



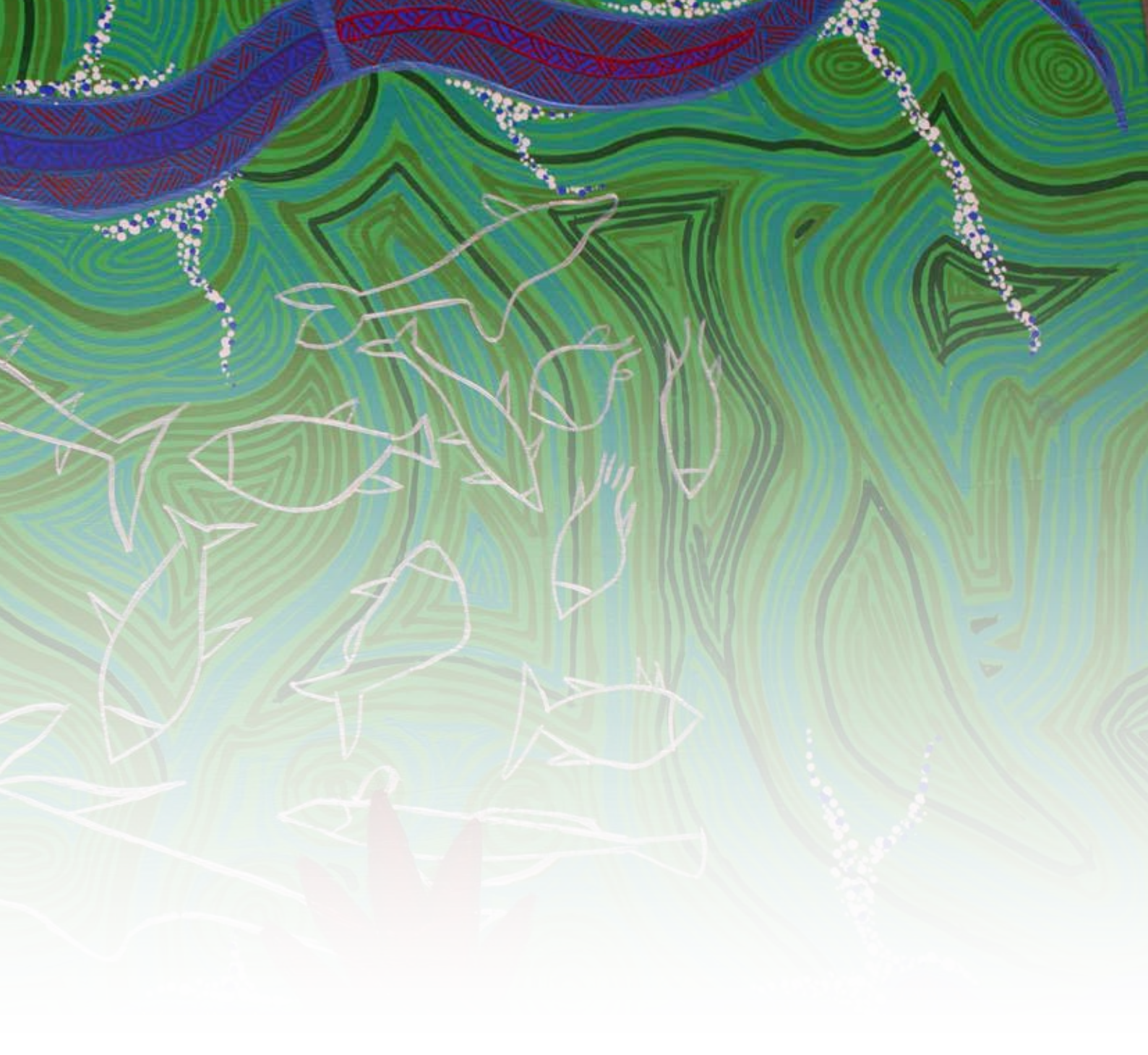
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HUNTER NEW ENGLAND
AND CENTRAL COAST

An Australian Government Initiative

2018 ANNUAL REPORT







CONTENTS

ABOUT US
CHAIRS REPORT
CEOS REPORT
OUR BOARD
HIGHLIGHTS AND ACHIEVEMENTS
FINANCIAL REPORTS



ABOUT US

Hunter New England Central Coast Primary Health Network (HNECC PHN) is a not for profit organisation primarily funded by the Commonwealth government to improve the efficiency and effectiveness of the primary health care system by commissioning services.

