



phn
MURRAY

An Australian Government Initiative

2023

Murray PHN Limited ABN 92 156 423 755

FINANCIAL REPORT

Murray PHN aspires to be an anti-racist organisation, embedding cultural humility as a daily practice to improve health outcomes and health equity in our communities. We recognise cultural humility as a lifelong commitment to self reflection, personal growth and redressing power imbalances in our society.

Murray PHN acknowledges its catchment crosses over many unceded First Nations Countries following the Dhelkunya Yaluk (Healing River).

We pay our respects and give thanks to the Ancestors, Elders and Young People for their nurturing, protection and caregiving of these sacred lands and waterways, acknowledging their continuation of cultural, spiritual and educational practices.

We are grateful for the sharing of Country and the renewal that Country gives us.

We acknowledge and express our sorrow that this sharing has come at a personal, spiritual and cultural cost to the wellbeing of First Nations Peoples.

We commit to addressing the injustices of colonisation across our catchment, and to listen to the wisdom of First Nations communities who hold the knowledge to enable healing.

We extend that respect to all Aboriginal and Torres Strait Islander Peoples.

Contents

Directors' Report.....	4
Auditor's Independence Declaration	12
Statement of Profit or Loss and Other Comprehensive Income.....	13
Statement of Financial Position	14
Statement of Changes in Equity.....	15
Statement of Cash Flows	16
Notes to the Financial Statements.....	17
Independent Auditor's report	40



Directors' Report

Our directors present their report of Murray PHN Limited (referred to herein as Murray PHN) for the year ended 30 June 2023.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr F. Reid (Board Chair)

Mr M. Sharp

Ms L. Burrows OAM (Deputy Board Chair)

Mr R. Cameron

Dr A. Green

Ms J. Turfrey

Dr M. Fernando

Mr A. Baker

Ms J. Kinder

Prof. H. Swerissen (Resigned 28 Feb 2023)

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

Short and long term objectives

Murray PHN strengthens primary healthcare through commissioning, coordination and capacity building for the benefit of our region. We use these levers to promote the prevention and control of illness and disease to achieve health improvement in the community by encouraging a coordinated, accessible and responsive primary healthcare system. Working in partnership is the essence of our approach and contribution to strengthening primary healthcare. A well connected, responsive and integrated health system is dependent upon the collaboration with many stakeholders and partnerships across the health services, health providers, aged care providers and mental health services.

Our long-term vision is for healthy rural and regional communities with timely access to the primary and mental health care they need.

Strategy for achieving objectives

Our strategic approach involves understanding the needs of our community and designing interventions which support us to achieve value for the community. Our interventions involve supporting partners, providers and people to improve access to relevant and responsive primary healthcare services to promote the prevention and control of disease in our catchment. We do this through working with partners and through capacity building. We also do this by using best practice models of care that are tailored to the regional context, targeted to local needs and importantly are sustainable.

We also use new approaches and technologies along with respecting cultural diversity and the wisdom of First Nations communities to enable health and healing.



Principal activities

The principal activities of Murray PHN during the financial year were consistent with our charitable purpose as a health promotion charity. We continued our activities on a not-for-profit basis, as a Primary Health Network, to promote the prevention and control of illness and disease and improve primary health outcomes within our defined region.

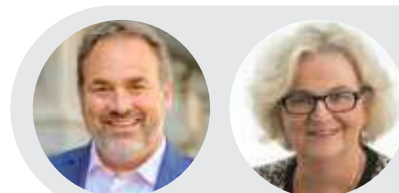
Murray PHN services an expansive area of northern Victoria from Mildura to Woodend and eastward to Wodonga, including Albury (NSW), with a population of 644,000 people spread over almost 100,000 sq. kms. The work and partnerships of Murray PHN take into account the national health priorities identified by the Australian Government, along with local health priorities identified through our health needs assessment process. These include mental health, alcohol and other drugs, aged care, health workforce, First Nations health and healing, children's health, digital health and chronic diseases, which include diabetes, heart disease, chronic obstructive pulmonary disease and cancer.

Performance measures

In the FY23 year, Murray PHN continued to use the PHN Program Performance and Quality Framework (PPQF) as a performance reporting system to inform the Department of Health and Aged Care. The PPQF is the first program-wide performance report for PHNs and monitors 55 indicators across five outcomes themes, assisting addressing needs, quality care, improving access, coordinated care and capable organisations. The PHN is transitioning to using the Department's new performance reporting framework, the Performance Monitoring Reporting Framework (PMRF) by July 2024, including uploading historical data on a revised set of metrics. Murray PHN has also achieved Board approval of its Purposeful Design and Outcomes Thinking Framework (PDOT) in May 2023 and commenced activity to build staff, system and business processes to implement the Framework. Increasingly, this will lead to enhancements in Murray PHN's systematic approach to designing value based interventions to enable responsive care delivered through sustainable and integrated models of care delivery.

Company secretary

Mr Matt Jones and Mrs Elizabeth Clear held company secretary responsibilities at the end of the financial year.



Name: Mr M Jones

Qualifications: BA, Masters of Public Health and Tropical Medicine, GAICD.

Experience: Mr Jones is the inaugural CEO of Murray PHN. Previously he was the CEO of Loddon Mallee Murray Medicare Local, the Murray-Plains Division of General Practice and Central Victoria GP Network. Mr Jones has worked in quality management in the Victorian acute health system, as a senior public health policy officer with the Victorian Department of Human Services and in public health management in Western Australia and Aboriginal health management in the Northern Territory and Queensland.

Name: Mrs E Clear

Qualifications: Bachelor of Commerce, Graduate Diploma in Applied Corporate Governance, CPA, AGIA, ACIS, GAICD.

Experience: Mrs Elizabeth Clear has over 30 years' experience in governance, organisational development, change management, finance, quality and risk management with leadership roles in the public, private and not-for-profit sectors.

Significant changes

No significant changes in Murray PHN's state of affairs occurred during the financial year.

Operating results

Murray PHN recorded a surplus of \$689,428 for the year ended 30 June 2023 (2022: \$355,886).

