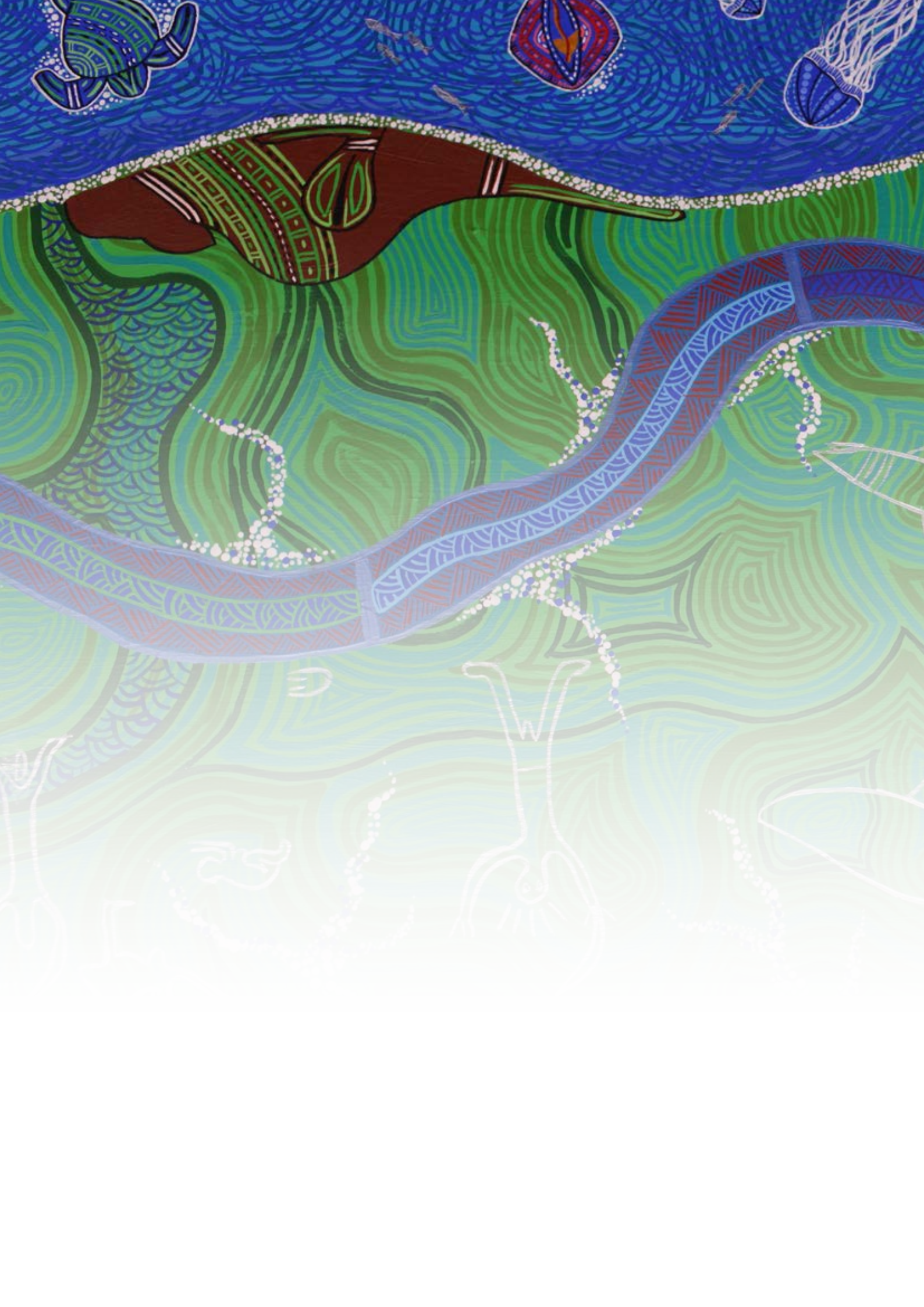
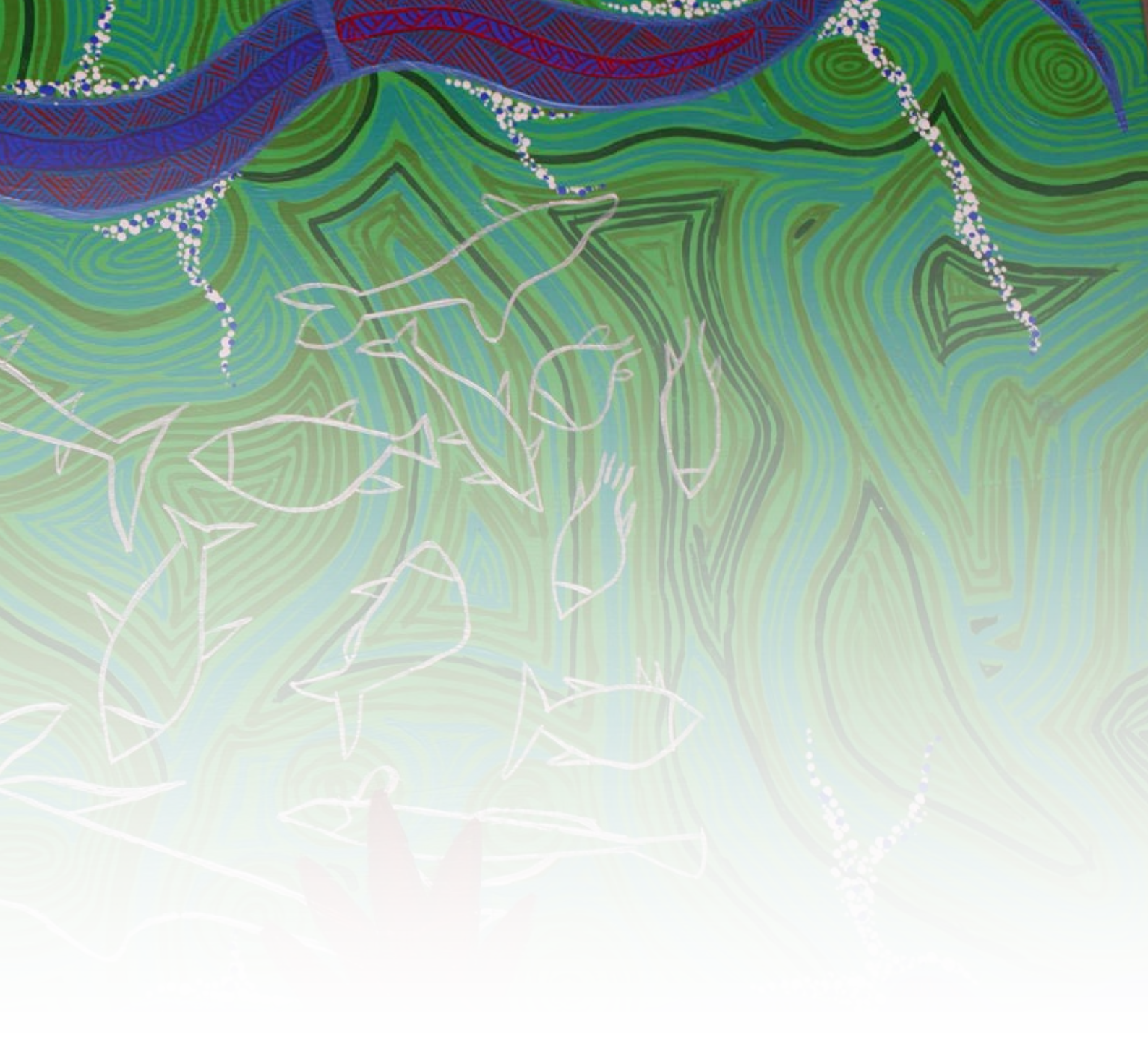




