

# NCN Health Annual Report

2022/2023



# 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*



# CONTENTS

|  |       |
|--|-------|
| Introduction   | 4     |
| About NCN Health   | 5     |
| Our Strategic Plan                                       | 6     |
| Message from the Chief Executive Officer and Board Chair | 7-8   |
| Board Directors and Committees                           | 9-10  |
| Executive Team   | 11-12 |
| Workforce  | 13    |
| Organisation Chart                                       | 14    |
| Statutory Requirements                                   |       |
| Occupational Health and Safety                           | 15    |
| Occupational Violence                                    | 15    |
| Compliance with the Building Act 1993                    | 16    |
| National Competition Policy – Competitive Neutrality     | 16    |
| Local Jobs First Act 2003                                | 16    |
| Safe Patient Care Act 2015                               | 16    |
| Carers Recognition Act 2012                              | 16    |
| Gender Equity  | 16    |
| Public Interest Disclosure Act 2012                      | 17    |
| Freedom of Information Act 1982                          | 17    |
| Environmental Performance                                | 18    |
| Consultancies  | 19    |
| ICT Expenditure  | 19    |
| Additional Information                                   | 20    |
| Strategic Priorities – 2022/2023                         | 21-26 |
| Performance Priorities – 2022/2023                       | 27    |
| Funding and Activity – 2022/2023                         | 28    |
| Attestations   | 29    |
| Financial Summary  | 30    |
| Disclosure Index   | 31    |
| Financial Report   | 32    |

# 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 By-laws 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 2022 to 30 June 2023*  
The Hon Mary-Anne Thomas MP, Minister for Health
- *From 1 July 2022 to 5 December 2022*  
The Hon Mary-Anne Thomas MP, Minister for Ambulance Services
- *From 5 December 2022 to 30 June 2023*  
The Hon Gabrielle Williams MP, 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 2023.



Tricia Quibell  
**Board Chair**  
**NCN Health**  
30 August 2023

# 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
- Pathology
- 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:

- Cobram Medical Clinic
- Nathalia Medical Clinic
- Access and Support Program
- Cardiac Rehabilitation
- Cardiology (specialist visiting clinic)
- Care Finder
- Carers Respite Support
- Chronic Disease Support
- Community Midwife
- Dental Clinics (public clinic NCN Health Cobram and a private clinic at NCN Health Numurkah)
- Diabetes Education
- District Nursing Service
- Exercise Physiology
- Foot Care Nurse
- Generalist Counselling
- Geriatrician (specialist visiting clinic)
- Health Promotion and Community Development
- Healthy Habits Group Program
- Home Care Packages
- Intake and Access
- Moira Mental Health Service
- Moira Palliative Care Service
- Moira Community Rehabilitation
- Dietitian
- Obstetrics and Gynaecology (visiting outpatient clinic)
- Occupational Therapy
- Physiotherapy
- Social Support Groups
- Social Work
- Podiatry
- Psychology
- Pulmonary Rehabilitation
- Rural Support
- COVID Positive Pathways Program



# 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.
- Co-design 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

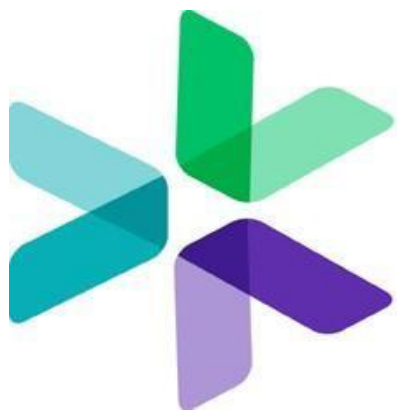
### INTO OUR COMMUNITIES

**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.

# CEO AND BOARD CHAIR MESSAGE



We are pleased to present the NCN Health Chief Executive Officer and Board Chair message for year ended June 2023.

While the impact of COVID-19 endures, our organisation has responded with adaptability and resilience to return to a model of 'business as usual'. We have implemented effective and ongoing measures to protect the safety and wellbeing of residents, patients and staff to ensure we continue to meet the high-quality health care needs of our diverse communities.

During 2022/23 NCN Health has been awarded State funding to improve facilities and service delivery across all campuses.

We were delighted to receive \$54.3 million in the State Budget for the redevelopment of Numurkah Pioneers Memorial Lodge. The funding is the result of more than 20 years of tireless advocacy from past and current board members, staff and community.

The redevelopment will see a new 36-bed residential aged care next to the Numurkah Karinya Nursing Home and hospital acute ward. It will feature larger, more spacious and functional rooms to allow for improved mobility and care for residents while creating a safer and more efficient working environment for staff. Importantly, it secures aged care services for our current and future residents, allowing them to age in place, keeping residents close to the community they love.

Redevelopment of the Cobram Campus Urgent Care Centre began in February 2023, with demolition of parts of the old building. We acknowledge the Rural Health Infrastructure Fund for supporting this important capital

redevelopment. The concrete slab was poured in June and fabrication of steelwork and framing is well underway. The project is on track to see part of the Urgent Care Centre open by December this year, with a final completion date for the first quarter of 2024.

The Urgent Care Centre redevelopment will deliver a more accessible health service together with upgraded facilities, increased floor space, improved safety, quality and efficiency. A separate entry to the Urgent Care Centre from the main reception will improve staff and consumer safety by creating two waiting areas with security features.

In other works, Numurkah's Karinya Nursing Home completed room renovations with the conversion of a dated double room to two single rooms with improved safety and privacy features. Planning for operating theatre upgrades at Cobram campus and minor works at Numurkah campus continues. Nathalia campus had upgrades to the air conditioning system in the last 12 months.

NCN Health, with support from the Board of Directors, was able to secure ongoing medical imaging services at Cobram and Numurkah campuses with the purchase of ultrasound equipment. This service was previously run by an external provider with appointments taken by a centralised number outside our region. This has been a significant task to bring this service under our management and a win for the community who can continue to access local X-Ray and Ultrasound close to home.

NCN Health achieved accreditation by the National Safety and Quality Health Service Standards for the first time as one organisation. We heard how well all campuses are performing in providing safe and quality acute health care.

Our four residential aged care services also passed accreditation under the Aged Care Quality Standards and NCN Health was also awarded NDIS accreditation.

Our accreditation success is testament to the dedication of all teams. Achieving and maintaining

accreditation standards is a rigorous process that underscores our commitment to delivering exceptional care. This achievement reflects the hard work of our staff and our focus on continuous improvement. Overall the assessors were very happy with NCN Health systems and processes and acknowledged the improvements made.

In May 2023 we farewelled Numurkah Director Clinical Service (DCS) Mr Abhi Dolar and we have welcomed Mrs Sophie Scott to this role.

As we look for ways to improve our service delivery we have restructured the Community Health and Wellbeing Executive Manager roles into two key areas; Director Integrated Community Health and Director Primary Health and Community Aged Care.

Director Integrated Community Health will focus on community nursing, allied health and chronic disease services across NCN Health. Key responsibilities include supporting the clinical governance service and strategic planning to support the provision of safe, high quality and coordinated care that improves the health and wellbeing of individuals and the community.

Director Primary Health and Community Aged Care is responsible for the oversight and strategic direction of our Community Aged Care programs (including Home Care, Carer's Program's and Social Support programs), Health Promotion and Community Development, our Medical Clinics at Cobram and Nathalia and our Dental Clinic at Cobram. Key responsibilities include strategic oversight and planning for each unit within the department and supporting the growth and sustainability of services provided to our community to ensure quality care for everyone.

In June we celebrated the reappointment of Board Chair Tricia Quibell and Board Director and Chair Clinical Governance Alicia Cunningham to our NCN Health Board of Directors.

We also warmly welcome Peter Guy and Brant Doyle on their appointment to the NCN Health Board effective 1 July 2023. The Board of Directors plays an integral role in guiding the organisation's purpose to provide exceptional healthcare services. We are

# CEO AND BOARD CHAIR MESSAGE cont'd

excited to work with the Board of Directors in 2023 and beyond.

The Board of Directors would similarly like to thank Jacque, her Executive team and the entire staff of NCN for their continued commitment to the communities we service, the care you demonstrate everyday and the resilience with which you have continued to work across another busy year. The Board believes that without the leadership we currently have in Jacque and her team our communities would be significantly disadvantaged, the capacity of NCN to stand tall throughout the recent years of pandemic and the floods of last year demonstrate the value of the organization daily.

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

The 2022/2023 Annual Report describes our organisation's path over the past year — a journey marked by resilience, innovation and pursuit of excellence. We recognise each member of the NCN Health team, our valued partners, and the communities we serve. We look forward to another year of partnership as we strive together toward healthier, happier communities.

We wish to extend our gratitude and sincere appreciation for the support and commitment of our staff, volunteers and community.



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



**Jacque Phillips, OAM**  
**Chief Executive Officer (CEO)**



**CAPTION: Nathalia Medical Clinic**



**CAPTION: Numurkah Maintenance**



**CAPTION: Numurkah Volunteers**



# 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 8 Board Directors for 2022/2023:



**QUIBELL, Tricia  
(Chair)**



**BEASLEY, Kade  
(Vice Chair)**



**CUNNINGHAM,  
Alicia**



**DISSANAYAKE,  
Mewan**



**HODGE, Kate**



**BOOTE, Kevin**



**SQUIRE, Sally**



**SAHA, Priyanka**

# BOARD SUB-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 2022/23 were Kade Beasley, Mewan Dissanayake and Tricia Quibell.</i></p>  |
| <b>Audit and Risk</b>                  | <p>The Audit and Risk Sub-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 2022/23 were Kevin Boote, Mewan Dissanayake, Tricia Quibell, Priyanka Saha, Jeff Buzza (independent) and Michelle McCracken (independent).</i></p>  |
| <b>Clinical Governance</b>             | <p>The Clinical Governance Sub-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 2022/23 were Kevin Boote, Alicia Cunningham, Kate Hodge 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 Sub-Committee. The Committee 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 2022/23 were Kade Beasley 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 sub-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 2022/23 were Kevin Boote, Mewan Dissanayake 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 2022/23 NCN Health's community representatives were:

### Nathalia

Fay Brown  
Edwina Fieldman  
Ross Smith  
Dawn Bowen  
Laurel Dimond  
Mary Barry

### Cobram

Rodney Dutneall  
Kellie Butler  
Ian Yeaman  
Jenny Tom  
Melissa Herezo

### Numurkah

Beverley Wain  
Jodi Cunningham  
Kate Hodge (Board Director)  
Heather Seiter  
Karen Van Maanen

# 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**

**Ali Beatson**  
RN, RIPRN

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.



**DIRECTOR QUALITY, RISK AND PERFORMANCE**

**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 HealthServices 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 nurses or Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The data should be consistent with that provided in the Minimum Employee Data Set. Statement of Employment and Conduct Principles.

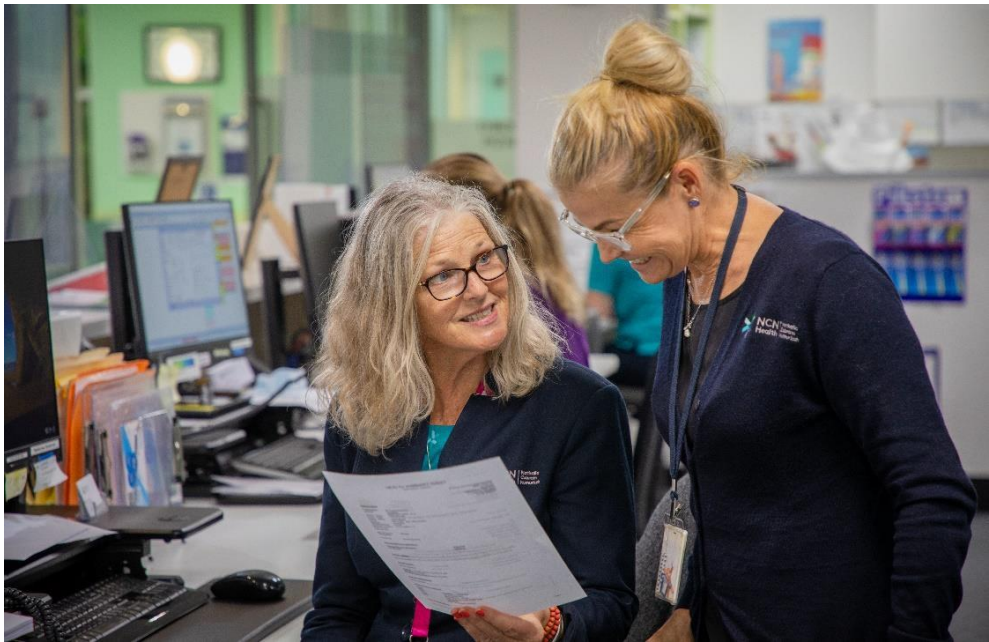
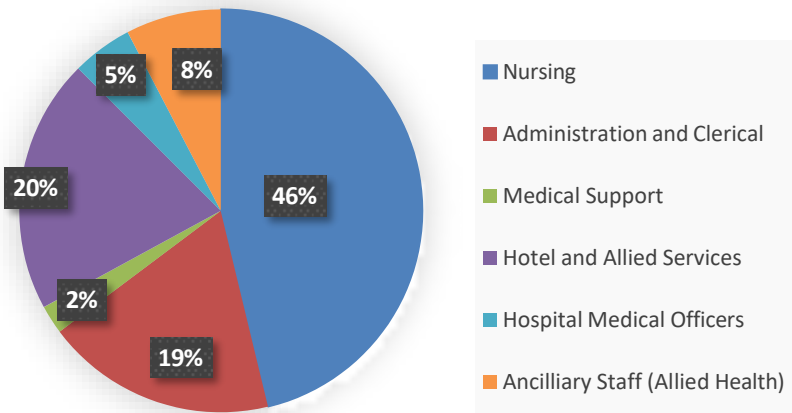
| Labour Category                 | June current month FTE |        | Average monthly FTE |        |
|---------------------------------|------------------------|--------|---------------------|--------|
|                                 | 2022                   | 2023   | 2022                | 2023   |
| Nursing                         | 146.27                 | 155.60 | 157.98              | 151.92 |
| Administration and Clerical     | 62.24                  | 62.38  | 64.72               | 60.72  |
| Medical Support                 | 8.23                   | 7.73   | 7.77                | 7.79   |
| Hotel and Allied Services       | 62.91                  | 68.76  | 62.79               | 64.70  |
| Hospital Medical Officers       | 15.36                  | 16.36  | 16.27               | 15.89  |
| Ancillary Staff (Allied Health) | 27.73                  | 25.74  | 29.43               | 25.35  |
|                                 | 322.73                 | 336.57 | 338.97              | 326.37 |