After balance date events

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

Future developments

Murray PHN's operating budget for 2023/2024 is \$80.3 million. This is a continuation of its health promotion and prevention work across the Commonwealth Department of Health and Aged Care and other funders approved in Activity Work Plans.

Environmental regulations

Murray PHN's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.



Information on directors



Mr F. Reid

Special responsibilities: Board Chair

Qualifications: Diploma of Agricultural Science. Trained Primary Teacher's Certificate. Certificate IV Workplace Training and Assessment. Completed the Australian Institute of Company Director, Corporate Governance course.

Experience and expertise:

Fabian Reid grew up in regional Victoria and began his professional career in education before moving into politics as an advisor in the 1980s, including a senior advisor role with the Premier of Victoria. Mr Reid holds tertiary qualifications in agricultural science and education and has consulted to numerous organisations including Haven Home Safe, VicRoads, City of Greater Bendigo, Australian Ballet School, Orion Gold, QOD Group, Compass Housing and the Bendigo Business Council. Mr Reid was previously a director of Access Australia Group and has served as Chair of Bendigo Youth Coordination Group, Chair of the Bendigo Regional Advisory Board for La Trobe University, Chair of the Goldfields Local Learning and Employment Network, was Director of the Golden Dragon Museum and convenor of the Bendigo - A Thinking Community Reference Group. Mr Reid has lived in Bendigo since 1972 and has extensive knowledge of regional and rural communities.

Tenure: Appointed 22 March 2012



Ms L. Burrows
OAM

Special responsibilities: Deputy Board Chair, Governance Committee Chair

Qualifications: Tertiary qualifications in Information Science, Business and Local Government Administration. Completed the Graduate requirements of the Australian Institute of Company Directors. Fellow of Local Government Professionals, Fellow of the Institute of Management and Leaders ANZ, and a Graduate Member of the Australian Institute of Company Directors.

Experience and expertise: Leonie Burrows OAM is a Mildura-based management consultant. She has 25 years' experience in local government, including a number of years as CEO of Mildura Rural City Council. Leonie's background in local government has primarily been in the community services and regional economic development areas, although she has also managed the traditional technical service areas of roads, waste, and parks and gardens.

In her consulting, Leonie has undertaken some Acting CEO roles, including for the Australian Table Grape Association, Australian citrus industry, Buloke Shire Council and Sunraysia Institute of TAFE.

Leonie is currently Chair of the Mallee Regional Innovation Centre, Strategic Advisory Panel, Chair of Loddon Mallee Regional Development Australia Board, Chair of Regional Advisory Council of the One Basin Cooperative Research Centre and Member of the Mallee Regional Partnership. She was also the immediate past Chair of Sunraysia Community Health Service.

Other previous roles include Chair of Sunraysia Institute of TAFE, Victorian TAFE Association, Lower Murray Water Corporation, and the Mildura Transport and Logistics Cluster, as well as involvement in numerous other community organisations. For four years, Leonie was also Executive Officer of the Alliance of Councils for Rail Freight Development.

Tenure: Appointed 15 July 2015



Dr A. Green

Special responsibilities: Programs and Quality Committee Chair

Qualifications: BMed(Sci), MBBS, DRANZCOG, FRACGP.

Experience and expertise: Dr Alison Green has been a GP associate with Central Medical Group Wodonga since 1991. She is a GP Obstetrician and has provided maternity services to Albury Wodonga Health for more than 25 years.

Alison has a long history as a GP Supervisor, educating medical students, GP registrars and GP obstetric registrars. She has more than 10 years' experience on various boards and is currently the Deputy Chair of Murray City Country Coast GP Training.

Tenure: Appointed 14 November 2017



Dr M. Fernando

Special responsibilities: Programs and Quality Committee member

Qualifications: MBBS, DRANZCOG, FRACGP, FARGP, MPH, GCCE, FACRRM, GAICD

Experience and expertise: Dr Manisha Fernando is a rural GP and an advanced trainee with the Australasian Faculty of Public Health Medicine.

She holds fellowships in General Practice and Rural General Practice, a Master of Public Health, a Certificate of Clinical Education, a Diploma in Obstetrics and Gynaecology, and is a graduate of the Australian Institute of Company Directors.

Living in the Macedon Ranges for more than 20 years, Manisha's professional areas of interest include rural and remote medicine, primary healthcare research, public health, child and adolescent health, women's health and mental health. She also has extensive experience in educating GP trainees and medical students.

Tenure: Appointed 20 November 2019



Mr M. Sharp

Special responsibilities: Programs and Quality Committee member

Qualifications: Bachelor of Nursing (Hons), Post Graduate Diploma Critical Care Nursing, Master of Business (Management)

Experience and expertise: Matt Sharp is the Chief Executive of Goulburn Valley (GV) Health; a position he has held since 2018. During his time with GV Health, Matt has focused on improving access to health and wellbeing services in the Goulburn Valley region and enhancing the culture of the organisation. In addition, he has forged strong professional relationships in the community and worked with governments at local, state and federal level to secure funding for additional health services.

Prior to his current role, Matt held the position of Executive Director of Clinical Operations at Eastern Health in Melbourne, as well as various other management and executive positions in rural, regional and metropolitan health services.

Matt understands the opportunities and challenges that come with working in a regional health service, having worked at Rochester and Elmore District Health Service, initially as the Director Clinical Services before becoming CEO, a position he held for three years. Matt has also held an executive position at Echuca Regional Health.

Having spent most of his life in regional Victoria, Matt is passionate about public health and takes pride in being able to improve the safety, quality and access to health and wellbeing services, particularly in the regions. He has also recently chaired committees in the Hume region to assist with planning during the COVID-19 pandemic.

Tenure: Appointed 18 March 2020



Ms J. Kinder

Special responsibilities: Governance Committee member, Programs and Quality Committee member

Qualifications: Diploma of Management, Graduate of the Fairley Leadership Program, GAICD

Experience and expertise: Joanne Kinder is a healthcare and education executive with success in leading strategy and operations across a wide variety of settings in both the not-for-profit and for-profit sectors.

Joanne is passionate about advancing health and education in regional areas, co-design and place-based approaches, innovation and technology. In addition to core operational competencies, she is experienced in project management, governance, risk management, analytics and managing other support functions such as finance, human resources, IT and marketing.