2019 ANNUAL REPORT







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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

As I reflect on our PHN over the past year it becomes very clear that while we operate within the health sector our reach and influence extend well beyond the boundaries of the healthcare system.

Nowhere was this more evident than in our response over the last year to the drought conditions that continue to impact communities across our region.


It was Sir Michael Marmot, Professor of Epidemiology and Public Health at University College London; and an Australian medical graduate, who concluded that the empowerment of individuals and communities is vital if we are going to make a difference. Successful health initiatives must ensure that the community is involved in influencing their own destiny.

It was this reasoning that was behind the very successful *Empowering our Communities* initiative commenced in February

2019. A major objective of this initiative was to assist our communities that are in the grip of severe drought to help themselves. We were able to provide over \$1 million in funding for community-led mental health projects that have improved the social and emotional wellbeing of individuals and communities across our region.

When we launched *Empowering our Communities* grant funding in February, we were overwhelmed with the positive response we received from our communities to build resilience in this period of unprecedented drought.

What has been so heartening about this program is that it has allowed us to connect with some of the smaller communities



“When we launched Empowering our Communities grant funding in February, we were overwhelmed with the positive response we received from our communities to build resilience in this period of unprecedented drought.”

across our region and to work with groups that often don't have the time and resources needed to access government funding.

Groups such as Weemeloh CWA, where the Secretary Libby McPhee told us,

“With the unrelenting drought in the area, these events have invigorated the women and given them a few days of enjoyment.”

Angus Monie, President of Walcha Show Society President also told us

“We are a resilient community, and the knowledge that someone or a group cares enough to see the issue, raises our spirit.”

Another pleasing aspect of this program is that we have involved our community in determining where this funding should be allocated. Our assessment panel of community representatives were able to assess applications on a rolling cycle every 10 days which enabled the activities to commence as quickly as possible.

Unfortunately, with the drought continuing we need to maintain our work in this area, and we are continuing our partnership with the Rural Adversity Mental Health Program (RAHMP) to fund the delivery of Workplace Support Skills and Community Support Skills training to the smaller communities across the New England, Hunter and Mid-Coast.

We are also looking forward to the Resilience Project which will be implemented in the schools across the Liverpool Plains Local Government Area in November this year.

The aim is to focus on developing positive mental health strategies and student wellbeing activities in a consistent school curriculum across an entire LGA.

This program is one of a number of primary health initiatives that we continue to develop over our PHN region in support of emerging and expressed needs by our communities.



CEO'S REPORT

As you read through the highlights and achievements section of this Annual Report, I feel certain that like me, you will be amazed at the diverse range of activities and services that our PHN manages and funds.

Without attaching more importance to any single activity or program, I feel it is worthwhile focussing on our commissioning work because our evolution and growth as a commissioner of health services has mirrored our evolution and growth as an organisation.

At our recent Commissioning Showcase the head of the PHN Branch for the Department of Health, Martin Rocks noted... *commissioning is still new in Australia and it's new for government and it's challenging.*

Since our establishment in 2015 we have continued to grow and face the challenge of working in a new and uncharted environment. However, we have had success as a commissioner and as an organisation because we have worked hard to foster effective partnerships with our stakeholders and collaborated with them to share ideas. We have proudly celebrated our successes but equally we have learnt important lessons from our failures.

More recently our commitment to innovation has meant that we are leading PHNs across the country in moving towards an outcomes-based commissioning model that focuses on value-based health care. We are seeking innovative solutions and exploring how we can achieve improved health outcomes for the lowest cost.

However, we also recognise that for patients', costs are not what matters most. So, this year we introduced program-based Patient Reported Measure (PRM) activities that allow us to measure and evaluate patients' own perceptions of their experience while receiving care.

In February we supported the implementation of two Patient Reported Outcome Measure (PROM) survey instruments, and a modified Patient Reported Experience Measure (PREM) survey within the Integrated Team Care (ITC) program.

To date the survey tools have been administered to program clients by three commissioned service providers, two Mainstream Primary Healthcare providers and one Aboriginal Medical Service (AMS).

Early analysis of results for clients who have completed the surveys more than once have shown improvements in both Global Physical Health (GPH) and Global Mental Health (GMH) scores, and reductions in self-reported pain levels.

These early results are encouraging but it is also important to acknowledge that the assessment of health outcomes should incorporate both short term and relevant longer-term aspects of care. To create a health system that is truly patient centred we need to move away from episodic assessment of healthcare to a longitudinal view of healthcare. This is an area that we will continue to work on over the coming year.

