



# NCN Health Annual Report

2021/2022

# 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*

## Our Purpose:

*Building healthy communities together*

## Our Promise:

*We work together to provide safe, high quality care that improves the health and wellbeing of the diverse communities we live in*



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# INTRODUCTION

***‘...NCN Health acknowledges the Traditional Owners of the land we gather and work on and pay respects to their Elders, past and present.***

***We work together with Aboriginal and Torres Strait Islander peoples to build a health system that listens to their hopes and aspirations and responds to them...’***

## Annual Reporting

NCN Health reports on its annual performance in the Annual Report.

The Annual Report fulfills the statutory reporting requirements for governance.

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:

- *From 1 July 2021 to 27 June 2022*  
The Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services and Minister for Equality
- *From 27 June 2022 to 30 June 2022*  
The Hon Mary-Anne Thomas MP, Minister for Health, Minister for Ambulance Services

## 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 2022.



Tricia Quibell  
**Board Chair**  
**NCN Health**  
17 August 2022

# 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

### 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

### BEDS

- 12 Acute beds
- 3 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

### 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

NCN Health also offers a variety of **community health and wellbeing services**. These services are either provided directly by NCN Health or in partnership with private providers:

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Cobram Medical Clinic</li> <li>• Nathalia Medical Clinic</li> <li>• Access and Support Program</li> <li>• Cardiac Rehabilitation</li> <li>• Cardiology (specialist visiting clinic)</li> <li>• Carers Respite Support</li> <li>• Chronic Disease Support</li> <li>• Community Midwife</li> <li>• Dental Clinics (public and private clinic NCN Health Cobram and a private clinic at NCN Health Numurkah)</li> <li>• Diabetes Education</li> <li>• District Nursing Service</li> </ul> | <ul style="list-style-type: none"> <li>• Exercise Physiology</li> <li>• Foot Care Nurse</li> <li>• Generalist Counselling</li> <li>• Geriatrician (specialist visiting clinic)</li> <li>• Health Promotion and Community Development</li> <li>• Healthy Habits Group Program</li> <li>• Home Care Packages</li> <li>• Intake and Access</li> <li>• Moira Mental Health Service</li> <li>• Moira Palliative Care Service</li> <li>• Moira Community Rehabilitation Centre</li> <li>• Dietitian</li> </ul> | <ul style="list-style-type: none"> <li>• Obstetrics and Gynaecology (visiting outpatient clinic)</li> <li>• Occupational Therapy</li> <li>• Physiotherapy</li> <li>• Social Support Groups</li> <li>• Social Work</li> <li>• Podiatry</li> <li>• Psychology</li> <li>• Pulmonary Rehabilitation</li> <li>• Rural Support</li> <li>• COVID Positive Pathways Program</li> </ul> |
|---|--|--|

# OUR STRATEGIC PLAN

NCN Health developed a five-year Strategic Plan that reflects our purpose and promise and encapsulates our values and details how we will deliver our objectives.

Our Strategic Plan for 2021 to 2025 contains four pillars which each contain key objectives/priorities as follows:

## PILLAR ONE

### WORKING AS ONE

**We work as one team with a shared purpose to build healthy communities together.**

#### Our priorities:

- Cultivate a shared culture of safety and high-quality care.
- Boost two-way communication and engage our people in key decisions.
- Grow and develop our workforce for the future.
- Streamline our processes and systems and strengthen our financial and environmental sustainability.

## PILLAR TWO

### STRENGTHENED BY PARTNERSHIP

**We are a trusted partner in healthcare to our consumers, peers and other organisations.**

#### Our priorities:

- Position NCN Health as a trusted partner for our peer healthcare providers and suppliers.
- Nurture value-based health partnerships based on mutual trust and respect.
- Elevate our voice as an advocate for the health needs of our communities.
- Codesign and collaborate to deliver seamless healthcare and wellbeing pathways for our communities.

## PILLAR THREE

### CLOSE TO HOME

**We provide local, personalised and accessible care close to home.**

#### Our priorities:

- Deepen our engagement with our diverse communities.
- Strengthen evidence-based decision-making about our service design.
- Optimise our service model to promote accessibility, equality and responsiveness.
- Amplify awareness of our services and our reputation as a preferred healthcare provider.
- Modernise our ageing facilities to cater for changing health needs.

## PILLAR FOUR

### INTO OUR COMMUNITIES

**We reach into communities to provide care for all people through all life stages.**

#### Our priorities:

- Drive health promotion, education and disease prevention across our communities.
- Modernise our service delivery models to provide flexible and holistic care options.
- Promote a person's choice in care.
- Strengthen continuity of care in our services.

# Message from the CEO – The Year in Review



Jacque Phillips

## Chief Executive Officer (CEO)

I am pleased to present the NCN Health Chief Executive annual report for year ended 30 June 2022.

The challenges presented by COVID-19 for staff, management and the Board have been enormous. They include how to manage uncertainty and fear in the community and among our residents, patients, clients and staff, while focusing on maintaining mental health and wellbeing. NCN Health has effectively implemented constant, often daily, changes in Department of Health directions covering every aspect of our operations. The organisation has reduced the number of staff members working across different organisations, redeployed staff whose programs were suspended under COVID-19 restrictions, managed compulsory COVID-19 and flu vaccinations for staff, implemented new systems to ensure adequate Personal Protective Equipment for our staff, implemented effective working from home arrangements where possible, managed restrictions on student placements and worked with our medical workforce to reduce risk for all.

We are fortunate to have a dedicated Emergency Operations Committee with expertise to lead and oversee our COVID-19 Safe processes as well as providing extensive training for staff and preparing the vast number of documents required for our outbreak plan and other plans.

The Executive team have continued to pursue ongoing improvement and expansion of services within resource limitations. Our acute health and urgent care centres continue to provide a vital service and we continue to see growth in presentations at Cobram campus.

NCN Health provides a range of excellent clinical services to promote

and enhance the wellbeing of people of the Moira Shire. NCN Health continues to invest in services to expand support in the delivery of care in the hospital, home or in community centre settings. Our catchment areas experience some of the state's highest levels of Cancer, Diabetes and Heart Disease along with associated risk factors for chronic diseases such as poor diet and low levels of exercise. We continue to work with our communities to ensure that behaviours in relation to these contributing factors are understood and modified when making decisions to bring about improved health outcomes. This includes supporting people to manage chronic health conditions.

At NCN Health, we continue to seek improved service provision through collaboration with regional partners. This year, we have continued our commitment to reducing family violence, we have implemented a COVID-19 home monitoring service, established and operated a COVID-19 vaccination hub at Cobram campus to service Moira Shire in partnership with Goulburn Valley Health, established COVID-19 screening and testing at many venues and small communities, partnered to continue medical imaging services with the purchase of ultrasound equipment for Cobram and Numurkah campuses and continue to strive for better use of technology to support access to health care. Over the last 12 months NCN Health has been funded to implement Better@Home and Elective Surgery blitz programs as part of the Hume Health Services Partnership.

Our relationship with our regional health sector colleagues remains extremely important. Victoria is undergoing health reform and is rapidly becoming a more cohesive system with collaborative planning and delivery of services. Sharing experiences, gaining knowledge, contributing to a broader network than just our local catchment area helps us in providing first class health services. NCN Health will continue to participate as an active regional partner.

NCN Health has successfully maintained accreditation by the Aged Care Quality and Safety Commission and is waiting for reaccreditation that has been delayed due to the COVID-19 pandemic. We successfully undertook

our NDIS Certification Audit and look forward to National Safety and Quality Health Standards accreditation in August this year.

Residents' activities have been limited with COVID-19 restrictions and our Diversional Therapists and nursing staff have been critical in supporting the wellbeing of our residents. The virtual visiting program has allowed residents to stay in contact with relatives locally, interstate and overseas. In addition, support of telehealth by specialist for consultations has been welcomed both by residents, families and carers.

Our education program has continued online and with virtual learning with some face to face sessions. NCN Health, aware of the benefits of rural placements both for students and our workforce, has continued to support student clinical placements to the extent possible under COVID-19 restrictions and actively engages in monitoring and growing our learning environment. We have received an increasing number of graduates participating in the programs available to support their first year as a health professional.

We have a Graduate Nurse Program that provides graduate nurses the opportunity to consolidate practice in various areas with exposure to a range of services and experiences. The students and graduates make a valuable addition to our team engaging in the many clinical and non-clinical departments.

A restructure of Community Health and Wellbeing saw alignment of programs across NCN Health. The restructure recognises the increasingly complex demands of the programs including Home Care Program (HCP) and home-based services plus our broad range of centre-based programs and services including medical and dental clinics, allied health, mental health, chronic disease, rehabilitation and health prevention programs.

The year has proven challenging with COVID-19 impacting service access to some extent. NCN Health has worked to ensure we have maintained connection with our clients in Home Based and Centre Based allied health, social support, community gyms and exercise groups, with a range of directives from Commonwealth and State Government altering permitted activities. NCN Health

# Message from the CEO – The Year in Review

has endeavoured to continue with all allowable program services, albeit with some modified parameters. We thank the community as they have adapted to telehealth models of care.

Health promotion programs including farmer support continue to provide positive preventative health activities for the wider community. The communications team with health promotion has had an increased role in keeping the community informed and updated with public health messages and information to promote COVID-19 Safety.

Feedback is very important in identifying opportunities to improve our service so we encourage feedback via several means. We provide hardcopy documents at our three sites, via our web page, call us directly or access the newly established online platform, Care Opinion.

Results from the Victorian Health Experience Survey (VHES) carried out in 2021/22 showed consistent support and appreciation by consumers of the range of inpatient and community-based services available through NCN

Health. We continue to monitor our feedback and make improvements to our services to provide the best care and experience for our consumers.

NCN Health has a number of dedicated volunteers. The contribution our volunteers make is greatly appreciated and significantly supports and extends access to programs in the community.

Despite the limitations imposed by the pandemic, NCN Health depends upon the contribution of our volunteers to assist our communities. We look forward to an opportunity to re-connect more fully with our valued volunteers. We recognise and thank those who volunteer their time as community representatives on our various committees. Your input significantly shapes our decision-making and policy development, always with care recipients' healthcare experience in mind.

We would like to recognise the support fundraising groups provide to NCN Health. These hardworking groups enhance service delivery at the three campuses.

We strive to maintain strong relationships with our support groups to ensure the care environments at NCN Health meet the needs of our recipients.

The most important people in our community are those who have placed their trust in us, either by receiving care, by working with us as part of our paid and volunteer workforce or as members of our auxiliaries and fundraising groups. Each individual is important, contributing in a unique way to the fabric of our Health Service. Our commitment to you all is to continue to seek ways to improve your health and wellbeing, provide a safe environment and to deliver quality care.

I wish to extend my gratitude and sincere appreciation for the support, encouragement and commitment of all our Staff, Board of Directors, Volunteers and the Community.

**Jacque Phillips, OAM**  
**Chief Executive Officer**

# Message from the Chair – Expectations for The Future



Tricia Quibell  
**Board Chair**

It is with pleasure that we present the 3rd Annual Report of operations for NCN Health, in accordance with the *Financial Management Act 1994* for the year ending 30 June 2022.

The financial year of 2021-2022 has presented a series of challenges and opportunities for our organisation, our staff and our community.

In 2021-2022 our Board of Directors again elected Dale Brooks as Chair, a

previous Chair of Cobram District Health this was the third year Dale held the position for NCN Health as our inaugural Chair. Dale has provided strong leadership in a rapidly changing environment and I am lucky to have been named his Deputy and count him as a valued mentor. The Board welcomed Sally Squire and Priyanka Saha as new Directors from 1 July 2021. Both have provided important perspectives for the Board.

Coming into the 2022-2023 year we have reluctantly farewelled Dale Brooks, Andrew Lelliott and Suni Campbell on 30 June 2022. We take this opportunity to thank all Board Directors for their collaborative approach and commitment to strategic leadership of our health service. We particularly recognise and thank Dale for his support and vision for better, healthier communities as he leaves the Board, being the end of his tenure.