Joanne has held leadership positions in the higher education sector, contributing to the significant growth and expansion of courses, programs, collaborative partnerships and graduate outcomes across regional Victoria as Executive Officer, La Trobe University, Shepparton Campus and Rural Clinical School Manager, University of Melbourne, Department of Rural Health.

Most recently, she was the Operations Manager, University of Melbourne, Shepparton Medical Centre, a key leadership position in which she gained extensive experience in strategic planning, management and governance of a large primary health service, delivering high-quality patient care, teaching and research. She currently holds the role of Strategic Operations Manager, Connected Cardiology, improving access to services in a regional area.

Joanne is a graduate of the Australian Institute of Company Directors and holds a Diploma of Management. She has completed the Fairley Leadership Program and during a five-year period, she has represented her community as a Member, Community Advisory Committee and Primary Care & Population Health Advisory Committee, GV Health and three years as Chair, Goulburn Valley Community Advisory Council for Murray PHN.

Tenure: Appointed 18 November 2020



Mr R. Cameron

Special responsibilities: Governance Committee member

Qualifications: Bachelor of Law, FAICD

Experience and expertise: Bob Cameron is a lawyer by profession and has a long history of active involvement in government and not-for-profit organisations.

Bob is a former Victorian State Minister of 11 years, and former Member for Bendigo West. He is Chair of Coliban Water and the Victorian WorkCover Authority, and was Chair of Bendigo Health from 2015-2022 during construction of the new Bendigo hospital and subsequent expansion of services.

Bob was appointed as interim Chair and sole director of Mildura Base Public Hospital 2019-20 to establish the public entity to take the hospital back into public hands.

Tenure: Appointed 17 November 2021



Ms J. Turfrey

Special responsibilities: Governance Committee member

Qualifications: LLB (Hons), GDip EOA and a GAICD

Experience and expertise: Jacki Turfrey is a proud Palawa woman who has lived and worked in Victoria for 37 years.

Jacki is qualified in law, graduating with honours from the University of Melbourne in 1999 and has been admitted to practise law for more than 24 years. She also has a Graduate Diploma in Equal Opportunity Administration.

Jacki has lived in Western Australia, working with the Yawuru Native Title Holders in negotiations with the WA government. In addition to her official role as a lead negotiator, Jacki set up the corporate entities and governance structures of the Yawuru corporate group and ran the group operations as CEO.

Jacki joined the Bar Roll in Victoria as a commercial barrister in 2011 and in 2013, she became the Director of the Koori Justice Unit and established the Koori Women's Diversion program in Mildura. In 2016, Jacki moved to Aboriginal Victoria as the Director for Treaty to start the critical work that has led to the establishment of the First People of Victoria Assembly. Jacki continued as a barrister in 2017 in Mildura across all jurisdictions and expanded her practise into criminal law and child protection. She is an accredited mediator and has conducted mediations for state and local government, courts and various Aboriginal groups and entities across Victoria.

Jacki was the CEO of Mallee District Aboriginal Services from 2019 to 2022 and now is a senior executive with Haven Home Safe. Jacki was a Director on Aboriginal Housing Victoria from 2003 to 2014, leading the transition of that entity from a co-operative to an independent company, taking ownership and control of the Victorian Government's Aboriginal Housing rental stock. She was also a Director on the Worawa Aboriginal College Board from 2016 to 2017. Jacki recently retired as a director on the Mallee Catchment Management Authority.

Tenure: Appointed 17 November 2021



Mr A. Baker

Special responsibilities: Governance Committee member

Qualifications: Bachelor of Applied Science (Hons), Certification in Production and Inventory Management (APICS), Post Graduate Diploma in Finance (SIA)

Experience and expertise: Andrew Baker is an IT professional with 30 years' experience in leading IT organisations and business change programs. Most recently, he was Chief Information Officer of Australian listed agribusiness GrainCorp, managing the IT function across GrainCorp's global grain trading, oilseeds and malting businesses.

Previously, Andrew was Chief Information Officer at BlueScope Steel, managing the IT function across their global footprint and led Mars Corporation's supply chain systems projects in Asia Pacific. He spent 12 years consulting in business information technology with Accenture.

Tenure: Appointed 17 November 2021



Prof. H. Swerissen

Special responsibilities: Chair of Programs and Quality Committee (until 28 February 2023)

Qualifications: BMed(Sci), MBBS, DRANZCOG, FRACGP

Experience and expertise: An expert on health policy and program development, Hal Swerissen has researched extensively in the design and development of primary health and community services. Professor Swerissen is a research fellow at the Grattan Institute and emeritus professor of public health at La Trobe University, publishing more than 150 books, articles, reports and conference papers.

Tenure: Appointed 19 September 2012 and retired 28 February 2023

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board of Directors		Governance Committee		Programs and Quality Committee	
	E	A	E	A	E	A
Mr F. Reid	10	9	5	5	4	4
Ms L. Burrows	10	9	5	5	-	-
Dr A. Green	10	9	-	-	4	4
Dr M. Fernando	10	5	-	-	4	3
Mr M. Sharp	10	10	-	-	4	4
Ms J. Kinder	10	9	3	2	2	2
Mr B. Cameron	10	10	5	5	2	2
Ms J. Turfrey	10	10	5	5	-	-
Mr A. Baker	10	8	5	5	-	-
Prof. H. Swerissen	6	4	-	-	2	2
Mr A. Woods (Independent)	-	-	5	5	-	-
Mr S. Tinker (Independent)	-	-	5	5	-	-

E - Eligible **A** - Attended

Proceedings on behalf of Murray PHN

No person has applied for leave of Court to bring proceedings on behalf of Murray PHN or intervene in any proceedings to which Murray PHN is a party for the purpose of taking responsibility on behalf of Murray PHN for all or any part of those proceedings.

Murray PHN was not a party to any such proceedings during the year.

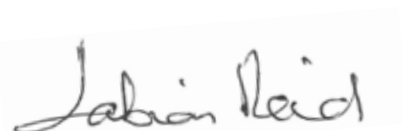
Members' guarantee

Murray PHN is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If Murray PHN is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of Murray PHN. At 30 June 2023 the collective liability of the nine members was \$90 (2022: 10 members, \$100).