Planning for the coming year/s will continue to be guided by our Strategic Plan to ensure all our work is informed by our PHN Needs Assessment. Our Strategic Plan includes our commitments to achieve our Vision of "Healthy People, Health Communities" in the form of "We Will" statements. "We Will" statements are our plain language interpretations of commitments outlined in the Department of Health's Activity Plans...a concise summary of what we will achieve.

Finally, I would like to thank all of those who have helped us in our achievements this year. Our dedicated staff, our Board of Directors, the clinicians and the practice staff who continue to deliver quality care to our communities, our service providers for their support and our Local Health Districts. Thank you to all these people and the many other partners that are helping us to create healthier communities across our region.



OUR BOARD

Ms Jane Louise Schwager AO - Chairperson

- Has led both government departments and national not-for-profit organizations and is now working independently as a Board Director and Tribunal member.
- Previously worked in the Departments of Health, Community Services, Ageing and Disability and Treasury in the NSW Government.
- Previously Director General of the NSW Department of Ageing and Disability and the NSW Social Policy Directorate.
- Awarded Order of Australia (AO) in 2009 for services to not-for profits and government.
- Recipient of a 2003 Centenary Medal for Services to Australian Society in Business Leadership.
- Recipient of the Harvard Club of Australia Non Profit Fellowship in 2001.

Dr David Stewart Briggs - Deputy Chairperson

- Bachelor of Health Administration (UNSW) Master of Health Management (1st hons), PhD (UNE) and an honorary Doctorate in Public Health (Naresuan University, Thailand).
- Fellow of the Australasian College of Health Service Management, a Foundation Fellow of the Hong Kong College of Health Service Executives, Immediate Past President the Society for Health Administration in Education (SHAPE) Adjunct Professor, Faculty of Medicine and Health, University of New England and Professor ASEAN Institute of Health Development, Mahidol University, Thailand. Editor - Asia Pacific Journal of Health Management, Editor in Chief - ASEAN Journal of Health Development.

- 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.
- Extensive experience in both rural acute and community health services, primary healthcare and in the accreditation of health and aged care services. Recipient of the national ACHSM Gold Medal award 2004.
- Consultancy, research and publications include work 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

- Rural Procedural General Practitioner with over 30 years' experience in rural general practice (MBBS, DACOG, FRACGP, FACRRM, DRANZCOG (Advanced)).
- 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.
- Inaugural recipient of the Dr Aloizos Medal for Outstanding Individual Contribution to the Divisions Network (National).
- Recipient of the RDAA Australian Rural Doctor of the Year (2011).
- Member of the Order of Australia.

Mr Graham John McGuinness OAM

- Bachelor of Health Administration degree, Post Graduate Diploma in Personnel Management & Industrial Relations.
- Past President and current Fellow of the Australian College of Health Service Executives.
- Vast 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.

- Board Director of the Central Coast Local Health District
- Chair of the Central Coast Community Care Association
- Chair of Employment & Training Australia.
- Board Director of Regional Development Australia
- Board Director of PACE Limited
- Board Director of Salvation Army Regional Advisory Board
- Board Director Brisbane Waters (NSW) Legacy
- President of 1 Field Regt Vietnam Veterans Association with a strong interest in Veteran Health

Dr Trent Anthony Watson

- CEO of Ethos Health, a multidisciplinary health and safety business based in Newcastle and Hunter region.
- 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.
- Former Director (2012 – 2015) and Chairperson (2014 – 2015) of the Hunter Medicare Local.
- PhD in nutrition and dietetics at the University of Newcastle.
- Research interests in workplace health, with a special interest in obesity, obesity-related lifestyle disease, and fatigue.

Mrs Elizabeth Christine Ward

- Physiotherapist and AHTA Accredited Hand Therapist.
- 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.
- Currently Chair of the Safety Quality and Performance Committee of the PHN, a Member of the Remuneration and Governance Committee, the Central Coast PHN Clinical Council, and the Central Coast LHD Clinical Council.
- Vice President of the NSW Physiotherapy Council and Chair of the Complaints and Notifications Committee (current term 2018-2021)
- Council Member of the Australian Hand Therapy Association Credentialing Council
- Life Member Australian Hand Therapy Association, Member Australian Physiotherapy Association
- Practice Principal and Director of Coastal Physiotherapy Group Pty Ltd and Coastal Hand Clinic
- Director of Core Health Pty Ltd

Mr Michael DiRienzo

- Chief Executive of Hunter New England Health, 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.
- Board Director Hunter Medical Research Institute
- Chairperson NSW Regional Health Partners

Dr Belinda Jane Guest

- General practitioner (BMed, BMedSc (Hons), DCH, FRACGP, GAICD).
- Member of the RACGP National Standing Committee for GP Advocacy and Support.
- Previously Chairperson for General Practice Registrars Australia.

Mr Anthony Ashby

- Chartered Accountant, Registered Company Auditor and has over 25 years domestic and international experience in public accounting (CA, RCA, B.Comm), with industry specialisation within the NFP and NGO sectors.
- Experienced Board Director, current roles include Deputy Chair of Indigenous Business Australia and Deputy Chair of Aboriginal Hostel Limited.

Dr Andrew Montague

- Chief Executive Central Coast Local Health District since August 2016 and has extensive clinical and senior management experience within the health sector in both QLD and NSW.
- Studied medicine at the University of New South Wales and has a Masters in Health Administration from the University of New South Wales.
- Fellow of both the Royal Australian College of General Practitioners and the Royal Australasian College of Medical Administrators.
- Previous roles include 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 Director Operations, Northern Sydney Local Health District.

Mr Bradley Twynham

- 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.
- 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.

- 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.
- 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

2018-2019

\$39.5m

allocated to services that meet the needs of local communities.



\$1million

for community-led mental health, social and emotional wellbeing initiatives that support communities significantly impacted by drought conditions.



25% 

increase in the number of clinical areas available to refer within the SeNT eReferral system.



16,779

funded psychological therapy sessions delivered by mental health professionals across the PHN region.



83%

of all contracted services now include measurable outcomes.



10.2k 

engaged via peoplebank through 72 surveys and 21 forums to consult communities on local health services.

320 

General Practices supported through data sharing agreements with the Primary Health Network.



445 

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



670

patients across 26 practices benefitting from the Visual Fitness Planner, part of our Healthy Weight Initiative.



400+

general practice staff educated and trained to provide best practice service to Aboriginal patients.