The term “primary health care” generally covers all healthcare services provided outside of the hospital environment.



WHAT WE DO

- We work to achieve **better access** to primary health care by identifying and addressing service gaps
- We **commission** (fund) providers to deliver and improve health services for patients identified as being most in need of primary health care
- We aim to **improve patient journeys** by supporting GPs and primary care clinicians to deliver services that help patients avoid hospital care and promote self care
- We support the development of **innovative models of care** to help clinicians attain the highest standards in performance, safety and quality
- We work with general practices to understand and make meaningful use of Digital Health systems



CHAIRS REPORT

In my third year as Chair of Hunter New England and Central Coast PHN it has become clear that the rapid and evolving pace of change that was evident in our inaugural year of operations has not slowed down.

There is no doubt that a constantly changing environment can create challenges for an organisation, but as the level of activity and achievements in this report demonstrates, our organisation has clearly met this challenge.

One particularly challenging aspect for an organisation is communicating to our many stakeholders about these changes, about our achievements as well as about some of the innovative solutions we have developed. Our approach is to use stories which can be an effective communication tool. Stories arouse people's curiosity and we are using stories to explain more clearly and concisely what we are doing and more importantly why we are doing it.

In his report, our CEO Richard Nankervis has written about the diverse range of programs we plan and fund. I would particularly like to highlight the programs and services we have been delivering to Aboriginal communities living within our region. Aboriginal Australia has been using stories and yarning as a way to pass on history and knowledge for tens of thousands of years.

During the year we were very pleased to once again sign up as partners with the Central Coast Local Health District and Yerin Aboriginal Health Services to the Central Coast Aboriginal Health Plan for 2017 -2020. In signing this plan with our partners, we have committed to not only work together to improve the physical



“As integrators within the health system we are playing a key role in closing the gap”.

health of Aboriginal communities, but we are also educating non-Aboriginal health service providers.

As integrators within the health system we are playing a key role in closing the gap in health inequities by ensuring the health services we plan, and commission are done in a culturally responsive manner. Our commissioning of health services is helping to embed cultural respect principles into our region's primary health care system by actively involving the people who receive the health services we fund, as well as our staff and our service providers.

On the ground we are improving the capacity and capabilities of the Aboriginal health workforce by assisting Aboriginal people across

our region to gain qualifications in Aboriginal Health, Drug & Alcohol and Mental Health. We have worked with NSW Ambulance to develop specific care plan information for Aboriginal patients with chronic illness. We have also partnered with BreastScreen NSW to provide culturally responsive cancer screening clinics.

We look forward in the next year to launching an Aboriginal Cultural Framework that will provide our service providers, partners and ourselves with a guide to help deliver quality, culturally safe, responsive health care to Aboriginal communities across our region and thereby contribute where we can towards Closing the Gap.



CEO'S REPORT

The past financial year was the last in our inaugural three year contract with the Commonwealth Department of Health. While it is pleasing to report that we have now entered a second three year funding agreement, the purpose of this Annual Report is to detail our activity during the 2017-18 financial year.

In the following pages of this report you will discover that we have chosen to use a combination of an achievement snapshot and stories to highlight many of our achievements. For our stories, we have chosen to use two mediums to communicate these. The first is the traditional written report which you are reading now, but we have also produced a number of video reports, and I would encourage you to view these on our YouTube channel. The channel can be accessed by searching for HNECCPHN on YouTube.

Why are we using stories? ... because they connect with us more deeply and transform our perceptions about what is possible. Stories can persuade. Research has shown that stories are more successful in communicating new ideas than arguments based on data, facts and figures. Research also shows that when we combine data with a narrative, people are engaged and connected on both an intellectual and emotional level.

A key role for Primary Health Networks is to make reforms to our health system. Our stories illustrate that in reality there is no single Hunter New England Central Coast region, rather our Primary Health Network is made up of many smaller communities and we are working in these communities to create change through partnerships. Partnerships allow us to create stronger impacts and produce results that we could not achieve by ourselves.

