

Murray PHN Limited

ABN 92 156 423 755

Financial Report - 30 June 2022

Murray PHN Limited
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30 June 2022

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**Murray PHN Limited
Directors' Report
30 June 2022**

Your directors present their report of Murray PHN Limited (referred to herein as Murray PHN) for the year ended 30 June 2022.

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	Ms. L Burrows Deputy Board Chair
Prof. H. Swerissen	Dr A. Green
Dr. M Fernando	Mr M. Sharp
Ms. J. Kinder	Mr B. Cameron (appointed 17 November 2021)
Ms J. Turfrey (appointed 17 November 2021)	Mr A. Baker (appointed 17 November 2021)
Dr T. Barrett (retired 17 November 2021)	Mr V. Hamit (retired 17 November 2021)

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 health care through integration, coordination and capacity building. Working in partnership is at the heart of our purpose; we cannot and do not want to work in isolation – it simply won't be effective or impactful. By increasing access to high-quality, culturally responsive and sustainable primary health care services, we support our communities to manage and improve their health and wellbeing so that fewer people need to seek acute health care and more care can be provided closer to home.

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

Strategy for achieving objectives

Our strategic approach involves understanding and promoting the management and treatment of disease. We work directly with our partners to assist the development of our health system by linking and connecting providers of health care services, using models of care that are regionally tailored, targeted to local needs and, importantly, sustainable.

We will achieve our strategic goals by continuing to support our communities and health providers to be innovative and adaptive, and to embrace new approaches and technologies. Through innovation, research, engagement, collaboration and advocacy, we will work to generate health systems change and service improvement.

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

The PHN Program Performance and Quality Framework (PPQF) is currently the reporting system that the Department of Health and Aged Care uses to assess performance of the PHN programs. 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.

**Murray PHN Limited
Directors' Report
30 June 2022**

In early 2021, the Commonwealth Department engaged consultants PwC to assess all 31 PHNs across Australia, according to the maturity of their systems and processes. We received our final report of the PwC maturity and assessment framework in September and the Board was extremely pleased to learn that Murray PHN scored 29 out of 30 - one of the highest rankings received by any PHN, putting us in the category of lowest risk from the perspective of the Commonwealth. That ranking could not have been achieved without the effort and commitment of our CEO Matt Jones and his skilled and dedicated Executive team. The results are also testament to the strength and standard of work taking place in the corporate, operational and strategic parts of our organisation.

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 Aboriginal health in the Northern Territory, Queensland and Western Australia.

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 organisational development, change management, finance, quality and risk management, and governance, 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 \$355,886 for the year ended 30 June 2022 (2021: \$401,467).

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 2022/2023 is \$71.3 million. This is a continuation of its health promotion and prevention work across the Commonwealth Department of Health and other funders approved Activity Work Plans.

Environmental Issues

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

Options

No options over issued shares or interests in Murray PHN were granted during or since the end of the financial year, and there were no options outstanding at the date of this report.

**Murray PHN Limited
Directors' Report
30 June 2022**

Information on directors

Name: 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 is 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

Name: Ms. L Burrows
Special responsibilities: Deputy Board Chair
Governance Committee member
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 is a management consultant and company director, with 25 years' experience in Local Government. Ms Burrows also has experience in regional development, agriculture, education and strategic planning. Ms Burrows is also Chair of Sunraysia Community Health Services, Chair of the Mallee Regional Innovation Centre and Deputy Chair of the Loddon Mallee Regional Development Australia Board.
Tenure: Appointed 15 July 2015

Name: Prof. H. Swerissen
Special responsibilities: Chair of Programs and Quality Committee
Qualifications: BAppSc, Grad Dip Psych, BA (Hons), MAppPsych, DBA, GAICD
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

Name: Dr A. Green
Special responsibilities: Programs and Quality Committee member
Qualifications: BMed(Sci), MBBS, DRANZCOG, FRACGP.
Experience and expertise: Dr Alison Green has been a GP associate in Wodonga since 1991. She is a GP obstetrician and has provided maternity services to Albury Wodonga Health for over 25 years. Alison has a long history as a GP supervisor educating medical students, GP registrars and GP obstetric registrars. She has over 10 years of experience contributing to a number of boards and committees.
Tenure: Appointed 14 November 2017