37% 

increase of new users of HealthPathways to assess and manage medical conditions and to refer patients to local specialists and services.



Healthy People | Healthy Communities

HIGHLIGHTS AND ACHIEVEMENTS

Below is a selection of our achievements from the past year. These snapshots highlight the diversity and breadth of activities undertaken by our PHN. Below is the written account of these achievements but we have also produced a number of video reports, and we would encourage you to view these on our YouTube channel. The channel can be accessed by searching for HNECCPHN on YouTube.



Empowering our Communities drought initiative

The Empowering our Communities initiative provided funding for community-led mental health, social and emotional wellbeing initiatives that support communities significantly impacted by drought conditions.

We launched the initiative in February and were overwhelmed with the positive response received from our communities to build resilience in this period of unprecedented drought.

When the applications closed in May we had distributed over \$1 million across 55 organisations for over 300 activities across the region.

Feedback from across all the activities was overwhelmingly positive with the following comment from a wellbeing workshop participant being typical.

"I really enjoyed the group interaction and the genuine concern for regional communities made it easy to talk about a difficult subject. I feel more empowered to help those around me and more confident about having the conversations that matter."

Youth Mental Health Forum

In February this year we brought our partners and the national peak bodies together to talk about youth mental health and most importantly we invited young people along to talk about their lived experience and what youth mental health looks like and feels like to them.

Professor Pat McGorry was one member of an amazing panel of people, experts and young people, talking about youth mental health in front of a large audience of people at the Newcastle Town Hall.

Jaelea Skehan, Director of Everymind told the audience we know that it can be really difficult for somebody to ask for help. So the PHN is working with its partners such as Everymind to create opportunities for our communities to help each other through training programs such as QPR (Question, Persuade, Refer) online.

As Kate Unwin, a member of headspace Newcastle's Youth Reference Committee said on the night *"Mental health isn't a terrible thing. It doesn't need to be. And there are services out there who really care about you and what you're going through"*

Mobile Aged Care X-ray service

The Central Coast Mobile Aged Care X-ray service is a great example of the PHN and a Local Health District working together collaboratively.

The benefits of using a mobile service is that they're easily transportable and can be taken to Residential Aged Care Facilities. The resident doesn't require transportation to a secondary imaging centre like a hospital emergency department or a private practice.

The service puts patients at the centre of care. It's care in the right place at the right time.

Aboriginal Health in General Practice

In the last year we conducted 17 education sessions for general practices across our region on culturally appropriate care for Aboriginal patients.

Major issues discussed included why people won't identify and we explored some of the solutions to barriers which could help general practice provide better services to Aboriginal patients within their practice. Our aim was to share cultural information and bring awareness.



Dr Dumi Dharmapala, a GP from Tenterfield told us *"When I started here I realised that there are a lot of Aboriginal patients, but I didn't receive that much information or education regarding the pathways and everything. So today's session was really good."*

Dr Patricia Mackay, a GP from Glen Innes said *"Coming here was great. First of all, you brought it to us, which means we didn't have to travel... and it was great to put faces to all the people and find out what the PHN actually does."*

Healthy Weight Initiative

While there a number of weight management programs on the market our objective has been to develop an innovative weight management and lifestyle modification program that could be GP led and work in a variety of environments.

The focus of our program is not on weight, which sounds counter intuitive but the emphasis is on changing your lifestyle, learning to think differently, providing education for patients and giving them a chance to ask questions about food and about exercise.

As Michael Roach, a program participant said,

"It wasn't so much a diet program. It was a behavioural change program...where instead of looking at specifically what you ate, it was more of a movement program. What I found over the 12 week program was that I was becoming more active. It was good that I had the weekly intervention, coming down here and seeing Wendy and

getting weighed and measured and things. It was an ongoing education program"

Primary Health Care Nurse Program

The aim of the Primary Health Care Nurse (PHCN) Program is to improve the health and wellbeing of people living within small rural and remote communities (with a population of less than 2,000), by identifying and addressing local needs and building community capacity.

Currently the program delivers 200 events and activities to 50 small communities. The program is operated by HealthWise who employ four nurses on the program who last year provided services to 6,000 people.

Chloe Wilkin, one of the nurses running the program explained that supporting small rurally isolated schools is a large component of the program,

"Many of the schools that we see don't get any health education support whatsoever. So it's often us that ring up and say, can we come and do this, this and this? And the schools will jump on it and book us every year."

Chair of our rural Community Advisory Council and former High School Principal Wayne Chaffey is a big supporter of the program,

"We know how important education is in communities like this. And to have people come out and work with young people to really get them on the path early on and be aware of what things

they need to do to look after themselves, live a healthier lifestyle, and then hopefully, you know, take that demand off the health institutions later on."

Priority Allied Health Services Program

Our Priority Allied Health Services Program aims to improve the health of people in the community by improving their access to health services that they might normally have difficulty accessing. These services include diabetes education, dietetics, exercise physiology, podiatry, speech therapy and occupational therapy.

Andrew Mahony one of our contractors for the program says

"I think the thing that our practitioners and business really like about the program is that it gives us that opportunity to work with people that often can't afford those services. What we do is we use exercise as medicine to help those people with a greater quality of life. And depending on age, that independence so they can stay within their communities."

Gerdah Fitzgibbon from the Tamworth Parkinson Support Group, "Movers and Shakers" enjoys the support provided,

"It has really freed me up. I thoroughly enjoy it. I look forward to it and it's a great group of people. There's also ... we do things in pairs sometimes, and I think the social side of it is all part of the whole concept"



Pitch Night 3

This year we held our third Pitch Night which was focused on initiatives aimed at improving healthy weight in the community. 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 three organisations, *Live Life Get Active*, *Diabetes NSW & ACT* and *The Wholesome Collective* did a wonderful job sharing their passions for empowering those in our region through their health initiatives.

On the night the gathered community members pledged over \$110,000 to help fund the "pitched" proposals.

Kerryn, a community member and advocate for the Live Life Get Active program said

"The program has empowered people like me, it has enabled me to make changes in my life and that's what everybody wants. They want to make a change. They want to feel good. They want to be happy."