For our small HNECC PHN team, the achievements in the past financial year have been remarkable. Amongst these achievements, across our core areas of business, HNECC PHN has commissioned \$37 million in services for local communities, supported 442 general practices, signed off alliance integrated care partnerships with Hunter New England and Central Coast Local Health Districts, and implemented 222 new local Health Pathways to help clinicians simplify patient

journeys. We have engaged with people and communities across the region through education events, peoplebank consultations, forums, workshops and surveys. Importantly, as our Chair Jane Schwager AO has reported, this has included pleasing development and implementation of our work with Aboriginal communities.

In reflecting back on the last year of our inaugural three year contract, the scale and innovation in the achievements and stories reflect the commitment of the HNECC PHN team and Board, as well as clinicians, providers, consumers and stakeholders across the region. All involved are helping to create healthy people and healthy communities.



OUR BOARD

Ms Jane Louise Schwager AO - Chairperson

Jane has led both government departments and national not-for-profit organizations and is now working independently as a Board Director and Tribunal member.

Previously Jane worked in the Departments of Health, Community Services, Ageing and Disability and Treasury in the NSW Government. Her roles included Director General of the NSW Department of Ageing and Disability and the NSW Social Policy Directorate.

Jane's achievements have been acknowledged through a number of awards including an Order of Australia (AO) in 2009 for services to not-for profits and government, a recipient of a 2003 Centenary Medal for Services to Australian Society in Business Leadership and a recipient of the Harvard Club of Australia Non Profit Fellowship in 2001.

Dr David Stewart Briggs - Deputy Chairperson

David has a Bachelor of Health Administration, Master of Health Management(hons), PhD (UNE) and an honorary Doctorate in Public Health (Naresuan University, Thailand).

David is a Fellow of the Australasian College of Health Service Management, a Foundation Fellow of the Hong Kong College of Health Service Executives, Adjunct Associate Professor, Rural Medical School and the School of Health, University of New England and Naresuan University College of Health Systems Management, Thailand, Editor, Asia Pacific Journal of Health Management.

David's has extensive senior management experience in the public health sector, which includes Chair, New England Medicare Local, CEO of a large Area Health Service, General Manager of a District

Health Service, and CEO of a 300-bed acute regional referral hospital. He has had extensive experience in both rural and community health services and in the accreditation of health and aged care services. David is currently engaged in consultancy, research and publications in the health sector, most recently in primary health care, in the Asia Pacific as well as Australia.

OUR BOARD

Dr Grahame Robert Deane AM

Grahame is a Rural Procedural General Practitioner with over 30 years' experience in rural general practice (MBBS, DACOG, FRACGP, FACRRM, DRANZCOG (Advanced)).

Grahame has vast experience as a Board Director including over 15 years as a Director on the Barwon Division of General Practice (10 years as Chair), 10 years as a Director on the NSW Rural Doctors Network (3 years as Chair), a past Director of the Australian Rural Workforce Agency Group and a past Director of Gunnedah Rural Health.

Grahame was the Inaugural recipient of the Dr Aloizos Medal for Outstanding Individual Contribution to the Divisions Network (National) and is a recipient of the RDAA Australian Rural Doctor of the Year (2011) and is a Member of the Order of Australia.

Mr Graham John McGuinness OAM

Graham has a Bachelor of Health Administration degree, Post Graduate Diploma in Personnel Management & Industrial Relations and was a past President and current Fellow of the Australian College of Health Service Executives.

Grahame has extensive Board Director and consultancy experience at the executive level with over 50 years' experience in the healthcare industry, including the previous positions of CEO Central Coast Area Health Service, CEO Brisbane Waters Private Hospital and NSW Manager Nova Health.

Directorships include:

- Board Director of the Central Coast Local Health District
- Chair of the Central Coast Community Care Association (an aged care organisation).
- Chair of Employment & Training Australia.
- Board Director of the Central Coast Hospice and Palliative Care Foundation.
- Board Director of Regional Development Australia
- Board Director of PACE Limited
- Board of Salvation Army Regional Advisory Board
- Board Director Brisbane Waters (NSW) Legacy

Dr Trent Anthony Watson

Dr Trent Watson is CEO of Ethos Health, a multidisciplinary health and safety business based in Newcastle and Hunter region.