**Murray PHN Limited
Directors' Report
30 June 2022**

Name: 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 holds fellowships in General Practice and Rural General Practice, a Masters 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 course. Living in the Macedon Ranges for over fifteen years, her professional areas of interest include rural and remote medicine, primary health care research, 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

Name: 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: Mr Sharp is the Chief Executive at Goulburn Valley (GV) Health, a position he has held since 2018. During his time with GV Health, Mr Sharp has focused on improving access to health and wellbeing services in the Goulburn Valley Region and enhancing the culture of GV Health. In addition, he has forged strong professional relationships within the community and worked with governments at local, State and Federal level to secure funding for additional health services. Prior to commencing at GV Health, Mr Sharp 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. He 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 the Chief Executive Officer; a position he held for three years. He has also held an executive position at Echuca Regional Health. Having spent most of his life in regional Victoria, Mr Sharp 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. Mr Sharp has also chaired committees within the Hume Region to assist with planning during the COVID-19 pandemic.
Tenure: Appointed 18 March 2020

Name: Ms. J. Kinder
Special responsibilities: Governance Committee member
Qualifications: Diploma of Management, Graduate of the Fairley Leadership Program, GAICD
Experience and expertise: Ms Kinder is the Operations Manager at the University of Melbourne, Shepparton Medical Centre where she has gained extensive experience in the strategic planning, management and governance of a primary health service. With 13 years' experience in the higher education sector, Ms Kinder has held positions as Executive Officer, La Trobe University, Shepparton Campus and Rural Clinical School Manager, University of Melbourne, Department of Rural Health, contributing to the significant growth and expansion of courses, programs and collaborative partnerships across Regional Victoria. She has represented her community as Member, Community Advisory Committee and Primary Care & Population Health Advisory Committee, GV Health and 3 years as Chair, Goulburn Valley Community Advisory Council for Murray PHN. Through all of these experiences, she has developed a passion for health, education, community engagement, technology, innovation and impact research.
Tenure: Appointed 18 November 2020

**Murray PHN Limited
Directors' Report
30 June 2022**

Name: Mr B. Cameron
Special responsibilities: Governance Committee member
Qualifications: Bachelor of Law, GAICD
Experience and expertise: Mr Cameron is a lawyer by profession and has a long history of active involvement in Government and Not-for-Profit organisations. Mr. Cameron is a former Victorian State Minister of 11 years, and former Member for Bendigo West. He currently serves on the board of Bendigo Health (Chair 2015-2022) and is Chair of Coliban Water. Mr Cameron 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

Name: 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 more than 30 years. Ms Turfrey is qualified in law, graduating with honours from the University of Melbourne in 1999 and has been admitted to practise law for more than 22 years. She also has a Graduate Diploma in Equal Opportunity Administration. Ms Turfrey is a Barrister and Accredited Mediator at the Victorian Bar and is the CEO of Mallee District Aboriginal Services in Mildura. Ms Turfrey has experience in Executive management and leadership roles with a strong commercial and corporate governance background.
Tenure: Appointed 17 November 2021

Name: 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: Mr 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. Mr Baker was previously 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.
Tenure: Appointed 17 November 2021

Name: Dr. T Barrett
Special responsibilities: Programs and Quality Committee member
Qualifications: B.Med Sci; MBBS; MRCGP; GAICD.
Experience and expertise: Dr Barrett is a private general practitioner and GP associate with Eaglehawk Medical Group since 1994. Dr Barrett has 22 years' experience as a director, with 14 years as Chair of various boards and committees. Dr Barrett was chair of the Loddon Mallee Medicare Local, the Central Victorian GP Network, Bendigo Division of General Practice, director and chair of Victoria Felix Medical Education. Dr Barrett has also served on various committees of AMA Victoria. During 30 years of general practice Dr Barrett has worked in community health, prison health and indigenous health. Dr Barrett is a supervisor of GP registrars within general practice.
Tenure: Appointed 22 March 2012 and retired 17 November 2021