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



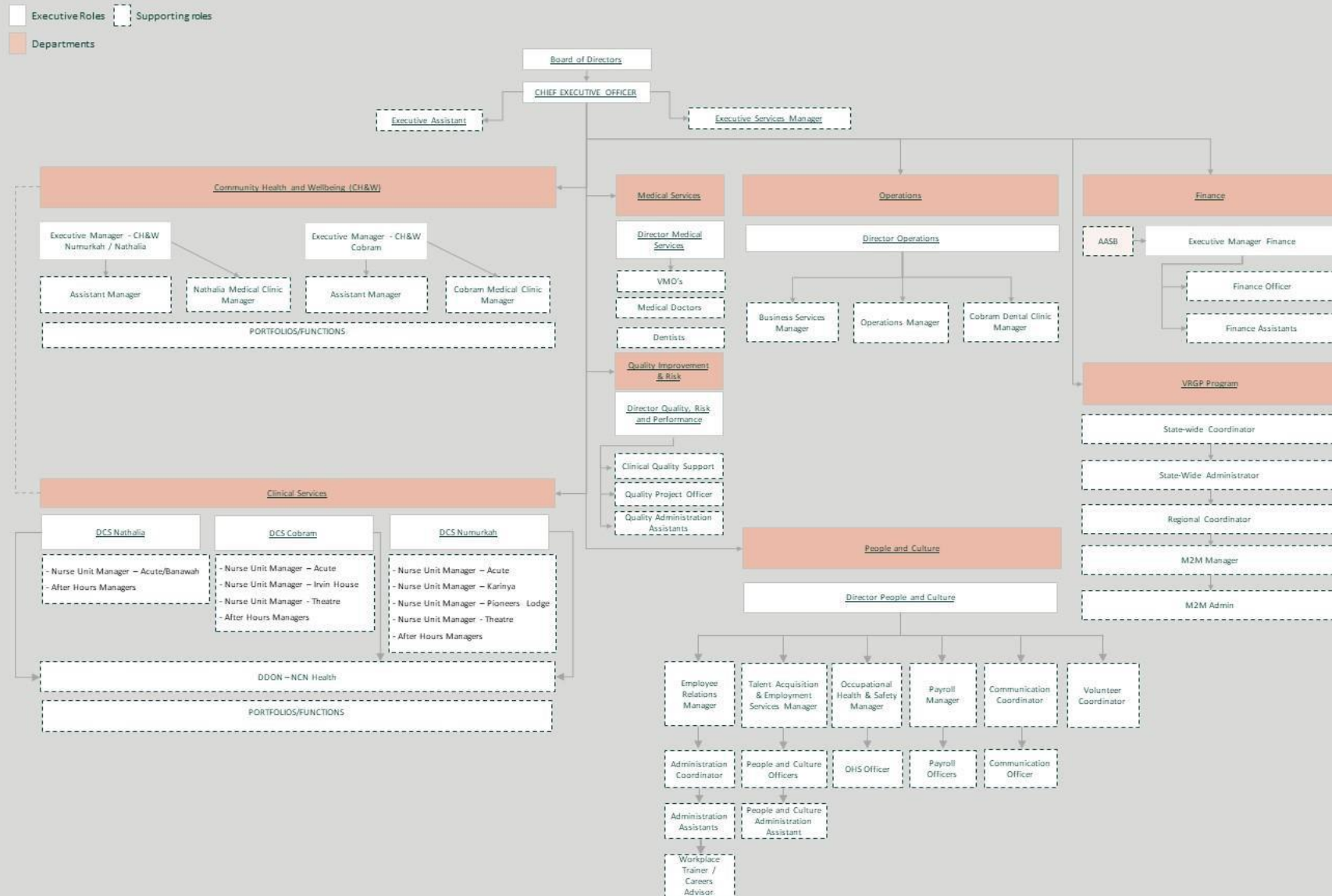
CAPTION: Cobram Medical Clinic

# NCN HEALTH

## Organisational Structure

# ORGANISATION CHART

NCN Organisational Structure June 2023



# 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                                    | 2022-23   | 2021-22  | 2020-21   |
|--|-----------|----------|-----------|
| The number of reported hazards/incidents for the year per 100 FTE            | 44.57     | 62.54    | 91.70     |
| The number of 'lost time' standard WorkCover claims for the year per 100 FTE | 2.08      | 1.48     | 7.61      |
| The average cost per WorkCover claim for the year                            | \$239,672 | \$28,687 | \$154,738 |

## Occupational Violence

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

| Occupational Violence Statistics   | 2022-23 |
|--|---------|
| WorkCover accepted claims with an occupational violence cause per 100 FTE  | 0.3     |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 1.82    |
| Number of occupational violence incidents reported   | 84      |
| Number of occupational violence incidents reported per 100 FTE   | 24.96   |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition                          | 1.19    |

### 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 2022-23.
- *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 Service 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 requires the Victorian Public Sector, universities and local councils to develop Gender Equality Action Plans (GEAPs) with the aim of improving workplace gender equity.

GEAPs cover a 4-year period e.g. NCN Health's GEAP covers the period 2021-2025. As a first step, regional health services developed a number of gender specific questions for the People Matter Survey 2022, which employees were asked to participate in during October 2022. NCN Health is pleased to have shared these results across all 3 campuses, key points of note were:

- 0% of respondents saw gender as a barrier at NCN Health (comparator groups = 1% and public sector = 4%)
- With negative behaviours:
  - Sexual harassment* (a focus of the GEAP) was experienced by 5% of respondents (down from 7% in the previous year). Of those who experienced sexual harassment 64% was from client/customers/ patients/stakeholders.
  - Discrimination* – was experienced by 2%, down from 5% in 2021.

An update on the GEAP was provided to the NCN Health Board in June 2023 and progress reports are required by the Commissioner for Gender Equality in late February 2025. These will be displayed on the Commission's website as well on the service providers websites and we are currently working on the data to support our submission.





# 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 2023 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 – Ali Beatson

## 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 2022-23

In 2022-23, there were 59 applications made to NCN Health under these provisions as follows:

|                           | FREEDOM OF INFORMATION DATA |          |         |          |
|---------------------------|-----------------------------|----------|---------|----------|
|                           | NCN Health                  | Numurkah | Cobram  | Nathalia |
|                           | 2022-23                     | 2022-23  | 2022-23 | 2022-23  |
| Requests Received         | 59                          | 20       | 34      | 5        |
| Investigated              | 0                           | 0        | 0       | 0        |
| Resolved                  | 0                           | 0        | 0       | 0        |
| Not Processed (no record) | 3                           | 3        | 0       | 0        |
| Request Withdrawn         | 0                           | 0        | 0       | 0        |

# Environmental Performance

NCN Health is committed to environmental sustainability.

| Electricity    | 2022-23 | 2021-22 | 2020-21 |
|----------------|---------|---------|---------|
| Peak (MWh)     | 1,130   | 1,155   | 1,232   |
| Off Peak (MWh) | 1,121   | 1,222   | 1,431   |

| Gas              | 2022-23 | 2021-22 | 2020-21 |
|------------------|---------|---------|---------|
| LPG Usage (Its)  | 89,265  | 92,718  | 109,440 |
| Natural Gas (GJ) | 6,380   | 5,590   | 5,836   |

| Carbon Emissions (tonnes of CO <sub>2</sub> e) | 2022-23 | 2021-22 | 2020-21 |
|--|---------|---------|---------|
| From Electricity Use                           | 1,940   | 2,164   | 2,610   |
| From Gas Use                                   | 470     | 432     | 470     |

| Water            | 2022-23 | 2021-22 | 2020-21 |
|------------------|---------|---------|---------|
| Water Usage (kL) | 30,067  | 25,490  | 27,490  |

| Waste               | 2022-23 | 2021-22 | 2020-21 |
|---------------------|---------|---------|---------|
| Clinical Waste (kg) | 10,041  | 10,378  | 7,790   |
| General Waste (kg)  | 139,704 | 133,632 | 122,750 |
| Recycled Waste (kg) | 56,744  | 56,295  | 61,720  |



**CAPTION:** Numurkah Pioneers Memorial Lodge

# Consultancies

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

In 2022-23, there were 3 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies is \$11,254 (excl. GST).

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

In 2022-23, there was 1 consultancy where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to this consultancy is \$39,712 (excl. GST).

Details of individual consultancy is as follows:

| Consultant               | Purpose of Consultancy              | Start Date | End Date    | Total Approved Project Fee (excl GST) | Expenditure 2022-23 (excl GST) | Future Expenditure (excl GST) |
|--------------------------|-------------------------------------|------------|-------------|---------------------------------------|--------------------------------|-------------------------------|
| Aspex Consulting Pty Ltd | Cobram Medical Model of Care Review | 1 Feb 2023 | 30 Jun 2023 | \$39,712                              | \$39,712                       | Nil                           |

# ICT Expenditure

The total ICT expenditure incurred during 2022-23 is \$1,100,331 (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) |
| \$793,223                               | \$307,108   | \$89,738  | \$217,370                               |



**CAPTION:** Cobram Physiotherapy



**CAPTION:** Cobram Irvin House



**CAPTION:** Cobram Auxiliary Fundraising Event

## 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; and
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.



# STRATEGIC PRIORITIES – 2022/2023

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.

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.