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 10 of the financial report.

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



Mr F. Reid
Board Chair
26 September 2023





Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Lead auditor's independence declaration under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Directors of Murray PHN Limited

As lead auditor for the audit of Murray PHN Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 26th day of September 2023

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

Murray PHN Limited

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Revenue and other income			
Revenue and other income	3	68,049,433	56,046,684
Expenses			
Commissioning expenditure		(49,355,340)	(40,769,772)
Employee benefits expense		(14,856,191)	(12,257,241)
Depreciation, amortisation and impairment expenses	4	(471,534)	(433,753)
Finance costs	4	(69,225)	(67,776)
Rental and occupancy expenses	4	(188,572)	(241,869)
Motor vehicle expenses		(48,304)	(40,845)
Administration		(1,856,812)	(1,399,397)
Other expenses		(514,027)	(449,575)
Loss on disposal of asset		-	(30,570)
Surplus before income tax expense		689,428	355,886
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Murray PHN Limited		689,428	355,886
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Murray PHN Limited		689,428	355,886

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Murray PHN Limited

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	34,212,118	32,075,852
Trade and other receivables	6	565,358	1,075,575
Other assets	7	2,698,168	173,436
Total current assets		37,475,644	33,324,863
Non-current assets			
Right-of-use assets	8	1,115,343	1,365,848
Property, plant and equipment	9	154,286	110,741
Total non-current assets		1,269,629	1,476,589
Total assets		38,745,273	34,801,452
Liabilities			
Current liabilities			
Trade and other payables	11	7,055,170	5,433,285
Grant obligations	12	22,612,406	21,081,961
Lease liability	13	323,514	311,055
Employee entitlements	14	1,565,318	1,228,845
Interest bearing liabilities	15	7,061	14,353
Total current liabilities		31,563,469	28,069,499
Non-current liabilities			
Lease liability	13	867,556	1,113,466
Employee entitlements	14	484,710	540,377
Provisions	16	170,000	108,000
Total non-current liabilities		1,522,266	1,761,843
Total liabilities		33,085,735	29,831,342
Net assets		5,659,538	4,970,110
Members equity			
Retained surplus		5,659,538	4,970,110
Total members equity		5,659,538	4,970,110

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Murray PHN Limited

Statement of Changes in Equity

For the year ended 30 June 2023

	Retained surplus \$	Total members equity \$
Balance at 1 July 2021	4,614,224	4,614,224
Surplus after income tax expense for the year	355,886	355,886
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	355,886	355,886
Balance at 30 June 2022	4,970,110	4,970,110

	Retained surplus \$	Total members equity \$
Balance at 1 July 2022	4,970,110	4,970,110
Surplus after income tax expense for the year	689,428	689,428
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	689,428	689,428
Balance at 30 June 2023	5,659,538	5,659,538

Murray PHN Limited

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Grants revenue and other receipts		68,384,731	56,849,914
Interest received		1,016,855	193,406
Payments to suppliers, employees and directors		(66,605,646)	(53,516,115)
Interest paid on lease liabilities		(69,225)	(67,776)
Short term and low-value lease payments		(85,132)	(61,656)
Net cash from operating activities	24	2,641,583	3,397,773
Cash flows from investing activities			
Payments for plant and equipment	9	(160,862)	(50,541)
Net cash used in investing activities		(160,862)	(50,541)
Cash flows from financing activities			
Repayment of borrowings		(7,292)	-
Repayment of lease commitments		(337,163)	(334,097)
Net cash used in financing activities		(344,455)	(334,097)
Net increase in cash and cash equivalents		2,136,266	3,013,135
Cash and cash equivalents at the beginning of the financial year		32,075,852	29,062,717
Cash and cash equivalents at the end of the financial year	5	34,212,118	32,075,852

Murray PHN Limited

Notes to the Financial Statements

30 June 2023

Note 1. Significant accounting policies

The financial statements are for Murray PHN Limited (referred to herein as Murray PHN) as an individual entity, incorporated and domiciled in Australia. Murray PHN Limited is a not-for-profit company limited by guarantee and is primarily involved in:

- healthcare systems and redeveloping models of care across the Murray PHN catchment through transparent planning, ongoing engagement, collaboration where and whenever possible, and resource allocation based on strong evaluation and evidence, and
- funding organisations, communities, and partners through good governance practice, regular and accurate reporting, quality staff expertise and by actively building a highly reputable, respected and valued organisation.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

The company does not have ‘public accountability’ as defined in AASB 1053 Application of *Tiers of Australian Accounting Standards* and is therefore eligible to apply the ‘Tier 2’ reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060.

Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

The financial statements were authorised for issue on 26 September 2023 by the directors of Murray PHN.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is Murray PHN’s functional currency. The amounts have been rounded to the nearest dollar.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Income tax

No provision for income tax has been raised as Murray PHN is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997 as a charity registered under the Australian Charities and Not-for-profits Commission Act 2012.

Impairment of assets

At the end of each reporting period, Murray PHN assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs of disposal and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

Note 1. Significant accounting policies cont.

Goods and Services Tax ('GST')

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are stated inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Economic dependence

Murray PHN is dependent on the Australian Government Department of Health and Aged Care for a material amount of its revenue used to operate the business. At the date of this report, the Board of Directors believe the Department of Health and Aged Care will continue to support Murray PHN.

Note 2. Critical accounting judgements, estimates and assumptions

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying Murray PHN's accounting policies. These judgements have the most significant effect on the amounts recognised in the financial statements.

Annual leave

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Murray PHN expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Long service leave calculation

Murray PHN assesses the long service leave liability in accordance with the requirements of AASB 119: Employee Benefits and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period i.e. not entitled to be paid out as at 30 June 2023. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions).

Impairment

Murray PHN assesses impairment at each reporting period by evaluating the conditions and events specific to Murray PHN that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

Useful lives of property, plant and equipment

Murray PHN reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.



Note 2. Critical accounting judgements, estimates and assumptions cont.