Name: Mr V. Hamit
Special responsibilities: Chair of Governance Committee
Qualifications: B.Ec (Acc), LLB, FAICD, CTA.
Experience and expertise: Lawyer and director of Wentworth Lawyers in Echuca and Melbourne, Victor Hamit practises in commercial and taxation matters. Mr Hamit has extensive board experience including Vasey RSL Care Ltd and previously sitting on the boards of SBS Community Board, Rural Ambulance Victoria and the Riverine Herald group. He was Commissioner for the Shire of Campaspe and is also an experienced company chairman. He is also a member of the Law Institute of Victoria Charities and Not-for-profit Committee.
Tenure: Appointed 22 March 2012 and retired 17 November 2021

**Murray PHN Limited
Directors' Report
30 June 2022**

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 2022, and the number of meetings attended by each director were:

	Board of Directors Eligible	Board of Directors Attended	Governance Committee Eligible	Governance Committee Attended	Programs and Quality Committee Eligible	Programs and Quality Committee Attended
Mr F. Reid	11	10	7	6	-	-
Ms. L Burrows	11	9	7	6	-	-
Prof. H. Swerissen	11	9	-	-	5	5
Dr. A. Green	11	10	-	-	5	5
Dr. M Fernando	11	9	-	-	5	3
Mr. M. Sharp	11	10	-	-	5	4
Ms. J. Kinder	11	11	7	7	-	-
Mr B. Cameron	6	6	3	3	-	-
Ms J. Turfrey	6	4	3	1	-	-
Mr A. Baker	6	5	3	2	-	-
Dr. T. Barrett	5	5	-	-	2	2
Mr V. Hamit	5	5	4	3	-	-
Mr R. Saville (Independent)	-	-	4	4	-	-
Mr A. Woods (Independent)	-	-	7	7	-	-
Mr S. Tinker (Independent)	-	-	2	2	-	-

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.

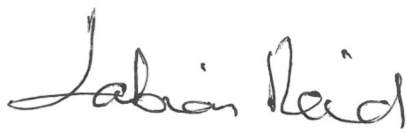
Members' Guarantee

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 2022 the collective liability of the 10 members was \$100 (2021: 9 members, \$90).

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page six of the financial report.

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



Mr F. Reid, Chair

28 September 2022

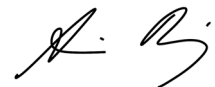
Lead auditor's independence declaration under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Directors of Murray PHN Limited

As lead auditor for the audit of Murray PHN Limited for the year ended 30 June 2022, 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 28th day of September 2022



Adrian Downing
Lead Auditor

Murray PHN Limited
Statement Of Profit Or Loss And Other Comprehensive Income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue			
Revenue	3	56,046,684	47,151,726
Expenses			
Commissioning expenditure		(40,769,772)	(33,705,995)
Employee benefits expense		(12,257,241)	(10,671,550)
Depreciation, amortisation and impairment expenses	4	(433,753)	(499,173)
Finance costs	4	(67,776)	(49,785)
Rental and occupancy expenses	4	(241,869)	(181,889)
Motor vehicle expenses		(40,845)	(29,778)
Administration		(1,399,397)	(1,111,733)
Other expenses		(449,575)	(476,555)
Loss on disposal of asset		(30,570)	(23,801)
Surplus before income tax expense		355,886	401,467
Income tax expense		-	-
Surplus after income tax expense for the year attributable to the members of Murray PHN Limited		355,886	401,467
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the members of Murray PHN Limited		<u>355,886</u>	<u>401,467</u>