Trente combines this work with the HNECC Board appointments, along with a number of other appointments including Conjoint Senior Lecturer in the School of Health Sciences University of Newcastle, Chair of the NSW Mineral Council Obesity subcommittee and media spokesperson with the Dietitians Association of Australia.

Trent was a former Director (2012 – 2015) and Chairperson (2014 – 2015) of the Hunter Medicare Local.

Trent completed his undergraduate studies and PhD in nutrition and dietetics at the University of Newcastle, and has continued his research interests in workplace health, with a special interest in obesity, obesity-related lifestyle disease, and fatigue.

Mrs Elizabeth Christine Ward

Elizabeth is a Physiotherapist and Hand Therapist. Elizabeth is Chair of the Safety Quality and Performance Committee of the PHN, and a member of the Remuneration and Governance Committee.

Currently Elizabeth is the Practice Principal and Director of Coastal Physiotherapy Clinic and Coastal Hand Clinic and a Director of Core Health Pty Ltd. She is also the Vice President of the NSW Physiotherapy Council and Chair of the Complaints and Notifications Committee (current term 2018-2021) and was previously Deputy Physiotherapist in Charge Central Coast Area Health Service (1985-1995).

Directorships have included:

- Vice President of the Australian Hand Therapy Association (AHTA) (2006-2010)
- Chair of the AHTA Research Subcommittee and Scholarship Committee (2006-2010)
- Chair of the AHTA Governance Committee (2010-2014).

Elizabeth is currently on the inaugural Credentialing Council of the AHTA, and has worked to establish the credential of AHTA Accredited Hand Therapist in Australia over the last three years.

Elizabeth has a Bachelor of Science (UNSW), Post Graduate Diploma of Physiotherapy (USyd), Master of Public Health (USyd) majoring in health care management and health promotion, Master of Health Science – Physiotherapy (USyd), Graduate of the Australian Institute of Company Directors.

Mr Michael DiRienzo

Michael is the Chief Executive of Hunter New England Health and is responsible for all services across the district from small rural community health centres to major tertiary referral hospitals.

With over 17,000 staff and an expenditure budget of \$2.3 billion per annum, Hunter New England Health provides services to a community of approximately 1 million people across an area of 130,000 square kilometres.

Dr Belinda Jane Guest

Belinda is a General practitioner (BMed, BMedSc (Hons), DCH, FRACGP, GAICD) and a member of the RACGP National Standing Committee for GP Advocacy and Support.

Belinda was previously Chairperson for General Practice Registrars Australia.

Mr Anthony Ashby

Anthony is a Chartered Accountant, Registered Company Auditor and has over 20 years domestic and international experience in public accounting (CA, RCA, B.Comm), with industry specialisation within the NFP and NGO sectors.

Anthony is an experienced Board Director, current Board roles include; Indigenous Business Australia, Indigenous Land Corporation, National Centre of Indigenous Excellence.

Dr Andrew Montague

Andrew has a MBBS, BSc (Medicine), FRACGP, MHA, FRACMA and is currently the Chief Executive of Central Coast Local Health District.

Andrew has extensive clinical and senior management experience within the health sector in both QLD and NSW.

Andrew has previously worked as a General Practitioner, Director of Medical Services, Mercy Health and Aged Care Central Queensland; Deputy Director of Medical Services, Royal North Shore Hospital, Director of Medical Services Northern Beaches Health Service and Executive Director Operations for Northern Sydney Local Health District. He is a Board Member of Healthshare NSW Health and member of NSW Health e health Executive Council.

Mr Bradley Twynham

Brad is a Technology Entrepreneur and Innovator, Strategy Consultant and Investor/Board Director with over 25 years working and consulting in the areas of enterprise technology adoption and enterprise operating model transformation.

Brad has previously acted in roles ranging from CEO to Corporate Development to Technology Strategy Consulting and is currently an investor in a number of companies focused on preventative health care, he resides on a number of Boards and acts as a Board Advisor.