Mary Wills from the Wholesome Collective reflected that,

"It's so lovely to have the support of our community that believe in what we do"

Health Provider Scholarships

Our PHN provides scholarship support for health providers and administrative staff to enhance workforce development in a number of targeted areas including:

- General practice administration
- Clinical skills
- Chronic disease
- Aboriginal & Torres Strait Islander Health
- Alcohol & other Drugs
- Mental Health
- Women's Health

Practice Nurses such as Bron Guy from Raymond Terrace Family Practice have benefited with support in setting up a diabetes clinic.

"I'm really grateful for this scholarship because without the scholarship I probably wouldn't have gone back to uni to study. But it really helps my work here and hopefully at the end of the day it will help improve outcomes for my patients as well"

We have also supported Heather Maley, a Registered Nurse who works for the Awabakal Aboriginal Medical Service.

"The scholarship has given me the opportunity to finalise my credentialing...it's made it possible for Aboriginal people to become diabetes educators. I believe there's a very few across Australia, that have moved from Aboriginal Health Practitioner to a Credentialed Diabetes Educator. And we'd just like to change that because it is a massive problem for our people"

Wellbeing Support for Healthcare Professionals

Over the past year we received feedback that many health professionals across the region were suffering from high levels of stress and that this was causing many clinicians to experience burnout.

To help discover some potential solutions we partnered with the Rural Doctors Network to conduct Wellness Workshops in Toronto and Narrabri.

Malinda Guest, a Clinical Psychologist from Narrabri told us

"We are seeing the barriers of the stigma of mental health still within health professionals in terms of that I should be stronger. I'm in the role of being a medical professional, that I should be able to look after myself. What if I do share this with someone, am I going to be reported? Will it get back to the community that I'm not working at capacity because I am struggling with that?"

One of the key findings shared with participants at our Wellness Workshops was that health professionals who take care of themselves are

- better role models for their patients
- better role models for their children
- have higher patient satisfaction and safety scores
- experience less stress and burnout
- live longer



FINANCIAL REPORTS



HNECC Limited

ABN: 51 604 341 362

Directors' Report 30 June 2019

The Directors present their report on HNECC Limited ("the Company") for the financial year ended 30 June 2019.

The names of the directors in office at any time during, or since the end of the year are:

Names

Ms Jane Louise Schwager AO

Chairperson

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

Previously worked in the Departments of Health, Community Services, Ageing and Disability and Treasury in the NSW Government.

Previously Director General of the NSW Department of Ageing and Disability and the NSW Social Policy Directorate.

Awarded an Order of Australia (AO) in 2009 for services to not-for-profits and government.

Recipient of a 2003 Centenary Medal for Services to Australian Society in Business Leadership.

Recipient of the Harvard Club of Australia Non Profit Fellowship in 2001.

Dr David Stewart Briggs

Deputy Chairperson

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

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.

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.

Extensive experience in both rural acute and community health services, primary healthcare and in the accreditation of health and aged care services. Recipient of the national ACHSM Gold Medal award 2004.

Consultancy, research and publications include work in the health sector, most recently in primary health care, in the Asia Pacific as well as Australia.

Directors' Report

30 June 2019

Dr Grahame Robert Deane AM

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

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.

Inaugural recipient of the Dr Aloizos Medal for Outstanding Individual Contribution to the Divisions Network (National).

Recipient of the RDAA Australian Rural Doctor of the Year (2011).

Member of the Order of Australia.

Mr Graham John McGuinness OAM

Bachelor of Health Administration degree, Post Graduate Diploma in Personnel Management & Industrial Relations.

Past President and current Fellow of the Australian College of Health Service Executives.

Vast 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.

Board Director of the Central Coast Local Health District.

Chair of the Central Coast Community Care Association.

President of 1 Field Regt Vietnam Veterans Association with a strong interest in Verteran Health

Board Director of Regional Development Australia.

Board Director of PACE Limited.

Board of Salvation Army Regional Advisory Board.

Board Director of Brisbane Waters (NSW) Legacy.

Dr Trent Anthony Watson

CEO of Ethos Health, a multidisciplinary health and safety business based in Newcastle and the Hunter region.

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.

Former Director (2012-2015) and Chairperson (2014-2015) of the Hunter Medicare Local.

PhD in nutrition and dietetics at the University of Newcastle. Research interests in workplace health, with a special interest in obesity, obesity-related lifestyle disease, and fatigue.

HNECC Limited

ABN: 51 604 341 362

Directors' Report 30 June 2019

Mrs Elizabeth Christine Ward

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.

Physiotherapist and AHTA Accredited Hand Therapist.

Chair of the Safety Quality and Performance Committee of the PHN, a Member of the Remuneration and Governance Committee, the Central Coast PHN Clinical Council, and the Central Coast LHD Clinical Council.

Vice President of the NSW Physiotherapy Council and Chair of the Complaints and Notifications Committee (current term 2018-2021).

Council Member of the Australian Hand Therapy Association Credentialing Council.

Life Member Australian Hand Therapy Association, Member Australian Physiotherapy Association.

Practice Principal and Director of Coastal Physiotherapy Group Pty Ltd and Coastal Health Clinic.

Director of Core Health Pty Ltd.

Mr Michael DiRienzo

Chief Executive of Hunter New England Health, 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 more than 1 million people across an area of 130,000 square kilometres.

Board Director Hunter Medical Research Institute

Chairperson NSW Regional Health Partners

Dr Belinda Jane Guest

General practitioner (BMed, BMedSc (Hons), DCH, FRACGP, GAICD).

Member of the RACGP National Standing Committee for GP Advocacy and Support.

Previously Chairperson for General Practice Registrars Australia.

Dr Andrew Montague

Chief Executive Central Coast Local Health District since 2016 with extensive clinical and senior management experience within the health sector in both QLD and NSW.

Studied medicine at the University of New South Wales and has a Masters in Health Administration from the University of New South Wales.

Fellow of both the Royal Australian College of General Practitioners and the Royal Australasian College of Medical Administrators.

Previous roles include 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 Director Operations, Northern Sydney Local Health District.

Directors' Report

30 June 2019

Mr Anthony Ashby

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.

Experienced Board Director, current Board roles include Deputy Chair of Indigenous Business Australia and Deputy Chair of Aboriginal Hostel Limited.

Mr Bradley Twynham

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.

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. 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.