In response to the Department of Health Operational Plan 2022-2023 a focus has been on the following priorities. NCN Health has contributed to the achievement of these priorities.

| Priority  | Outcome  |
|---|--|
| <b>Keep people healthy and safe in the community: Maintain COVID-19 readiness</b> | <p>Protection of our community remains our highest priority during the COVID-19 pandemic. NCN Health has worked closely with Department of Health, Hume Health Services Partnership and GV Health Local Public Health Unit (LPHU) to maintain a robust COVID-19 readiness and response to local and regional outbreaks. This involves flexible responses to changes in health care demand and delivery of different models of care. At a state-wide level we have participated in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</p> <p>NCN Health has worked closely with other health services and community partners including local government to prepare and prevent COVID outbreaks within the health service and community. The organisation has robust systems in place to quickly respond and manage outbreaks and provide support to staff, consumers and community. The Hume Health Services Partnership (HHSP) COVID-19 Response Plan was developed to ensure there was a consistent approach to managing the COVID-19 response across the Hume Region. The Plan is regularly updated to reflect the changing nature of COVID-19 and advice from the Department of Health (DoH). The Plan is supported by the HHSP COVID-19 Streaming Escalation Plan.</p> <p>NCN Health participated in the COVID Positive Pathways (C+P) Program to support the local community. A governance structure oversaw the HHSP C+P leadership group and a service model which was developed with two lead agencies, GVH and Albury Wodonga Health. Initially eleven sites engaged with C+P monitoring in their local communities, with escalation pathways that defined a model where smaller rural health services sought clinical support from regional agencies. The C+P Program provided a critical link between the community and the health services and strengthened relationships between health services in the region. The holistic focus allowed the service to link patients with appropriate services and provided health services with resources to aid those requiring social supports. The Program worked in partnership with the Local Public Health Units (LPHU's) which had established links with vulnerable groups. The service provided high quality, remote health care to the broader population and succeeded in both alleviating pressure on the urgent care centres and acute services, whilst identifying the need for escalation and access to emergency care when urgently required. Funding for this program ceased as at the 30 June 2023.</p> |

## STRATEGIC PRIORITIES – 2022/2023 cont'd

| Priority   | Outcome  |
|--|--|
| <p><b>Care closer to home: Delivering more care in the home or virtually</b></p> <p>Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.</p>   | <p>NCN Health's strategic plan has a pillar 'Close to Home' and has strongly engaged with health reform to implement the Better at Home (B@H) program. NCN Health has expanded this program to create a new service, NCN@Home. A focus on local collaboration with acute care and community-based services has seen the Hospital in the Home service commenced and additional community based allied health services to support people with chronic disease and ageing to stay well and live at home independently. NCN Health is one of fourteen health services directly receiving B@H activity funds to support the delivery of home and community-based programs. A strong focus has been on building and strengthening relationships between Hume Region health service partners and building knowledge and structures to ensure project success and program delivery with new models of care.</p> <p>NCN Health has continued to experience medical workforce shortages affecting our urgent care centres. The HHSP established a Victorian Virtual Emergency Department (VVED) working group, with representatives from the HHSP, Northern Health, Ambulance Victoria and Murray PHN. This pilot program is not intended to replace existing urgent care services but complement them, with a memorandum of understanding in place between NCN Health and Northern Health. NCN Health with the Hume region has been an early adopter of this service which is embedded in public urgent care centres, Residential Aged Care Services and other health care providers.</p> <p>The VVED model supports patients to safely remain in their community and reduces the need for transfers. It plays a vital role in supporting management of the workload of local doctors and nurses. With an established governance model in place, the HHSP will continue to work with the VVED to develop other opportunities where this innovative model of care can be utilised.</p> |
| <p><b>Keep improving care: Improve quality and safety of care</b></p> <p>Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.</p> | <p>NCN Health has reviewed and implemented the clinical governance quality and safety system with a focus on clinical review, consolidation of policies and procedures and establishment of a new committee structure to monitor clinical care and outcomes.</p> <p>NCN Health achieved accreditation by the National Safety and Quality Health Service Standards for the first time as one organisation.</p> <p>Our four residential aged care services also passed accreditation under the Aged Care Quality Standards and NCN Health was also awarded NDIS accreditation.</p>   |
| <p><b>Plan update to nutrition and food quality standards</b></p> <p>NCN Health has developed a plan and is currently implementing nutrition and quality of food standards in 2022-23, implemented by December of 2023.</p>  | <p>NCN Health is working on Healthy Choices and the new nutrition and quality of food standards with a monthly focus group that will move to an organisation wide nutrition and hydration committee. Staff communication via the newsletter and posters in staff rooms are improving awareness. Staff menus and choices will be implemented by December 2023 to achieve compliance. Another project is aged care nutrition standards with review of recipes to be compliant and implementation of correct banding across residential aged care menus.</p>  |

## STRATEGIC PRIORITIES – 2022/2023 cont'd

| Priority  | Outcome   |
|---|---|
| <p><b>Climate Change Commitments</b></p> <p>Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.</p>  | <p>NCN Health has established an Environmental Sustainability Plan to improve performance and set the foundations for ongoing and sustained improvement. The integrated, coordinated and sustained actions will be measured against goals such as reduce energy consumption by 20% and increase recycling by 30% over the next 2 years. This will be achieved by removing single use plastics from catering, reducing paper use in printing, improve segregation of waste. These actions will be supported with staff training and awareness, auditing of waste systems and measuring energy consumption and water use.</p>   |
| <p><b>Asset Maintenance and Management</b></p> <p>Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</p>  | <p>NCN Health has robust system for equipment maintenance and capital replacement and is compliant with the AMAF. The policy and processes cover end to end asset management cycle from planning, acquisition, operation and maintenance through to disposal.</p>   |
| <p><b>Improve Aboriginal health and wellbeing: Improve Aboriginal cultural safety</b></p> <p>Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.</p> <p>Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.</p> <p>Implement strategies and processes to actively increase Aboriginal employment.</p> <p>Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.</p> <p>Develop discharge plans for every Aboriginal patient.</p> | <p>NCN Health has completed and launched the Reconciliation Action Plan and continues to work with local indigenous groups to identify and address health needs in a culturally safe manner. Staff have participated in cultural safety training and engaged with Many Mobs at a local level to improve understanding and awareness of safe care and Aboriginal cultural safety. NCN Health has in place memorandum of understanding with Aboriginal Liaison Officer to support Aboriginal and Torres Strait Islander patient's engagement and participation in their own health care.</p> <p>NCN Health is committed to supporting Aboriginal employment and supports opportunities for training and development of career pathways.</p> |

# STRATEGIC PRIORITIES – 2022/2023 cont'd

| Priority   | Outcome   |
|--|---|
| <p><b>Moving from competition to collaboration: Foster and develop local partnerships</b></p> <p>Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).</p> <p>Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.</p> | <p>NCN Health is one of the sixteen public health service providers in the Hume Region to participate in the Hume Health Service Partnership (HHSP). The HHSP has a signed agreement that sets out the objectives, responsibilities and principles of the partnership, with the HHSP CEO Council as the governing body. There is an established governance structure that provides over-arching guidance to the partnership. The HHSP CEO Council meets monthly, with NCN Health demonstrating the commitment and engagement with participation in a variety of governance and operational subcommittees to support the priorities and achievement of the workplan.</p> <p>NCN Health supports the HHSP to:</p> <ul style="list-style-type: none"> <li>– Improve service access, safety, quality and coordination – so that patients/ consumers/ clients experience improved outcomes; and</li> <li>– Improve the efficiency of the regional service system by sharing expertise, removing unnecessary duplication and working to an agreed system design.</li> </ul> <p>The HHSP CEO Council ensures that HHSP is responding to the Minister's priorities:</p> <ul style="list-style-type: none"> <li>– Pandemic Response (COVID-19 hospital admissions planning/streaming and Covid Positive Pathways)</li> <li>– Planned Surgery Reform</li> <li>– Better at Home</li> </ul> <p>NCN Health is a key member who agreed to focus on a number of local priorities, including:</p> <ul style="list-style-type: none"> <li>– Delivery of a HHSP Strategic Service Plan</li> <li>– The rollout of the Victorian Virtual Emergency Department with implementation across all NCN Health campuses</li> <li>– Regional Credentialing and Scope of Practice</li> <li>– Trial of Virtual Admissions model into a smaller health service – NCN Health is the lead agency for this successful pilot project</li> </ul> <p>The HHSP has over 20 committees and working groups within the partnership that have broad representation from all members who actively participate and collaborate in the development of the annual workplan, support the delivery of shared objectives, collaborate on partnership submissions and participate in HHSP committees.</p> <p>The governance structure ensures equitable distribution of HHSP members on committees and working groups. The breadth of membership guarantees members are making shared decisions aimed at improving system level responses and health outcomes across the region, rather than at an individual health service level. Members are encouraged to openly express and discuss their views.</p> <p>The HHSP is a critical mechanism for members to share their expertise and achieve scale and coordination of effort towards agreed and common goals and are committed to networking and openly exchanging information for mutual benefit which has been achieved in the submissions made, meetings held and when other opportunities arise.</p> <p>NCN Health actively participates and collaborates in the development of the HHSP annual workplan, supporting the delivery of shared objectives, collaborating on partnership submissions and participating</p> |



## STRATEGIC PRIORITIES – 2022/2023 cont'd

| Priority   | Outcome  |
|--|--|
|  | <p>in HHSP committees. NCN Health is committed to making shared decisions aimed at improving system level responses and health outcomes across the region, rather than at the individual health service level.</p> <p>The HHSP established a Regional Credentialing and Scope of Practice Working Group to progress the viability of a credentialing and scope of practice platform for all Hume health services. With an understanding of the benefits of regional credentialing, all HHSP members agreed to purchase a common credentialing platform which will offer consistent accessibility to all DMS, credentialing staff and practitioners applying for credentialing. It will enable a practitioner to apply for credentialing once, and have that credentialing accepted by other HHSP members who would then offer a scope of practice for that practitioner. All project content has been created in the context of National and Victorian regulations. The project has now reached stage 3 where a more detailed project plan will be developed, followed by product build and rollout, transfer of data and stakeholder engagement.</p> <p>The objectives of the Planned Surgical Reform Initiative program are to create timely referrals to appropriate health professionals, increase engagement with local general practitioners, strengthen partnerships with small rural health services and streamline internal referral processes and communications. NCN Health has achieved 100% of allocated activity in 2022-23 and has a partnership with GV Health to undertake additional planned surgery to reduce waiting lists and improve health and wellbeing outcomes. The Planned Surgical Reform Initiative is governed by a HHSP Governance Committee and an Operational Committee oversees the implementation of each strategy. The focus has been on collaboration through the local Community of Practice (CoP) groups, with the establishment of the Perioperative Nurse Unit Manager CoP Group and the Physiotherapist CoP group.</p> |
| <p><b>Joint service planning</b></p> <p>Develop HSP Strategic Service Plans – codesigned by health services and the department – that guide a system approach to future service delivery and consider equity, quality and safety, and value.</p> | <p>The Department of Health (DH) and the HHSP have worked collaboratively to co-develop a Strategic Service Plan for the Hume region. The plan will provide a systematic approach to future health service delivery, taking into consideration equity, safety and quality and sustainability. A Project Control Group, with representatives from health services and DH oversees the project. Working in collaboration, a robust consultation process has been undertaken, underpinned with regular communication with CEO's and health service Boards through a monthly HHSP briefing paper and separate Communique. Board Chairs were updated on the progress of this project with a formal presentation in June 2023. A number of proposed strategic service directions (PSSDs) have been developed. A thorough consultation process is now being undertaken by the health services through a number of facilitated CEO workshops to review the PSSDs, identify any additional PSSDs, determine the alignment of the PSSDs to the planning principles and criteria, and identify any further work required to progress the completion of the plan. The Plan is now in its final stages, with an aim for endorsement in the first half of 2023/24.</p>   |

## STRATEGIC PRIORITIES – 2022/2023 cont'd

| Priority  | Outcome  |
|---|--|
| <p><b>A stronger workforce: Improve workforce wellbeing</b></p> <p>Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.</p> <p>Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.</p> <p>Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.</p> | <p>NCN Health has implemented a mandatory Occupational Violence and Aggression practical training package using a Train the Trainer model. The training covers settings and scenarios relevant to employees and provides them with the necessary toolkit to manage confrontation and aggressive behaviors. The aim of the training is to prevent any situation from escalating to physical interaction. The training focuses on providing informative, practical training where staff learn in an interactive environment.</p> <p>NCN Health continues to participate in MARAM with an organisational audit tool completed that covers governance, communication, policies and procedures and staff training and education. A plan is in place to address gaps in clinical systems and support and improve cultural safety and intersectional practice. As a partner of GV Health the organisations work together to strengthen protocols with external specialist agencies. A key aspect is the focus on workforce to ensure responsibilities are understood with respect to patient safety, staff safety and community safety.</p> <p>NCN Health is participating in the Healthcare Worker Wellbeing initiative with a focus on Irvin House residential aged care facility. The aim is to decrease burnout and improve joy at work. A partnership with Safer Care Victoria is supporting the team to lead changes using a variety of methods. These include staff surveys, 'What matters to you' conversations with staff and changes such as huddles and reward and recognition. Team support and measurement of results will be used to ensure primary outcomes are achieved. The project that will last until June 30, 2024 will involve a number of activities and change ideas that will be implemented using Plan Do Study Act cycles.</p> |

# PERFORMANCE PRIORITIES – 2022/2023

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%    | 93%     |
| Percentage of health care workers immunised for influenza  | 92%    | 98%     |
| <b>Patient Experience</b>  |        |         |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1 | 95%    | 100%    |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2 | 95%    | 98%     |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3 | 95%    | 100%    |

| STRONG GOVERNANCE, LEADERSHIP AND CULTURE |        |         |
|---|--------|---------|
| Key performance measure                   | Target | Outcome |
| <b>Organisational culture</b>             |        |         |
| Safety culture among healthcare workers   | 62%    | 73%     |

| EFFECTIVE FINANCIAL MANAGEMENT  |   |         |
|---|---|---------|
| Key performance measure   | Target  | Result  |
| Operating results (\$m)   | \$0.00  | \$0.19  |
| Average number of days to paying trade creditors  | 60 days   | 68 days |
| Average number of days to receiving patient fee debtors   | 60 days   | 18 days |
| Adjusted current asset ratio (variance between ACAR and target, including performance improvement over time or maintaining actual performance). | 0.7 or 3% improvement from health service base target | 1.71    |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.                         | Variance ≤ \$0.25                                     | \$0.56  |
| Actual number of days available cash, measured on the last day of each month.   | 14 days   | 135.85  |