Brad is a Member of the Central Coast Medical Precinct Task Force which is a Federal Government Initiative focused on the Economic Development of the Central Coast Region. He is also a Board Member

of the Central Coast Montessori Primary School, member of The Institute of Company Directors and Director Institute and also holds a number of International Memberships with Information Technology and Health Care Technology working groups and think tanks.

12 Months of Achievement

HIGHLIGHTS SNAPSHOT

2017-2018

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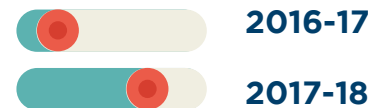
\$37m

allocated to services that meet the needs of local communities.



200%

increase in monthly visits to HealthPathways by clinicians to help patients navigate the health system based on their care needs.



222



new localised Health Pathways created to help clinicians simplify patient journeys.



12,500

Primary Allied Health sessions delivered to small communities where there is often little to no access to specialist services.

TEN

nurses recruited to be trained in cervical screening, including Aboriginal communities where participation rates are low.



2.7k



engaged via peoplebank through 33 surveys and 19 forums to consult communities on local health services.

442



General Practices supported, with formal support plans in place or being developed for 72% of them.

In partnership with Ambulance NSW, education and stakeholder engagement activities has resulted in triple the uptake of Ambulance Care Plans, minimising the potential for people to be hospitalised unnecessarily.



464



Education events held by the PHN (or in partnership) for local clinicians on sector-informed subjects.



359

participants in face-to-face workshops to co-design Youth Complex services and Mental Health program redesign.



10x



number of people using Patient Info, giving evidence-based, accurate information for diagnosed conditions.



100%

of staff completed Cultural Competency training as part of our commitment to Aboriginal Cultural Safety.



Healthy People | Healthy Communities

hneccphn.com.au

HIGHLIGHTS AND ACHIEVEMENTS

Certificate IV course in Drug and Alcohol for Aboriginal workers



During the year the PHN helped 25 local Aboriginal people complete a Certificate IV course in Drug and Alcohol, with the option of completing additional units to also obtain a Certificate IV in Mental Health.

Like all Australians, Aboriginal people are at risk of health and social problems associated with alcohol and drug use. However, for Aboriginal people, cultural differences can mean they face barriers in accessing culturally safe alcohol and drug services. We also know that Aboriginal people are under-represented in the health workforce.

For Aboriginal people, health is not just their physical well-being, it is also the social, emotional and cultural well-being of the whole community in which they live. Therefore the PHN recognises it is very important that if we are to close the gap in Aboriginal health we need to get more Aboriginal people working in the health field.

COPD Alliance

The COPD Alliance is a joint program we have undertaken with the Hunter New England Local Health District and it brings Specialists and GPs together to help patients manage their lung condition.

The group program involves multidisciplinary education on risk factor reduction, safe levels of exercise, self-management and monitoring strategies.

HNE 'Smart' e-Referral System

"Smart" e-Referral is a change in the way referrals and clinical communication is conducted between GPs, Specialists, Allied Health professionals and public hospital outpatient systems.

This system integrates locally agreed clinical management and referral information from HNE HealthPathways and specialist pre-requisites for referral triage. HNE Smart e-Referral is benefiting patients through streamlining the referral link between health professionals and providing issue-based referrals that contain enhanced data quality and enable early urgency triaging.

Ambulance Care Plans for Aboriginal People

Empowering Aboriginal communities to make better use of ambulance services is one way the Primary Health Network is working to close the gap in health outcomes for Aboriginal communities across the Hunter New England region.

Following consultations with Aboriginal Medical Services it became evident that Aboriginal communities had very limited knowledge and understanding of how the Ambulance service could help them to access Authorised Care Plans for palliative and chronic and complex disease patients. GPs wanted some way of explaining what the care plans were and how they could help Aboriginal people achieve better and more patient centred care.

Building on these consultations with the Aboriginal Medical Services, the PHN arranged meetings with Aboriginal Elders to discuss the perception of ambulance services. Following those meetings it became clear that there was a need to design a culturally appropriate information sheet that would inform the Aboriginal community about the plans and how the ambulance service could support them should they need to contact triple zero.

Healthy Weight Initiative



The PHN is developing and trialling a model of care for General Practice to support people to reach a healthy weight and reduce their risk of chronic disease.