This year we have been working on the

following capital projects:

- Extensive improvements to NCN Health Cobram Campus Urgent Care Centre (\$5.6m). With this funding, we are building a new Urgent Care Centre and waiting area. The new centre will have 3 Urgent Care bays with resuscitation area, separate entrance to the main hospital and new ambulance entrance and pedestrian access. This new centre will improve staff and patient safety, quality and efficiency to provide better care to patients.
- Staff amenities improvements (each campus) has seen improved amenities for staff to enable safe and comfortable segregation during outbreaks of COVID-19. This was also vital in our infection control processes.
- Karinya Nursing Home room renovations with the conversion of a dated double room to two single rooms with improved safety and privacy features.

# Message from the Chair – Expectations for The Future

- Planning for operating theatre upgrades at Cobram campus and minor works at Numurkah campus.
- Completion of residential aged care community gardens at our four facilities.
- Implementation of improved technology to support residents with activities, telehealth and communication.
- Upgrade of air conditioning at Nathalia campus.

The State Government's investment in much needed health care and infrastructure in regional areas is greatly appreciated. We believe that we are well placed to fund and grow services in the future.

This year, the Board of Directors has continued to work in partnership with our community launching our community advocacy campaign "The Lodge Matters". With the momentum this is creating we are confident in our ability to plan for the future of a redeveloped Numurkah Pioneers Memorial Lodge. We share with our community a commitment to ensuring high quality facilities for residents of Pioneers Lodge into the future, and we appreciate the support of our community in working to realise this vision.

This year a further analysis was undertaken of the operational reserves at the time of amalgamation and a decision made to increase the cash available in Special Reserves. The Board of Directors of NCN Health supports investment in the redevelopment of Numurkah Pioneer Memorial Lodge, and this is made possible thanks to the strong financial management of Numurkah District Health Service, continued by NCN Health. NCN Health continues to invest

in health care infrastructure at all our campuses to support excellent health care.

The COVID-19 Pandemic is ongoing and resources have been challenged. We acknowledge what has been required all of our staff to quickly learn and respond in a period of high demand and rapid change. All staff and teams continue to go above and beyond to ensure local communities can access care and services despite ongoing restrictions.

NCN Health Strategic Plan has provided the Board with a strong foundation to continue our role as a newly amalgamated health service to build closer ties with our communities and our people to ensure a collaborative approach to improving health outcomes.

We are proud of our strengthened consumer engagement, safety and quality improvement and continued alignment of systems and processes across the organisation. This has been especially evident in the consolidation of the organisation structure and committees to support the Board in governance and leadership of the health service.

We would like to acknowledge and thank our wonderful staff and volunteers, our cleaners, our kitchen staff, maintenance staff, administration, finance and payroll staff, allied health and community health and wellbeing team, medical centre team, dental clinic staff, lifestyle staff, activities staff, enrolled nurses and registered nurses alike, for without each and every one of them we could not serve our community as well as we do. Particularly during this unusual year, we deeply appreciate all of our staff and volunteers, for their continued commitment to our organisation and the safety and wellbeing of every person we support.

Thank you too, to our community members, patients, clients, residents, families, friends and visitors for their understanding and flexibility and for their contribution to community safety – including assisting and joining in with our COVID-19 Safe processes.

We would like to thank our key partners for their assistance in delivering quality care to the community. In particular Goulburn Valley Health, Yarrawonga Health, Ambulance Victoria, Community Houses, and Royal Workforce Agency Victoria (RWAV).

The support from our various funding bodies is essential to the future of healthcare for our region and we especially note and acknowledge the Victorian Department of Health, the Commonwealth Department of Health and Murray Primary Health Network for their ongoing support of NCN Health.

And finally, but by no means least we extend our appreciation and gratitude to our CEO, Jacque Phillips and the Executive Team for their leadership and all staff for their support and commitment and our community during very challenging circumstances and decisions.

We still have much to celebrate and much to look forward to.

Thank you

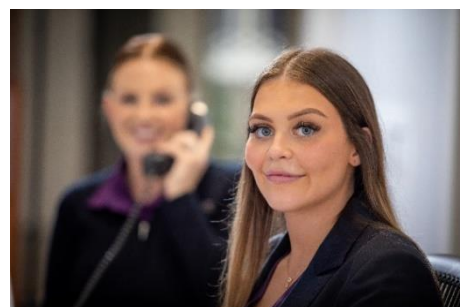
**Tricia Quibell**  
**Board Chair**



**CAPTION:** Numurkah Reception



**CAPTION:** Nathalia Consumer Advisory



**CAPTION:** Numurkah Reception

# 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 10 Board Directors for 2021/2022:



**BROOKS, Dale**  
(Chair)



**BEASLEY, Kade**  
(Vice Chair)



**CAMPBELL, Suni**



**CUNNINGHAM, Alicia**



**DISSAN, Mewan**



**HODGE, Kate**



**LELLIOTT, Andrew**



**QUIBELL, Tricia**



**SAHA, Priyanka**



**SQUIRE, Sally**

# BOARD COMMITTEES

The Board Sub-Committees are:

Committee	Function
<b>Finance</b>	<p>The Board endorses plans and strategies, and monitors the performance of NCN Health through appropriate budgetary processes to ensure compliance with Financial Management Framework requirements.</p> <p><i>Members during 2021/22 were Andrew Lelliott, Kade Beasley and Mewan Dissan.</i></p>
<b>Audit and Risk</b>	<p>The Audit and Risk Committee oversees and advises the Board of Directors on matters of accountability, external and internal controls and risk affecting NCN Health's operations.</p> <p><i>Members during 2021/22 were Andrew Lelliott, Dale Brooks, Suni Campbell, Mewan Dissan, Priyanka Saha, Jeff Buzza (independent) and Michelle McCracken (independent).</i></p>
<b>Clinical Governance</b>	<p>The Clinical Governance Committee is responsible for oversight of the Clinical Governance Framework and the Quality Risk and Improvement Program, meeting on a monthly basis with Board Directors and a range of staff from across the organisation attending.</p> <p>A quality plan informs the agenda and ensures the timely completion and evaluation of clinical performance and improvement.</p> <p><i>Members during 2021/22 were Kade Beasley, Alicia Cunningham, Kate Hodge, Tricia Quibell and Sally Squire.</i></p>
<b>Community and Consumer Advisory</b>	<p>Members of the community participate in an innovative and creative Community and Consumer Advisory Committees. The Committees acts as an advocate to the Board of Directors on behalf of the community, consumers and carers.</p> <p>The Committees play an essential role in representing the community's perspective in the development of priority areas and strengthening effective consumer and community participation at all levels of service planning and delivery.</p> <p><i>Members during 2021/22 were Dale Brooks and Alicia Cunningham.</i></p>
<b>Credentialing and Privileging</b>	<p>Ensuring that medical practitioners are appropriately qualified and experienced is an important role for this committee. Dr. Ka Chun Tse, Director of Medical Services, reviews all medical practitioners' credentials, ensuring NCN Health is compliant with all credentialing requirements.</p> <p>Reaccreditation of current medical practitioners is attended to and recommendations for appointments of new locums or visiting GP's are made to the Board of Directors for approval.</p> <p><i>Members during 2021/22 were Mewan Dissan and Tricia Quibell.</i></p>

## CONSUMER COMMITTEES

The NCN Health Community Advisory Committee is made up of community representatives from Nathalia, Cobram and Numurkah communities. During 2021/22 NCN Health's community representatives were:

### Nathalia

Ania Wiltshire  
 David McKenzie (to Aug 2020)  
 Dianna Baxter  
 Fay Brown  
 Kevin Pell (to Aug 2020)  
 Mary Barry  
 Maureen McGowan  
 Sue Maloney  
 Ross Smith  
 Dawn Bowen

### Cobram

Rodney Dutneall  
 Kellie Butler  
 Dianne Rigby (to Jan 2021)  
 Dale Brooks (Board Chair)

### Numurkah

Beverley Wain  
 Ian Yeaman  
 Helena Cornelia  
 Jodi Cunningham  
 Kate Hodge (Board Director)  
 Steven Mills  
 Sally Rose-Bassett  
 Jenny Watson

# EXECUTIVE TEAM



## CHIEF EXECUTIVE OFFICER

**Jacquie Phillips, OAM**

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

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 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 OPERATIONS

**Justin Sullivan**

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

The Director Operations 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 Share 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 Credentialing and Medical staff meetings, reviews clinical policies and provides advice to Executive and staff.



## DIRECTOR CLINICAL SERVICES - NUMURKAH CAMPUS

**Abhi Dolar**

*MBA, BSC Nursing, B Com, DO&HS*

The Director Clinical Services is responsible for Acute, Aged Care, 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, 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 - NATHALIA CAMPUS**

#### **Greg van Popering**

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

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



### **EXECUTIVE MANAGER QUALITY IMPROVEMENT AND RISK**

#### **Michelle Butler**

*RN, BAppSci (Dental Therapy), Grad Dip Health Administration, Cert IV TAE*

The Executive 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.



### **EXECUTIVE MANAGER - FINANCE**

#### **Anne O'Riley**

*Diploma of Accounting, Cert IV in Business Administration*

The Executive Manager Finance is responsible for Financial Management and oversight of NCN Health financial position and working within budgetary guidelines.

This role oversees the NCN Health Finance Team and also oversees compliance for external auditing bodies and aged care financial management including the prudential requirements under the Aged Care Act.



### **EXECUTIVE MANAGER COMMUNITY HEALTH & WELLBEING - NUMURKAH CAMPUS**

#### **Robyn Sprunt**

*B Occ Ther, Grad Cert Health Services Mgt*

The Executive Manager Community Health & Wellbeing 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.



### **EXECUTIVE MANAGER COMMUNITY HEALTH & WELLBEING - COBRAM CAMPUS**

#### **Kim Fitzgerald**

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

The Executive Manager Community Health & Wellbeing 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.

# WORKFORCE

The Full Time Equivalent (FTE) figures in the table below are those excluding overtime. These do not include contracted staff (e.g. Agency nurse 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.

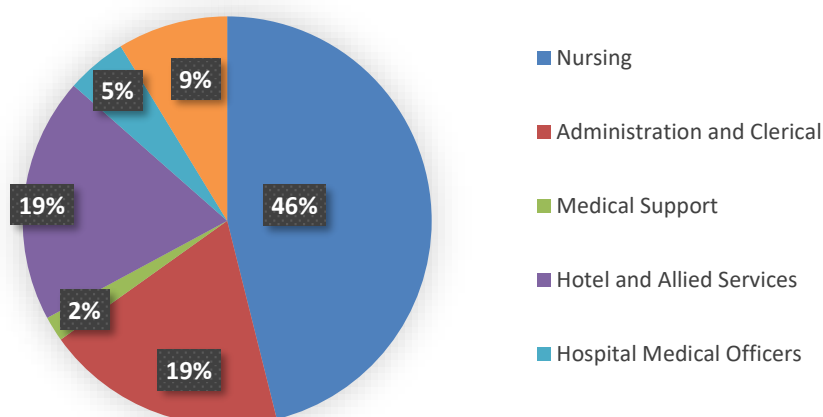
Labour Category	June current month FTE		Average monthly FTE	
	2021	2022	2021	2022
Nursing	155.54	144.52	155.00	155.98
Administration and Clerical	66.42	62.24	62.44	64.72
Medical Support	6.61	7.23	6.14	6.78
Hotel and Allied Services	60.70	65.08	62.47	64.93
Medical Officers	0	0	0	0
Hospital Medical Officers	16.33	15.36	16.54	16.27
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	31.05	28.30	29.37	30.28
	<b>336.65</b>	<b>322.73</b>	<b>331.96</b>	<b>338.96</b>

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.

