liabilities

2020 \$'000
1,905
3,247
(3,154)
<b>1,998</b>
1,998

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes.

### Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

## Note 5.3: Other liabilities

### CURRENT

Monies held in trust\*: Patient monies held in trust

Monies held in trust\*: Refundable accommodation deposits

Monies held in trust\*: Other monies held in trust

### Total Current

### Total Other Liabilities

*(List major items within each category)*

Total 2020 \$'000
16
13,606
557
<b>14,179</b>
<b>14,179</b>

### \* Total Monies Held in Trust Represented by the Following Assets:

Cash assets

### TOTAL

14,179
<b>14,179</b>

### Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Group upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997.

## Note 6: How we finance our operations

This section provides information on the sources of finance utilised by NCN Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of NCN Health.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

### Structure

- 6.1 Borrowings
- 6.2 Cash and cash equivalents
- 6.3 Commitments for expenditure
- 6.4 Non-cash financing and investing activities

## Note 6.1: Borrowings

### CURRENT

Lease liability <sup>(i)</sup>

### Total Current Borrowings

### NON CURRENT

Lease liability <sup>(i)</sup>

Advances from government <sup>(ii)</sup>

### Total Non Current Borrowings

### Total Borrowings

Total 2020 \$'000
82
<b>82</b>
115
99
<b>214</b>
<b>296</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) These are unsecured loans which bear no interest.

### (a) Maturity Analysis of Borrowings

Please refer to Note 7.1 for the ageing analysis of borrowings.

### (b) Defaults and Breaches

During the current and prior year, there were no defaults and breaches of any of the borrowings.

### (c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments 2020 \$'000	Present value of minimum future lease payments 2020 \$'000
Not later than one year	88	88
Later than 1 year and not later than 5 years	122	109
Minimum lease payments	<b>210</b>	<b>197</b>
Less future finance charges	(13)	-
<b>TOTAL</b>	<b>197</b>	<b>197</b>
Included in the financial statements as:		
Current borrowings - lease liability	82	82
Non-current borrowings - lease liability	115	115
<b>TOTAL</b>	<b>197</b>	<b>197</b>

The weighted average interest rate implicit in the finance lease is 5.85%.

## Note 6.1: Borrowings (continued)

### Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

### NCN Health's leasing activities

NCN Health has entered into leases related to commercial property, information technology equipment (HRHA) and motor vehicles.

For any new contracts entered into on or after 1 July 2019, NCN Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition NCN Health assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to NCN Health and for which the supplier does not have substantive substitution rights;
- NCN Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and NCN Health has the right to direct the use of the identified asset throughout the period of use; and
- NCN Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

#### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or NCN Health's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

#### Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

### Short-term leases and leases of low value assets

NCN Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

### Below market/Peppercorn lease

NCN Health has no material below market/peppercorn leases.

### Presentation of right-of-use assets and lease liabilities

NCN Health presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

## **Note 6.1: Borrowings (continued)**

### **Recognition and measurement of leases (under AASB 117 until 30 June 2019)**

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

NCN Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where NCN Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in NCN Healths balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

### ***Borrowings***

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the NCN Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.



## Note 6.2: Cash and Cash Equivalents

Cash on hand (excluding monies held in trust)  
Cash at Bank (excluding monies held in trust)  
Cash at Bank (monies held in trust)  
Cash at Bank - CBS (excluding monies held in trust)  
Cash at Bank - CBS (monies held in trust)  
**TOTAL CASH AND CASH EQUIVALENTS**

Total
2020
\$'000
2
4,828
60
20,496
13,838
<b>39,224</b>

### Cash and Cash Equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

## Note 6.3 : Commitments for expenditure

### Capital Expenditure Commitments

Less than 1 year

### Total Capital Expenditure Commitments

### Total Commitments for Expenditure (inclusive of GST)

Less GST recoverable from the Australian Tax Office

### TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)

2020
\$'000
1,570
<b>1,570</b>
<b>1,570</b>
(142)
<b>1,428</b>

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

### Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

## Note 6.4: Non-cash financing and investing activities

Acquisition of plant and equipment by means of  
Finance Leases

### Total Non-Cash Financing and Investing Activities

Total
2020
\$'000
113
<b>113</b>

## Note 7: Risks, contingencies and valuation uncertainties

NCN Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the health service is related mainly to fair value determination.