Research shows that tackling obesity and unhealthy weight requires a multifaceted approach, as the causes of weight gain may relate to a range of physiological, social, genetic, environmental and psychological factors.

The model is taking an inclusive approach to interventions, with multiple sectors and organisations included in the initiative to support people to reach and maintain a healthy weight.



Youth Complex Mental Health Services

This year the PHN commissioned new early intervention services to meet the needs of young people with, or at risk of, severe mental illness.

The new services will focus on integration and ensuring linkages with primary health care and in particular between GPs and specialist services including those provided by Local Health Districts, Aboriginal Community Controlled Health Organisations (ACCHO), NGOs and education providers.

All these services will be delivered through existing headspace centres in Tamworth, Maitland and Gosford. The commissioning of these new services followed a comprehensive assessment process that utilised burden of illness data and took into account factors associated with mental illness in young people.

Drug and Alcohol mentoring program for Psychologists

This program was part of a suite of capacity building initiatives aimed at improving and increasing the clinical knowledge within primary health care providers such as GPs and psychologists so they are better able to respond, treat and support people presenting with drug and alcohol issues.

Health Care Homes

Health Care Homes are aimed at providing better integrated care to Australians with chronic and complex conditions.

RACGP research reports that 772,000 preventable hospital admissions each year could be reduced by improving the quality and role of primary care.

Health Care Homes are a 'home base' that will coordinate the comprehensive care that patients with chronic and complex conditions need on an ongoing basis.

Diabetes Alliance

The Diabetes Alliance project is a real life example of how integrating care can lead to a seamless, person centred approach that can be delivered in a flexible manner to benefit patients, clinicians and healthcare systems.

The project was the winner of the Integrated Health Care award at the 2016 NSW Health Awards. Integrated Diabetes Care clinics provide an understanding of issues and barriers experienced by care providers and patients. The clinics have informed a review and co-design of the referral criteria that ensures patients receive appropriate care in the right place at the right time.

Central Coast Aboriginal Health Plan

In partnership with Central Coast Local Health District and Yerin Aboriginal Health Services the PHN have developed a plan to improve the health and wellbeing of Aboriginal people on the Central Coast.

The plan considers and ensures that culturally appropriate preventative health care, early intervention and health promotion to play a significant role. It will promote the provision of accessible services, embedding cultural capability, upskilling and sharing our knowledge with non-Aboriginal organisations and their staff.

Importantly the plan acknowledges and understand the challenges that are presented outside of the primary health care environment, significantly the connectivity to the social determinants of health.

Pitch Night

In 2017-18 we held our second Pitch Night which was focused on initiatives aimed at improving health outcomes for Aboriginal communities. A pitch night is an event held for organisations to pitch their innovative ideas to gain exposure and funding. It can best be described as a hybrid of crowd funding and a 'dragon's den' or 'shark tank' event.



This year Gomeroi Education and Training received \$41,000 for Aboriginal men's health groups, Tamworth Local Aboriginal Land Council received \$62,000 to provide early intervention initiatives for Aboriginal children during school holidays and Beyond Empathy received \$44,000 for a creative men's program that prioritises mental health, relationships and transitional work skills.

Big or small screen them all – Aboriginal Women's Breast Screening initiative

Breast cancer is the most common cancer affecting Aboriginal women. Consultation between the Central Coast Cancer Screening Network and key community representatives resulted in the planning and implementation of a group breast screening strategy for Aboriginal women.

As a result of the initiative a group booking was held at the Breastsreen NSW Clinic in Erina. Around twenty Aboriginal women travelled together from the Yerin Eleanor Duncan Aboriginal Health Service in Wyong on the "Boobi Bus".

A key success of the day identified by the participants was the group setting and being supported by each other.

HealthPathways

Our region was the first area in Australia to introduce HealthPathways and we continue to lead the country in implementing the program into clinical practice. There are currently over 400 localised pathways across our region.

Our reputation as a leader in HealthPathways was highlighted during the year with presentations at a number of national conferences.

We were the first to develop a Transgender pathway and we gave an oral presentation titled "Transgender Health and Gender Diversity: educating, supporting and connecting clinicians" at three different conferences.