## FTE by Labour Category

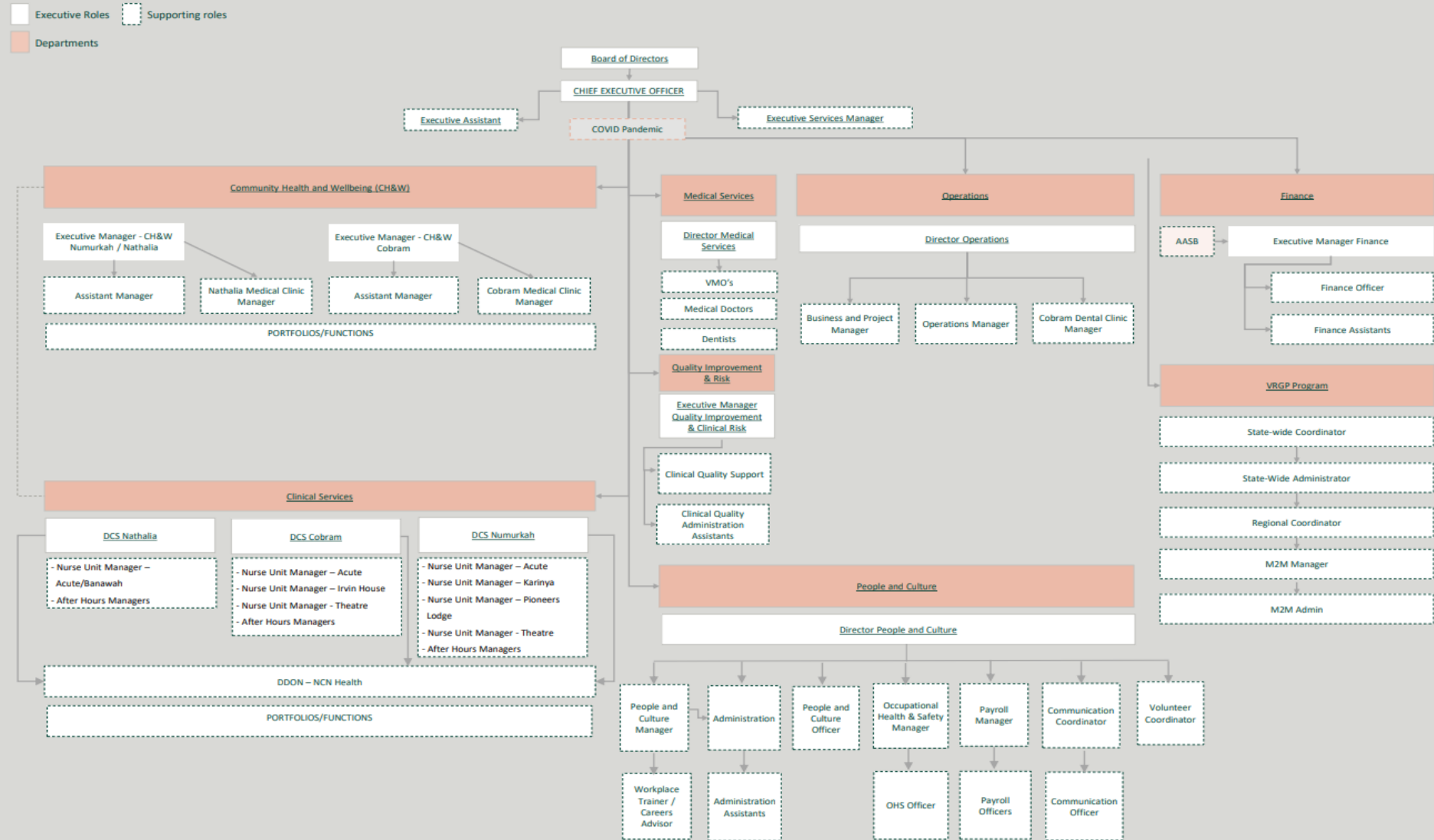


**CAPTION:** Cobram Food Services team

## NCN HEALTH Organisational Structure

# ORGANISATION CHART

### NCN Future State Organisational 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	2021-22	2020-21	2019-20
The number of reported hazards/incidents for the year per 100 FTE	62.54	91.70	87.34
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.48	7.61	2.28
The average cost per WorkCover claim for the year	\$9,312	\$178,351	\$147,210

## Occupational Violence

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

Occupational Violence Statistics	2021-22
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	87
Number of occupational violence incidents reported per 100 FTE	25.67
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

### 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 2021-22.
- *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 new Kitchen at the Cobram 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

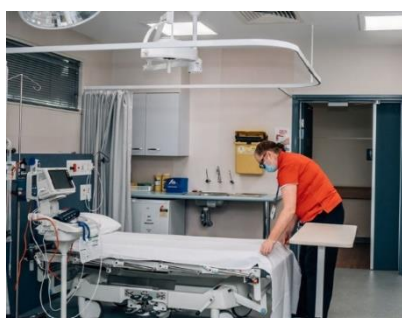
NCN Health abides by the principles of the Local Jobs Policy. This policy applies to all tenders in regional Victoria over \$1 million. NCN Health commenced works at our Cobram campus with a value over \$1 million and has provided compliance reporting to the Department of Health and Human Services Capital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



## Gender Equality

The *Gender Equality Act 2020* aims to improve workplace gender equality in the Victorian public sector, universities and local councils.

Under the Act, NCN Health was required to develop and implement a Gender Equality Action Plan (GEAP) every four years. Each GEAP must include the results from a:

1. Workplace gender audit (in relation to the workplace gender equality indicators); and
2. Strategies for achieving workplace gender equality in light of those results.

In developing our 2021-2025 GEAP, NCN Health undertook consultation across the workforce, including with the NCN Health Board, employees, employee representatives (e.g., relevant unions) and using existing workplace consultative mechanisms (e.g., Aboriginal and Torres Strait Islander Health Working Group), to ensure that everyone has the opportunity to provide input and feedback on how we might improve workplace gender equality at NCN Health.

NCN Health submitted their Gender Equality Action Plan 2021-2025 earlier in 2022, and have received confirmation that the plan met the requirements for compliance under the Act.

The NCN Health 2021 – 2025 Gender Equality Action Plan (GEAP) sets the direction for gender equality ambitions within the health service and describes how we can work toward a more gender equitable workforce.

The GEAP is a key part of our 5-year Strategic Plan in that we are committed to becoming an inclusive workplace where all staff members feel safe, valued and can thrive.

Our organisational Purpose, Promise and Values reflect the importance of respect, team work and building a health service that celebrates the diverse communities we live in.

Integral to the GEAP is thorough input from all levels of staff. The Action Plan reflects our experiences, and embraces our achievements and strengthens our weaknesses.

# 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 2022 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.

## Freedom of Information Officers

Numurkah Campus - Abhi Dolar  
Cobram Campus - Tania Hill  
Nathalia Campus - Greg van Popering

## Fees

\$30.10	Application Fee (non-refundable)
\$20.50	Search Fee if record is off campus
\$0.20	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 website:

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

## Requests for information during 2021-22

In 2021-22, there were 44 applications made to NCN Health under these provisions as follows:

FREEDOM OF INFORMATION DATA				
	NCN Health	Numurkah	Cobram	Nathalia
	2021-22	2021-22	2021-22	2021-22
Requests Received	44	17	20	7
Investigated	0	0	0	0
Resolved	0	0	0	0
Not Processed (no record)	5	3	1	1
Request Withdrawn	0	0	0	0

# Environmental Performance

NCN Health is committed to environmental sustainability.

Electricity	NCN Health 2021/2022	NCN Health 2020/2021	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020
Peak (MWh)	1,155	1,232	226	463	487
Off Peak (MWh)	1,222	1,431	245	580	628

Gas	NCN Health 2021/2022	NCN Health 2020/2021	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020
LPG Usage (lts)	92,718	109,440	57,618	0	0
Natural Gas (GJ)	5,590	5,836	0	3,404	3,407

Carbon Emissions (tonnes of CO <sub>2</sub> e)	NCN Health 2021/2022	NCN Health 2020/2021	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020
From Electricity Use	2,164	2,610	408	1,060	1,140
From Gas Use	432	470	90	180	180

Water	NCN Health 2021/2022	NCN Health 2020/2021	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020
Water Usage (kL)	25,190	27,490	2,180	8,130	13,776

Waste	NCN Health 2021/2022	NCN Health 2020/2021	Nathalia 2019/2020	Cobram 2019/2020	Numurkah 2019/2020
Clinical Waste (kg)	10,679	7,790	860	2,370	2,614
General Waste (kg)	133,605	122,750	13,570	61,470	49,035
Recycled Waste (kg)	56,550	61,720	14,590	29,310	17,940

**NB:** An estimate has been made for June 2022 (waste data) as this information was not available at the time of preparing this report.



**CAPTION:** Numurkah Environmental Services/ Laundry

# Consultancies

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

In 2021-22, there were 3 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is \$15,315 (excl. GST).

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

In 2021-22, there were 3 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$57,128 (excl. GST).

Details of individual consultancies are as follows:

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl GST)	Expenditure 2021-22 (excl GST)	Future Expenditure (excl GST)
HR On Track	Facilitation and HR Services	1 Jul 2021	30 Jun 2022	\$14,028	\$14,028	Nil
Oban Consulting	Aged Care Funding Instrument (ACFI) review	11 Nov 2021	30 Jun 2022	\$17,100	\$17,100	Nil
Jeremy McAuliffe	Community Nursing Integration Project	1 Dec 2021	31 Jan 2022	\$26,000	\$26,000	Nil

# ICT Expenditure

The total ICT expenditure incurred during 2021-22 is \$750,930 (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)
\$528,224	\$222,706	\$73,179	\$149,527



**CAPTION:** Nathalia team meeting



**CAPTION:** Cobram Dental Clinic team



**CAPTION:** Nathalia Consumer Advisory meeting



**CAPTION:** Nathalia Reception/Administration team

## 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):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- 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;
- 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;
- 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.

# STRATEGIC PRIORITIES – 2021/2022

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.

The NCN Health Strategic Plan 2021-2025 supports the Statement of Priorities to support the health, wellbeing and safety of all our communities. Throughout 2021-2022 our communities have been significantly impacted by the COVID-19 pandemic and our focus has been;

- To develop and maintain readiness and response to local and regional COVID-19 outbreaks
- Community engagement and support to patients, residents and clients to access health care
- Active engagement with the Hume Health Services Partnership to strengthen local and regional collaboration to improve health outcomes.

The Chief Executive Officer is responsible for monitoring actions in the NCN Health Statement of Priorities and the Board of Directors oversee the plan's implementation.

Priority	Outcome
Maintain your robust COVID-19 readiness and response, working with The Department of Health to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	<p>NCN Health has maintained a robust response to COVID-19 and continuously reviewed the implementation plan to respond to local outbreaks in partnership with Goulburn Valley Health Local Public Health Unit (LPHU). The response includes community and staff testing at the towns of Nathalia, Cobram and Numurkah and smaller hard to reach communities in accordance with local community need and risk assessment. Home based and outreach testing is also available through regional and local services and delivered by NCN Health.</p> <p>NCN Health has operated a Goulburn Valley Vaccination Sub Hub at Cobram campus providing COVID-19 vaccination to people in the Moira Shire. Centre based vaccinations were available at Cobram and outreach was provided at NCN Health (Nathalia and Numurkah campuses) and Yarrawonga Health for local community access. Further outreach into hard to reach communities was also provided. This program concluded on 30 June 2022.</p>
Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the <i>Health Service Partnership Policy and Guidelines</i> .	<p>NCN Health values partnerships and has an active role in the development and delivery of priorities within the Hume Health Services Partnership. A partnership agreement has been signed that provides structure to support consensus-based decision making and accountability to support the delivery of priorities across the Region.</p> <p>NCN Health continues its role as an active partner and is represented on planning, procurement and governance and operational committees to enhance integrated local access to health care.</p> <p>NCN Health has implemented a Residential In Reach program, achieved targets under the Elective Surgery Blitz and improved access to health care with the Hume@Home program.</p> <p>NCN Health continues to review models of care including virtual care through telehealth to enhance access to care close to home in the community, outpatients and urgent care settings.</p>
Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards.	<p>NCN Health is a provider of community based mental health services, funded by Murray Primary Health Network.</p> <p>NCN Health participated in the Hospital Outreach Post-Suicidal Engagement program (HOPE) steering committee to provide staff training for referrals from urgent care for patients who have been treated for an attempted suicide, serious planning or intent.</p> <p>NCN Health will continue to engage with the Hume Health Service Partnership to support mental health reform over the next 12 months.</p>