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 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	5	32,075,852	29,062,717
Trade and other receivables	6	1,075,575	784,850
Other assets	7	173,436	543,327
Total current assets		<u>33,324,863</u>	<u>30,390,894</u>
Non-current assets			
Right-of-use assets	8	1,365,848	751,717
Property, plant and equipment	9	110,741	129,897
Intangible assets	10	-	38,958
Total non-current assets		<u>1,476,589</u>	<u>920,572</u>
Total assets		<u>34,801,452</u>	<u>31,311,466</u>
Liabilities			
Current liabilities			
Trade and other payables	11	5,433,285	4,479,622
Unearned grants and grants refundable	12	21,081,961	19,794,600
Lease liability	13	311,055	298,403
Employee entitlements	14	1,228,845	1,070,678
Interest bearing liabilities	15	14,353	17,655
Total current liabilities		<u>28,069,499</u>	<u>25,660,958</u>
Non-current liabilities			
Lease liability	13	1,113,466	490,416
Employee entitlements	14	540,377	455,868
Provisions	16	108,000	90,000
Total non-current liabilities		<u>1,761,843</u>	<u>1,036,284</u>
Total liabilities		<u>29,831,342</u>	<u>26,697,242</u>
Net assets		<u>4,970,110</u>	<u>4,614,224</u>
Members equity			
Retained surplus		<u>4,970,110</u>	<u>4,614,224</u>
Total members equity		<u>4,970,110</u>	<u>4,614,224</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Murray PHN Limited
Statement Of Changes In Equity
For the year ended 30 June 2022

	Retained surplus	Total members equity
	\$	\$
Balance at 1 July 2020	4,212,757	4,212,757
Surplus after income tax expense for the year	401,467	401,467
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	401,467	401,467
	<hr/>	<hr/>
Balance at 30 June 2021	<u>4,614,224</u>	<u>4,614,224</u>
	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	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	355,886	355,886
	<hr/>	<hr/>
Balance at 30 June 2022	<u>4,970,110</u>	<u>4,970,110</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Murray PHN Limited
Statement Of Cash Flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Grants revenue and other receipts		56,849,914	50,698,779
Interest received		193,406	271,034
Payments to suppliers, employees and directors		(53,516,115)	(43,197,580)
Interest paid on lease liabilities		(67,776)	(49,785)
Short term and low-value lease payments		<u>(61,656)</u>	<u>(65,951)</u>
Net cash from operating activities	24	<u>3,397,773</u>	<u>7,656,497</u>
Cash flows from investing activities			
Payments for plant and equipment	9	<u>(50,541)</u>	<u>(20,000)</u>
Net cash used in investing activities		<u>(50,541)</u>	<u>(20,000)</u>
Cash flows from financing activities			
Repayment of lease commitments		<u>(334,097)</u>	<u>(415,043)</u>
Net cash used in financing activities		<u>(334,097)</u>	<u>(415,043)</u>
Net increase in cash and cash equivalents		3,013,135	7,221,454
Cash and cash equivalents at the beginning of the financial year		<u>29,062,717</u>	<u>21,841,263</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>32,075,852</u></u>	<u><u>29,062,717</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

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
- 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 28 September 2022 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.

Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when Murray PHN becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that Murray PHN commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and Subsequent Measurement

Note 1. Significant accounting policies (continued)

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

Murray PHN classify trade and other payables and lease liabilities in this category.

A financial liability cannot be reclassified.

Financial assets

Financial assets are measured at amortised costs if both of the following criteria are met:

- the financial asset is managed solely to collect contractual cash flows, and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Murray PHN recognises cash and cash equivalents and trade and other receivables in this category.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred
- all risk and rewards of ownership of the asset have been substantially transferred and
- Murray PHN no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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*.

Note 1. Significant accounting policies (continued)

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.

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 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 will continue to support Murray PHN.

Fair Value of Assets and Liabilities

Murray PHN measures some of its assets and liabilities at fair value either on a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

"Fair value" is the price Murray PHN would sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market information.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to Murray PHN at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

Accounting standards issued but not yet effective

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

Note 1. Significant accounting policies (continued)

Standard	Expected impact
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i> (applicable for reporting periods commencing on or after 1 January 2022)	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i> (applicable for reporting periods commencing on or after 1 January 2022)	Adoption of this standard is not expected to have a material impact.
AASB 17: <i>Insurance Contracts</i> (applicable for reporting periods commencing on or after 1 January 2023).	Adoption of this standard is not expected to have a material impact.