### Structure

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

## Note 7.1 (a): Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of NCN Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation

### (a) Categorisation of financial instruments

Total 2020	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	39,224	-	39,224
Receivables - Trade Debtors	5.1	330	-	330
Other Receivables	5.1	1,138	-	1,138
<b>Total Financial Assets<sup>i</sup></b>		<b>40,692</b>	<b>-</b>	<b>40,692</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	2,462	2,462
Borrowings	6.1	-	296	296
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	13,606	13,606
Other Financial Liabilities - Patient monies held in trust	5.3	-	16	16
Other Financial Liabilities	5.3	-	557	557
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>16,937</b>	<b>16,937</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

## Note 7.1 (a): Financial Instruments (continued)

### Categories of Non-Derivative Financial Instruments

#### Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by NCN Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

NCN Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);

#### Categories of financial liabilities

**Financial liabilities at amortised cost** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. NCN Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired; or

NCN Health has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where NCN Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of NCN Health's continuing involvement in the asset.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**Reclassification of financial instruments:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when NCN Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

## Note 7.1 (b): Payables and Borrowings Maturity Analysis

The following table discloses the contractual maturity analysis for NCN Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

### Maturity analysis of Financial Liabilities as at 30 June

Maturity analysis of Financial Liabilities as at 30 June							
Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
2020							
Financial Liabilities at amortised cost							
Payables	5.2	2,462	2,462	2,462	-	-	-
Borrowings	6.1	296	296	6	19	42	229
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	13,606	13,606	-	-	14	-
Other Financial Liabilities - Patient monies held in trust	5.3	16	16	-	-	16	-
Other Financial Liabilities	5.3	557	557	-	-	557	-
Total Financial Liabilities		16,937	16,937	2,468	19	628	229
							13,592

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable)

## Note 7.1 (c)

### Contractual receivables at amortised cost

	30-Jun-20	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	23.6%	0.0%	
Gross carrying amount of contractual receivables	5.1 1,468	526	119	94	262	0	1,001
<b>Loss allowance</b>		-	-	-	(62)	-	(62)

#### Impairment of financial assets under AASB 9 Financial Instruments

NCN Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the NCN Health's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 Financial Instruments. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 Financial Instruments. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 Financial Instruments, any identified impairment loss would be immaterial.

#### Contractual receivables at amortised cost

The NCN Health applies AASB 9 Financial Instruments simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The NCN Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on NCN Health's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the NCN Health determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

## Note 7.1 (c ) Contractual receivables at amortised cost (Continued)

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020
<b>Transferred at 1 July 2019 (\$'000s)</b>		<b>8</b>
Modification of contractual cash flows on financial assets		-
Increase in provision recognised in the net result	3.1	62
Reversal of provision of receivables written off during the year as uncollectible		(8)
Reversal of unused provision recognised in the net result		-
<b>Balance at end of the year</b>	<b>5.1</b>	<b>62</b>

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

### Statutory receivables and debt investments at amortised cost

The NCN Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 Financial Instruments requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

## Note 7.2: Contingent assets and contingent liabilities

There are no known contingent assets or contingent liabilities for NCN Health at the date of this report.



## Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 Correction of prior period error and revision of estimates
- 8.10 AASBs Issued that are not yet Effective
- 8.11 Restructuring of administrative arrangements

## Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Note	Total 2020 \$'000
<b>Net Result for the Year</b>	<b>OS</b>	(1,533)
<b>Non-Cash Movements:</b>		
Depreciation and amortisation	4.3	4,055
Amortisation of Intangible Non-Produced Assets	4.3	15
Provision for Doubtful Debts	5.1 (a)	54
Discount (interest) / expense on loan		(1)
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		(21)
Less cash inflow/outflow from investing and financing activities		(209)
<b>Movements in Assets and Liabilities:</b>		
Statement of changes in equity - changes on adoption of AASB 1058		(2,396)
<i>Change in Operating Assets and Liabilities</i>		
(Increase)/Decrease in Receivables	5.1	220
(Increase)/Decrease in Prepayments		150
Increase/(Decrease) in Payables	5.2	1,667
Increase/(Decrease) in Other Liabilities		(800)
(Increase)/Decrease in Inventories		6
(Increase)/Decrease in employee benefits		666
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>1,874</b>

## Note 8.2: Responsible Persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### Responsible Ministers:

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services

The Honourable Martin Foley, Minister for Mental Health

The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

### Governing Boards

Mr Dale Brooks (Chair of the Board)

Mr Kade Beasley

Ms Suni Campbell

Mr Mewan Dissanayake

Mrs Jennie Gould

Ms Kate Hodge

Mr Andrew Lelliott

Ms Sue Logie

Mr Chris McCallum

Mr Nathan Morris

Mrs Melissa Nicoll

Mrs Pat West

01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

### Accountable Officers

Ms Jacque Phillips

01/07/2019 - 30/06/2020
-------------------------

### Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands:

#### Income Band

\$10,000 - \$19,999

\$280,000 - \$289,999

#### Total Numbers

Total 2020 No.
12
1
<b>13</b>

**Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:**

2020 \$'000
<b>\$326</b>

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in NCN Health's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

## Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

### Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)

Short-term Benefits  
Post-employment Benefits  
Other Long-term Benefits  
Termination Benefits  
**Total Remuneration<sup>i</sup>**

Total Number of Executives

Total Annualised Employee Equivalent<sup>ii</sup>

<b>Total Remuneration</b>	
<b>2020 \$'000</b>	
	808
	70
	22
	-
	<b>900</b>
	6
	5.5

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of NCN Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

#### **Short-term Employee Benefits**

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

#### **Post-employment Benefits**

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

#### **Other Long-term Benefits**

Long service leave, other long-service benefit or deferred compensation.

#### **Termination Benefits**

Termination of employment payments, such as severance packages.

## Note 8.4: Related Parties

NCN Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the NCN Health include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of a regional Information Technology Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of NCN Health, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Directors of NCN Health are deemed to be KMPs.

Entity	KMPs	Position Title
NCN Health	Mr Dale Brooks	Chair of the Board
NCN Health	Mr Kade Beasley	Board Member
NCN Health	Ms Suni Campbell	Board Member
NCN Health	Mr Mewan Dissanayake	Board Member
NCN Health	Mrs Jennie Gould	Board Member
NCN Health	Ms Kate Hodge	Board Member
NCN Health	Mr Andrew Lelliott	Board Member
NCN Health	Ms Sue Logie	Board Member
NCN Health	Mr Chris McCallum	Board Member
NCN Health	Mr Nathan Morris	Board Member
NCN Health	Mrs Melissa Nicoll	Board Member
NCN Health	Mrs Pat West	Board Member
NCN Health	Ms Jacque Phillips	Chief Executive Officer
NCN Health	Mr G. Van Popering	Director of Nursing (Nathalia)
NCN Health	Ms W. Ross	Director of Clinical Services
NCN Health	Ms C. Hargreaves	Director of Clinical Services (Cobram)
NCN Health	Mr J. Sullivan	Director of Corporate Services
NCN Health	Ms N. Cason	Director of People & Culture
NCN Health	Ms C. Church	Director of Clinical Services (Numurkah)

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

### Compensation - KMPs

Short-term Employee Benefits <sup>i</sup>

Post-employment Benefits

Other Long-term Benefits

**Total** <sup>ii</sup>

Total 2020 \$'000
1,103
94
29
<b>1,226</b>

<sup>i</sup> Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

<sup>ii</sup> KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

## Note 8.4: Related Parties

### *Significant Transactions with Government Related Entities*

The NCN Health received funding from the Department of Health and Human Services of \$26.05M and indirect contributions of \$(0.046M). Balances outstanding (payable) as at year end are \$1.7M.