Priority	Outcome
Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.	<p>NCN Health has an Aboriginal and Torres Strait Islander Cultural Safety Plan and has identified priorities in accordance with our demographic and service profile. These have been incorporated into our annual quality plan. The plan is monitored by the Board Clinical Governance subcommittee and has developed a number of indicators to ensure a continuous improvement approach to improving cultural safety and health outcomes for Aboriginal patients and families. Examples include participation in cultural safety training, engagement with local communities such as Many Mobs and there is an agreement with Goulburn Valley Health for Aboriginal Liaison Officer support as required.</p> <p>The Diversity Committee is representative of Aboriginal employees who assist with workplace cultural safety.</p>
<p>Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary “catch-up” care to support them to get back on track. Work collaboratively with your Health Service Partnership to:</p> <ul style="list-style-type: none"> <li>– Implement the Better@Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.</li> </ul> <p>Improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.</p>	<p>NCN Health has strong engagement with local communities to understand and reach vulnerable people. NCN Health has developed models of care that maintained telehealth services and models of care to prioritise patients to ensure they have care plans that meet their individual needs, particularly those who have delayed health care due to the pandemic.</p> <p>NCN Health works collaboratively with the Hume Health Service Partnership to implement the Better@Home initiative. The focus has been to improve service access, safety, quality and coordination with redesign to enhance the patient experience and health and wellbeing outcomes.</p> <p>NCN Health has a strong partnership with Goulburn Valley Health and has built the elective surgery capacity. Using a risk-based approach, patients have been able to access urgent surgery with improved performance and wait times.</p>

## PERFORMANCE PRIORITIES – 2021/ 2022

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	Outcome
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia Program	85%	92%
Percentage of health care workers immunised for influenza	92%	93%
<b>Patient Experience</b>		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	92%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	100%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	98%
STRONG GOVERNANCE, LEADERSHIP AND CULTURE		
Key performance measure	Target	Outcome
<b>Organisational culture</b>		
Safety culture among healthcare workers	62%	71%

## PERFORMANCE PRIORITIES – 2021/ 2022 Cont'd

EFFECTIVE FINANCIAL MANAGEMENT		
Key performance measure	Target	Result
Operating results (\$m)	\$0.12	\$0.31
Average number of days to pay trader creditors	60 days	44 days
Average number of days to receive patient fee debtors	60 days	22 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.71
Actual number of days available cash, measured on the last day of each month.	14 days	143.2
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$0.25	\$4.36

## FUNDING AND ACTIVITY – 2021/ 2022

FUNDING TYPE	2021/2022 ACTIVITY ACHIEVEMENT	UNITS
<b>SMALL RURAL</b>		
Small Rural Acute	1,124	NWAU Equivalent
<b>INTEGRATED CHRONIC DISEASE MANAGEMENT</b>		
Dietetics	398	Service Hours
Physiotherapy	316	Service Hours
Counselling/Casework	2	Service Hours
Podiatry	3	Service Hours
Initial Needs Identification	4	Service Hours
Nursing	197	Service Hours
<b>SMALL RURAL HEALTH SERVICES/PRIMARY HEALTH</b>		
Dietetics	1,138	Service Hours
Occupational Therapy	231	Service Hours
Physiotherapy	1,672	Service Hours
Podiatry	407	Service Hours
Speech Pathology/Therapy	208	Service Hours
Counselling/Casework	1,760	Service Hours
Care Coordination	103	Service Hours
Initial Needs Identification	2,028	Service Hours
Nursing	1,133	Service Hours
<b>HACC PYP</b>		
Nursing	1,262	Service Hours
Allied Health	62	Service Hours
Volunteer Social Support	690	Service Hours
Podiatry	36	Service Hours
Counselling/Casework	62	Service Hours
<b>RESIDENTIAL AGED CARE</b>		
Residential Aged Care	40,153	Bed days

# ATTESTATIONS

## Financial Management Compliance Attestation – SD 5.1.4

I, Tricia Quibell, 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.



**Tricia Quibell**  
**Board Chair**  
**NCN Health**  
17 August 2022

## 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**  
17 August 2022

## 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**  
17 August 2022

## 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**  
17 August 2022

# FINANCIAL SUMMARY

For the year ended 30 June 2022

NCN Health	2022 \$'000	2021 \$'000	2020 \$'000	2019	2018
<b>Operating Result*</b>	304	882	1,223	N/A	N/A
<b>Total revenue</b>	60,614	54,561	49,935	N/A	N/A
<b>Total expenses</b>	60,217	56,040	51,346	N/A	N/A
<b>Net result from transactions</b>	397	(1,479)	(1,411)	N/A	N/A
<b>Total other economic flows</b>	127	269	(122)	N/A	N/A
<b>Net result</b>	524	(1,210)	(1,533)	N/A	N/A
<b>Total assets</b>	143,137	125,901	126,417	N/A	N/A
<b>Total liabilities</b>	28,672	28,168	28,136	N/A	N/A
<b>Net assets/Total equity</b>	114,465	97,733	98,281	N/A	N/A

## Reconciliation of Net Result from Transactions and Operating Result

	2021/2022 (\$'000)
<b>Net operating result *</b>	304
Capital purpose income	4,316
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply Arrangements	633
State supply items consumed up to 30 June 2022	(633)
Expenditure for capital purpose	(31)
Depreciation and amortisation	(4,195)
Finance costs (other)	3
<b>Net result from transactions</b>	397

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

## Subsequent Events

There were no subsequent events requiring disclosure for 2021/22.

# 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
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	4
FRD 22	Purpose, functions, powers and duties	4
FRD 22	Nature and range of services provided	5
FRD 22	Activities, programs and achievements for the reporting period	7-9
FRD 22	Significant changes in key initiatives and expectations for the future	7-9
<b>Management and structure</b>		
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FRD 22	Workforce data/ employment and conduct principles	14
FRD 22	Occupational Health and Safety	16
<b>Financial information</b>		
FRD 22	Summary of the financial results for the year	26
FRD 22	Significant changes in financial position during the year	7-9,26
FRD 22	Operational and budgetary objectives and performance against objectives	23-24
FRD 22	Subsequent events	26
FRD 22	Details of consultancies under \$10,000	20
FRD 22	Details of consultancies over \$10,000	20
FRD 22	Disclosure of ICT expenditure	20
<b>Legislation</b>		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	17
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	18
FRD 22	Statement on National Competition Policy	17
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	17
FRD 22	Summary of the entity's environmental performance	19
FRD 22	Additional information available on request	21
<b>Other relevant reporting directives</b>		
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	17
SD 5.1.4	Financial Management Compliance attestation	25
SD 5.2.3	Declaration in report of operations	4
<b>Attestations</b>		
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Attestation on managing Conflicts of Interest		25
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<b>Other reporting requirements</b>		
Reporting of outcomes from Statement of Priorities 2021-22		22-24
Occupational Violence reporting		16
Gender Equality Act 2020		17
Reporting obligations under the <i>Safe Patient Care Act 2015</i>		17

# **FINANCIAL REPORT**

# 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 2022</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 2022 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>Other Information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</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 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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Dominika Ryan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
18 October 2022

# Financial Statements

## Financial Year ended 30 June 2022

### ***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 2022 and the financial position of NCN Health at 30 June 2022.

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 20th September, 2022.

#### **Board member**



Ms Tricia Quibell

Chair

NCN Health

20th September 2022

#### **Accountable Officer**



Ms Jacque Phillips

Chief Executive Officer

NCN Health

20th September 2022

#### **Chief Finance & Accounting Officer**



Mr Steven Jackel

Chief Finance and Accounting Officer

NCN Health

20th September 2022

**NCN Health**  
**Comprehensive Operating Statement**  
**For the Financial Year Ended 30 June 2022**

		<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>			
<b>Revenue and income from transactions</b>			
Operating activities	2.1	60,492	54,445
Non-operating activities	2.1	122	116
<b>Total revenue and income from transactions</b>		<b>60,614</b>	<b>54,561</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(43,010)	(40,910)
Supplies and consumables	3.1	(4,905)	(4,082)
Finance costs	3.1	(35)	(41)
Depreciation and amortisation	3.1	(4,195)	(4,126)
Other administrative expenses	3.1	(5,862)	(4,935)
Other operating expenses	3.1	(2,168)	(1,931)
Other non-operating expenses	3.1	(42)	(15)
<b>Total Expenses from transactions</b>		<b>(60,217)</b>	<b>(56,040)</b>
<b>Net result from transactions - net operating balance</b>		<b>397</b>	<b>(1,479)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.2	40	7
Net gain/(loss) on financial instruments	3.2	(1)	(35)
Other gain/(loss) from other economic flows	3.2	88	297
<b>Total other economic flows included in net result</b>		<b>127</b>	<b>269</b>
<b>Net result for the year</b>		<b>524</b>	<b>(1,210)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.3	16,208	662
<b>Total other comprehensive income</b>		<b>16,208</b>	<b>662</b>
<b>Comprehensive result for the year</b>		<b>16,732</b>	<b>(548)</b>

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

**NCN Health**  
**Balance Sheet**  
**As at 30 June 2022**

		<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.2	39,938	37,821
Receivables and contract assets	5.1	1,993	1,984
Inventories		67	53
Prepaid expenses		298	488
<b>Total current assets</b>		<b>42,296</b>	<b>40,346</b>
<b>Non-current assets</b>			
Receivables and contract assets	5.1	1,384	903
Property, plant and equipment	4.1 (a)	99,247	84,492
Right of use assets	4.2 (a)	181	148
Intangible assets	4.4	29	12
<b>Total non-current assets</b>		<b>100,841</b>	<b>85,555</b>
<b>Total assets</b>		<b>143,137</b>	<b>125,901</b>
<b>Current liabilities</b>			
Payables and contract liabilities	5.2	5,362	6,539
Borrowings	6.1	175	50
Employee benefits	3.3	7,628	7,259
Other liabilities	5.3	14,370	13,088
<b>Total current liabilities</b>		<b>27,535</b>	<b>26,936</b>
<b>Non-current liabilities</b>			
Borrowings	6.1	78	199
Employee benefits	3.3	1,059	1,033
<b>Total non-current liabilities</b>		<b>1,137</b>	<b>1,232</b>
<b>Total liabilities</b>		<b>28,672</b>	<b>28,168</b>
<b>Net assets</b>		<b>114,465</b>	<b>97,733</b>
<b>Equity</b>			
Property, plant and equipment revaluation surplus	4.3	16,870	662
Restricted specific purpose reserve	SCE	13,469	11,171
Contributed capital	SCE	102,210	102,210
Accumulated deficit	SCE	(18,084)	(16,310)
<b>Total equity</b>		<b>114,465</b>	<b>97,733</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 2022**

		Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Deficit	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>						
<b>Balance at 30 June 2020</b>		-	11,171	102,210	(15,100)	98,281
Net result for the year		-	-	-	(1,210)	(1,210)
Other comprehensive income for the year		662	-	-	-	662
Transfer from/(to) accumulated deficits		-	-	-	-	-
<b>Balance at 30 June 2021</b>		662	11,171	102,210	(16,310)	97,733
Net result for the year		-	-	-	524	524
Other comprehensive income for the year		16,208	-	-	-	16,208
Transfer from/(to) accumulated deficits		-	2,298	-	(2,298)	-
<b>Balance at 30 June 2022</b>		16,870	13,469	102,210	(18,084)	114,465

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

**NCN Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2022**

		<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>			
<b>Cash Flows from operating activities</b>			
		40,100	38,259
	Operating grants from government		
	Capital grants from government - State	3,197	1,586
	Patient fees received	4,898	4,966
	Private practice fees received	695	910
	GST received from ATO	1,086	1,057
	Interest and investment income received	122	116
	Commercial income received	4,557	4,961
	Other receipts	4,781	3,643
	<b>Total receipts</b>	<b>59,436</b>	<b>55,498</b>
	Employee expenses paid	(42,464)	(40,009)
	Payments for supplies and consumables	(4,207)	(3,662)
	Payments for medical indemnity insurance	(153)	(146)
	Payments for repairs and maintenance	(1,210)	(898)
	Finance costs	(35)	(41)
	GST paid to ATO	(1,117)	(1,058)
	Other payments	(6,533)	(6,022)
	<b>Total payments</b>	<b>(55,719)</b>	<b>(51,836)</b>
	<b>Net cash flows from/(used in) operating activities</b>	<b>3,717</b>	<b>3,662</b>
	8.1		
<b>Cash Flows from investing activities</b>			
		(2,739)	(3,758)
	Purchase of property, plant and equipment		
	Capital donations and bequests received	15	4
	Other capital receipts	33	33
	Purchase of Intangible assets	(20)	1
	Proceeds from disposal of property, plant and equipment	78	9
	<b>Net cash flows from/(used in) investing activities</b>	<b>(2,633)</b>	<b>(3,711)</b>
<b>Cash flows from financing activities</b>			
		(20)	(1)
	Repayment of borrowings		
	Repayment of principal portion of lease liabilities	(44)	(86)
	Receipt of accommodation deposits	3,503	3,045
	Repayment of accommodation deposits	(2,406)	(4,312)
	<b>Net cash flows from /(used in) financing activities</b>	<b>1,033</b>	<b>(1,354)</b>
	<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>2,117</b>	<b>(1,403)</b>
	Cash and cash equivalents at beginning of year	37,821	39,224
	<b>Cash and cash equivalents at end of year</b>	<b>39,938</b>	<b>37,821</b>
	6.2		

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 2022**

## **Note 1: Basis of preparation**

### **Structure**

- 1.1 Basis of preparation of the financial statements*
- 1.2 Impact of COVID-19 pandemic*
- 1.3 Abbreviations and terminology used in the financial statements*
- 1.4 Joint arrangements*
- 1.5 Key accounting estimates and judgements*
- 1.6 Accounting standards issued but not yet effective*
- 1.7 Goods and Services Tax (GST)*
- 1.8 Reporting entity*

# NCN Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2022

## Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for NCN Health for the year ended 30 June 2022. The report provides users with information about NCN Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

### Note 1.1: Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, 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 (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

NCN Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of NCN Health and on 20th September, 2022.