## FUNDING AND ACTIVITY – 2022/2023

| FUNDING TYPE                                      | 2022/2023<br>ACTIVITY<br>ACHIEVEMENT | UNITS           |
|---|--------------------------------------|-----------------|
| <b>SMALL RURAL</b>                                |                                      |                 |
| Small Rural Acute                                 | 1,189                                | NWAO Equivalent |
| <b>INTEGRATED CHRONIC DISEASE MANAGEMENT</b>      |                                      |                 |
| Dietetics   | 22                                   | Service Hours   |
| Physiotherapy                                     | 666                                  | Service Hours   |
| Podiatry  | 1                                    | Service Hours   |
| Initial Needs Identification                      | 0                                    | Service Hours   |
| Nursing   | 979                                  | Service Hours   |
| <b>SMALL RURAL HEALTH SERVICES/PRIMARY HEALTH</b> |                                      |                 |
| Dietetics   | 1,178                                | Service Hours   |
| Occupational Therapy                              | 875                                  | Service Hours   |
| Physiotherapy                                     | 3,143                                | Service Hours   |
| Podiatry  | 460                                  | Service Hours   |
| Speech Pathology/Therapy                          | 252                                  | Service Hours   |
| Counselling/Casework                              | 1,889                                | Service Hours   |
| Care Coordination                                 | 169                                  | Service Hours   |
| Initial Needs Identification                      | 2,145                                | Service Hours   |
| Nursing   | 1,459                                | Service Hours   |
| <b>HACC PYP</b>                                   |                                      |                 |
| Nursing   | 1,427                                | Service Hours   |
| Allied Health                                     | 45                                   | Service Hours   |
| Volunteer Social Support                          | 1,165                                | Service Hours   |
| Counselling/Casework                              | 167                                  | Service Hours   |
| <b>RESIDENTIAL AGED CARE</b>                      |                                      |                 |
| Residential Aged Care                             | 39,710                               | 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**  
30 August 2023

## 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**  
30 August 2023

## 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**  
30 August 2023

## 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**  
30 August 2023

## Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Jacque Phillips, certify that NCN Health has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



**Jacque Phillips**  
**Chief Executive Officer**  
**NCN Health**  
30 August 2023

# FINANCIAL SUMMARY

For the year ended 30 June 2023

| NCN Health                          | 2023<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 | 2020<br>\$'000 | 2019 |
|-------------------------------------|----------------|----------------|----------------|----------------|------|
| <b>Operating Result*</b>            | 193            | 304            | 882            | 1,223          | N/A  |
| <b>Total revenue</b>                | 63,552         | 60,614         | 54,561         | 49,935         | N/A  |
| <b>Total expenses</b>               | 63,412         | 60,217         | 56,040         | 51,346         | N/A  |
| <b>Net result from transactions</b> | 140            | 397            | (1,479)        | (1,411)        | N/A  |
| <b>Total other economic flows</b>   | (17)           | 127            | 269            | (122)          | N/A  |
| <b>Net result</b>                   | 123            | 524            | (1,210)        | (1,533)        | N/A  |
| <b>Total assets</b>                 | 146,933        | 143,137        | 125,901        | 126,417        | N/A  |
| <b>Total liabilities</b>            | 32,345         | 28,672         | 28,168         | 28,136         | N/A  |
| <b>Net assets/Total equity</b>      | 114,588        | 114,465        | 97,733         | 98,281         | N/A  |

## Reconciliation of Net Result from Transactions and Operating Result

|   | 2022/23<br>(\$'000) |
|---|---------------------|
| <b>Net operating result *</b>   | 193                 |
| Capital purpose income  | 4,479               |
| COVID-19 State Supply Arrangements<br>- Assets received free of charge or for nil consideration under the State Supply Arrangements | 287                 |
| State supply items consumed up to 30 June 2023  | (287)               |
| Expenditure for capital purpose   | (224)               |
| Depreciation and amortisation   | (4,281)             |
| Finance costs (other)   | (1)                 |
| <b>Net result from transactions</b>   | 140                 |

\* 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 2022/23.

# 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   | 2, 6   |
| FRD 22  | Nature and range of services provided   | 5      |
| FRD 22  | Activities, programs and achievements for the reporting period                  | 7-8    |
| FRD 22  | Significant changes in key initiatives and expectations for the future          | 7-8    |
| <b>Management and structure</b>                                   |   |        |
| FRD 22  | Organisational structure  | 14     |
| FRD 22  | Workforce data/employment and conduct principles                                | 13     |
| FRD 22  | Occupational Health and Safety  | 15     |
| <b>Financial information</b>                                      |   |        |
| FRD 22  | Summary of the financial results for the year                                   | 30     |
| FRD 22  | Significant changes in financial position during the year                       | 7-8,30 |
| FRD 22  | Operational and budgetary objectives and performance against objectives         | 27-28  |
| FRD 22  | Subsequent events   | 30     |
| FRD 22  | Details of consultancies under \$10,000   | 19     |
| FRD 22  | Details of consultancies over \$10,000  | 19     |
| FRD 22  | Disclosure of ICT expenditure   | 19     |
| <b>Legislation</b>  |   |        |
| FRD 22  | Application and operation of <i>Freedom of Information Act 1982</i>             | 17     |
| FRD 22  | Compliance with building and maintenance provisions of <i>Building Act 1993</i> | 16     |
| FRD 22  | Application and operation of <i>Public Interest Disclosure Act 2012</i>         | 17     |
| FRD 22  | Statement on National Competition Policy  | 16     |
| FRD 22  | Application and operation of <i>Carers Recognition Act 2012</i>                 | 16     |
| FRD 22  | Summary of the entity's environmental performance                               | 18     |
| FRD 22  | Additional information available on request                                     | 20     |
| <b>Other relevant reporting directives</b>                        |   |        |
| FRD 25  | <i>Local Jobs First Act 2003</i> disclosures                                    | 16     |
| SD 5.1.4  | Financial Management Compliance attestation                                     | 29     |
| SD 5.2.3  | Declaration in report of operations   | 4      |
| <b>Attestations</b>   |   |        |
| Attestation on Data Integrity                                     |   | 29     |
| Attestation on managing Conflicts of Interest                     |   | 29     |
| Attestation on Integrity, Fraud and Corruption                    |   | 29     |
| Compliance with Health Share Victoria (HSV) Purchasing Policies   |   | 29     |
| <b>Other reporting requirements</b>                               |   |        |
| Reporting of outcomes from Statement of Priorities 2022-23        |   | 21-26  |
| Occupational Violence reporting                                   |   | 15     |
| Gender Equality Act 2020  |   | 16     |
| Reporting obligations under the <i>Safe Patient Care Act 2015</i> |   | 16     |



# **FINANCIAL REPORT**



## Financial Statements

### Financial Year ended 30 June 2023

#### ***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 2023 and the financial position of NCN Health at 30 June 2023.

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, 2023.

#### **Board member**



Ms Tricia Quibell

Chair

NCN Health  
20th September 2023

#### **Accountable Officer**

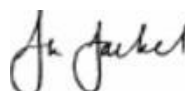


Ms Jacque Phillips

Chief Executive Officer

NCN Health  
20th September 2023

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



Mr Steven Jackel

Chief Finance and Accounting Officer

NCN Health  
20th September 2023

**NCN Health**  
**Comprehensive Operating Statement**  
**For the Financial Year Ended 30 June 2023**

|  |     | <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|--|-----|----------------------------------|----------------------------------|
| <b>Note</b>  |     |                                  |                                  |
| <b>Revenue and income from transactions</b>                  |     |                                  |                                  |
| Operating activities   | 2.1 | 62,300                           | 60,492                           |
| Non-operating activities                                     | 2.1 | 1,252                            | 122                              |
| <b>Total revenue and income from transactions</b>            |     | <b>63,552</b>                    | <b>60,614</b>                    |
| <b>Expenses from transactions</b>                            |     |                                  |                                  |
| Employee expenses  | 3.1 | (44,998)                         | (43,010)                         |
| Supplies and consumables                                     | 3.1 | (5,270)                          | (4,905)                          |
| Finance costs  | 3.1 | (41)                             | (35)                             |
| Depreciation and amortisation                                | 3.1 | (4,281)                          | (4,195)                          |
| Other administrative expenses                                | 3.1 | (6,162)                          | (5,862)                          |
| Other operating expenses                                     | 3.1 | (2,610)                          | (2,168)                          |
| Other non-operating expenses                                 | 3.1 | (50)                             | (42)                             |
| <b>Total Expenses from transactions</b>                      |     | <b>(63,412)</b>                  | <b>(60,217)</b>                  |
| <b>Net result from transactions - net operating balance</b>  |     | <b>140</b>                       | <b>397</b>                       |
| <b>Other economic flows included in net result</b>           |     |                                  |                                  |
| Net gain/(loss) on sale of non-financial assets              | 3.2 | 20                               | 40                               |
| Net gain/(loss) on financial instruments                     | 3.2 | 14                               | (1)                              |
| Other gain/(loss) from other economic flows                  | 3.2 | (51)                             | 88                               |
| <b>Total other economic flows included in net result</b>     |     | <b>(17)</b>                      | <b>127</b>                       |
| <b>Net result for the year</b>                               |     | <b>123</b>                       | <b>524</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                           |
| <b>Total other comprehensive income</b>                      |     | <b>-</b>                         | <b>16,208</b>                    |
| <b>Comprehensive result for the year</b>                     |     | <b>123</b>                       | <b>16,732</b>                    |

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

**NCN Health**  
**Balance Sheet**  
**As at 30 June 2023**

|   |             | <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|---|-------------|----------------------------------|----------------------------------|
|   | <b>Note</b> |                                  |                                  |
| <b>Current assets</b>                             |             |                                  |                                  |
| Cash and cash equivalents                         | 6.2         | 43,845                           | 39,938                           |
| Receivables                                       | 5.1         | 1,805                            | 1,535                            |
| Contract assets                                   | 5.2         | 1,713                            | 458                              |
| Inventories                                       |             | 51                               | 67                               |
| Prepaid expenses                                  |             | 464                              | 298                              |
| <b>Total current assets</b>                       |             | <b>47,878</b>                    | <b>42,296</b>                    |
| <b>Non-current assets</b>                         |             |                                  |                                  |
| Receivables                                       | 5.1         | 1,564                            | 1,384                            |
| Property, plant and equipment                     | 4.1 (a)     | 97,100                           | 99,247                           |
| Right of use assets                               | 4.2 (a)     | 368                              | 181                              |
| Intangible assets                                 | 4.4         | 23                               | 29                               |
| <b>Total non-current assets</b>                   |             | <b>99,055</b>                    | <b>100,841</b>                   |
| <b>Total assets</b>                               |             | <b>146,933</b>                   | <b>143,137</b>                   |
| <b>Current liabilities</b>                        |             |                                  |                                  |
| Payables  | 5.3         | 4,670                            | 2,806                            |
| Contract liabilities                              | 5.4         | 2,491                            | 2,556                            |
| Borrowings  | 6.1         | 356                              | 175                              |
| Employee benefits                                 | 3.3         | 8,454                            | 7,628                            |
| Other liabilities                                 | 5.5         | 15,313                           | 14,370                           |
| <b>Total current liabilities</b>                  |             | <b>31,284</b>                    | <b>27,535</b>                    |
| <b>Non-current liabilities</b>                    |             |                                  |                                  |
| Borrowings  | 6.1         | 56                               | 78                               |
| Employee benefits                                 | 3.3         | 1,005                            | 1,059                            |
| <b>Total non-current liabilities</b>              |             | <b>1,061</b>                     | <b>1,137</b>                     |
| <b>Total liabilities</b>                          |             | <b>32,345</b>                    | <b>28,672</b>                    |
| <b>Net assets</b>                                 |             | <b>114,588</b>                   | <b>114,465</b>                   |
| <b>Equity</b>                                     |             |                                  |                                  |
| Property, plant and equipment revaluation surplus | 4.3         | 16,870                           | 16,870                           |
| Restricted specific purpose reserve               | SCE         | 13,469                           | 13,469                           |
| Contributed capital                               | SCE         | 102,210                          | 102,210                          |
| Accumulated deficit                               | SCE         | (17,961)                         | (18,084)                         |
| <b>Total equity</b>                               |             | <b>114,588</b>                   | <b>114,465</b>                   |