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

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 2022. 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.

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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

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, eg term, country, currency and security.

Note 3. Revenue

	Department of Health	Other Federal	State Government	Other	Total
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
2021					
Grant revenue	44,164,093	113,592	1,393,567	504,795	46,176,047
Other services	-	-	-	704,645	704,645
Interest	-	-	-	271,034	271,034
Total	44,164,093	113,592	1,393,567	1,480,474	47,151,726

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

	Department of Health	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	402,632	54,594,937
Total	52,667,902	94,349	1,430,054	1,854,379	56,046,684

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Note 3. Revenue (continued)

	Department of Health	Other Federal	State Government	Other	Total
2021					
Goods transferred at a point in time	-	-	-	975,679	975,679
Services transferred over time	44,164,093	113,592	1,393,567	504,795	46,176,047
	<u>44,164,093</u>	<u>113,592</u>	<u>1,393,567</u>	<u>1,480,474</u>	<u>47,151,726</u>

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 2022:

	2023	2024	2025	Total
Revenue expected to be recognised	20,849,049	-	-	20,849,049

Accounting policy for revenue

Grant revenue

Revenue arises mainly from the receipt of grants from the Department of Health, 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:

Murray PHN Limited
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Note 4. Surplus for the year (continued)

	2022	2021
	\$	\$
<i>Depreciation and amortisation expenses</i>		
Property, plant and equipment		
Furniture and equipment	21,087	19,706
Leasehold improvements	16,373	16,463
Artwork	1,667	1,667
	<u>39,127</u>	<u>37,836</u>
Intangible assets:		
Computer software	<u>38,958</u>	<u>38,957</u>
Right-of-use assets:		
Buildings	268,443	317,130
Motor vehicles	78,428	92,215
Equipment	8,797	13,035
	<u>355,668</u>	<u>422,380</u>
	<u>433,753</u>	<u>499,173</u>
	2022	2021
	\$	\$
<i>Finance costs</i>		
Lease liabilities	67,776	49,785
	2022	2021
	\$	\$
<i>Rental expenses on operating leases</i>		
Rental outgoing - other	57,474	41,211
Electricity & gas	34,764	37,216
Office cleaning & maintenance	149,631	103,462
	<u>241,869</u>	<u>181,889</u>

Note 5. Cash and cash equivalents

	2022	2021
	\$	\$
<i>Current assets</i>		
Cash at bank	14,939,802	18,436,422
Term deposits	17,136,050	10,626,295
	<u>32,075,852</u>	<u>29,062,717</u>
Total cash and cash equivalents	<u>32,075,852</u>	<u>29,062,717</u>

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 twelve months or less.

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Note 6. Trade and other receivables

	2022	2021
	\$	\$
<i>Current assets</i>		
Trade receivables	1,082,911	791,813
Provision for impairment	<u>(7,336)</u>	<u>(6,963)</u>
Total trade and other receivables	<u><u>1,075,575</u></u>	<u><u>784,850</u></u>

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:

	2022	2021
Balance at beginning of year	(6,963)	(1,852)
- Net measurement of loss allowance	<u>(373)</u>	<u>(5,111)</u>
Balance at year end	<u><u>(7,336)</u></u>	<u><u>(6,963)</u></u>

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.

Recognition of expected credit losses in financial statements

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.

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.