Expenses incurred by the NCN Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the NCN Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

### *Transactions with KMPs and Other Related Parties*

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the NCN Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the NCN Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

## Note 8.5: Remuneration of Auditors

### **Victorian Auditor-General's Office**

Audit of the Financial Statements

### **TOTAL RENUMERATION OF AUDITORS**

<b>Total 2020 \$'000</b>
39
<b>39</b>

## Note 8.6: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between NCN Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

The Covid-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by NCN Health at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on NCN Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster remains in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of NCN Health, the results of the operations or the state of affairs of NCN Health in the future financial years.



## Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2020 %
Hume Rural Health Alliance	Information Technology Services	11.02%

NCN Health interest in the above jointly controlled operations are detailed below.

The amounts are included in the consolidated financial statements under their respective categories:

	2020 \$'000 *
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	973
Receivables	96
Prepayments	12
<b>TOTAL CURRENT ASSETS</b>	<b>1,081</b>
<b>NON-CURRENT ASSETS</b>	
Property, Plant and Equipment	23
Leased Assets	46
Intangible Assets	50
<b>TOTAL NON-CURRENT ASSETS</b>	<b>119</b>
<b>TOTAL ASSETS</b>	<b>1,200</b>
<b>CURRENT LIABILITIES</b>	
Payables	471
Borrowings	18
<b>TOTAL CURRENT LIABILITIES</b>	<b>489</b>
<b>NON-CURRENT LIABILITIES</b>	
Borrowings	28
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>28</b>
<b>TOTAL LIABILITIES</b>	<b>517</b>
<b>NET ASSETS</b>	<b>683</b>
<b>EQUITY</b>	
Accumulated Surpluses/(Deficits)	683
<b>TOTAL EQUITY</b>	<b>683</b>

NCN Health interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 \$'000 *
<b>REVENUE</b>	
Operating Activities	724
Non Operating Activities	5
Capital Purpose Income	186
<b>TOTAL REVENUE</b>	<b>915</b>
<b>EXPENSES</b>	
Labour Costs	214
Other Expenses from Continuing Operations	552
Finance Charges	1
Depreciation & Amortisation	64
<b>TOTAL EXPENSES</b>	<b>831</b>
<b>NET RESULT</b>	<b>84</b>

\* Figures obtained from the unaudited Hume Rural Health Alliance Joint Venture annual report.

### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

## Note 8.8: Economic Dependency

NCN Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support NCN Health.

## Note 8.9: Changes in accounting policy and revision of estimates

### Changes in accounting policy

#### Leases

This note explains the impact of the adoption of AASB 16 Leases on NCN Health's financial statements.

NCN Health has applied AASB 16 with a date of initial application of 1 July 2019. NCN Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, NCN Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, NCN Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, NCN Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### Leases classified as operating leases under AASB 117

As a lessee, NCN Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to NCN Health. Under AASB 16, NCN Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, NCN Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using NCN Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

NCN Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### Leases as a Lessor

NCN Health is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. NCN Health accounted for its leases in accordance with AASB 16 from the date of initial application.

#### Impacts on financial statements

On transition to AASB 16, NCN Health recognised \$95,898 of right-of-use assets and \$95,898 of lease liabilities.

When measuring lease liabilities, NCN Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 1.36%.

## Note 8.9: Changes in accounting policy and revision of estimates

### Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the NCN Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, NCN Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. NCN Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

### Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, NCN Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, NCN Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

### Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income of Not-for-Profit Entities*; and
- AASB 16 *Leases*.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

<i>Balance sheet</i>	<i>Notes</i>	<i>Before new accounting standards Opening 1 July 2019</i>	<i>Impact of new accounting standards - AASB 16, 15 &amp; 1058</i>	<i>After new accounting standards Opening 1 July 2019</i>
Property, Plant and Equipment		85,969	96	86,065
Total Other Assets		42,637	-	42,637
Total Assets		128,606	96	128,702
Payables and Contract Liabilities	5.2	26,320	2,396	28,716
Borrowings	6.1	76	96	172
Total Liabilities		26,396	2,492	28,888
Accumulated surplus/(deficit)	5.2	28,387	(2,396)	25,991
Physical Revaluation Surplus		47,887	-	47,887
Other items in equity		25,936	-	25,936
Total Equity		102,210	(2,396)	99,814