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

**NCN Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2023**

|   |     | <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|---|-----|----------------------------------|----------------------------------|
| <b>Note</b>                                 |     |                                  |                                  |
| <b>Cash Flows from operating activities</b> |     |                                  |                                  |
|   |     | 30,737                           | 30,729                           |
|   |     | 11,691                           | 9,371                            |
|   |     | 2,300                            | 3,197                            |
|   |     | 6,083                            | 4,898                            |
|   |     | 835                              | 695                              |
|   |     | 102                              | -                                |
|   |     | 1,389                            | 1,086                            |
|   |     | 1,252                            | 122                              |
|   |     | 4,525                            | 4,557                            |
|   |     | 3,362                            | 4,781                            |
|   |     | <b>62,276</b>                    | <b>59,436</b>                    |
|   |     |                                  |                                  |
|   |     | (44,256)                         | (42,464)                         |
|   |     | (2,984)                          | (4,207)                          |
|   |     | (165)                            | (153)                            |
|   |     | (1,399)                          | (1,210)                          |
|   |     | (41)                             | (35)                             |
|   |     | (1,382)                          | (1,117)                          |
|   |     | (54)                             | -                                |
|   |     | (7,354)                          | (6,533)                          |
|   |     | <b>(57,635)</b>                  | <b>(55,719)</b>                  |
|   |     |                                  |                                  |
|   | 8.1 | <b>4,641</b>                     | <b>3,717</b>                     |
| <b>Cash Flows from investing activities</b> |     |                                  |                                  |
|   |     | (2,085)                          | (2,739)                          |
|   |     | 25                               | 15                               |
|   |     | 17                               | 33                               |
|   |     | 4                                | (20)                             |
|   |     | 20                               | 78                               |
|   |     | <b>(2,019)</b>                   | <b>(2,633)</b>                   |
| <b>Cash flows from financing activities</b> |     |                                  |                                  |
|   |     | (32)                             | (20)                             |
|   |     | (44)                             | (44)                             |
|   |     | 5,260                            | 3,503                            |
|   |     | (3,899)                          | (2,406)                          |
|   |     | <b>1,285</b>                     | <b>1,033</b>                     |
|   |     |                                  |                                  |
|   |     | <b>3,907</b>                     | <b>2,117</b>                     |
|   |     | 39,938                           | 37,821                           |
|   | 6.2 | <b>43,845</b>                    | <b>39,938</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 2023**

|   | Property, Plant and<br>Equipment<br>Revaluation Surplus<br>\$'000 | Restricted Specific<br>Purpose Reserve<br>\$'000 | Contributed Capital<br>\$'000 | Accumulated Deficit<br>\$'000 | Total<br>\$'000 |
|---|---|--|-------------------------------|-------------------------------|-----------------|
| <b>Total</b>                            |   |  |                               |                               |                 |
| <b>Balance at 30 June 2021</b>          | <b>662</b>  | <b>11,171</b>                                    | <b>102,210</b>                | <b>(16,310)</b>               | <b>97,733</b>   |
| 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>          | <b>16,870</b>   | <b>13,469</b>                                    | <b>102,210</b>                | <b>(18,084)</b>               | <b>114,465</b>  |
| Net result for the year                 | -   | -  | -                             | 123                           | 123             |
| Other comprehensive income for the year | -   | -  | -                             | -                             | -               |
| Transfer from/(to) accumulated deficits | -   | -  | -                             | -                             | -               |
| <b>Balance at 30 June 2023</b>          | <b>16,870</b>   | <b>13,469</b>                                    | <b>102,210</b>                | <b>(17,961)</b>               | <b>114,588</b>  |

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

**NCN Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2023**

## **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 2023

## Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for NCN Health for the year ended 30 June 2023. 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 presented 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, 2023.

# NCN Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

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

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Where financial impacts of the pandemic are material to NCN Health, they are disclosed in the explanatory notes. For NCN Health, there were no financial impacts considered to be material in 2023-24.

#### 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                                  |
| NWU       | 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 2023**

#### **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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Intangible assets
- Note 4.5: Depreciation and amortisation
- Note 4.6: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 5.5: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

# NCN Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2023

#### 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 beginning on or after 1 January 2023  | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>                                 | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>   | Reporting periods beginning on or after 1 January 2024. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>  | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>   | Reporting periods beginning on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>  | Reporting periods beginning on or after 1 January 2026. | Adoption of this standard is not expected to have a material impact. |
| AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i> | Reporting periods beginning on or after 1 January 2024. | 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 2023**

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

Income, expenses, assets and liabilities 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. These GST components 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.

NCN Health's 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 during the financial year was 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  |
|--|--|
| 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>  |
| Assets and services received free of charge or for nominal consideration | <p>NCN Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.</p>  |

## Note 2.1 Revenue and income from transactions

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Operating activities</b>   |                         |                         |
| <b>Revenue from contracts with customers</b>                              |                         |                         |
| Government grants (State) - Operating                                     | 4,193                   | 3,785                   |
| Government grants (Commonwealth) - Operating                              | 9,771                   | 7,161                   |
| Patient and resident fees   | 5,959                   | 4,939                   |
| Private practice fees   | 835                     | 695                     |
| Commercial activities <sup>1</sup>  | 4,525                   | 4,557                   |
| <b>Total revenue from contracts with customers</b>                        | <b>25,283</b>           | <b>21,137</b>           |
|   |                         |                         |
| <b>Other sources of income</b>  |                         |                         |
| Government grants (State) - Operating                                     | 28,044                  | 28,117                  |
| Government grants (Commonwealth) - Operating                              | 1,920                   | 2,210                   |
| Government grants (State) - Capital                                       | 2,456                   | 4,268                   |
| Other capital purpose income  | 17                      | 33                      |
| Capital donations   | 25                      | 15                      |
| Assets received free of charge or for nominal consideration               | 389                     | 633                     |
| Other revenue from operating activities (including non-capital donations) | 4,166                   | 4,079                   |
| <b>Total other sources of income</b>                                      | <b>37,017</b>           | <b>39,355</b>           |
|   |                         |                         |
| <b>Total revenue and income from operating activities</b>                 | <b>62,300</b>           | <b>60,492</b>           |
|   |                         |                         |
| <b>Non-operating activities</b>   |                         |                         |
| <b>Income from other sources</b>  |                         |                         |
| Other interest  | 1,252                   | 122                     |
| <b>Total other sources of income</b>                                      | <b>1,252</b>            | <b>122</b>              |
|   |                         |                         |
| <b>Total income from non-operating activities</b>                         | <b>1,252</b>            | <b>122</b>              |
|   |                         |                         |
| <b>Total revenue and income from transactions</b>                         | <b>63,552</b>           | <b>60,614</b>           |

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



## Note 2.1 Revenue and income from transactions (continued)

### 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

#### Total revenue from contracts with customers

| Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|-------------------------|-------------------------|
|                         |                         |
| 20,758                  | 16,580                  |
| 4,525                   | 4,557                   |
| <b>25,283</b>           | <b>21,137</b>           |

### How we recognise revenue and income from operating activities

#### 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 a point in time or over time as and 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.

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.

## Note 2.1 Revenue and income from transactions (continued)

### 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 over time when the expenditure has been incurred.   |
| Victorian Rural Generalists Program (VRGP)                                  | The performance obligations for RVGP are measured by training outcomes and accreditation achieved by GP's. Revenue is recognised over 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 over time as these objectives are met.   |
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU) | NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.<br><br>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.<br><br>Revenue is recognised over time, which is when targets are met during the year. |
| Commonwealth Residential Aged Care Grants                                   | Funding is provided for the provision of care for aged care residents within facilities<br>The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers.<br><br>Revenue is recognised over time when the service is provided within the residential aged care facility.  |

**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 income 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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| Cash donations and gifts  | 102                     | -                       |
| Personal protective equipment   | 287                     | 633                     |
| <b>Total fair value of assets and services received<br/>free of charge or for nominal consideration</b> | <b>389</b>              | <b>633</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.

#### Contributions of resources

NCN Health may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when NCN Health obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of NCN Health as a capital contribution transfer.

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

### Volunteer 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 included in net result*

#### *3.3 Employee benefits and related on-costs*

#### *3.4 Superannuation*

### Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic because its response was limited to implementing COVID safe practices.

### 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:</p> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul> <p>All other entitlements are measured at their nominal value.</p> |

### Note 3.1 Expenses from transactions

| Note   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|-------------------------|-------------------------|
| Salaries and wages                                   | 35,889                  | 34,924                  |
| On-costs   | 3,510                   | 3,293                   |
| Agency expenses                                      | 1,072                   | 672                     |
| Fee for service medical officer expenses             | 3,818                   | 3,613                   |
| Workcover premium                                    | 709                     | 508                     |
| <b>Total employee expenses</b>                       | <b>44,998</b>           | <b>43,010</b>           |
| Drug supplies  | 290                     | 297                     |
| Medical and surgical supplies (including Prostheses) | 2,947                   | 2,727                   |
| Diagnostic and radiology supplies                    | 186                     | 228                     |
| Other supplies and consumables                       | 1,847                   | 1,653                   |
| <b>Total supplies and consumables</b>                | <b>5,270</b>            | <b>4,905</b>            |
| Finance costs  | 41                      | 35                      |
| <b>Total finance costs</b>                           | <b>41</b>               | <b>35</b>               |
| Other administrative expenses                        | 6,162                   | 5,862                   |
| <b>Total other administrative expenses</b>           | <b>6,162</b>            | <b>5,862</b>            |
| Fuel, light, power and water                         | 768                     | 774                     |
| Repairs and maintenance                              | 1,008                   | 828                     |
| Maintenance contracts                                | 391                     | 382                     |
| Medical indemnity insurance                          | 165                     | 153                     |
| Expenses related to short term leases                | 54                      | -                       |
| Expenses related to leases of low value assets       | -                       | -                       |
| Expenditure for capital purposes                     | 224                     | 31                      |
| <b>Total other operating expenses</b>                | <b>2,610</b>            | <b>2,168</b>            |
| <b>Total operating expense</b>                       | <b>59,081</b>           | <b>55,980</b>           |
| Depreciation and amortisation                        | 4,281                   | 4,195                   |
| <b>Total depreciation and amortisation</b>           | <b>4,281</b>            | <b>4,195</b>            |
| Bad and doubtful debt expense                        | 50                      | 42                      |
| <b>Total other non-operating expenses</b>            | <b>50</b>               | <b>42</b>               |
| <b>Total non-operating expense</b>                   | <b>4,331</b>            | <b>4,237</b>            |
| <b>Total expenses from transactions</b>              | <b>63,412</b>           | <b>60,217</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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|-------------------------|-------------------------|
| Net gain/(loss) on disposal of property plant and equipment        | 20                      | 40                      |
| <b>Total net gain/(loss) on non-financial assets</b>               | <b>20</b>               | <b>40</b>               |
| Allowance for impairment losses of contractual receivables         | 15                      | (4)                     |
| Other gains/(losses) from other economic flows                     | (1)                     | 3                       |
| <b>Total net gain/(loss) on financial instruments</b>              | <b>14</b>               | <b>(1)</b>              |
| Net gain/(loss) arising from revaluation of long service liability | (51)                    | 88                      |
| <b>Total other gains/(losses) from other economic flows</b>        | <b>(51)</b>             | <b>88</b>               |
| <b>Total gains/(losses) from other economic flows</b>              | <b>(17)</b>             | <b>127</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 and related on-costs

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

##### *Accrued days off*

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

| Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|-------------------------|-------------------------|
| 51                      | 40                      |
| <b>51</b>               | <b>40</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>

|              |              |
|--------------|--------------|
| 2,658        | 2,302        |
| 400          | 400          |
| <b>3,058</b> | <b>2,702</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>

|              |              |
|--------------|--------------|
| 683          | 666          |
| 3,190        | 2,909        |
| <b>3,873</b> | <b>3,575</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>

|              |              |
|--------------|--------------|
| 1,018        | 903          |
| 454          | 408          |
| <b>1,472</b> | <b>1,311</b> |

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

|              |              |
|--------------|--------------|
| <b>8,454</b> | <b>7,628</b> |
|--------------|--------------|

#### Non-current provisions and related on-costs

Conditional long service leave

Provisions related to employee benefit on-costs

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

|              |              |
|--------------|--------------|
| 879          | 927          |
| 126          | 132          |
| <b>1,005</b> | <b>1,059</b> |

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

|              |              |
|--------------|--------------|
| <b>9,459</b> | <b>8,687</b> |
|--------------|--------------|

<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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Current employee benefits and related on-costs</b>           |                         |                         |
| Unconditional accrued days off                                  | 58                      | 45                      |
| Unconditional annual leave entitlements                         | 3,978                   | 3,515                   |
| Unconditional long service leave entitlements                   | 4,418                   | 4,068                   |
| <b>Total current employee benefits and related on-costs</b>     | <b>8,454</b>            | <b>7,628</b>            |
| <b>Non-current employee benefits and related on-costs</b>       |                         |                         |
| Conditional long service leave entitlements                     | 1,005                   | 1,059                   |
| <b>Total non-current employee benefits and related on-costs</b> | <b>1,005</b>            | <b>1,059</b>            |
| <b>Total employee benefits and related on-costs</b>             | <b>9,459</b>            | <b>8,687</b>            |
| <b>Attributable to:</b>   |                         |                         |
| Employee benefits   | 7,861                   | 7,244                   |
| Provision for related on-costs                                  | 1,598                   | 1,443                   |
| <b>Total employee benefits and related on-costs</b>             | <b>9,459</b>            | <b>8,687</b>            |

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

|  | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>Carrying amount at start of year</b>                            | 1,443                   | 1,271                   |
| Additional provisions recognised                                   | 647                     | 660                     |
| Net gain/(loss) arising from revaluation of long service liability | 6                       | (10)                    |
| Amounts incurred during the year                                   | (498)                   | (478)                   |
| <b>Carrying amount at end of year</b>                              | <b>1,598</b>            | <b>1,443</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.