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.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Company during the financial year were:

- To increase the efficiency and effectiveness of health care for patients, particularly those at risk of poor health outcomes; and
- To improve coordination of care to ensure patients receive the right care in the right place at the right time.

No significant changes in the nature of the company's activities occurred during the financial year.

Short term and long term objectives

The company's short term and long term objectives are to:

- Promote the prevention and control of disease of people in the Hunter, New England and Central Coast area.
- Analyse and understand regional and local health needs and outcomes.
- Improve access to high quality health care and support.
- Increase the efficiency and effectiveness of health services for patients, particularly those at risk of poor health outcomes.

Directors' Report

30 June 2019

Short term and long term objectives

- Support and connect GPs and other clinicians to implement person-centred and team-based care, recognising the coordination role of GPs.
- Improve the coordination of care to ensure patients receive the right care in the right place at the right time, with a focus on one system of health care for the areas of the Hunter, New England and Central Coast as defined.

Strategy for achieving the objectives

To achieve these objectives, the company has adopted the following strategies:

- Have a whole of system focus that puts people and communities first.
- Be responsive to the diversity of, and differences in, our communities and address health inequalities.
- Help people understand and care for their own health, and support them as partners in a better health system.
- Support and be guided by GPs and other clinicians as leaders in a better health system.
- Support, assist and encourage the health sector, practitioners and patients towards an efficient use of health resource.
- Be responsible and efficient, and will support high quality, cost-effective and locally relevant services.
- Collaborate with others to enable and coordinate timely and appropriate health care, so that people can stay well in their communities.
- Focus organisational performance on Flagship Innovation, Local Relevance, Leading Delivery, and Strong Evaluation.

How principal activities assisted in achieving the objectives

The principal activities assisted the company in achieving its objectives by:

- Providing benchmarked data analysis, supported change facilitation, workforce support and education to general practices, and support to Allied Health and nursing clinicians, to deliver improved models of care and high quality clinical outcomes.
- Being a leader in delivering clinically led high value localised multidisciplinary clinical pathways.
- Testing improved and targeted strategies to improve key health outcomes in communities (including Aboriginal people, young people or older people).
- Commissioning effective, responsive and integrated health care services, with measures including health outcomes, patient feedback, provider experience, and cost effectiveness.
- Providing communities with access to an accurate online directory of health services.
- Providing communities with information to support better self-management of health and initiatives to better manage lifestyle risk factors.

HNECC Limited

ABN: 51 604 341 362

Directors' Report

30 June 2019

How principal activities assisted in achieving the objectives

- Utilising Community Advisory Committees and GP-led Clinical Councils that effectively enhance the performance and primary care engagement of the organization.
- Underpinning performance with agile, innovative, efficient, cost effective and robust internal administrative and governance functions.

Performance measures

The following measures are used within the company to monitor performance:

- Measurement and maximisation of performance against key indicators, including:
- Evaluation of selected commissioned services through high quality evaluation based on a Quadruple AIM methodology.
- Development of collaboration and partnership arrangements to support primary care research.

Members' guarantee

HNECC Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the period prior to the winding up, is limited to \$20 for all members of the company.

At 30 June 2019 the collective liability of members was \$220 (2018: \$120).

Operating results and review of operations for the year

The surplus of the company for the financial year amounted to \$765,238 (2018: \$383,609).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial periods.

Environmental matters

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

HNECC Limited

ABN: 51 604 341 362

Directors' Report 30 June 2019

Meetings of directors

During the financial year, 6 meetings of directors were held. Attendances by each director at those meetings and the sub-committee meetings were as follows:

	Directors' Meetings		Finance, Audit and Risk		Innovation, Research, Services Design & Population Health		Remuneration & Governance		Safety, Quality & Performance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr Belinda Guest	6	6	-	-	-	-	-	-	6	5
Dr David Briggs	6	6	-	-	6	6	3	3	-	-
Dr Grahame Deane	6	5	-	-	-	-	-	-	6	4
Mr Graham McGuinness	6	6	6	6	-	-	-	-	-	-
Dr Trent Anthony Watson	6	6	-	-	6	5	3	3	-	-
Mrs Elizabeth Ward	6	5	-	-	-	-	3	3	6	6
Mr Michael DiRienzo	6	6	6	5	-	-	3	1	-	-
Ms Jane Schwager	6	6	6	4	6	4	3	3	6	3
Mr Anthony Ashby	6	6	6	6	-	-	-	-	-	-
Mr Bradley Twynham	6	5	-	-	6	6	-	-	-	-
Dr Andrew Montague	6	6	-	-	-	-	-	-	6	5

Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company against liability incurred as such as a director, secretary, or executive officer to the extent permitted by the ACNC Act 2012. The contract of insurance prohibits disclosure of the nature of the liability and the amount of insurance.

The Company has not otherwise, during or since the end of the financial year except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred as such an officer or auditor.

HNECC Limited

ABN: 51 604 341 362

Directors' Report

30 June 2019

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2019 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

Mr Michael DiRienzo

Director:

Ms Jane Louise Schwager AO

Dated:

14/10/19

HNECC LIMITED
ABN: 51 604 341 362

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



MARTIN MATTHEWS
PARTNER

14 OCTOBER 2019
NEWCASTLE, NSW

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

Liability limited by a scheme
approved under Professional
Standards Legislation

Sydney
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Newcastle
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PKF(NS) Audit & Assurance Limited Partnership is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.
For office locations visit www.pkf.com.au

HNECC Limited

ABN: 51 604 341 362

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Grant revenue		56,805,608	45,938,658
Other income	4	888,107	447,267
Interest income		530,307	522,786
Program services expense		(43,494,263)	(34,986,042)
Employee benefits expense		(8,273,627)	(7,944,758)
Other operating expenses		(1,424,912)	(1,292,091)
Software expenses		(1,191,356)	(810,911)
Occupancy costs		(340,749)	(319,214)
Board expenses		(314,939)	(300,677)
Depreciation and amortisation expense		(209,856)	(88,171)
Motor vehicle expenses		(198,894)	(180,955)
Consumables		(207,115)	(130,381)
Sponsorship expenses		(1,544,587)	(189,149)
Travel and accommodation expenses		(258,486)	(282,753)
Surplus before income tax		765,238	383,609
Income tax expense	2(e)	-	-
Surplus for the year		765,238	383,609
Other comprehensive income		-	-
Total comprehensive income for the year		765,238	383,609

The accompanying notes form part of these financial statements.