Identifying performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

Lease term and option to extend under AASB 16

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include:

- the importance of the asset to the Murray PHN's operations
- comparison of terms and conditions to prevailing market rates
- incurrence of significant penalties
- existence of significant leasehold improvements, and
- the costs and disruption to replace the asset.

Murray PHN reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for Murray PHN's leases, Murray PHN's incremental borrowing rate is used, being the rate Murray PHN would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, Murray PHN:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security.



Note 3. Revenue and other income

	Department of Health & Aged Care	Other Federal	State Government	Other	Total
2023					
Grant revenue	57,827,830	1,320,293	6,303,176	1,276,096	66,727,395
Other services			305,183		305,183
Interest	-	-	-	1,016,855	1,016,855
Total	57,827,830	1,320,293	6,303,176	2,598,134	68,049,433
2022					
Grant revenue	52,667,902	94,349	1,430,054	402,609	54,594,914
Other services	-	-	-	1,258,364	1,258,364
Interest	-	-	-	193,406	193,406
Total	52,667,902	94,349	1,430,054	1,854,379	56,046,684

Murray PHN's revenue disaggregated by pattern of revenue recognition is as follows:

	Department of Health & Aged Care	Other Federal	State Government	Other	Total
2023					
Goods transferred at a point in time	-	-	-	1,322,038	1,322,038
Services transferred over time	57,827,830	1,320,293	6,303,176	1,276,096	66,727,395
Total	57,827,830	1,320,293	6,303,176	2,598,134	68,049,433

	Department of Health & Aged Care	Other Federal	State Government	Other	Total
2022					
Goods transferred at a point in time	-	-	-	1,451,747	1,451,747
Services transferred over time	52,667,902	94,349	1,430,054	402,609	54,594,914
Total	52,667,902	94,349	1,430,054	1,854,356	56,046,661

Note 3. Revenue and other income cont.

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2023:

	2024	2025	2026	Total
Revenue expected to be recognised	20,305,769	-	-	20,305,769

Accounting policy for revenue and other income

Grant revenue

Revenue arises mainly from the receipt of grants from the Department of Health and Aged Care, Federal Government and State Government.

To determine whether to recognise grant revenue, Murray PHN follows a five step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Murray PHN enters into transactions involving a number of performance obligations. In these cases, the total transaction price for the contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices, as detailed in the customer approved Activity Work Plan. The transaction price for a contract excludes any amounts collected on behalf of a third party.

Revenue is recognised over time, when (or as) Murray PHN satisfies performance obligations by transferring the promised goods or services to its customer, as detailed in the customer approved Activity Work Plan.

Murray PHN recognises contract liability for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in the Statement of Financial Position. Similarly, if Murray PHN satisfies a performance obligation before it receives the consideration, Murray PHN recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Other revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. The gain or loss on disposal of non-current asset sales are recognised at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

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



Note 4. Surplus for the year

Surplus for the year has been determined after:

	2023 \$	2022 \$
Depreciation and amortisation expenses		
Property, plant and equipment		
Furniture, fittings and equipment	86,931	21,087
Leasehold improvements	19,586	16,373
Artwork	10,800	1,667
	117,317	39,127
<i>Intangible assets:</i>		
Computer software	-	38,958
<i>Right-of-use assets:</i>		
Leased buildings	268,451	268,443
Leased motor vehicles	77,175	78,428
Leased equipment	8,591	8,797
	354,217	355,668
	471,534	433,753

	2023 \$	2022 \$
Finance costs		
Lease interest	69,225	67,776

	2023 \$	2022 \$
Rental expenses		
Rental outgoings	55,559	57,474
Electricity and gas	31,850	34,764
Office cleaning and maintenance	101,163	149,631
Total rental expenses	188,572	241,869



Note 5. Cash and cash equivalents

	2023 \$	2022 \$
Current assets		
Cash at bank	10,505,548	14,939,802
Term deposits	23,706,570	17,136,050
Total cash and cash equivalents	34,212,118	32,075,852

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 12 months or less.

Note 6. Trade and other receivables

	2023 \$	2022 \$
Current assets		
Trade receivables	570,153	1,082,911
Provision for expected credit losses	(4,795)	(7,336)
Total trade and other receivables	565,358	1,075,575

Lifetime expected credit loss: credit impaired

The following table shows the movement in lifetime expected credit loss that has been recognised for accounts receivable and other debtors in accordance with the simplified approach set out in AASB 9:

	2023 \$	2022 \$
Balance at beginning of year	(7,336)	(6,963)
- Net measurement of loss allowance	2,541	(373)
Balance at year end	(4,795)	(7,336)

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Provision for expected credit losses

Murray PHN recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Murray PHN uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

Note 6. Trade and other receivables cont.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

At each reporting date, Murray PHN recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Note 7. Other assets

	2023 \$	2022 \$
Current assets		
Accrued income	276,842	56,125
Receivable from the ATO	508,056	40,264
Prepaid expenses	1,913,270	77,047
Total other assets	2,698,168	173,436

Financial assets classified as other assets

	Note	2023 \$	2022 \$
Total other assets		2,698,168	173,436
Receivable from ATO		(508,056)	(40,264)
Prepaid expenses		(1,913,270)	(77,047)
Total financial assets classified as other assets	17	276,842	56,125

Accounting policy for other assets

Accrued income includes amounts due from customers and suppliers in the ordinary course of business.

Receivable from ATO includes the net GST receivable Murray PHN is entitled at balance date.

Prepaid expenses include expense items paid for in advance for which the company will receive a benefit in the following reporting period. The carrying amount of prepaid expenses approximate their fair values at balance date.



Note 8. Right-of-use assets

	2023 \$	2022 \$
Non-current assets		
Leased buildings	1,904,556	1,817,018
Less accumulated depreciation	(846,006)	(593,729)
	1,058,550	1,223,289
Leased motor vehicles	306,892	306,892
Less accumulated depreciation	(273,726)	(196,551)
	33,166	110,341
Leased equipment	42,957	42,957
Less accumulated depreciation	(19,330)	(10,739)
	23,627	32,218
Total right-of-use assets	1,115,343	1,365,848

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leased buildings \$	Leased motor vehicles \$	Leased equipment \$	Total \$
Balance at 1 July 2022	1,223,289	110,341	32,218	1,365,848
Remeasurement	103,712	-	-	103,712
Depreciation expense	(268,451)	(77,175)	(8,591)	(354,217)
Balance at 30 June 2023	1,058,550	33,166	23,627	1,115,343

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Murray PHN expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Murray PHN has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets (new assets where the underlying asset value is \$10,000 or less). Lease payments on these assets are expensed to profit or loss as incurred.