Other conference presentations included

- "Developing and strengthening relationships and describing pathways to improve palliative care"
- "Collaborating nationally to support clinicians locally: codeine rescheduling"
- "HealthPathways, Health Consumers and Health Literacy: The Hereditary Hemochromatosis example"

Support for Primary Care clinicians

We have a dedicated team of Primary Care Improvement staff who provide direct support to general practices and allied health providers across the region.

Over the past year the team developed and implemented 175 Practice Support Plans in conjunction with key practice staff. These plans form the basis for our engagement with practices.

The plans identify priorities and key support areas that will assist with improving health outcomes and the quality of care for the practice's patients.

There is a growing need for using data in healthcare planning to support quality improvement and as such data extraction has been a particular focus area for our team over the past year.

Data extraction can help practices by:

- measuring trends
- risk stratification
- prediction and forecasting
- optimising use of resources

Of the 442 practices in our region 60% have data extraction and analysis undertaken by the PHN.

Access to quality professional education continued to be another significant area of support to primary care clinicians and 745 education events were supported across our region during the year.



FINANCIAL REPORTS

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Grant revenue		45,938,658	42,431,021
Other income	4	447,267	140,973
Interest income		522,786	379,630
Program services expense		(34,989,340)	(32,994,136)
Employee benefits expense		(7,944,758)	(7,248,795)
Other operating expenses		(1,278,932)	(924,285)
Software expenses		(810,911)	(400,407)
Occupancy costs		(319,214)	(319,038)
Board expenses		(300,677)	(253,277)
Depreciation and amortisation expense		(88,171)	(175,167)
Motor vehicle expenses		(190,816)	(177,834)
Capital expenditure		(130,381)	(176,119)
Sponsorship expenses		(189,149)	(126,000)
Travel and accommodation expenses		(282,753)	(218,430)
Surplus/(deficit) before income tax		383,609	(61,864)
Income tax expense	2(e)	-	-
Surplus/(deficit) for the year		383,609	(61,864)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		383,609	(61,864)

The accompanying notes form part of these financial statements.

HNECC Limited

51 604 341 362

Statement of Financial Position As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	22,718,540	17,958,391
Trade and other receivables	7	563,159	160,887
Other assets	9	237,063	315,718
TOTAL CURRENT ASSETS		23,518,762	18,434,996
NON-CURRENT ASSETS			
Property, plant and equipment	8	388,309	91,198
TOTAL NON-CURRENT ASSETS		388,309	91,198
TOTAL ASSETS		23,907,071	18,526,194
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	4,184,292	3,567,134
Borrowings	11	-	54,986
Employee benefits	12	449,322	401,227
Other financial liabilities	13	18,501,122	14,131,857
TOTAL CURRENT LIABILITIES		23,134,736	18,155,204
NON-CURRENT LIABILITIES			
Employee benefits	12	134,928	117,192
TOTAL NON-CURRENT LIABILITIES		134,928	117,192
TOTAL LIABILITIES		23,269,664	18,272,396
NET ASSETS		637,407	253,798
EQUITY			
Accumulated surplus		637,407	253,798
TOTAL EQUITY		637,407	253,798

The accompanying notes form part of these financial statements.

HNECC Limited

51 604 341 362

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 24, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and the *Australian Charities and Not-for-Profits Commission Act 2012*; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Mr Michael DiRienzo

Director
Ms Jane Louise Schwager AO

Dated: 17 October 2018

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF HNECC LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a general purpose financial report, of HNECC Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration

In our opinion, the accompanying financial report of HNECC Limited is in accordance with the Corporations Act 2001 and the Australian Charities and Not-for-Profits Commission Act 2012, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date in accordance with the accounting policies described in Note 2; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 2 and comply with the Corporations Regulations 2001.