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<br>2023<br>\$'000        | Total<br>2022<br>\$'000 | Total<br>2023<br>\$'000              | Total<br>2022<br>\$'000 |
| <b>Defined benefit plans:<sup>i</sup></b> |                                |                         |                                      |                         |
| Aware Super                               | 42                             | 49                      | -                                    | -                       |
| <b>Defined contribution plans:</b>        |                                |                         |                                      |                         |
| Aware Super                               | 1,645                          | 1,623                   | -                                    | -                       |
| Hesta                                     | 959                            | 918                     | -                                    | -                       |
| Other                                     | 864                            | 703                     | -                                    | -                       |
| <b>Total</b>                              | <b>3,510</b>                   | <b>3,293</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

Defined contribution (i.e. accumulation) superannuation plans expenditure 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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| Land at fair value - Freehold   | 4,623                   | 4,623                   |
| <b>Total land at fair value</b>   | <b>4,623</b>            | <b>4,623</b>            |
| Buildings at fair value   | 91,270                  | 90,784                  |
| Less accumulated depreciation   | (3,402)                 | -                       |
| <b>Total buildings at fair value</b>  | <b>87,868</b>           | <b>90,784</b>           |
| Works in progress at fair value   | 1,437                   | 363                     |
| <b>Total land and buildings</b>   | <b>93,928</b>           | <b>95,770</b>           |
| Plant and equipment at fair value   | 2,670                   | 3,128                   |
| Less accumulated depreciation   | (1,583)                 | (2,020)                 |
| <b>Total plant and equipment at fair value</b>                                | <b>1,087</b>            | <b>1,108</b>            |
| Motor vehicles at fair value  | 724                     | 782                     |
| Less accumulated depreciation   | (513)                   | (558)                   |
| <b>Total motor vehicles at fair value</b>                                     | <b>211</b>              | <b>224</b>              |
| Medical equipment at fair value   | 3,872                   | 5,108                   |
| Less accumulated depreciation   | (2,859)                 | (3,923)                 |
| <b>Total medical equipment at fair value</b>                                  | <b>1,013</b>            | <b>1,185</b>            |
| Computer equipment at fair value  | 1,010                   | 2,130                   |
| Less accumulated depreciation   | (628)                   | (1,777)                 |
| <b>Total computer equipment at fair value</b>                                 | <b>382</b>              | <b>353</b>              |
| Furniture and fittings at fair value  | 1,044                   | 1,125                   |
| Less accumulated depreciation   | (565)                   | (574)                   |
| <b>Total furniture and fittings at fair value</b>                             | <b>479</b>              | <b>551</b>              |
| <b>Total plant, equipment, furniture, fittings and vehicles at fair value</b> | <b>3,172</b>            | <b>3,421</b>            |
| Other assets under construction at Cost                                       | -                       | 56                      |
| <b>Total property, plant and equipment</b>                                    | <b>97,100</b>           | <b>99,247</b>           |

**Note 4.1 (b) Reconciliations of the carrying amount by class of asset**

|                                     |                | Land         | Buildings     | Building works<br>in progress | Plant &<br>equipment | Motor vehicles | Medical<br>Equipment |
|-------------------------------------|----------------|--------------|---------------|-------------------------------|----------------------|----------------|----------------------|
|                                     | Note           | \$'000       | \$'000        | \$'000                        | \$'000               | \$'000         | \$'000               |
| <b>Balance at 1 July 2021</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>         |
| Additions                           |                | -            | -             | 1,560                         | 208                  | 61             | 68                   |
| Net Transfers between classes       |                | -            | 486           | (486)                         | -                    | -              | -                    |
| Depreciation                        | 4.5            | -            | (3,402)       | -                             | (229)                | (74)           | (240)                |
| <b>Balance at 30 June 2023</b>      | <b>4.1 (a)</b> | <b>4,623</b> | <b>87,868</b> | <b>1,437</b>                  | <b>1,087</b>         | <b>211</b>     | <b>1,013</b>         |

|                                     |                | Computer<br>Equipment | Furniture &<br>Fittings | Other Assets<br>under<br>Construction | Total         |
|-------------------------------------|----------------|-----------------------|-------------------------|---------------------------------------|---------------|
|                                     | Note           | \$'000                | \$'000                  | \$'000                                | \$'000        |
| <b>Balance at 1 July 2021</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> |
| Additions                           |                | 165                   | 23                      | -                                     | 2,085         |
| Net Transfers between classes       |                | 56                    | -                       | (56)                                  | -             |
| Depreciation                        | 4.5            | (192)                 | (95)                    | -                                     | (4,232)       |
| <b>Balance at 30 June 2023</b>      | <b>4.1 (a)</b> | <b>382</b>            | <b>479</b>              | <b>-</b>                              | <b>97,100</b> |

**Land and Buildings Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of NCN Healths 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 buildings was performed by the VGV on 30 June 2019 and 30 June 2022 for land. 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. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment performed at 30 June 2023 which indicated an overall:

- increase in fair value of land of 2.59% (\$0.12M)
- increase in fair value of buildings of 6.42% (\$5.613M).

As the cumulative movement was less than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2023.

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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|-------------------------|-------------------------|
| Right of use vehicles at fair value              | 485                     | 259                     |
| Less accumulated depreciation                    | (117)                   | (78)                    |
| <b>Total right of use vehicles at fair value</b> | <b>368</b>              | <b>181</b>              |
| <b>Total right of use vehicles at fair value</b> | <b>368</b>              | <b>181</b>              |

## Note 4.2(b) Reconciliations of the carrying amount by class of asset

|                                | Note           | Right-of-use<br>Vehicles<br>\$'000 | Total<br>\$'000 |
|--------------------------------|----------------|------------------------------------|-----------------|
| <b>Balance at 1 July 2021</b>  |                | <b>148</b>                         | <b>148</b>      |
| Additions                      |                | 71                                 | 71              |
| Depreciation                   | 4.5            | (38)                               | (38)            |
| <b>Balance at 30 June 2022</b> | <b>4.2 (a)</b> | <b>181</b>                         | <b>181</b>      |
| Additions                      |                | 246                                | 246             |
| Disposals                      |                | (12)                               | (12)            |
| Depreciation                   | 4.5            | (47)                               | (47)            |
| <b>Balance at 30 June 2023</b> | <b>4.2 (a)</b> | <b>368</b>                         | <b>368</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 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

|  | <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| Balance at the beginning of the reporting period   | 16,870                           | 662                              |
| <b>Revaluation increment</b>                       |                                  |                                  |
| - Land   | 4.1 (b) -                        | 1,039                            |
| - Buildings  | 4.1 (b) -                        | 15,169                           |
| <b>Balance at the end of the Reporting Period*</b> | <b>16,870</b>                    | <b>16,870</b>                    |
| <b>* Represented by:</b>                           |                                  |                                  |
| - Land   | 1,701                            | 1,701                            |
| - Buildings  | 15,169                           | 15,169                           |
|  | <b>16,870</b>                    | <b>16,870</b>                    |



## Note 4.4 Intangible assets

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

|  | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|-------------------------|-------------------------|
| Intangible assets - software                       | 31                      | 76                      |
| Less accumulated amortisation                      | (8)                     | (47)                    |
| <b>Total intangible produced assets - software</b> | <b>23</b>               | <b>29</b>               |
| <b>Total intangible assets</b>                     | <b>23</b>               | <b>29</b>               |

### Note 4.4 (b) Reconciliations of the carrying amount by class of asset

|                                | Note    | Software<br>\$'000 | Total<br>\$'000 |
|--------------------------------|---------|--------------------|-----------------|
| <b>Balance at 1 July 2021</b>  |         | <b>12</b>          | <b>12</b>       |
| Additions                      |         | 20                 | 20              |
| Amortisation                   | 4.5     | (3)                | (3)             |
| <b>Balance at 30 June 2022</b> | 4.4 (a) | <b>29</b>          | <b>29</b>       |
| Disposals                      |         | (4)                | (4)             |
| Amortisation                   | 4.5     | (2)                | (2)             |
| <b>Balance at 30 June 2023</b> | 4.4 (a) | <b>23</b>          | <b>23</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 - plant, equipment, furniture, fittings and motor vehicles

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

### Amortisation

Software

### Total amortisation

### Total depreciation and amortisation

### 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

| Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|-------------------------|-------------------------|
| 3,402                   | 3,278                   |
| 229                     | 221                     |
| 74                      | 85                      |
| 240                     | 243                     |
| 192                     | 229                     |
| 95                      | 98                      |
| <b>4,232</b>            | <b>4,154</b>            |
| 47                      | 38                      |
| <b>47</b>               | <b>38</b>               |
| 2                       | 3                       |
| <b>2</b>                | <b>3</b>                |
| <b>4,281</b>            | <b>4,195</b>            |

| 2023           | 2022           |
|----------------|----------------|
| 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  | 5 to 10 years  |
| 10 years       | 10 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 2023.

## 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***

***5.2 Contract assets***

***5.3 Payables***

***5.4 Contract liabilities***

***5.5 Other liabilities***

### Telling the COVID-19 story

The measurement of other assets and liabilities 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 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

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| Notes   |                         |                         |
| <b>Current receivables</b>  |                         |                         |
| <b>Contractual</b>  |                         |                         |
| Trade receivables   | 301                     | 243                     |
| Patient fees  | 437                     | 561                     |
| Allowance for impairment losses - Patient Fees                      | (50)                    | (65)                    |
| Accrued revenue   | 947                     | 623                     |
| Amounts receivable from governments and agencies                    | 6                       | 2                       |
| <b>Total contractual receivables</b>                                | <b>1,641</b>            | <b>1,364</b>            |
| <b>Statutory</b>  |                         |                         |
| Net GST receivable  | 164                     | 171                     |
| <b>Total statutory receivables</b>                                  | <b>164</b>              | <b>171</b>              |
| <b>Total current receivables</b>                                    | <b>1,805</b>            | <b>1,535</b>            |
| <b>Non-current receivables</b>                                      |                         |                         |
| <b>Contractual</b>  |                         |                         |
| Long service leave - Department of Health                           | 1,564                   | 1,384                   |
| <b>Total contractual receivables</b>                                | <b>1,564</b>            | <b>1,384</b>            |
| <b>Total non-current receivables</b>                                | <b>1,564</b>            | <b>1,384</b>            |
| <b>Total receivables</b>  | <b>3,369</b>            | <b>2,919</b>            |
| <i>(i) Financial assets classified as receivables (Note 7.1(a))</i> |                         |                         |
| Total receivables   | 3,369                   | 2,919                   |
| GST receivable  | (164)                   | (171)                   |
| Total financial assets classified as receivables                    | <b>7.1(a) 3,205</b>     | <b>2,748</b>            |

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

|                                      | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 65                      | 61                      |
| Increase in allowance                | 34                      | 46                      |
| Amounts written off during the year  | (49)                    | (42)                    |
| Balance at the end of the year       | <b>50</b>               | <b>65</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*.

### Impairment losses of contractual receivables

Refer to Note 7.2 (a) for NCN Health's contractual impairment losses.



## Note 5.2 Contract assets

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Balance at the beginning of the year</b>                           | 458                     | -                       |
| Add: Additional costs incurred that are recoverable from the customer | 1,255                   | 458                     |
| Less: Transfer to trade receivable or cash at bank                    | -                       | -                       |
| <b>Total contract assets</b>  | <b>1,713</b>            | <b>458</b>              |
| <b>* Represented by:</b>  |                         |                         |
| - Current assets  | 1,713                   | 458                     |
|   | <b>1,713</b>            | <b>458</b>              |

### How we recognise contract assets

Contract assets relate to the NCN Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

## Note 5.3 Payables

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Current payables</b>   |                         |                         |
| <b>Contractual</b>  |                         |                         |
| Trade creditors   | 1,151                   | 1,222                   |
| Accrued salaries and wages  | 332                     | 311                     |
| Accrued expenses  | 844                     | 674                     |
| Deferred capital grant income   | -                       | 156                     |
| Inter hospital creditors  | 2,337                   | 140                     |
| Amounts payable to governments and agencies                           | 6                       | 303                     |
| <b>Total contractual payables</b>                                     | <b>4,670</b>            | <b>2,806</b>            |
| <b>Total current payables</b>   | <b>4,670</b>            | <b>2,806</b>            |
| <b>Total payables</b>   | <b>4,670</b>            | <b>2,806</b>            |
| <i>(i) Financial liabilities classified as payables (Note 7.1(a))</i> |                         |                         |
| Total payables  | 4,670                   | 2,806                   |
| Deferred grant income   | -                       | (156)                   |
| Total financial liabilities classified as payables                    | <b>4,670</b>            | <b>2,650</b>            |

### How we recognise payables

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 5.3 (a) Deferred capital grant income

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Opening balance of deferred grant income</b>                                 | 156                     | 1,227                   |
| Grant consideration for capital works received during the year                  | -                       | 3,197                   |
| Deferred grant revenue recognised as revenue due to completion of capital works | (156)                   | (4,268)                 |
| <b>Closing balance of deferred grant income</b>                                 | -                       | <b>156</b>              |

#### How we recognise deferred capital grant revenue

Capital funding was brought forward in relation to Covid-19 staff amenities and kitchen garden works, plus an upgrade project for shared rooms in our Karinya facility. These projects were finalised during the year. 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.