HNECC Limited

ABN: 51 604 341 362

Statement of Financial Position As At 30 June 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	22,465,268	22,718,540
Trade and other receivables	7	280,421	563,159
Other assets	9	160,873	237,063
TOTAL CURRENT ASSETS		22,906,562	23,518,762
NON-CURRENT ASSETS			
Property, plant and equipment	8	352,804	388,309
TOTAL NON-CURRENT ASSETS		352,804	388,309
TOTAL ASSETS		23,259,366	23,907,071
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	7,866,367	4,184,292
Employee benefits	11	505,968	449,322
Other financial liabilities	12	13,312,057	18,501,122
TOTAL CURRENT LIABILITIES		21,684,392	23,134,736
NON-CURRENT LIABILITIES			
Employee benefits	11	172,329	134,928
TOTAL NON-CURRENT LIABILITIES		172,329	134,928
TOTAL LIABILITIES		21,856,721	23,269,664
NET ASSETS		1,402,645	637,407
EQUITY			
Accumulated surplus		1,402,645	637,407
TOTAL EQUITY		1,402,645	637,407

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Accumulated Surplus \$	Total \$
Balance at July 1, 2018	637,407	637,407
Surplus attributable to the year	765,238	765,238
Balance at 30 June 2019	1,402,645	1,402,645

2018

	Accumulated Surplus \$	Total \$
Balance at July 1, 2017	253,798	253,798
Surplus attributable to the year	383,609	383,609
Balance at 30 June 2018	637,407	637,407

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from clients and funding providers	58,904,765	55,524,830
Payments to suppliers and employees	(59,601,181)	(50,842,182)
Interest received	530,307	522,786
Net cash (used in)/provided by operating activities	17 (166,109)	5,205,434
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	87,188	-
Purchase of property, plant and equipment	(174,351)	(390,299)
Net cash used in investing activities	(87,163)	(390,299)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(54,986)
Net cash used in financing activities	-	(54,986)
Net (decrease)/increase in cash and cash equivalents held	(253,272)	4,760,149
Cash and cash equivalents at beginning of year	22,718,540	17,958,391
Cash and cash equivalents at end of the year	6 22,465,268	22,718,540

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

The financial statements are for HNECC Limited (hereafter referred to as "the Company") as an individual entity incorporated and domiciled in Australia. The Company is a not-for-profit public company limited by guarantee.

The functional and presentation currency of the Company is Australian dollars.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the ACNC Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

2 Summary of Significant Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the Company to an employee superannuation fund and are charged as an expense when incurred.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(c) Goods and Services Tax (GST)

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company are classified as finance leases.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(e) Income Tax

No provisions for income tax has been raised as the company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(f) Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(g) Government Grants

Government grants present assistance from the Government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Company other than the requirement to operate in certain regions or industry sectors.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Other Government grants are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised as income of the period in which it becomes receivable.

(h) Property, plant and equipment

Classes of property, plant and equipment are measured using the cost method.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(h) Property, plant and equipment

Property, plant and equipment, that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

The depreciable amount of all property, plant and equipment, except for freehold land, is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	30% - 50%
Leasehold improvements	33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

When an asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to profit or loss.

(i) Revenue recognition

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue is recognised in accordance with the policies outlined at Note 2(g).

Revenue from rendering of services is recognised upon delivery of the service to its clients.

Interest is recognised using the effective interest method.

Revenue from the disposal of assets is recognised when the Company has passed control of the goods or other assets to the buyer.

All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables

Trade accounts receivable generally settled within 30 days are carried at amounts due. A provision is raised for any doubtful debts based on a review of all outstanding amounts at balance date. Bad debts are written off in the period in which they are identified.

Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Summary of Significant Accounting Policies

(k) Economic dependence

During the year ended 30 June 2019, the Company received the majority of funding from the Department of Health (DoH). The Company will continue to receive the majority of its funding from DoH and accordingly is economically dependent on the continual financial and other support it receives from DoH.

(l) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the company where the standard is relevant:

AASB 1058 Income of Not-for-Profit Entities (applicable for annual reporting periods beginning on or after 1 January 2019). AASB 1058 applies when an NFP entity receives volunteer services or enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset, principally to enable the entity to further its objectives. The impact of AASB 1058 is not expected to be material for the entity.

AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods beginning on or after 1 January 2019). The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The profit impact of AASB 115 is not expected to be material for the entity.

AASB 16 Leases (applicable for annual reporting periods beginning on or after 1 January 2019). The AASB has issued a new standard for the recognition of leases. This will replace AASB 117 and some lease-related interpretations. AASB 16 introduces new requirements for accounting for leases "on balance sheet" by lessees, including new disclosure requirements. The impact of AASB 16 is expected to be material for the entity given the value of operating leases held by the company.

The lessee must recognise a right-of-use asset and a corresponding lease liability in the amount of the present value of the lease payments. Subsequent to this initial measurement, the right-of use asset is depreciated over the lease term, whilst lease payments are separated into a principal and interest portion to wind up the lease liability over the lease term.

Although depreciation on the right-of-use asset will be recorded on a straight-line basis, the total periodic expense (i.e. the sum of interest and depreciation expenses) will be generally higher in the early periods and lower in the later periods. As a constant interest rate is applied to the lease liability, interest expenses decrease as lease payments are made during the lease term and the lease liability decreases. This trend in the interest expense, combined with straight-line depreciation of the right-of-use asset, results in a front-loaded expense recognition pattern.