Note 9. Property, plant and equipment

	2023 \$	2022 \$
Non-current assets		
Leasehold improvements - at cost	182,707	159,791
Less accumulated depreciation	(137,859)	(118,273)
	44,848	41,518
Furniture, fittings and equipment - at cost	312,119	529,365
Less accumulated depreciation	(206,847)	(470,189)
	105,272	59,176
Artwork - at cost	19,132	14,214
Less accumulated depreciation	(14,966)	(4,167)
	4,166	10,047
Total property, plant and equipment	154,286	110,741

Movements in carrying amounts between the beginning and the end of the financial year

	Leasehold improvements \$	Furniture, fittings and equipment \$	Artwork	Total \$
Balance at 30 June 2022	41,518	59,176	10,047	110,741
Additions at cost	22,916	133,027	4,919	160,862
Disposals at written down value	-	-	-	-
Depreciation expense	(19,586)	(86,931)	(10,800)	(117,317)
Balance at 30 June 2023	44,848	105,272	4,166	154,286

Accounting policy for property, plant and equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 for details of impairment).

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

Note 9. Property, plant and equipment cont.

Depreciation

The depreciable amount of all fixed assets is depreciated over each asset's useful life to Murray PHN commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

The depreciation rates are consistent with the prior period. For each class of depreciable assets the depreciation rates are:

Furniture, fittings and equipment	17-100%
Leasehold improvements	Based on expiration of lease
Artwork	17%

Note 10. Intangible assets

	2023 \$	2022 \$
Non-current assets		
Computer software	155,523	155,523
Less accumulated amortisation	(155,523)	(155,523)
Total intangible assets	-	-

Accounting policy for intangible assets

Computer software is initially recognised at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between three and eight years. The software was fully written down during the year ended 30 June 2022.



Note 11. Trade and other payables

	2023 \$	2022 \$
Current liabilities		
Accounts payable	113,053	159,687
Other accrued expenses	6,942,117	5,273,598
Total trade and other payables	7,055,170	5,433,285

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to Murray PHN prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 12. Grant obligations

	2023 \$	2022 \$
Current liabilities		
Contract liabilities	2,718,084	-
Grants refundable	-	232,912
Unearned grants	19,894,322	20,849,049
	22,612,406	21,081,961



Note 12. Grant obligations cont.

Disaggregation of contract liability and grants refundable are as follows:

	Unearned grants 2023	Contract liabilities 2023	Grants refundable 2022	Unearned grants 2022
Department of Health and Aged Care				
Core - Corporate Governance	300,000	-	-	22,547
Core - Flexible funds	211,127	-	-	1,048,480
Core - Health Systems Improvement	521,215	500,000	-	2,497,974
Core - Living with COVID	-	-	-	569,559
Core - COVID-19 (Pandemic Response)	988,634	-	-	790,664
After Hours	1,327,246	-	-	1,672,800
Integrated Team Care	116,782	-	-	128,089
Primary Mental Health	1,465,853	1,688,164	-	7,166,723
Primary Mental Health	2,024,403	-	232,912	-
Primary Mental Health - Indigenous	11,338	-	-	-
Drug & Alcohol Treatment Services	476,552	-	-	898,497
Aged Care	199,095	-	-	2,095,000
CPS Commonwealth Psychosocial Support	2,058,175	-	-	1,005,981
PHN Pilots and Targeted Program	2,129,088	-	-	27,440
Bushfire Relief	12,828	100,000	-	337,645
National Mental Health and Suicide	1,216,598	-	-	-
Medicare Urgent Care Clinics	730,380	-	-	-
Total Department of Health and Aged Care	13,789,314	2,288,164	232,912	18,261,399
Victorian State Department of Health				
Covid Infection Control Support	136,715	-	-	530,959
Suicide Prevention	180,167	-	-	188,534
Pandemic Preparedness	81,283	-	-	39,795
Joint Needs Assessment Project	240,000	-	--	
Enhancing Eye Health	-	-	-	135,584
GP Respiratory Clinics	1,621,258	130,256	-	830,676
Eye Health	236,485	-	-	-
Priority Primary Care Clinics	2,944,118	-	-	-
Community Led Cancer Screening	93,798	-	-	89,630
Total Victorian State Department of Health	5,533,824	130,256	-	1,815,178

Note 12. Grant obligations cont.

	Unearned grants 2023	Contract liabilities 2023	Grants refundable 2022	Unearned grants 2022
Other funders				
Australian Digital Health Agency - My Health Records	41,147	-	-	44,401
Department of Health & Aged Care - Workforce Planning and Prioritisation	227,832	-	-	-
Department of Education - General Practice in Schools	(23,211)	-	-	(71,280)
Melbourne Primary Care Network - Enhancing Mental Health Supports in Secondary Schools	-	-	-	159,221
Vision 2020 The Right to Sight Australia - Referrals Pilot Project	-	-	-	48,466
Western Victoria PHN - Maximising Cancer Screening	7,253	-	-	370,000
Murray Exchange Income	-	201,664	-	221,664
Victoria Tasmania PHN Alliance	208,163	98,000	-	-
VTPHNA - Emergency Response Planning	105,000	-	-	-
Eastern Melbourne PHN - Heart Failure Project	5,000	-	-	-
Total other funders	571,184	299,664	-	772,472
Total grant obligations	19,894,322	2,718,084	232,912	20,849,049

Accounting policy for grant obligations

Grant obligations represent Murray PHN's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Murray PHN recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Murray PHN has transferred the goods or services to the customer, or when Murray PHN is required to refund the funding back to the funding body.