# NCN Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2022

#### Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, NCN Health has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to NCN Health, they are disclosed in the explanatory notes. For NCN Health, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

#### Note 1.3 Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAW	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

# **NCN Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2022**

#### **Note 1.4 Joint arrangements**

Interests in joint arrangements are accounted for by recognising in NCN Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

NCN Health has the following joint arrangements:

- Hume Region Health Alliance - Joint Operation

Details of the joint arrangements are set out in Note 8.7.

#### **Note 1.5 Key accounting estimates and judgements**

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

# NCN Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2022

#### Note 1.6 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to NCN Health and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i> .	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to NCN Health in future periods.

# **NCN Health**

## **Notes to the Financial Statements**

### **For the Financial Year Ended 30 June 2022**

#### **Note 1.7 Goods and Services Tax (GST)**

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. 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 included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

#### **Note 1.8 Reporting Entity**

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.

## Note 2: Funding delivery of our services

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

### Structure

#### ***2.1 Revenue and income from transactions***

#### ***2.2 Fair value of assets and services received free of charge or for nominal consideration***

### Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic

Funding provided included:

- COVID-19 grants to fund testing/vaccination clinics
- State repurposed grants for the Health Independence Program, used to cover Covid-19 expenditure
- Sustainability funding for strategic initiatives
- Additional elective surgery funding to increase theatre activity post lockdown
- Local public health unit (LPHU) funding for vaccination of staff
- Better @ home funding for delivery of services within patients homes

For the year ended 30 June 2022, the COVID-19 pandemic has impacted NCN Health's ability to satisfy its performance obligations contained within its contracts with customers. NCN Health received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately \$199K being recognised as income for the year ended 30 June 2022 (2021: \$228K) which would otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled.

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>NCN Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring NCN Health to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>NCN Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>NCN Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

## Note 2.1 Revenue and income from transactions

	Total 2022 \$'000	Total 2021 \$'000
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	3,785	3,223
Government grants (Commonwealth) - Operating	7,161	7,161
Patient and resident fees	4,939	5,003
Private practice fees	695	910
Commercial activities <sup>1</sup>	4,557	4,961
<b>Total revenue from contracts with customers</b>	<b>21,137</b>	<b>21,258</b>
<b>Other sources of income</b>		
Government grants (State) - Operating	28,117	25,294
Government grants (Commonwealth) - Operating	2,210	1,757
Government grants (State) - Capital	4,268	1,787
Other capital purpose income	33	33
Capital donations	15	4
Assets received free of charge or for nominal consideration	633	445
Other revenue from operating activities (including non-capital donations)	4,079	3,867
<b>Total other sources of income</b>	<b>39,355</b>	<b>33,187</b>
<b>Total revenue and income from operating activities</b>	<b>60,492</b>	<b>54,445</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Other interest	122	116
<b>Total other sources of income</b>	<b>122</b>	<b>116</b>
<b>Total income from non-operating activities</b>	<b>122</b>	<b>116</b>
<b>Total revenue and income from transactions</b>	<b>60,614</b>	<b>54,561</b>

1. Commercial activities represent business activities which NCN Health enter into to support their operations.

**Note 2.1(a): Timing of revenue from contracts with customers**

NCN Health disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

Over time

At a point in time

<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
16,580	16,297
4,557	4,961
<b>21,137</b>	<b>21,258</b>

**Total revenue from contracts with customers**

**How we recognise revenue and income from transactions**

**Government operating grants**

To recognise revenue, NCN Health assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
  - recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058 *Income for not-for-profit entities*.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for NCN Health's goods or services. NCN Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

#### How we recognise revenue and income from transactions

This policy applies to each of NCN Health's revenue streams, with information detailed below relating to NCN Health's significant revenue streams:

Government grant	Performance obligation
Primary Health Network funding (PHN)	The integrated Primary Health Network program supports delivery of an effective primary health system. NCN Health is required to meet performance benchmarks of service delivery. Revenue is recognised at a point in time when the expenditure has been incurred.
Victorian Rural Generalists Program (VRGP)	The performance obligations for VRGP are measured by training outcomes and accreditation achieved by GP's. Revenue is recognised at a point in time as training objectives are met.
Murray to the Mountains Program (M2M)	The M2M internship program provides the opportunity for career progression from undergraduate to GP. NCN Health has an obligation to meet performance and training objectives. Revenue is recognised at a point in time as these objectives are met.
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Residential Aged Care Grants	<p>Funding is provided for the provision of care for aged care residents within facilities</p> <p>The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers.</p> <p>Revenue is recognised at the point in time when the service is provided within the residential aged care facility.</p>

**Capital grants**

Where NCN Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with NCN Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

**Patient and resident fees**

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

**Private practice fees**

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

**Commercial activities**

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised at a point in time, as goods or services are provided to the customer.

**How we recognise revenue and income from non-operating activities****Interest Income**

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

## Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2022 \$'000	Total 2021 \$'000
Personal protective equipment	633	445
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>633</b>	<b>445</b>

### How we recognise the fair value of assets and services received free of charge or for nominal consideration

#### Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when NCN Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

#### Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to NCN Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

#### Voluntary Services

NCN Health receives volunteer services from members of the community in the following areas:

- delivery of meals on wheels

NCN Health recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

NCN Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

#### Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of NCN Health as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for NCN Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the Department of Health.

## Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the health service 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 Employee benefits in the balance sheet***

#### ***3.4 Superannuation***

### Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- establish facilities within NCN Health for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs, additional equipment purchases and increased PPE and medical supplies.
- implement COVID safe practices throughout NCN Health including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge.
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs, administrative costs.
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs.

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>NCN Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if NCN Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if NCN Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>NCN Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

	Total 2022 \$'000	Total 2021 \$'000
Note		
Salaries and wages	34,924	33,328
On-costs	3,293	2,998
Agency expenses	672	816
Fee for service medical officer expenses	3,613	3,348
Workcover premium	508	420
<b>Total employee expenses</b>	<b>43,010</b>	<b>40,910</b>
Drug supplies	297	224
Medical and surgical supplies (including Prostheses)	2,727	2,203
Diagnostic and radiology supplies	228	113
Other supplies and consumables	1,653	1,542
<b>Total supplies and consumables</b>	<b>4,905</b>	<b>4,082</b>
Finance costs	35	41
<b>Total finance costs</b>	<b>35</b>	<b>41</b>
Other administrative expenses	5,862	4,935
<b>Total other administrative expenses</b>	<b>5,862</b>	<b>4,935</b>
Fuel, light, power and water	774	819
Repairs and maintenance	828	527
Maintenance contracts	382	371
Medical indemnity insurance	153	146
Expenditure for capital purposes	31	68
<b>Total other operating expenses</b>	<b>2,168</b>	<b>1,931</b>
<b>Total operating expense</b>	<b>55,980</b>	<b>51,899</b>
Depreciation and amortisation	4,195	4,126
<b>Total depreciation and amortisation</b>	<b>4,195</b>	<b>4,126</b>
Bad and doubtful debt expense	42	15
<b>Total other non-operating expenses</b>	<b>42</b>	<b>15</b>
<b>Total non-operating expense</b>	<b>4,237</b>	<b>4,141</b>
<b>Total expenses from transactions</b>	<b>60,217</b>	<b>56,040</b>

## **How we recognise expenses from transactions**

### **Expense recognition**

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

### **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 premiums.

### **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:

- amortisation of discounts or premiums relating to borrowings
- 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 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.

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

	Total 2022 \$'000	Total 2021 \$'000
Net gain/(loss) on disposal of property plant and equipment	40	7
<b>Total net gain/(loss) on non-financial assets</b>	<b>40</b>	<b>7</b>
Allowance for impairment losses of contractual receivables	(4)	(10)
Other gains/(losses) from other economic flows	3	(25)
<b>Total net gain/(loss) on financial instruments</b>	<b>(1)</b>	<b>(35)</b>
Net gain/(loss) arising from revaluation of long service liability	88	297
<b>Total other gains/(losses) from other economic flows</b>	<b>88</b>	<b>297</b>
<b>Total gains/(losses) from other economic flows</b>	<b>127</b>	<b>269</b>

#### How we recognise other economic flows

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:

- net gain/(loss) on disposal of non-financial assets, 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 Investments and other financial assets)

### Note 3.3 Employee benefits in the balance sheet

#### Current employee benefits and related on-costs

##### *Accrued days off*

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Total 2022 \$'000	Total 2021 \$'000
40	52
<b>40</b>	<b>52</b>

##### *Annual leave*

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>

2,302	2,332
400	400
<b>2,702</b>	<b>2,732</b>

##### *Long service leave*

Unconditional and expected to be settled wholly within 12 months <sup>i</sup>

Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>

666	623
2,909	2,686
<b>3,575</b>	<b>3,309</b>

##### *Provisions related to employee benefit on-costs*

Unconditional and expected to be settled within 12 months <sup>i</sup>

Unconditional and expected to be settled after 12 months <sup>ii</sup>

903	861
408	305
<b>1,311</b>	<b>1,166</b>

#### Total current employee benefits and related on-costs

<b>7,628</b>	<b>7,259</b>
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#### Non-current provisions and related on-costs

Conditional long service leave <sup>ii</sup>

Provisions related to employee benefit on-costs <sup>ii</sup>

#### Total non-current employee benefits and related on-costs

927	928
132	105
<b>1,059</b>	<b>1,033</b>

#### Total employee benefits and related on-costs

<b>8,687</b>	<b>8,292</b>
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<sup>i</sup> The amounts disclosed are nominal amounts.

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

### Note 3.3 (a) Employee benefits and related on-costs

	Total 2022 \$'000	Total 2021 \$'000
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	45	57
Unconditional annual leave entitlements	3,515	3,517
Unconditional long service leave entitlements	4,068	3,685
<b>Total current employee benefits and related on-costs</b>	<b>7,628</b>	<b>7,259</b>
Conditional long service leave entitlements	1,059	1,033
<b>Total non-current employee benefits and related on-costs</b>	<b>1,059</b>	<b>1,033</b>
<b>Total employee benefits and related on-costs</b>	<b>8,687</b>	<b>8,292</b>
<b>Attributable to:</b>		
Employee benefits	7,244	7,021
Provision for related on-costs	1,443	1,271
<b>Total employee benefits and related on-costs</b>	<b>8,687</b>	<b>8,292</b>

### Note 3.3 (b) Provision for related on-costs movement schedule

	Total 2022 \$'000	Total 2021 \$'000
<b>Carrying amount at start of year</b>	1,271	1,128
Additional provisions recognised	660	473
Net gain/(loss) arising from revaluation of long service liability	(10)	29
Amounts incurred during the year	(478)	(359)
<b>Carrying amount at end of year</b>	<b>1,443</b>	<b>1,271</b>

## **How we recognise employee benefits**

### **Employee benefit recognition**

Employee benefits are accrued for 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

### **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 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 measured at present value and is disclosed as a non-current liability. Any gain or loss following 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.