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Note 7. Other assets

	2022	2021
	\$	\$
<i>Current assets</i>		
Accrued income	56,125	182,902
Receivable from the ATO	40,264	260,780
Prepaid expenses	77,047	99,645
	<u>173,436</u>	<u>543,327</u>
Total other assets	<u>173,436</u>	<u>543,327</u>

Financial assets classified as other assets

	2022	2021
	\$	\$
Total other assets	173,436	543,327
Receivable from ATO	(40,264)	(260,780)
Prepaid expenses	(77,047)	(99,645)
	<u>56,125</u>	<u>182,902</u>
Total financial assets classified as other assets	<u>56,125</u>	<u>182,902</u>

Note 8. Right-of-use assets

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Leased buildings	1,817,018	1,267,295
Accumulated depreciation	(593,729)	(634,260)
	<u>1,223,289</u>	<u>633,035</u>
Leased motor vehicles	306,892	248,738
Accumulated depreciation	(196,551)	(171,071)
	<u>110,341</u>	<u>77,667</u>
Leased equipment	42,957	48,095
Accumulated depreciation	(10,739)	(7,080)
	<u>32,218</u>	<u>41,015</u>
Total right-of-use assets	<u>1,365,848</u>	<u>751,717</u>

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 building \$	Leased motor vehicle \$	Leased equipment \$	Total \$
Balance at 1 July 2021	633,035	77,667	41,015	751,717
Additions	858,697	114,730	-	973,427
Disposals	-	(3,628)	-	(3,628)
Depreciation expense	(268,443)	(78,428)	(8,797)	(355,668)
	<u>1,223,289</u>	<u>110,341</u>	<u>32,218</u>	<u>1,365,848</u>
Balance at 30 June 2022	<u>1,223,289</u>	<u>110,341</u>	<u>32,218</u>	<u>1,365,848</u>

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Note 8. Right-of-use assets (continued)

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

	2022	2021
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	159,791	155,737
Less: Accumulated depreciation	<u>(118,273)</u>	<u>(102,742)</u>
	41,518	52,995
Furniture, fittings and equipment - at cost	529,365	509,114
Less: Accumulated depreciation	<u>(470,189)</u>	<u>(439,712)</u>
	59,176	69,402
Artwork - at cost	14,214	10,000
Less: Accumulated depreciation	<u>(4,167)</u>	<u>(2,500)</u>
	10,047	7,500
Total property, plant and equipment	<u><u>110,741</u></u>	<u><u>129,897</u></u>

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

	Furniture, fittings & equipment \$	Artwork \$	Leasehold improvements \$	Total \$
Balance at 1 July 2021	69,402	7,500	52,995	129,897
Additions	28,477	4,214	17,850	50,541
Disposals	(17,616)	-	(12,954)	(30,570)
Depreciation expense	<u>(21,087)</u>	<u>(1,667)</u>	<u>(16,373)</u>	<u>(39,127)</u>
Balance at 30 June 2022	<u><u>59,176</u></u>	<u><u>10,047</u></u>	<u><u>41,518</u></u>	<u><u>110,741</u></u>

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).

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Note 9. Property, plant and equipment (continued)

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.

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. Structural 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:

Equipment, Furniture and Fittings	17-100%
Leasehold improvements	Based on expiration of lease
Artwork	17%

Note 10. Intangible assets

	2022 \$	2021 \$
<i>Non-current assets</i>		
Computer software	155,523	155,523
Less: accumulated amortisation	<u>(155,523)</u>	<u>(116,565)</u>
Total intangible assets	<u><u>-</u></u>	<u><u>38,958</u></u>

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

	Computer software \$	Total \$
Balance at 1 July 2021	38,958	38,958
Amortisation expense	<u>(38,958)</u>	<u>(38,958)</u>
Balance at 30 June 2022	<u><u>-</u></u>	<u><u>-</u></u>

Accounting policy for intangible assets

Computer software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between three and eight years. It is assessed annually for impairment.