Basis For Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

PKF(NS) Audit & Assurance Limited
Partnership
ABN 91 850 861 839

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Sydney
Level 8, 1 O'Connell Street
Sydney NSW 2000 Australia
GPO Box 5446 Sydney NSW 2001
p +61 2 8346 6000
f +61 2 8346 6099

Newcastle
755 Hunter Street
Newcastle West NSW 2302 Australia
PO Box 2368 Dangar NSW 2309
p +61 2 4962 2688
f +61 2 4962 3245

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Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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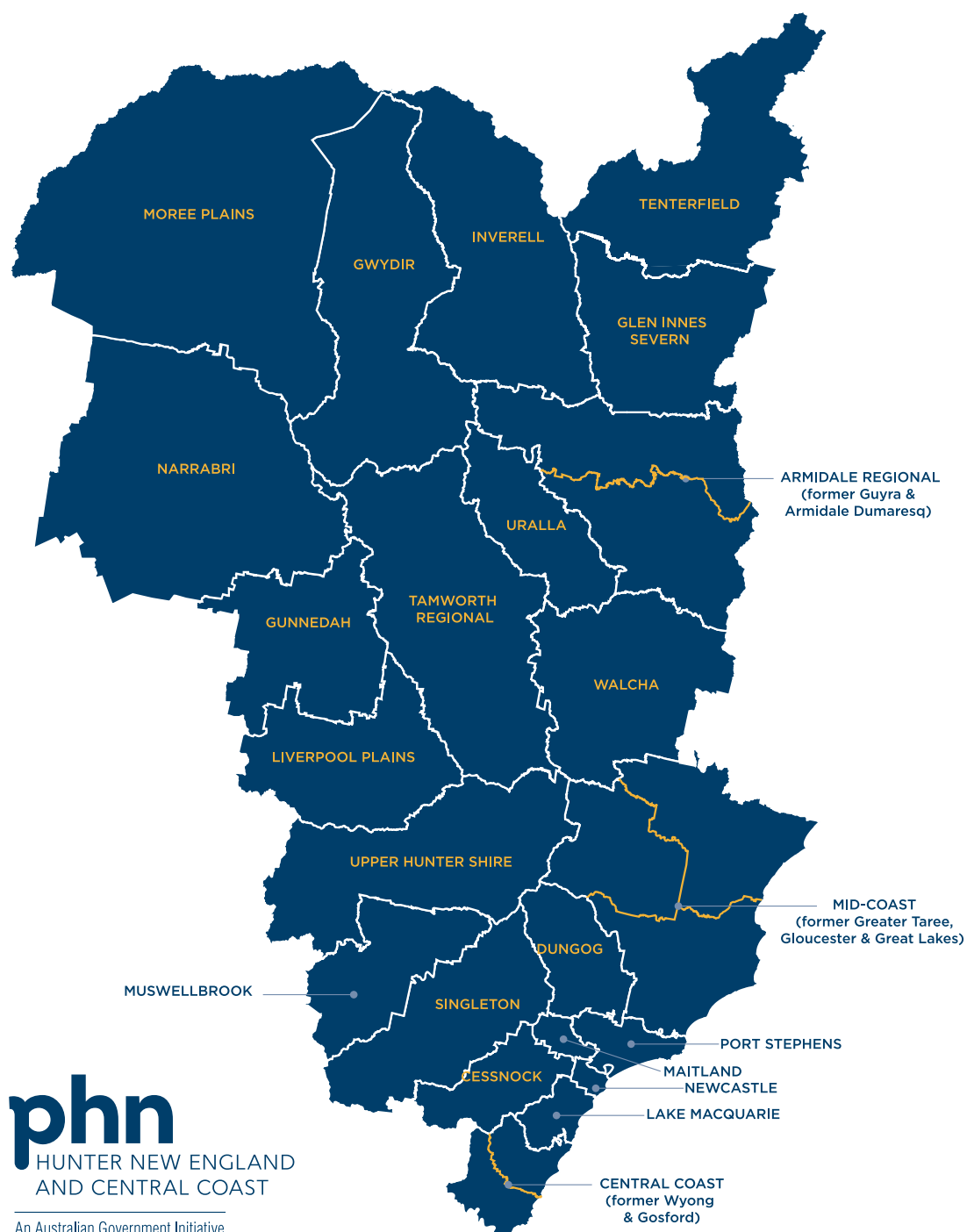


MARTIN MATTHEWS

PARTNER

17 OCTOBER 2018

NEWCASTLE, NSW







phn
HUNTER NEW ENGLAND
AND CENTRAL COAST

An Australian Government Initiative

PO Box 2288 Dangar NSW 2309

P 1300 859 028
E info@hneccphn.com.au

hneccphn.com.au

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