### **Provision for on-costs related to employee benefits**

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

### Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2022 \$'000	Total 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
<b>Defined benefit plans:<sup>i</sup></b>				
Aware Super	49	57	-	-
<b>Defined contribution plans:</b>				
Aware Super	1,623	1,576	-	-
Hesta	918	829	-	-
Other (Please list)	703	536	-	-
<b>Total</b>	<b>3,293</b>	<b>2,998</b>	<b>-</b>	<b>-</b>

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

#### How we recognise superannuation

Employees of NCN Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

#### Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. 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 DTF 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.

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.

## 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 Right-of-use assets*
- 4.3 Revaluation surplus*
- 4.4 Intangible assets*
- 4.5 Depreciation and amortisation*
- 4.6 Impairment of assets*

### Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	NCN Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>NCN Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>

## Key judgements and estimates (continued)

Key judgements and estimates	Description
Estimating the useful life of intangible assets	NCN Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, NCN Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## Note 4.1 Property, plant and equipment

### Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Land at fair value - Freehold	4,623	3,584
<b>Total land at fair value</b>	<b>4,623</b>	<b>3,584</b>
Buildings at fair value	90,784	81,133
Less accumulated depreciation	-	(6,340)
<b>Total buildings at fair value</b>	<b>90,784</b>	<b>74,793</b>
Works in progress at fair value	363	3,095
<b>Total land and buildings</b>	<b>95,770</b>	<b>81,472</b>
Plant and equipment at fair value	3,128	2,785
Less accumulated depreciation	(2,020)	(1,800)
<b>Total plant and equipment at fair value</b>	<b>1,108</b>	<b>985</b>
Motor vehicles at fair value	782	792
Less accumulated depreciation	(558)	(549)
<b>Total motor vehicles at fair value</b>	<b>224</b>	<b>243</b>
Medical equipment at fair value	5,108	4,429
Less accumulated depreciation	(3,923)	(3,687)
<b>Total medical equipment at fair value</b>	<b>1,185</b>	<b>742</b>
Computer equipment at fair value	2,130	1,981
Less accumulated depreciation	(1,777)	(1,548)
<b>Total computer equipment at fair value</b>	<b>353</b>	<b>433</b>
Furniture and fittings at fair value	1,125	1,120
Less accumulated depreciation	(574)	(503)
<b>Total furniture and fittings at fair value</b>	<b>551</b>	<b>617</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>3,421</b>	<b>3,020</b>
Other assets under construction at Cost	56	-
<b>Total property, plant and equipment</b>	<b>99,247</b>	<b>84,492</b>

**Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset**

	Note	Land \$'000	Buildings \$'000	Building works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000
<b>Balance at 1 July 2020</b>		<b>2,922</b>	<b>77,809</b>	<b>863</b>	<b>599</b>	<b>226</b>	<b>855</b>
Additions		-	135	2,270	587	99	137
Disposals		-	-	-	-	-	-
Revaluation increments/(decrements)		662	-	-	-	-	-
Net transfers between classes		-	38	(38)	-	-	-
Depreciation	4.5	-	(3,189)	-	(201)	(82)	(250)
<b>Balance at 30 June 2021</b>	<b>4.1 (a)</b>	<b>3,584</b>	<b>74,793</b>	<b>3,095</b>	<b>985</b>	<b>243</b>	<b>742</b>
Additions		-	45	1,400	267	91	688
Disposals		-	-	-	-	(25)	(2)
Revaluation increments/(decrements)		1,039	15,169	-	-	-	-
Net Transfers between classes		-	4,055	(4,132)	77	-	-
Depreciation	4.5	-	(3,278)	-	(221)	(85)	(243)
<b>Balance at 30 June 2022</b>	<b>4.1 (a)</b>	<b>4,623</b>	<b>90,784</b>	<b>363</b>	<b>1,108</b>	<b>224</b>	<b>1,185</b>

	Note	Computer Equipment \$'000	Furniture & Fittings \$'000	Other Assets under Construction \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>308</b>	<b>521</b>	<b>-</b>	<b>84,103</b>
Additions		348	179	-	3,755
Disposals		-	-	-	-
Revaluation increments/(decrements)		-	-	-	662
Net transfers between classes		-	-	-	-
Depreciation	4.5	(223)	(83)	-	(4,028)
<b>Balance at 30 June 2021</b>	<b>4.1 (a)</b>	<b>433</b>	<b>617</b>	<b>-</b>	<b>84,492</b>
Additions		149	43	56	2,739
Disposals		-	(11)	-	(38)
Revaluation increments/(decrements)		-	-	-	16,208
Net Transfers between classes		-	-	-	-
Depreciation	4.5	(229)	(98)	-	(4,154)
<b>Balance at 30 June 2022</b>	<b>4.1 (a)</b>	<b>353</b>	<b>551</b>	<b>56</b>	<b>99,247</b>

**Land and Buildings Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of NCN Health's land and buildings to determine their fair value. 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 for buildings and 30 June 2022 for land.

**How we recognise property, plant and equipment**

Property, plant and equipment are tangible items that are used by NCN Health in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

**Initial recognition**

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/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.

**Subsequent measurement**

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference 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).

Further information regarding fair value measurement is disclosed in Note 7.4.

### Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, NCN Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, NCN Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of NCN Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 28.99% (\$1,039)
- increase/decrease in fair value of buildings of 14.45% (\$15,169).

As the cumulative movement was greater than 10% for buildings since the last revaluation a managerial revaluation adjustment was required as at 30 June 2022.

As the cumulative movement was greater than 40% for land since the last independent revaluation an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, 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, in which case 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 reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

**Note 4.2 Right-of-use assets**

**Note 4.2(a) Gross carrying amount and accumulated depreciation**

	Total 2022 \$'000	Total 2021 \$'000
Right-of-use buildings at fair value	-	41
Less accumulated depreciation	-	(41)
<b>Total right of use buildings at fair value</b>	<b>-</b>	<b>-</b>
<b>Total right of use buildings</b>	<b>-</b>	<b>-</b>
Right of use plant and equipment and vehicles at fair value	259	197
Less accumulated depreciation	(78)	(49)
<b>Total right of use plant and equipment and vehicles at fair value</b>	<b>181</b>	<b>148</b>
<b>Total right of use plant and equipment and vehicles at fair value</b>	<b>181</b>	<b>148</b>

## Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use - Buildings \$'000	Right-of-use - PE, & Vehicles \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>41</b>	<b>152</b>	<b>193</b>
Additions		-	40	40
Depreciation	4.5	(41)	(44)	(85)
<b>Balance at 30 June 2021</b>	4.2 (a)	<b>-</b>	<b>148</b>	<b>148</b>
Additions		-	71	71
Depreciation	4.5	-	(38)	(38)
<b>Balance at 30 June 2022</b>	4.2 (a)	<b>-</b>	<b>181</b>	<b>181</b>

### How we recognise right-of-use assets

Where NCN Health enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. NCN Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	2 to 5 years

### Initial recognition

When a contract is entered into, NCN Health assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- 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

Right-of-use assets are subsequently measured at fair value less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

## Note 4.3 Revaluation Surplus

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the reporting period	662	-
<b>Revaluation increment</b>		
- Land	4.1 (b) 1,039	662
- Buildings	4.1 (b) 15,169	-
<b>Balance at the end of the Reporting Period*</b>	<b>16,870</b>	<b>662</b>
<b>* Represented by:</b>		
- Land	1,701	662
- Buildings	15,169	-
	<b>16,870</b>	<b>662</b>

## Note 4.4 Intangible assets

### Note 4.4 (a) Intangible assets - Gross carrying amount and accumulated amortisation

	Total 2022 \$'000	Total 2021 \$'000
Intangible assets - software	76	57
Less accumulated amortisation	(47)	(45)
<b>Total intangible produced assets - software</b>	<b>29</b>	<b>12</b>
<b>Total intangible assets</b>	<b>29</b>	<b>12</b>

### Note 4.4 (b) Intangible assets - Reconciliations of the carrying amounts of each class of asset

	Note	Software \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>50</b>	<b>50</b>
Additions		(1)	(1)
Impairment losses recognised in net result		(24)	(24)
Depreciation	4.5	(13)	(13)
<b>Balance at 30 June 2021</b>	<b>4.4 (a)</b>	<b>12</b>	<b>12</b>
Additions		20	20
Depreciation	4.5	(3)	(3)
<b>Balance at 30 June 2022</b>	<b>4.4 (a)</b>	<b>29</b>	<b>29</b>

#### How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

#### Initial recognition

Purchased intangible assets are initially recognised at cost.

#### Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

#### Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are testing for impairment whenever an indication of impairment is identified.

## Note 4.5 Depreciation and amortisation

### Depreciation

Buildings
Plant and equipment
Motor vehicles
Medical equipment
Computer equipment
Furniture and fittings

### Total depreciation

### Right-of-use assets

Right of use buildings
Right of use - plant, equipment, furniture, fittings and motor vehicles

### Total depreciation - right-of-use assets

### Amortisation

Software
----------

### Total amortisation

### Total depreciation

Total 2022 \$'000	Total 2021 \$'000
3,278	3,189
221	201
85	82
243	250
229	223
98	83
<b>4,154</b>	<b>4,028</b>
-	41
38	44
<b>38</b>	<b>85</b>
3	13
<b>3</b>	<b>13</b>
<b>4,195</b>	<b>4,126</b>

### How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) 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 lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

### How we recognise 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.

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
Intangible Assets

2022	2021
7 to 50 years	7 to 50 years
26 to 40 years	26 to 40 years
7 to 26 years	7 to 26 years
7 to 26 years	7 to 26 years
3 to 33 years	3 to 20 years
3 to 20 years	7 to 10 years
3 to 9 years	3 to 9 years
5 to 20 years	10 to 13 years
5 to 10 years	10 years
3 to 4 years	3 to 4 years

As part of the building valuation, building values are separated into components and each component assessed for its useful life which is represented above.

## **Note 4.6 Impairment of assets**

### **How we recognise impairment**

At the end of each reporting period, NCN Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on NCN Health which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, NCN Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, NCN Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NCN Health did not record any impairment losses in property plant and equipment for the year ended 30 June 2022.

## 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 and contract liabilities***

***5.3 Other liabilities***

### Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	NCN Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	<p>Where NCN Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>NCN Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	NCN Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

## Note 5.1 Receivables and contract assets

	Total 2022 \$'000	Total 2021 \$'000
Notes		
<b>Current receivables and contract assets</b>		
<b>Contractual</b>		
Trade receivables	243	372
Patient fees	561	520
Allowance for impairment losses - Patient Fees	(65)	(61)
Contract assets	458	-
Accrued revenue	623	400
Amounts receivable from governments and agencies	2	613
<b>Total contractual receivables</b>	<b>1,822</b>	<b>1,844</b>
<b>Statutory</b>		
Net GST receivable	171	140
<b>Total statutory receivables</b>	<b>171</b>	<b>140</b>
<b>Total current receivables and contract assets</b>	<b>1,993</b>	<b>1,984</b>
<b>Non-current receivables and contract assets</b>		
<b>Contractual</b>		
Long service leave - Department of Health	1,384	903
<b>Total contractual receivables</b>	<b>1,384</b>	<b>903</b>
<b>Total non-current receivables and contract assets</b>	<b>1,384</b>	<b>903</b>
<b>Total receivables and contract assets</b>	<b>3,377</b>	<b>2,887</b>
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	3,377	2,887
GST receivable	(171)	(140)
<b>Total financial assets</b>	<b>2,748</b>	<b>2,747</b>

As at 30 June 2022, NCN Health has contract assets of \$0.458M. This is included in the contractual receivable balances presented above.

## Note 5.1 (a) Movement in the allowance for impairment losses of contractual receivables

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the year	61	62
Increase in allowance	46	7
Amounts written off during the year	(42)	(8)
<b>Balance at the end of the year</b>	<b>65</b>	<b>61</b>

### How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These 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 they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, includes Goods and Services Tax (GST) input tax credits that are recoverable. 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.