## Note 5.4 Contract liabilities

### Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

### Total contract liabilities

### \* Represented by:

- Current contract liabilities

| Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|-------------------------|-------------------------|
| 2,556                   | 2,790                   |
| 4,128                   | 3,551                   |
| (4,193)                 | (3,785)                 |
| <b>2,491</b>            | <b>2,556</b>            |
|                         |                         |
| 2,491                   | 2,556                   |
| <b>2,491</b>            | <b>2,556</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 maturity analysis of payables.

## Note 5.5 Other liabilities

|   | Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Current monies held in trust</b>       |                         |                         |
| Patient monies                            | 19                      | 16                      |
| Refundable accommodation deposits         | 14,797                  | 13,436                  |
| Other monies held in Trust                | 497                     | 918                     |
| <b>Total current monies held in trust</b> | <b>15,313</b>           | <b>14,370</b>           |
| <b>Total other liabilities</b>            | <b>15,313</b>           | <b>14,370</b>           |
| <b>* Represented by:</b>                  |                         |                         |
| - Cash assets                             | 6.2 15,313              | 14,370                  |
|   | <b>15,313</b>           | <b>14,370</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***

### Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

## 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> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.27% and 3.30%.</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<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| <b>Note</b>                              |                                  |                                  |
| <b>Current borrowings</b>                |                                  |                                  |
| Lease liability <sup>(i)</sup>           | 339                              | 158                              |
| Advances from government <sup>(ii)</sup> | 17                               | 17                               |
| <b>Total current borrowings</b>          | <b>356</b>                       | <b>175</b>                       |
| <b>Non-current borrowings</b>            |                                  |                                  |
| Lease liability <sup>(i)</sup>           | 20                               | 15                               |
| Advances from government <sup>(ii)</sup> | 36                               | 63                               |
| <b>Total non-current borrowings</b>      | <b>56</b>                        | <b>78</b>                        |
| <b>Total borrowings</b>                  | <b>412</b>                       | <b>253</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 funds raised through lease liabilities and other non interest-bearing arrangements.

### Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

### 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 undiscounted lease liabilities  
Less unexpired finance expenses  
**Net lease liabilities**

| <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|----------------------------------|----------------------------------|
| 369                              | 178                              |
| (10)                             | (5)                              |
| <b>359</b>                       | <b>173</b>                       |

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

Not longer than one year  
Longer than one year but not longer than five years  
**Minimum future lease liability**  
Less unexpired finance expenses  
**Present value of lease liability**

| <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|----------------------------------|----------------------------------|
| 126                              | 89                               |
| 243                              | 89                               |
| <b>369</b>                       | <b>178</b>                       |
| (10)                             | (5)                              |
| <b>359</b>                       | <b>173</b>                       |

|            |            |
|------------|------------|
|            |            |
| 339        | 158        |
| 20         | 15         |
| <b>359</b> | <b>173</b> |

**\* Represented by:**

- Current liabilities
- Non-current liabilities

**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:

| <b>Type of asset leased</b> | <b>Lease term</b> |
|-----------------------------|-------------------|
| Leased vehicles             | 2 to 3 years      |

## Note 6.1 (a) Lease liabilities

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

| Type of payment           | Description of payment                 | Type of leases captured |
|---------------------------|--|-------------------------|
| Short-term lease payments | Leases with a term less than 12 months | Residential Houses      |

### 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 the 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

|   | <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| <b>Note</b>   |                                  |                                  |
| Cash on hand (excluding monies held in trust)       | 2                                | 2                                |
| Cash at bank (excluding monies held in trust)       | 1,505                            | 1,797                            |
| Cash at bank - CBS (excluding monies held in trust) | 27,025                           | 23,769                           |
| <b>Total cash held for operations</b>               | <b>28,532</b>                    | <b>25,568</b>                    |
| Cash at bank (monies held in trust)                 | 649                              | 921                              |
| Cash at bank - CBS (monies held in trust)           | 14,664                           | 13,449                           |
| <b>Total cash held as monies in trust</b>           | <b>15,313</b>                    | <b>14,370</b>                    |
| <b>Total cash and cash equivalents</b>              | <b>43,845</b>                    | <b>39,938</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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Capital expenditure commitments</b>                      |                         |                         |
| Less than one year  | 3,566                   | 292                     |
| <b>Total capital expenditure commitments</b>                | <b>3,566</b>            | <b>292</b>              |
| <b>Total commitments for expenditure (inclusive of GST)</b> | <b>3,566</b>            | <b>292</b>              |
| Less GST recoverable from Australian Tax Office             | (324)                   | (27)                    |
| <b>Total commitments for expenditure (exclusive of GST)</b> | <b>3,242</b>            | <b>265</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.

### Short term and low value leases

NCN Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. 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 and non-specialised buildings, 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, equipment, furniture, fittings, vehicles and right-of-use 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

**Total**  
**30 June 2023**

#### Contractual Financial Assets

Cash and Cash Equivalents

Receivables

**Total Financial Assets<sup>i</sup>**

#### Financial Liabilities

Payables

Borrowings

Other Financial Liabilities - Refundable Accommodation Deposits

Other Financial Liabilities - Other Deposits

Other Financial Liabilities - Patient monies held in trust

**Total Financial Liabilities<sup>i</sup>**

|  |      | Financial Assets at<br>Amortised Cost | Financial Liabilities<br>at Amortised Cost | Total         |
|--|------|---------------------------------------|--|---------------|
|  | Note | \$'000                                | \$'000                                     | \$'000        |
|  | 6.2  | 43,845                                | -  | 43,845        |
|  | 5.1  | 3,205                                 | -  | 3,205         |
|  |      | <b>47,050</b>                         | <b>-</b>                                   | <b>47,050</b> |
|  |      |                                       |  |               |
|  | 5.3  | -                                     | 4,670                                      | 4,670         |
|  | 6.1  | -                                     | 412  | 412           |
|  | 5.5  | -                                     | 14,797                                     | 14,797        |
|  | 5.5  | -                                     | 497  | 497           |
|  | 5.5  | -                                     | 19   | 19            |
|  |      | <b>-</b>                              | <b>20,395</b>                              | <b>20,395</b> |

## Note 7.1 (a) Categorisation of financial instruments

| Total   |      | Financial Assets at | Financial Liabilities |               |
|---|------|---------------------|-----------------------|---------------|
| 30 June 2022  |      | Amortised Cost      | at Amortised Cost     | Total         |
|   | Note | \$'000              | \$'000                | \$'000        |
| <b>Contractual Financial Assets</b>                             |      |                     |                       |               |
| Cash and cash equivalents                                       | 6.2  | 39,938              | -                     | 39,938        |
| Receivables   | 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  | 5.3  | -                   | 2,650                 | 2,650         |
| Borrowings  | 6.1  | -                   | 253                   | 253           |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5  | -                   | 13,436                | 13,436        |
| Other Financial Liabilities - Patient monies held in trust      | 5.5  | -                   | 16                    | 16            |
| Other Financial Liabilities - Other monies held in trust        | 5.5  | -                   | 918                   | 918           |
| <b>Total Financial Liabilities<sup>i</sup></b>                  |      | <b>-</b>            | <b>17,273</b>         | <b>17,273</b> |

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

## 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 and interest rate 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 2022-23.

### 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:

| 30 June 2023                                     |     |      | Current | Less than 1 month | 1–3 months | 3 months –1 year | 1–5 years | Total  |
|--|-----|------|---------|-------------------|------------|------------------|-----------|--------|
|  |     |      | \$'000  | \$'000            | \$'000     | \$'000           | \$'000    | \$'000 |
| Expected loss rate                               |     |      | 0.0%    | 0.0%              | 10.0%      | 73.0%            | 0.0%      |        |
| Gross carrying amount of contractual receivables | 5.1 |      | 1,521   | 87                | 17         | 66               | 0         | 1,691  |
| Loss allowance                                   |     |      | -       | -                 | (2)        | (48)             | -         | (50)   |
| 30 June 2022                                     |     |      | Current | Less than 1 month | 1–3 months | 3 months –1 year | 1–5 years | Total  |
|  |     |      | \$'000  | \$'000            | \$'000     | \$'000           | \$'000    | \$'000 |
| Expected loss rate                               |     |      | 0.0%    | 0.0%              | 2.0%       | 36.0%            | 0.0%      |        |
| Gross carrying amount of contractual receivables | 5.1 | Note | 1,644   | 37                | 26         | 180              | 0         | 1,887  |
| Loss allowance                                   |     |      | -       | -                 | (1)        | (65)             | -         | (65)   |

**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 2023</b>   |      |                 |                |                   |            |                   |              |
| Payables  | 5.3  | 4,670           | 4,670          | 4,670             | -          | -                 | -            |
| Borrowings  | 6.1  | 412             | 412            | -                 | -          | -                 | 412          |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5  | 14,797          | 14,797         | 14,797            | -          | -                 | -            |
| Other Financial Liabilities - Patient monies held in trust      | 5.5  | 19              | 19             | -                 | -          | 19                | -            |
| Other Financial Liabilities - Other monies held in trust        | 5.5  | 497             | 497            | -                 | -          | 497               | -            |
| <b>Total Financial Liabilities</b>                              |      | <b>20,395</b>   | <b>20,395</b>  | <b>19,467</b>     | <b>-</b>   | <b>516</b>        | <b>412</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 2022</b>   |      |                 |                |                   |            |                   |              |
| <b>Financial Liabilities at amortised cost</b>                  |      |                 |                |                   |            |                   |              |
| Payables  | 5.3  | 2,650           | 2,650          | 2,650             | -          | -                 | -            |
| Borrowings  | 6.1  | 253             | 253            | 7                 | 21         | 63                | 162          |
| Other Financial Liabilities - Refundable Accommodation Deposits | 5.5  | 13,436          | 13,436         | 13,436            | -          | -                 | -            |
| Other Financial Liabilities - Patient monies held in trust      | 5.5  | 16              | 16             | -                 | -          | 16                | -            |
| Other Financial Liabilities - Other monies held in trust        | 5.5  | 918             | 918            | -                 | -          | 918               | -            |
| <b>Total Financial Liabilities</b>                              |      | <b>17,273</b>   | <b>17,273</b>  | <b>16,093</b>     | <b>21</b>  | <b>997</b>        | <b>162</b>   |

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

## **Note 7.2 (c) Market risk**

NCN Health's exposure to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

### **Sensitivity disclosure analysis and assumptions**

NCN Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Terang and Mortlake Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 2.5% up or down

### **Interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. NCN Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. NCN Health has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

### **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<br>30 June 2023<br>\$'000 | Fair value measurement at end of reporting period using: |                                |                                |
|---|---------|---|--|--------------------------------|--------------------------------|
|   |         |   | Level 1 <sup>i</sup><br>\$'000                           | Level 2 <sup>i</sup><br>\$'000 | Level 3 <sup>i</sup><br>\$'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   |         | 87,267  | -  | -                              | 87,267                         |
| <b>Total buildings at fair value</b>  | 4.1 (a) | <b>87,868</b>                                   | <b>-</b>   | <b>601</b>                     | <b>87,267</b>                  |
| Plant and equipment   | 4.1 (a) | 1,087   | -  | -                              | 1,087                          |
| Motor vehicles  | 4.1 (a) | 211   | -  | -                              | 211                            |
| Medical equipment   | 4.1 (a) | 1,013   | -  | -                              | 1,013                          |
| Computer equipment  | 4.1 (a) | 382   | -  | -                              | 382                            |
| Furniture and fittings  | 4.1 (a) | 479   | -  | -                              | 479                            |
| <b>Total plant, equipment, furniture, fittings and vehicles at fair value</b> |         | <b>3,172</b>                                    | <b>-</b>   | <b>-</b>                       | <b>3,172</b>                   |
| Right of use assets   | 4.2 (a) | 368   | -  | -                              | 368                            |
| <b>Total right-of-use assets at fair value</b>                                |         | <b>368</b>                                      | <b>-</b>   | <b>-</b>                       | <b>368</b>                     |
| <b>Total non-financial physical assets at fair value</b>                      |         | <b>96,031</b>                                   | <b>-</b>   | <b>1,127</b>                   | <b>94,904</b>                  |

|   |         | Total carrying amount<br>30 June 2022<br>\$'000 | Fair value measurement at end of reporting period using: |                                |                                |
|---|---------|---|--|--------------------------------|--------------------------------|
|   |         |   | Level 1 <sup>i</sup><br>\$'000                           | Level 2 <sup>i</sup><br>\$'000 | Level 3 <sup>i</sup><br>\$'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   | 4.1 (a) | 1,108   | -  | -                              | 1,108                          |
| Motor vehicles  | 4.1 (a) | 224   | -  | -                              | 224                            |
| Medical equipment   | 4.1 (a) | 1,185   | -  | -                              | 1,185                          |
| Computer equipment  | 4.1 (a) | 353   | -  | -                              | 353                            |
| Furniture and fittings  | 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   | 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>                  |

<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.