Note 13. Lease liability

	2023 \$	2022 \$
Current liabilities		
Lease liability	375,582	376,272
Unexpired interest	(52,068)	(65,217)
Total current lease liability	323,514	311,055
Non-current liabilities		
Lease liability	933,930	1,231,729
Unexpired interest	(66,374)	(118,263)
Total non-current lease liability	867,556	1,113,466
Total present value of lease liability	1,191,070	1,424,521
Maturity analysis		
Payable		
not later than 12 months	375,582	376,272
between 12 months and 5 years	933,930	1,231,729
Total undiscounted lease payments	1,309,512	1,608,001
Unexpired interest	(118,442)	(183,480)
Present value of lease liabilities	1,191,070	1,424,521

Murray PHN's lease portfolio includes leased properties, motor vehicles and equipment. The lease terms for each type of lease arrangement are:

Class of lease

Leased properties	3 years
Leased motor vehicles	3 - 5 years
Leased equipment	2 - 5 years

Options to extend or terminate

The options to extend or terminate are contained in several of Murray PHN's property leases. There were no extension options for equipment or motor vehicle leases. These clauses provide Murray PHN opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by Murray PHN. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.



Note 13. Lease liability cont.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Murray PHN's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used
- residual guarantee
- lease term
- certainty of a purchase option and termination penalties.

Note 14. Employee entitlements

	2023 \$	2022 \$
Current liabilities		
Annual leave	940,946	825,807
Long service leave	618,289	403,038
Parental leave	3,737	-
Other payroll deductions	2,346	-
	1,565,318	1,228,845
Non-current liabilities		
Long service leave	484,710	540,377
Total employee entitlements	2,050,028	1,769,222

Accounting policy for employee benefits

Provision for annual leave

A provision has been recognised for employee entitlements relating to annual leave. Based on past experience, the company expects the full annual leave to be settled within the next 24 months. Further, these amounts have been classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their entitlements.



Provision for long service leave

A provision has been recognised for employee entitlements relating to long service leave.

Long service leave is measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

Note 15. Interest bearing liabilities

	2023 \$	2022 \$
Current liabilities		
Credit cards	7,061	14,353

Note 16. Provisions

	2023 \$	2022 \$
Non-current liabilities		
Provision for 'make good' lease	170,000	108,000

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	2023 \$	2022 \$
Opening balance	108,000	90,000
Additional provisions recognised	62,000	18,000
Closing balance	170,000	108,000

Provision for Lease 'Make Good'

A provision has been recognised as Murray PHN has a legal and constructive obligation, as a result of the past event of signing the occupancy leases to make good on the repairs, maintenance and clean-up etc at our premises as outlined on the detailed schedule. Murray PHN present obligation is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The provision recognised represent the companies best estimate of the amounts required to settle the obligation at this current 30th June 2023 reporting date.

Note 17. Financial risk management

Murray PHN's financial instruments consist mainly of deposits with banks, term deposits, accounts receivable and payables, grants refundable and lease liabilities. Murray PHN does not have any derivative instruments at 30 June 2023.

The totals for each category of financial instruments are as follows:

	Note	2023 \$	2022 \$
Financial assets			
Cash and cash equivalents	5	34,212,118	32,075,852
Trade and other receivables	6	565,358	1,075,575
Other assets	7	276,842	56,125
Total financial assets at amortised cost		35,054,318	33,207,552
Financial liabilities			
Trade and other payables	11	7,055,170	5,433,285
Grants refundable	12	-	232,912
Lease liabilities	13	1,191,070	1,424,521
Interest bearing liabilities	15	7,061	14,353
Total financial liabilities at amortised cost		8,253,301	7,105,071

Accounting policy for financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Circle's business model for managing them. Murray PHN initially measures a financial asset at its fair value.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Murray PHN's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that Murray PHN commits to purchase or sell the asset.

Note 17. Financial risk management cont.

Subsequent measurement

For the purposes of subsequent measurement, financial assets of Murray PHN are classified at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Murray PHN's financial assets at amortised cost includes cash and cash equivalents, trade and other receivables, and other assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from Murray PHN's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- Murray PHN has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Murray PHN has transferred substantially all the risks and rewards of the asset, or (b) Murray PHN has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Murray PHN has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Murray PHN continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Murray PHN also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Murray PHN has retained.

Impairment of financial assets

Murray PHN recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Murray PHN expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. Murray PHN's financial liabilities include trade and other payables, grants refundable, lease liabilities and interest bearing liabilities.

Subsequent measurement

Trade and other payables are subsequently measured at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Murray PHN prior to the end of the financial year that are unpaid and arise when Murray PHN becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Note 18. Key management personnel compensation

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

KMPs	Position Title
Jones, Matthew	Chief Executive Officer
Holland, Janine	Chief Operations Officer
Radrekusa, Janice	Acting Chief Operations Officer, Director of Operations
Clear, Elizabeth	Chief Corporate Officer
Berry, Aileen	Executive Director Communications
O'Sullivan, Belinda	Chief of Strategy & Performance
Johansen, Ian	Director of Mental Health and Wellbeing
Harradine, Emma	Acting Director of Operations
Robertson, Rebecca	Director Finance and Reporting
Andrews, Frances	Director Finance and Reporting
Escall, Aida	Director Strategy & Business Innovation
Buck, Tania	Director Evaluation & Data Analytics
Batchelor, Catherine	Director of Integrated Projects & Partnerships
Sutherland, Beverley	Director People & Culture
Reid, Fabian	Chair of the Board
Burrows, Leonie	Deputy Chair of the Board
Fernando, Manisha	Board Member
Sharp, Matthew	Board Member
Kinder, Joanne	Board Member
Baker, Andrew	Board Member
Cameron, Robert	Board Member
Turfrey, Jacquelyn	Board Member
Green, Alison	Board Member
Swerissen, Hjalmar (Resigned 28 Feb 2023)	Board Member
Woods, Adam	Independent
Tinker, Stephen	Independent

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel. The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2023 \$	2022 \$
Compensation paid and payable	2,938,011	2,279,145

Note 19. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2023 \$	2022 \$
Audit services	22,000	21,200
Audit services of acquittals	24,990	15,670
Other services	1,575	1,155
Total auditor's remuneration	48,565	38,025