### Impairment losses of contractual receivables

Refer to Note 7.1 (a) for NCN Health's contractual impairment losses.

## Note 5.1 (b) Contract assets

	Total 2022 \$'000	Total 2021 \$'000
<b>Balance at the beginning of the year</b>	-	-
Add: Additional costs incurred that are recoverable from the customer	458	-
Less: Transfer to trade receivable or cash at bank	-	-
<b>Total contract assets</b>	<b>458</b>	<b>-</b>
 <b>* Represented by:</b>		
- Current assets	458	-
	<b>458</b>	<b>-</b>

### How we recognise contract assets

Contract assets relate to the NCN Health's right to consideration in exchange for services provided to patients which are funded based on activity, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time it is confirmed by DH. Contract assets are expected to be recovered early next year.

## Note 5.2 Payables and contract liabilities

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>		
<b>Current payables and contract liabilities</b>		
<b>Contractual</b>		
Trade creditors	1,222	722
Accrued salaries and wages	311	248
Accrued expenses	674	1,095
Deferred capital grant income	5.2(a) 156	1,227
Contract liabilities	5.2(b) 2,556	2,790
Inter hospital creditors	140	436
Amounts payable to governments and agencies	303	21
<b>Total contractual payables</b>	<b>5,362</b>	<b>6,539</b>
<b>Total current payables and contract liabilities</b>	<b>5,362</b>	<b>6,539</b>
<b>Total payables and contract liabilities</b>	<b>5,362</b>	<b>6,539</b>
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	5,362	6,539
Deferred grant income	(156)	(1,227)
Contract liabilities	(2,556)	(2,790)
<b>Total financial liabilities</b>	<b>7.1(a) 2,650</b>	<b>2,522</b>

### How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to NCN Health prior to the end of the financial year that are unpaid.
- **Statutory payables** comprises Goods and Services Tax (GST) payable. Statutory payables 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 Net 60 days.

## Note 5.2 (a) Deferred capital grant income

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Opening balance of deferred grant income</b>	1,227	1,428
Grant consideration for capital works received during the year	3,197	1,430
Deferred grant revenue recognised as revenue due to completion of capital works	(4,268)	(1,631)
<b>Closing balance of deferred grant income</b>	<b>156</b>	<b>1,227</b>

### How we recognise deferred capital grant revenue

Capital funding was brought forward in relation to Covid-19 staff amenities and kitchen garden works. These projects continued under construction during 2022, plus a further project to upgrade share rooms in our Karinya facility commenced. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when NCN Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, NCN Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

NCN Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June, 2023.

## Note 5.2 (b) Contract liabilities

	Total 2022 \$'000	Total 2021 \$'000
<b>Opening balance of contract liabilities</b>	2,790	1,998
Grant consideration for sufficiently specific performance obligations received during the year	3,551	4,015
Revenue recognised for the completion of a performance obligation	(3,785)	(3,223)
<b>Total contract liabilities</b>	<b>2,556</b>	<b>2,790</b>
<b>* Represented by:</b>		
- Current contract liabilities	2,556	2,790
	<b>2,556</b>	<b>2,790</b>

### How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of the Primary Health Network program, Rural Generalists program, M2M program and the elective surgery blitz.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

### Maturity analysis of payables

Please refer to Note 7.2(b) for the ageing analysis of payables.

## Note 5.3 Other liabilities

	Total 2022 \$'000	Total 2021 \$'000
<b>Current monies held in trust</b>		
Patient monies	16	8
Refundable accommodation deposits	13,436	12,339
Other monies held in Trust	918	741
<b>Total current monies held in trust</b>	<b>14,370</b>	<b>13,088</b>
<b>Total other liabilities</b>	<b>14,370</b>	<b>13,088</b>
<b>* Represented by:</b>		
- Cash assets	6.2 14,370	13,088
	<b>14,370</b>	<b>13,088</b>

### How we recognise other liabilities

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

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to NCN Health 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*.

Other monies in trust include funds held by the Hume Rural Health Alliance in relation to a Patient Administration System to be utilised by Health Services in the Hume Region and client funds held under the Home Care Packages provisions for expenditure on their behalf.

## 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***

### Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>NCN Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> <li>• has the right-to-use an identified asset</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>NCN Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>NCN Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, NCN Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if NCN Health is reasonably certain to exercise such options.</p> <p>NCN Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

	<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
<b>Note</b>		
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	158	33
Advances from government <sup>(ii)</sup>	17	17
<b>Total current borrowings</b>	<b>175</b>	<b>50</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	15	116
Advances from government <sup>(ii)</sup>	63	83
<b>Total non-current borrowings</b>	<b>78</b>	<b>199</b>
<b>Total borrowings</b>	<b>253</b>	<b>249</b>

<sup>i</sup> Secured by the assets leased.

<sup>ii</sup> These are unsecured loans which bear no interest.

### How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities and other interest-bearing arrangements.

### Initial recognition

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 NCN Health has categorised its liability as financial liabilities at 'amortised cost'.

### Subsequent measurement

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'.

### Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

### Defaults and breaches

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

## Note 6.1 (a) Lease liabilities

NCN Health's lease liabilities are summarised below:

	Total 2022 \$'000	Total 2021 \$'000
Total undiscounted lease liabilities	178	156
Less unexpired finance expenses	(5)	(7)
<b>Net lease liabilities</b>	<b>173</b>	<b>149</b>

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Total 2022 \$'000	Total 2021 \$'000
Not longer than one year	89	37
Longer than one year but not longer than five years	89	119
<b>Minimum future lease liability</b>	<b>178</b>	<b>156</b>
Less unexpired finance expenses	(5)	(7)
<b>Present value of lease liability</b>	<b>173</b>	<b>149</b>
<b>* Represented by:</b>		
- Current liabilities	158	33
- Non-current liabilities	15	116
	<b>173</b>	<b>149</b>

### How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for NCN Health to use an asset for a period of time in exchange for payment.

To apply this definition, NCN Health ensures the contract meets the following criteria:

- 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.

NCN Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant and equipment and vehicles	2 to 3 years

## **Note 6.1 (a) Lease liabilities**

### **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.

### **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. Our lease liability has been discounted by rates of between 3% to 5%.

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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

### **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.

## Note 6.2 Cash and Cash Equivalents

	Total 2022 \$'000	Total 2021 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	1,797	2,348
Cash at bank - CBS (excluding monies held in trust)	23,769	22,918
<b>Total cash held for operations</b>	<b>25,568</b>	<b>25,268</b>
Cash at bank (monies held in trust)	921	220
Cash at bank - CBS (monies held in trust)	13,449	12,333
<b>Total cash held as monies in trust</b>	<b>14,370</b>	<b>12,553</b>
<b>Total cash and cash equivalents</b>	<b>39,938</b>	<b>37,821</b>

7.1 (a)

### How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks and deposits at call.

### Note 6.3 Commitments for expenditure

	Total 2022 \$'000	Total 2021 \$'000
<b>Capital expenditure commitments</b>		
Less than one year	292	1,227
<b>Total capital expenditure commitments</b>	<b>292</b>	<b>1,227</b>
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>292</b>	<b>1,227</b>
Less GST recoverable from Australian Tax Office	(27)	(112)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>265</b>	<b>1,115</b>

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

#### How we disclose our commitments

Our commitments relate to operating and capital expenditure.

#### Expenditure 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.

Refer to Note 6.1 for further information.

## 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 Financial risk management objectives and policies***

#### ***7.3 Contingent assets and contingent liabilities***

#### ***7.4 Fair value determination***

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, NCN Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>
Measuring fair value of non-financial assets	<p>NCN Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> <li>▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of NCN Health's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach.</li> <li>▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of NCN Health's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach.</li> </ul> <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> <li>▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. NCN Health does not categorise any fair values within this level.</li> <li>▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. NCN Health categorises non-specialised land and non specialised buildings in this level.</li> <li>▪ Level 3, where inputs are unobservable. NCN Health categorises specialised land, specialised buildings, plant and equipment, furniture, fittings, vehicles and right-of-use plant and equipment, furniture and fittings and vehicles in this level.</li> </ul>

## Note 7.1 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 (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

### Note 7.1 (a) Categorisation of financial instruments

		Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Total	Note			
<b>30 June 2022</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	39,938	-	39,938
Receivables and contract assets	5.1	2,748	-	2,748
<b>Total Financial Assets<sup>i</sup></b>		<b>42,686</b>	<b>-</b>	<b>42,686</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	2,650	2,650
Borrowings	6.1	-	253	253
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	13,436	13,436
Other Financial Liabilities - Other Deposits	5.3	-	918	918
Other Financial Liabilities - Patient monies held in trust	5.3	-	16	16
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>17,273</b>	<b>17,273</b>

## Note 7.1 (a) Categorisation of financial instruments

		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000
<b>Total</b>				
<b>30 June 2021</b>				
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	37,821	-	37,821
Receivables and contract assets	5.1	2,747	-	2,747
<b>Total Financial Assets<sup>i</sup></b>		<b>40,568</b>	<b>-</b>	<b>40,568</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	2,522	2,522
Borrowings	6.1	-	249	249
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	12,339	12,339
Other Financial Liabilities - Patient monies held in trust	5.3	-	8	8
Other Financial Liabilities - Other monies held in trust		-	741	741
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>15,859</b>	<b>15,859</b>

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

## How we categorise financial instruments

### Categories of financial assets

Financial assets are recognised when NCN Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date NCN Health commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

### Financial assets at amortised cost

Financial assets are measured at amortised cost 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 solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are 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 are recognised when NCN Health becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

#### Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

NCN Health recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

### Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, NCN Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where NCN Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

#### **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 retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement 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**

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, NCN Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

## **Note 7.2 Financial risk management objectives and policies**

As a whole, NCN Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

NCN Health's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. NCN Health manages these financial risks in accordance with its financial risk management policy.

NCN Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

### **Note 7.2 (a) Credit risk**

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. NCN Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to NCN Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with NCN Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, NCN Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, NCN Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that NCN Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents NCN Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to NCN Health's credit risk profile in 2021-22.

#### Impairment of financial assets under AASB 9

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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.

#### Contractual receivables at amortised cost

NCN Health applies AASB 9's 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. 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, NCN Health determines the closing loss allowance at the end of the financial year as follows:

			Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>								
<b>Expected loss rate</b>			0.0%	0.0%	2.0%	36.0%	0.0%	
Gross carrying amount of contractual receivables	5.1		1,644	37	26	180	0	1,887
<b>Loss allowance</b>			-	-	(1)	(65)	-	(65)
			Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>								
<b>Expected loss rate</b>			0.0%	0.0%	2.0%	37.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	Note	1,639	34	71	161	0	1,905
<b>Loss allowance</b>			-	-	(1)	(60)	-	(61)

**Statutory receivables and debt investments at amortised cost**

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 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, no loss allowance has been recognised.

**Note 7.2 (b) Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due.

NCN Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

NCN Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from other financial assets.

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.

## Note 7.2 (b) Payables and borrowings maturity analysis

		Maturity Dates					
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	Over 5 years
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>							
<b>30 June 2022</b>							
Payables	5.2	2,650	2,650	2,650	-	-	-
Borrowings	6.1	253	253	7	21	63	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	13,436	13,436	-	-	13,436	-
Other Financial Liabilities - Patient monies held in trust	5.3	16	16	-	-	16	-
Other Financial Liabilities - Other monies held in trust	5.3	918	918	-	-	918	-
<b>Total Financial Liabilities</b>		<b>17,273</b>	<b>17,273</b>	<b>2,657</b>	<b>21</b>	<b>14,433</b>	<b>162</b>

		Maturity Dates					
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	Over 5 years
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>							
<b>30 June 2021</b>							
<b>Financial Liabilities at amortised cost</b>							
Payables	5.2	2,522	2,522	2,522	-	-	-
Borrowings	6.1	249	249	3	9	38	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	12,339	12,339	-	-	12,339	-
Other Financial Liabilities - Patient monies held in trust	5.3	8	8	-	-	8	-
Other Financial Liabilities - Other monies held in trust	5.3	741	741	-	-	741	-
<b>Total Financial Liabilities</b>		<b>15,859</b>	<b>15,859</b>	<b>2,525</b>	<b>9</b>	<b>13,126</b>	<b>199</b>

<sup>i</sup> Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

### **Note 7.3 Contingent assets and contingent liabilities**

At balance date, the Board are not aware of any contingent assets or liabilities.