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Note 11. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Accounts payable	159,687	81,380
Other accrued expenses	5,273,598	4,393,257
Other payables	-	4,985
	<u>5,433,285</u>	<u>4,479,622</u>
Total trade and other payables	<u>5,433,285</u>	<u>4,479,622</u>

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. Unearned grants and grants refundable

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Grants refundable	232,912	263,785
Unearned grants	20,849,049	19,530,815
	<u>21,081,961</u>	<u>19,794,600</u>

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Note 12. Unearned grants and grants refundable (continued)

Disaggregation of contract liability and grants refundable are as follows:

	Grants refundable 2022	Unearned grants 2022	Grants refundable 2021	Unearned grants 2021
Department of Health Funding Schedule				
Core - Corporate Governance	-	22,547	-	54,800
Core - Flexible funds	-	1,048,480	-	2,744,952
Core - Health Systems Improvement	-	2,497,974	-	1,972,456
Core - Living with COVID	-	569,559	-	-
Core - COVID-19 (Pandemic Response)	-	790,664	-	376,260
After Hours	-	1,672,800	-	1,690,606
Integrated Team Care	-	128,089	-	305,028
Primary Mental Health	-	7,166,723	-	8,701,236
Primary Mental Health	232,912	-	263,785	-
Drug & Alcohol Treatment Services	-	898,497	-	1,056,326
Aged Care	-	2,095,000	-	-
CPS Commonwealth Psychosocial Support	-	1,005,981	-	746,546
PHN Pilots and Targeted Program	-	27,440	-	318,903
Bushfire Relief	-	337,645	-	550,251
Total Department of Health Funding Schedule	<u>232,912</u>	<u>18,261,399</u>	<u>263,785</u>	<u>18,517,364</u>
Other grants				
National Stepped Care	-	-	-	44,060
Australian Digital Health Agency - My Health Records	-	44,401	-	-
Department of Health and Human Services - Covid Infection Control Support	-	530,959	-	416,732
Department of Health and Human Services - Suicide Prevention	-	188,534	-	158,644
Department of Health and Human Services - Pandemic Preparedness	-	39,795	-	-
Department of Education - General Practice in schools	-	(71,280)	-	-
Department of Health and Human Services - Enhancing Eye Health	-	135,584	-	-
Department of Health and Human Services - GP Respiratory Clinics	-	830,676	-	-
Department of Health and Human Services - Social Prescribing in the Mallee	-	-	-	40,000
Melbourne Primary Care Network - Enhancing Mental Health in Eastern Melbourne PHN - Acute Specialist Clinics	-	159,221	-	-
Department of Health and Human Services - Community Led Cancer Screening	-	89,630	-	-
Referrals Pilot Project	-	48,466	-	60,000
Maximising Cancer Screening	-	370,000	-	-
Murray Exchange Income	-	221,664	-	221,664
Total grant obligations	<u>232,912</u>	<u>20,849,049</u>	<u>263,785</u>	<u>19,530,815</u>

Accounting policy for contract liability

Contract liability 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.

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Note 13. Lease liability

	2022 \$	2021 \$
<i>Current liabilities</i>		
Lease liability	376,272	330,719
Unexpired interest	<u>(65,217)</u>	<u>(32,316)</u>
Total current lease liability	<u>311,055</u>	<u>298,403</u>
<i>Non-current liabilities</i>		
Lease liability	1,231,729	518,515
Unexpired interest	<u>(118,263)</u>	<u>(28,099)</u>
Total non-current lease liability	<u>1,113,466</u>	<u>490,416</u>
Total present value of lease liability	<u><u>1,424,521</u></u>	<u><u>788,819</u></u>
Maturity analysis		
Payable		
not later than 12 months	376,272	330,719
between 12 months and 5 years	<u>1,231,729</u>	<u>518,515</u>
Total undiscounted lease payments	<u>1,608,001</u>	<u>849,234</u>
Unexpired interest	<u>(183,480)</u>	<u>(60,415)</u>
Present value of lease liabilities	<u><u>1,424,521</u></u>	<u><u>788,819</u></u>

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

Class of lease

Buildings	1 - 5 years
Motor vehicle	3 - 4 years
Equipment	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.