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimations in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Key estimates - impairment of property, plant and equipment

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Long service leave provision

As discussed in Note 2(b), the liability for long service leave is recognised and measured at the present value of estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Other income

	2019	2018
	\$	\$
Other income	578,839	77,725
Sponsorship and licensing fees	90,030	24,353
Gain/(loss) on sale of assets	87,188	(5,016)
Service revenue	108,330	326,536
Employee FBT contribution	23,720	23,669
	888,107	447,267

5 Auditors' Remuneration

Remuneration of the auditor of the company, PKF, for:

- auditing of the financial report	23,000	21,000
- other assurance services	9,500	7,500
	32,500	28,500

6 Cash and cash equivalents

Cash at bank	22,465,268	22,718,540
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7 Trade and other receivables

CURRENT		
Trade receivables	44,084	563,159
GST receivable	236,337	-
	280,421	563,159

8 Property, plant and equipment

PLANT AND EQUIPMENT		
Capital works in progress	-	147,522
Total capital works in progress	-	147,522
Furniture, fixtures and fittings		
At cost	458,327	242,777
Accumulated depreciation	(143,960)	(1,990)
Total furniture, fixtures and fittings	314,367	240,787
Motor vehicles		
At cost	-	169,096
Accumulated depreciation	-	(169,096)
Total motor vehicles	-	-

Notes to the Financial Statements

For the Year Ended 30 June 2019

8 Property, plant and equipment

	2019 \$	2018 \$
Office equipment		
At cost	151,223	44,900
Accumulated depreciation	(112,786)	(44,900)
Total office equipment	38,437	-
Total property, plant and equipment	352,804	388,309

(a) Movements in carrying amounts of property, plant and equipment

	Capital Works in Progress \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Office Equipment \$	Total \$
Balance at the beginning of the year	147,522	240,787	-	-	388,309
Additions	-	215,550	-	106,323	321,873
Disposals	(147,522)	-	-	-	(147,522)
Depreciation expense	-	(141,970)	-	(67,886)	(209,856)
Balance at the end of the year	-	314,367	-	38,437	352,804

9 Other assets

CURRENT		
Prepayments	155,595	231,950
Bonds and guarantees	5,278	5,113
	160,873	237,063

10 Trade and other payables

CURRENT		
Trade payables	783,617	1,371,098
ATO payable	-	59,150
Accrued expenses	7,079,502	2,694,902
Superannuation payable	3,248	59,142
	7,866,367	4,184,292

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Employee Benefits

	2019 \$	2018 \$
CURRENT		
Provision for employee benefits	505,968	449,322
NON-CURRENT		
Provision for employee benefits	172,329	134,928

12 Other financial liabilities

CURRENT		
Unexpended government grants	12,871,684	18,143,258
Other current liabilities	-	357,864
Deferred income	440,373	-
Total	13,312,057	18,501,122

13 Capital and Leasing Commitments

(a) Non-cancellable operating lease payments		
- not later than one year	334,435	299,914
- between one year and five years	317,411	509,908
	651,846	809,822

Non-cancellable operating leases are in place for the rental of property of six business locations.

14 Financial Risk Management

The main risks the Company are exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk.

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and leases.

The Company does not have any derivatives at 30 June 2019.

Financial Assets

Cash and cash equivalents	22,465,268	22,718,540
Trade and other receivables	280,421	563,159
	22,745,689	23,281,699

Financial Liabilities

Trade and other payables	7,866,367	4,184,292
Other financial liabilities	13,312,057	18,501,122
	21,178,424	22,685,414

Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company.

The Company manages credit risk by management's review of trade receivables to assess collectability and determine write-offs.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Company does not have any material credit exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

Liquidity risk

The Company's liquidity risk arises from the risk that it will encounter difficulty in meeting its obligations associated with financial liabilities. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching profiles of financial assets and liabilities.

The company's liabilities have contractual maturities which are summarised below:

	Less than 1 year	
	2019	2018
	\$	\$
Financial liabilities		
Trade and other payables	7,866,367	4,184,292
Unexpended government grants	13,312,057	18,501,122
	21,178,424	22,685,414

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises from the holding of cash and cash equivalents. The Company actively monitors interest rates for cash at bank and on deposits to maximise interest income.

As at the reporting date the Company had the following variable cash rate exposure.

Cash and cash equivalents	22,465,268	22,718,540
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Notes to the Financial Statements

For the Year Ended 30 June 2019

14 Financial Risk Management

Interest rate risk

The sensitivity analysis has been determined based on the exposure to interest rates for both non-derivative instruments at reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

The other financial assets and financial liabilities are not subject to interest rate risk as they are non-interest bearing.

15 Contingencies

In the opinion of the Directors, the company did not have any contingencies at 30 June 2019 (2018 : None).

16 Related parties

The Company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

Key management personnel compensation:

	2019	2018
	\$	\$
Short-term employee benefits	1,215,831	1,343,479

There were no other transactions with key management personnel during the year.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr Michael DiRienzo is the Chief Executive of Hunter New England Health and Board Director of Hunter Medical Research Limited. Hunter New England Health provided the company funding to the amount of \$308,315 towards various programs such as Integrated care enables, eReferral and Health Pathways. The company provided funding to Hunter New England Health to the amount of \$425,360 relating to the provision of projects such as Regional Health Partners, Research Hub and Diabetes Alliance.

Dr Andrew Montague is the Chief Executive of Central Coast Local Health District. Central Coast Local Health District provided the company funding to the amount of \$40,477 towards the Health Pathways program and the GP Collaboration Unit project. The company provided funding to Central Coast Local Health District to the amount of \$2,263,151 in relation to the provision of Mental Health Service as well as Mobile Aged Care X-Ray service.

Notes to the Financial Statements

For the Year Ended 30 June 2019

17 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Surplus for the year	765,238	383,609
Non-cash flows in profit:		
- depreciation	209,856	88,171
- net (gain)/loss on sale of assets	(87,188)	5,017
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	282,738	(402,272)
- (increase)/decrease in other assets	76,190	78,655
- (decrease)/increase in trade and other payables	3,682,075	617,158
- (decrease)/increase in provisions	94,047	65,831
- (decrease)/increase in other liabilities	(5,189,065)	4,369,265
Cashflows from operations	<u>(166,109)</u>	<u>5,205,434</u>

18 Events after the end of the Reporting Year

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

19 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the company. At 30 June 2019, the number of members was 11 (2018: 6).

20 Company Details

The registered office of and principal place of business of the company is:


HNECC Limited
Suite 11/125 Bull Street
Newcastle West NSW 2302

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 2019 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: 14/10/19

HNECC Limited
51 604 341 362

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 2019, 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 2019 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.

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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.



PKF



MARTIN MATTHEWS
PARTNER

14 OCTOBER 2019