#### **How we measure and disclose contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### **Contingent assets**

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

#### **Contingent liabilities**

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

## Note 7.4 Fair Value Determination

### How we measure fair value

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.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets
- Lease liabilities

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

### 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.

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. There have been no transfers between levels during the period.

NCN Health monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is NCN Health's independent valuation agency for property, plant and equipment.

### 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.

#### Note 7.4 (a) Fair value determination of non-financial physical assets

	Note	Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		526	-	526	-
Specialised land		4,097	-	-	4,097
<b>Total land at fair value</b>	4.1 (a)	<b>4,623</b>	<b>-</b>	<b>526</b>	<b>4,097</b>
Non-specialised buildings		601	-	601	-
Specialised buildings		90,183	-	-	90,183
<b>Total buildings at fair value</b>	4.1 (a)	<b>90,784</b>	<b>-</b>	<b>601</b>	<b>90,183</b>
Plant and equipment at fair value	4.1 (a)	1,108	-	-	1,108
Motor vehicles at fair value	4.1 (a)	224	-	-	224
Medical equipment at fair value	4.1 (a)	1,185	-	-	1,185
Computer equipment at fair value	4.1 (a)	353	-	-	353
Furniture and fittings at fair value	4.1 (a)	551	-	-	551
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>3,421</b>	<b>-</b>	<b>-</b>	<b>3,421</b>
Right of use assets at fair value	4.2 (a)	181	-	-	181
<b>Total right-of-use assets at fair value</b>		<b>181</b>	<b>-</b>	<b>-</b>	<b>181</b>
<b>Total non-financial physical assets at fair value</b>		<b>99,009</b>	<b>-</b>	<b>1,127</b>	<b>97,882</b>

		Total carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		526	-	526	-
Specialised land		3,058	-	-	3,058
<b>Total land at fair value</b>	4.1 (a)	<b>3,584</b>	<b>-</b>	<b>526</b>	<b>3,058</b>
Non-specialised buildings		601	-	601	-
Specialised buildings		74,192	-	-	74,192
<b>Total buildings at fair value</b>	4.1 (a)	<b>74,793</b>	<b>-</b>	<b>601</b>	<b>74,192</b>
Plant and equipment at fair value	4.1 (a)	985	-	-	985
Motor vehicles at fair value	4.1 (a)	243	-	-	243
Medical equipment at fair value	4.1 (a)	742	-	-	742
Computer equipment at fair value	4.1 (a)	433	-	-	433
Furniture and fittings at fair value	4.1 (a)	617	-	-	617
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>3,020</b>	<b>-</b>	<b>-</b>	<b>3,020</b>
Right of use PPE	4.2 (a)	148	-	-	148
<b>Total right-of-use assets at fair value</b>		<b>148</b>	<b>-</b>	<b>-</b>	<b>148</b>
<b>Total Property, Plant and Equipment</b>		<b>81,545</b>	<b>-</b>	<b>1,127</b>	<b>80,418</b>

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

### How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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.

### Non-specialised land & non-specialised buildings

Non-specialised land and non-specialised buildings 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.

For non-specialised land and non-specialised buildings, an independent valuation was 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 for buildings and 30 June 2022 for Land.

### 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 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 NCN Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019 for buildings and 30 June 2022 for land.

### **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).

### **Furniture, fittings, plant and equipment**

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) 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 2022.

## 7.4 (b) Reconciliation of level 3 fair value measurement

		Land \$'000	Buildings \$'000	Plant, equipment, vehicles, furniture & fittings \$'000	Right of Use Assets \$'000
<b>Total</b>	<b>Note</b>				
<b>Balance at 1 July 2020</b>		<b>2,492</b>	<b>77,731</b>	<b>2,509</b>	<b>193</b>
Additions/(Disposals)		-	135	1,350	40
Net Transfers between classes		-	(485)	-	-
Gains/(Losses) recognised in net result					
- Depreciation and amortisation		-	(3,189)	(839)	(85)
Items recognised in other comprehensive income					
- Revaluation		566	-	-	-
<b>Balance at 30 June 2021</b>	<b>7.4 (a)</b>	<b>3,058</b>	<b>74,192</b>	<b>3,020</b>	<b>148</b>
Additions/(Disposals)		-	4,100	1,200	71
Net Transfers between classes		-	-	77	-
- Depreciation and Amortisation		-	(3,278)	(876)	(38)
Items recognised in other comprehensive income					
- Revaluation		1,039	15,169	-	-
<b>Balance at 30 June 2022</b>	<b>7.4 (a)</b>	<b>4,097</b>	<b>90,183</b>	<b>3,421</b>	<b>181</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 7.4

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments <sup>(i)</sup>
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Dwellings	Current replacement cost approach	- Cost per square metre - Useful life
Vehicles	Current replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 20% was applied to NCN Health's specialised land.

## 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 executives***

***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 Equity***

***8.9 Economic dependency***

### Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities**

		Total 2022 \$'000	Total 2021 \$'000
	Note		
<b>Net result for the year</b>		524	(1,210)
<b>Non-cash movements:</b>			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	(40)	(7)
Depreciation and amortisation of non-current assets	4.5	4,195	4,126
Impairment of non-current assets	4.4(b)	-	24
Bad and doubtful debt expense	3.2	4	(1)
Discount (interest) / expense on loan		(3)	1
Other non-cash movements		(48)	(37)
<b>Movements in Assets and Liabilities:</b>			
(Increase)/Decrease in receivables and contract assets		(494)	(406)
(Increase)/Decrease in inventories		(14)	(2)
(Increase)/Decrease in prepaid expenses		190	(172)
Increase/(Decrease) in payables and contract liabilities		(1,177)	651
Increase/(Decrease) in employee benefits		395	519
Increase/(Decrease) in other liabilities		185	176
<b>Net cash inflow from operating activities</b>		<b>3,717</b>	<b>3,662</b>

## Note 8.2 Responsible persons

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

	Period
<b>Minister for Health</b>	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
<b>Minister for Ambulance Services</b>	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
<b>Minister for Mental Health</b>	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
<b>Minister for Disability, Ageing and Carers</b>	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
<b>Governing Boards</b>	
Ms Tricia Quibell (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
Mr Dale Brooks	1 Jul 2021 - 30 Jun 2022
Mr Kade Beasley	1 Jul 2021 - 30 Jun 2022
Ms Suni Campbell	1 Jul 2021 - 30 Jun 2022
Mr Mewan Dissanayake	1 Jul 2021 - 30 Jun 2022
Mrs Jennie Gould	1 Jul 2021 - 30 Jun 2022
Ms Alicia Cunningham	1 Jul 2021 - 30 Jun 2022
Mr Andrew Lelliott	1 Jul 2021 - 30 Jun 2022
Ms Kate Hodge	1 Jul 2021 - 30 Jun 2022
Mr Chris McCallum	1 Jul 2021 - 30 Jun 2022
Ms Sally Squire	1 Jul 2021 - 30 Jun 2022
Ms Priyanka Saha	1 Jul 2021 - 30 Jun 2022
Mrs Patricia West	1 Jul 2021 - 30 Jun 2022
<b>Accountable Officers</b>	
Ms Jacque Phillips	1 Jul 2021 - 30 Jun 2022

### Remuneration of Responsible Persons

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

#### Income Band

\$10 - \$19,999

\$300,000 - \$309,999

\$340,000 - \$349,999

#### Total Numbers

Total 2022 No	Total 2021 No
13	12
-	1
1	-
<b>14</b>	<b>13</b>
Total 2022 \$'000	Total 2021 \$'000
<b>\$393</b>	<b>\$350</b>

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

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

### Note 8.3 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, 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>

Total Remuneration	
2022	2021
\$'000	\$'000
931	684
90	61
29	19
-	-
<b>1,050</b>	<b>764</b>
7	5
7.0	5.0

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of NCN Healths 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 reduced due to movements and restructuring across the organisation.

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 (such as superannuation guarantee contributions) 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

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

Entity	KMPs	Position Title
NCN Health	Mr Dale Brooks	Board Chair
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 Alicia Cunningham	Board Member
NCN Health	Mr Andrew Lelliott	Board Member
NCN Health	Ms Kate Hodge	Board Member
NCN Health	Mr Chris McCallum	Board Member
NCN Health	Ms Tricia Quibell	Board Member
NCN Health	Ms Sally Squire	Board Member
NCN Health	Ms Priyanka Saha	Board Member
NCN Health	Mrs Patricia West	Board Member
NCN Health	Ms Jacque Phillips	Chief Executive Officer
NCN Health	Mr G. Van Popering	Director of Nursing (Nathalia)
NCN Health	Ms Nicole Cason	Director People and Culture
NCN Health	Mr Abhi Dolar	Director Clinical Services (Acting)
NCN Health	Ms Catherine Church	Director Clinical Services (Numurkah)
NCN Health	Ms Carolyn Hargreaves	Director Clinical Services (Cobram)
NCN Health	Mr Justin Sullivan	Director Corporate Services

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 States' Annual Financial Report.

	Total 2022 \$'000	Total 2021 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	1,291	1,003
Post-employment Benefits	115	84
Other Long-term Benefits	37	27
Termination Benefits	-	-
<b>Total <sup>ii</sup></b>	<b>1,443</b>	<b>1,114</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

NCN Health received funding from the Department of Health of \$35.57 m (2021: \$30.34 m) and indirect contributions of \$0.59 m (2021: \$0.28 m). Balances recallable as at 30 June 2022 are \$0.28 m (2021 \$3.26 m).

Expenses incurred by the NCN Health in delivering services and outputs are in accordance with HealthShare 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 of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health 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 HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with NCN Health, there were no related party transactions that involved key management personnel, their close family members or 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 2022 (2021: none).

There were no related party transactions required to be disclosed for NCN Health Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: none).

## Note 8.5 Remuneration of Auditors

### Victorian Auditor-General's Office

Audit of the financial statements

**Total remuneration of auditors**

<b>Total 2022 \$'000</b>	<b>Total 2021 \$'000</b>
37	37
<b>37</b>	<b>37</b>

## Note 8.6 Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

## Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2022 %	2021 %
Hume Region Health Alliance	Information Technology Services	8.95	10.06

NCN Health's interest in the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	1,164	1,233
Receivables	108	90
Prepaid expenses	24	27
<b>Total current assets</b>	<b>1,296</b>	<b>1,350</b>
<b>Non-current assets</b>		
Property, plant and equipment	16	21
Leased Assets	21	27
Intangible Assets	10	13
<b>Total non-current assets</b>	<b>47</b>	<b>61</b>
<b>Total assets</b>	<b>1,343</b>	<b>1,411</b>
<b>Current liabilities</b>		
Payables	319	737
Monies in Trust	352	-
Lease Liability	6	7
<b>Total current liabilities</b>	<b>677</b>	<b>744</b>
<b>Non-current liabilities</b>		
Lease Liability	15	21
<b>Total non-current liabilities</b>	<b>15</b>	<b>21</b>
<b>Total liabilities</b>	<b>692</b>	<b>765</b>
<b>Net assets</b>	<b>651</b>	<b>646</b>
<b>Equity</b>		
Accumulated surplus	651	646
<b>Total equity</b>	<b>651</b>	<b>646</b>

NCN Health's interest in revenues and expenses resulting from joint arrangements are detailed below:

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Operating Activities	584	619
Non Operating Activities	2	1
Capital Purpose Income	33	32
<b>Total revenue</b>	<b>619</b>	<b>652</b>
<b>Expenses</b>		
Employee Benefits	197	206
Other Expenses from Continuing Operations	366	347
Finance Lease Charges	1	1
Depreciation	20	81
Capital Purpose Expenditure	31	55
<b>Total expenses</b>	<b>615</b>	<b>690</b>
<b>Net result</b>	<b>4</b>	<b>(38)</b>

**Contingent liabilities and capital commitments**

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

## **Note 8.8 Equity**

### **Contributed capital**

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 reserves**

The specific restricted purpose reserve 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.

## **Note 8.9 Economic dependency**

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



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