NCN Health has assumed the current use of a non-financial 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 (current replacement cost).

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

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (current replacement 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 2023.

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

|  | Note    | Land<br>\$'000 | Buildings<br>\$'000 | Plant, equipment,<br>vehicles, furniture<br>& fittings<br>\$'000 | Right of Use Assets<br>\$'000 |
|--|---------|----------------|---------------------|--|-------------------------------|
| <b>Total</b>                                   |         |                |                     |  |                               |
| <b>Balance at 1 July 2021</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   | -                             |
| Gains/(Losses) recognised in net result        |         |                |                     |  |                               |
| - 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>                 | 7.4 (a) | <b>4,097</b>   | <b>90,183</b>       | <b>3,421</b>   | <b>181</b>                    |
| Additions/(Disposals)                          |         | -              | 486                 | 525  | 234                           |
| Net Transfers between classes                  |         | -              | -                   | 56   | -                             |
| - Depreciation and Amortisation                |         | -              | (3,402)             | (830)  | (47)                          |
| <b>Balance at 30 June 2023</b>                 | 7.4 (a) | <b>4,097</b>   | <b>87,267</b>       | <b>3,172</b>   | <b>368</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)                        |
|-----------------------------------|-----------------------------------|--|
| Specialised land (Crown/freehold) | Market approach                   | Community Service Obligations Adjustments <sup>(i)</sup> |
| Specialised buildings             | Current replacement cost approach | - Cost per square metre<br>- Useful life                 |
| Dwellings                         | Current replacement cost approach | - Cost per square metre<br>- Useful life                 |
| Vehicles                          | Current replacement cost approach | - Cost per unit<br>- Useful life                         |
| Plant and equipment               | Current replacement cost approach | - Cost per unit<br>- 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 Joint arrangements***

***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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|--|------|-------------------------|-------------------------|
|  | Note |                         |                         |
| <b>Net result for the year</b>                           |      | 123                     | 524                     |
| <b>Non-cash movements:</b>                               |      |                         |                         |
| (Gain)/Loss on sale or disposal of non-financial assets  | 3.2  | (20)                    | (40)                    |
| Depreciation and amortisation of non-current assets      | 4.5  | 4,281                   | 4,195                   |
| Bad and doubtful debt expense                            | 3.2  | (15)                    | 4                       |
| Discount (interest) / expense on loan                    |      | 1                       | (3)                     |
| Other non-cash movements                                 |      | (42)                    | (48)                    |
| <b>Movements in Assets and Liabilities:</b>              |      |                         |                         |
| (Increase)/Decrease in receivables and contract assets   |      | (1,690)                 | (494)                   |
| (Increase)/Decrease in inventories                       |      | 16                      | (14)                    |
| (Increase)/Decrease in prepaid expenses                  |      | (166)                   | 190                     |
| Increase/(Decrease) in payables and contract liabilities |      | 1,799                   | (1,177)                 |
| Increase/(Decrease) in employee benefits                 |      | 772                     | 395                     |
| Increase/(Decrease) in other liabilities                 |      | (418)                   | 185                     |
| <b>Net cash inflow from operating activities</b>         |      | <b>4,641</b>            | <b>3,717</b>            |

## Note 8.2 Responsible person disclosures

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

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1<sup>st</sup> of November and new ministers were sworn in on the 5<sup>th</sup> of December.

|   | <b>Period</b>            |
|---|--------------------------|
| The Honourable Mary-Anne Thomas MP                |                          |
| Minister for Health                               | 1 Jul 2022 - 30 Jun 2023 |
| Minister for Health Infrastructure                | 5 Dec 2022 - 30 Jun 2023 |
| Minister for Medical Research                     | 5 Dec 2022 - 30 Jun 2023 |
| Former Minister for Ambulance Services            | 1 Jul 2022 - 5 Dec 2022  |
| The Honourable Gabrielle Williams MP              |                          |
| Minister for Mental Health                        | 1 Jul 2022 - 30 Jun 2023 |
| Minister for Ambulance Services                   | 5 Dec 2022 - 30 Jun 2023 |
| The Honourable Lizzy Blandthorn MP                |                          |
| Minister for Disability, Ageing and Carers        | 5 Dec 2022 - 30 Jun 2023 |
| The Honourable Colin Brooks MP                    |                          |
| Former Minister for Disability, Ageing and Carers | 1 Jul 2022 - 5 Dec 2022  |
| <b>Governing Boards</b>                           |                          |
| Ms Tricia Quibell (Chair of the Board)            | 1 Jul 2022 - 30 Jun 2023 |
| Mr Kade Beasley                                   | 1 Jul 2022 - 30 Jun 2023 |
| Mr Mewan Dissanayake                              | 1 Jul 2022 - 30 Jun 2023 |
| Ms Alicia Cunningham                              | 1 Jul 2022 - 30 Jun 2023 |
| Ms Kate Hodge                                     | 1 Jul 2022 - 30 Jun 2023 |
| Ms Sally Squire                                   | 1 Jul 2022 - 30 Jun 2023 |
| Ms Priyanka Saha                                  | 1 Jul 2022 - 30 Jun 2023 |
| Mr Kevin Boote                                    | 1 Jul 2022 - 30 Jun 2023 |
| <b>Accountable Officers</b>                       |                          |
| Ms Jacque Phillips                                | 1 Jul 2022 - 30 Jun 2023 |

### Remuneration of Responsible Persons

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

#### Income Band

\$10 - \$19,999

\$340,000 - \$349,999

\$360,000 - \$369,999

#### Total Numbers

| Total<br>2023<br>No     | Total<br>2022<br>No     |
|-------------------------|-------------------------|
| 8                       | 13                      |
| -                       | 1                       |
| 1                       | -                       |
| 9                       | 14                      |
|                         |                         |
| Total<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
| \$416                   | \$393                   |

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

#### Total remuneration <sup>i</sup>

Total number of executives

Total annualised employee equivalent <sup>ii</sup>

| Total Remuneration |                |
|--------------------|----------------|
| 2023<br>\$'000     | 2022<br>\$'000 |
| 909                | 931            |
| 84                 | 90             |
| 26                 | 29             |
| <b>1,019</b>       | <b>1,050</b>   |
|                    |                |
| 7                  | 7              |
| 6.0                | 7.0            |

<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 | Ms Tricia Quibell     | Board Chair                                  |
| NCN Health | Mr Kade Beasley       | Board Member                                 |
| NCN Health | Mr Mewan Dissanayake  | Board Member                                 |
| NCN Health | Ms Alicia Cunningham  | Board Member                                 |
| NCN Health | Ms Kate Hodge         | Board Member                                 |
| NCN Health | Ms Sally Squire       | Board Member                                 |
| NCN Health | Ms Priyanka Saha      | Board Member                                 |
| NCN Health | Mr Kevin Boote        | Board Member                                 |
| NCN Health | Ms Jacque Phillips    | Chief Executive Officer                      |
| NCN Health | Ms Nicole Cason       | Director People and Culture                  |
| NCN Health | Ms Ali Beatson        | Director Clinical Services (Nathalia)        |
| NCN Health | Mr Abhi Dolar         | Director Clinical Services (Numurkah)        |
| NCN Health | Ms Catherine Church   | Acting Director Clinical Services (Numurkah) |
| NCN Health | Ms Carolyn Hargreaves | Director Clinical Services (Cobram)          |
| NCN Health | Mr Justin Sullivan    | Director Corporate Services                  |
| NCN Health | Ms Michelle Butler    | Director Quality, Risk & Performance         |

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<br>2023<br>\$'000 | Total<br>2022<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Compensation - KMPs</b>                |                         |                         |
| Short-term Employee Benefits <sup>i</sup> | 1,285                   | 1,291                   |
| Post-employment Benefits                  | 113                     | 115                     |
| Other Long-term Benefits                  | 37                      | 37                      |
| <b>Total<sup>ii</sup></b>                 | <b>1,435</b>            | <b>1,443</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 \$34.28 m (2022: \$35.57 m) and indirect contributions of \$0.414 m (2022: \$0.59 m). Balances recallable as at 30 June 2023 are \$2.27 m (2022 \$0.28 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 2023 (2022: none).

There were no related party transactions required to be disclosed for NCN Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

## Note 8.5 Remuneration of Auditors

### Victorian Auditor-General's Office

Audit of the financial statements

**Total remuneration of auditors**

| <b>Total<br/>2023<br/>\$'000</b> | <b>Total<br/>2022<br/>\$'000</b> |
|----------------------------------|----------------------------------|
| 35                               | 37                               |
| <b>35</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 |           |
|-----------------------------|---------------------------------|--------------------|-----------|
|                             |                                 | 2023<br>%          | 2022<br>% |
| Hume Region Health Alliance | Information Technology Services | 7.64               | 8.95      |

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:

|                                      | 2023<br>\$'000 | 2022<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Current assets</b>                |                |                |
| Cash and cash equivalents            | 953            | 1,164          |
| Receivables                          | 109            | 108            |
| Prepaid expenses                     | 24             | 24             |
| <b>Total current assets</b>          | <b>1,086</b>   | <b>1,296</b>   |
| <b>Non-current assets</b>            |                |                |
| Property, plant and equipment        | 10             | 16             |
| Leased Assets                        | 25             | 21             |
| Intangible Assets                    | 3              | 10             |
| <b>Total non-current assets</b>      | <b>38</b>      | <b>47</b>      |
| <b>Total assets</b>                  | <b>1,124</b>   | <b>1,343</b>   |
| <b>Current liabilities</b>           |                |                |
| Payables                             | 407            | 319            |
| Monies in Trust                      | 237            | 352            |
| Lease Liability                      | 5              | 6              |
| <b>Total current liabilities</b>     | <b>649</b>     | <b>677</b>     |
| <b>Non-current liabilities</b>       |                |                |
| Lease Liability                      | 20             | 15             |
| <b>Total non-current liabilities</b> | <b>20</b>      | <b>15</b>      |
| <b>Total liabilities</b>             | <b>669</b>     | <b>692</b>     |
| <b>Net assets</b>                    | <b>455</b>     | <b>651</b>     |
| <b>Equity</b>                        |                |                |
| Accumulated surplus                  | 455            | 651            |
| <b>Total equity</b>                  | <b>455</b>     | <b>651</b>     |

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

|   | <b>2023</b>   | <b>2022</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Revenue</b>                            |               |               |
| Operating Activities                      | 507           | 584           |
| Non Operating Activities                  | 25            | 2             |
| Capital Purpose Income                    | 17            | 33            |
| <b>Total revenue</b>                      | <b>549</b>    | <b>619</b>    |
| <b>Expenses</b>                           |               |               |
| Employee Benefits                         | 197           | 197           |
| Other Expenses from Continuing Operations | 305           | 366           |
| Finance Lease Charges                     | -             | 1             |
| Depreciation                              | 18            | 20            |
| Capital Purpose Expenditure               | 45            | 31            |
| <b>Total expenses</b>                     | <b>565</b>    | <b>615</b>    |
| <b>Net result</b>                         | <b>(16)</b>   | <b>4</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.



**Nathalia Campus**

36-44 McDonnell St, Nathalia VIC  
3638

**T** (03) 5866 9444

**E** [ncnnathalia@ncnhealth.org.au](mailto:ncnnathalia@ncnhealth.org.au)

**Cobram Campus**

24-32 Broadway St, Cobram VIC  
3644

PO Box 252, Cobram VIC 3644

**T** (03) 5871 0777

**E** [ncncobram@ncnhealth.org.au](mailto:ncncobram@ncnhealth.org.au)

**Numurkah Campus**

2 Katamatite Rd, Numurkah VIC  
3636

PO Box 128, Numurkah VIC 3636

**T** (03) 5862 0555

**E** [ncnnumurkah@ncnhealth.org.au](mailto:ncnnumurkah@ncnhealth.org.au)