Note 20. Contingent assets and contingent liabilities

Contingent Assets

The company is not aware of any other contingent assets as at 30 June 2023. (2022: Nil)

Contingent Liabilities

The company is not aware of any other contingent liabilities at 30 June 2023. (2022: Nil)

Note 21. Capital and leasing commitments

Murray PHN's lease commitments which relate to lease arrangements which meet the low value lease exemption criteria of AASB 16 include:

	2023 \$	2022 \$
Low value leases contracted for but not capitalised in the financial statements:		
Not later than 12 months	85,714	69,351
Between 12 months and 5 years	73,405	103,325
Total commitment	159,119	172,676
Less: Future finance charges	-	-
Net commitment recognised as liabilities	159,119	172,676

Low value operating lease commitments

As at 30 June 2023 the company was committed to the following operating leases that meet the criteria low value lease exemption for AASB 16:

a) A non-cancellable operating lease contracts with BOQ Finance and Navman Wireless for lease of computers. Each lease has different end dates with the last expiry date being June 2026.

Capital expenditure commitments

No capital expenditure commitments were contracted for at year end (2022: Nil).

Note 22. Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons. The details of each related party transaction during the financial year is as follows:

Board Member, Leonie Burrows was the Chair of Sunraysia Community Health Services until November 2022. Sunraysia Community Health Services received payments from the company for contractual relationships involving the provision of Doctor's in Secondary Schools, Primary Mental Health, Chronic Disease, PTS in RACF's and Alcohol & Other Drug Services during the financial year. The total value of these transactions is \$2,031,937.

Board Member, Matt Sharp is the Chief Executive Officer of Goulburn Valley Health. Goulburn Valley Health received payments from the company for contractual relationships involving the provision of Headspace, Aged Care and Mental Health Services during the financial year. The total value of these transactions is \$1,979,116.

Board Member, Joanne Kinder was the Operations Manager of Melbourne Teaching Health Clinics Ltd (trading as Uni of Melbourne Shepparton Medical Centre) until November 2022. Melbourne Teaching Health Clinics received payments from the company for contractual relationships involving the provision of Priority Primary Care Centre activities during the financial year. The total value of these transactions is \$960,517.

Board Member, Dr Alison Green is associated with Albury Wodonga Health. Albury Wodonga Health received payments from the company relating to the provision of Mental Health services during the financial year. The total value of these transactions

is \$26,093. Dr Green was also a Board Director of Royal Australian College of General Practitioners until September 2022, who received \$50,431 during the financial year for training, conferences and a CPD event.

Board Member, Bob Cameron was a Board Member of Bendigo Health until February 2023. Bendigo Health received payments from the company for contractual relationships involving the provision of COVID-19 Vaccination Strategy, eReferral Program, Potentially Avoidable Hospitalisations and After Hours Community Palliative Care Activities during the financial year. The total value of these transactions is \$316,475. Mr Cameron is also a Board Member (Chair) of Coliban Water, who received \$2,228 during the financial year for water rates, and the Chair of Victorian Workcover Authority (Worksafe) who received \$123,053 in insurance premiums during the financial year for Victorian Workers Compensation.

Board Member, Jacquelyn Turfrey was the Chief Executive Officer at Mallee District Aboriginal Services until September 2022. Mallee District Aboriginal Services received payments from the company for contractual relationships involving the provision of Integrated Team Care, Primary Mental Health, COVID-19 Vaccination Strategy and Aged Care Services during the financial year. The total value of these transactions is \$784,862.

All Board Meeting Minutes have been reviewed for conflict-of-interest declarations.

Note 23. Events after the reporting period

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company.



Note 24. Cash flow Information

Reconciliation of surplus to net cash provided by operating activities

	2023 \$	2022 \$
Surplus after income tax expense for the year	689,428	355,886
Adjustments for:		
Depreciation, amortisation and impairment expenses	471,534	433,753
Loss on disposal of asset	-	30,570
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	510,217	(290,725)
Increase in trade and other payables	1,621,885	950,361
Increase in grant obligations	1,530,445	1,287,361
Increase in employee benefits	280,806	242,676
Increase in other provisions	62,000	18,000
Decrease in other assets	(2,524,732)	369,891
Net cash from operating activities	2,641,583	3,397,773

Note 25. Registered office/principal place of business

The registered office of the company and principal place of business is 3-5 View Point, Bendigo, Victoria, 3550

The directors of Murray PHN declare that the financial statements on pages 11 to 33 are in accordance with the Australian Charities and Not-for-profit Commission Act 2012 and:

- comply with Australian Accounting Standards – Simplified Disclosures, and
- give a true and fair view of the financial position as at 30 June 2023 and the financial performance for the year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that Murray PHN will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.



Mr F. Reid

Board Chair

26 September 2023



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

Independent auditor's report to the Directors of Murray PHN Limited

Report on the audit of the financial statements

Opinion

We have audited the financial report of Murray PHN Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory notes
- The directors' declaration of the company.

In our opinion, the financial report of the company, is in accordance with 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 2023 and of its financial performance for the year ended on that date, and
- ii. complying with Australian Accounting Standards – Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013.

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 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 (including Independence Standards)* (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 audit opinion.



Andrew Frewin Stewart
 61 Bull Street Bendigo VIC 3550
 ABN: 65 684 604 390
afs@afsbendigo.com.au
 (03) 5443 0344

Other information

The company may prepare an annual report that may include the financial statements, director's report and declaration and our audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



Andrew Frewin Stewart
 61 Bull Street Bendigo VIC 3550
 ABN: 65 684 604 390
 afs@afsbendigo.com.au
 (03) 5443 0344

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.
- 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.

Andrew Frewin Stewart
 61 Bull Street, Bendigo, 3550
 Dated this 26th day of September 2023

Jessica Ritchie
Lead Auditor



An Australian Government Initiative

Murray PHN Limited
ABN 92 156 423 755

T: 03 4408 5600
3-5 View Point,
Bendigo VIC 3550

www.murrayphn.org.au



Leadership



Collaboration



Respect



Accountability



Innovation