## Note 8.9: Changes in accounting policy and revision of estimates

### Statement of changes in equity – changes for AASB 1058 and AASB 15 adoption

For the financial year ended 30 June 2020 (\$ thousand)

	<i>Physical asset revaluation surplus</i>	<i>Other Reserves</i>	<i>Accumulate d surplus</i>	<i>Contributions by owner</i>	<i>Total</i>
Balance transferred 1 July 2019	-	-	-	102,210	102,210
Change in accounting policy (due to AASB 1058)	-	-	(2,396)	-	(2,396)
Restated balance at 1 July 2019	-	-	(2,396)	102,210	99,814
Net result for the year	-	-	-	(1,533)	(1,533)
Balance at 30 June 2020	-	-	(2,396)	100,677	98,281

## Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises NCN Health of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. NCN Health has not and does not intend to adopt these standards early.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.



## Note 8.11: Restructuring of administrative arrangements

On 25th June 2019, the Governor by Order in Council directed that Numurkah and District Health Service, Cobram District Health and Nathalia District Hospital be amalgamated. The order to come into effect on 1 July 2019. The combined assets and liabilities of the three entities have been merged and are now reported under the designated name of NCN Health. The total equity of the former entities of \$102.21 million has been treated as contributed capital on creation of NCN Health on 1 July 2019 in accordance with FRD 119A - *Transfers through Contributed Capital* and AASB 1004 *Contributions*. As a result of this amalgamation, no comparative amounts are reported for the prior year.

The combined assets and liabilities recognised under this amalgamation are recognised as follows:

	Cobram District Health \$'000	Nathalia District Hospital \$'000	Numurkah District Health Service \$'000	Inter-entity Balances \$'000	Amalgamated Entity NCN Health \$'000
<b>Assets</b>					
Cash and cash equivalents	5,873	4,660	27,470	-	38,003
Receivables	732	215	976	99	1,923
Inventories	23	-	34	-	57
Other financial assets	-	-	1,000	-	1,000
Prepayments	164	54	248	-	466
Property, plant and equipment	20,427	20,671	44,931	-	86,029
Long term receivables	293	435	103	-	831
<b>Liabilities</b>					
Payables	1,422	886	2,972	99	5,280
Borrowings	31	15	30	-	76
Provisions	2,533	1,374	3,200	-	7,107
Other liabilities	1,422	2,588	9,626	-	13,636
<b>Net Assets</b>	<b>22,104</b>	<b>21,172</b>	<b>58,934</b>	<b>-</b>	<b>102,210</b>
<b>Equity</b>					
Asset Revaluation Reserves	15,496	9,490	22,901	-	47,887
Specific Purposes Reserves	-	1,517	340	-	1,857
Contributed Capital	7,017	11,231	5,831	-	24,079
Retained Earnings	(409)	(1,066)	29,862	-	28,387
<b>Total Equity</b>	<b>22,104</b>	<b>21,172</b>	<b>58,934</b>	<b>-</b>	<b>102,210</b>

(i) The Board acknowledges the specific requirements and restrictions of the special purpose funds brought forward on the amalgamation of Cobram District Health, Nathalia District Hospital and Numurkah District Health Service as the governing body of NCN Health.

The balances represented above in Specific Purposes Reserves represent the balances as reported in each entity's annual financial report at 30 June 2019. After amalgamation, the Board acknowledged and formally recognised the additional capital reserves held by Numurkah District Health Service at the time of amalgamation and made further provision to transfer \$9,314,000 to specific purposes reserve. These funds are tied to a major capital works program for the redevelopment of the current aged care facility in the town of Numurkah.



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