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:

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30 June 2022

Note 13. Lease liability (continued)

- 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

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	825,807	749,569
Long service leave	403,038	321,109
	<u>1,228,845</u>	<u>1,070,678</u>
<i>Non-current liabilities</i>		
Long service leave	540,377	455,868
Total employee entitlements	<u><u>1,769,222</u></u>	<u><u>1,526,546</u></u>

Accounting policy for employee benefits

Short-term employee benefits

Provision is made for Murray PHN's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Murray PHN's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the Statement of Financial Position.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, Murray PHN does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since Murray PHN does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

Other long-term employee benefits

Murray PHN classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for Murray PHN's obligation for other long-term employee benefits, which are 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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

Note 15. Interest bearing liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Credit cards	<u>14,353</u>	<u>17,655</u>

Murray PHN Limited
Notes To The Financial Statements
30 June 2022

Note 16. Provisions

	2022 \$	2021 \$
<i>Non-current liabilities</i>		
Provision for 'make good' lease	<u>108,000</u>	<u>90,000</u>

Movements in provisions

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

2022	\$
Opening balance	90,000
Additional provisions recognised	<u>18,000</u>
Closing balance	<u>108,000</u>

Accounting policy for provisions

There are make good provisions within leases entered into by Murray PHN. The provision for make good is based on the estimated cost to make good each leased site to the standard required under the lease agreement. Estimates are based on past experience and quotations are obtained and provided for when a lease nears its end of term.

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 2022.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2022	2021
Financial assets			
Cash and cash equivalents	5	32,075,852	29,062,717
Trade and other receivables	6	1,075,575	784,850
Other assets	7	56,125	182,902
Total financial assets		<u>33,207,552</u>	<u>30,030,469</u>
Financial liabilities			
Trade and other payables	11	5,433,285	4,479,622
Grants refundable	12	232,912	263,785
Lease liabilities	13	1,424,521	788,819
Interest bearing liabilities	15	14,353	17,655
Total financial liabilities		<u>7,105,071</u>	<u>5,549,881</u>

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.

Murray PHN Limited
Notes To The Financial Statements
30 June 2022

Note 18. Key management personnel compensation (continued)

KMPs	Position Title
Jones, Matthew	Chief Executive Officer
Holland, Janine	Chief Operations Officer
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
Radrekusa, Janice	Director of Operations
Robertson, Rebecca	Director Finance and Reporting
Escall, Aida	Director Strategy & Business Innovation
Buck, Tania	Director Evaluation & Data Analytics
Lees, Catherine	Director of Integrated Projects & Partnerships
Sutherland, Beverley	Director People & Culture
Reid, Fabian	Chair of the Board
Burrows, Leonie	Deputy Chair of the Board
Hamit, Victor	Board Member
Swerissen, Hjalmar	Board Member
Green, Alison	Board Member
Fernando, Manisha	Board Member
Sharp, Matthew	Board Member
Kinder, Joanne	Board Member
Baker, Andrew	Board Member
Cameron, Robert	Board Member
Turfrey, Jacquelyn	Board Member
Barrett, Talitha	Board Member
Woods, Adam	Independent
Saville, Rodney	Independent
Tinker, Stephen	Independent

Compensation

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2022	2021
	\$	\$
Compensation paid and payable	<u>2,279,145</u>	<u>1,593,881</u>

Note 19. Auditor's remuneration

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

	2022	2021
	\$	\$
Audit services	21,200	20,100
Audit services of acquittals	15,670	14,245
Other services	<u>1,155</u>	<u>1,050</u>
Total auditor's remuneration	<u>38,025</u>	<u>35,395</u>

Murray PHN Limited
Notes To The Financial Statements
30 June 2022

Note 20. Contingent assets and contingent liabilities

Contingent assets

Murray PHN is not aware of any contingent assets as at 30 June 2022 (2021: nil).

Contingent liabilities

Murray PHN is not aware of any contingent liabilities at 30 June 2022 (2021: 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:

	2022 \$	2021 \$
Low value leases contracted for but not capitalised in the financial statements:		
Not later than 12 months	69,351	73,645
Between 12 months and 5 years	<u>103,325</u>	<u>60,281</u>
Total commitment	172,676	133,926
Less: Future finance charges	<u>-</u>	<u>-</u>
Net commitment recognised as liabilities	<u><u>172,676</u></u>	<u><u>133,926</u></u>

Murray PHN's low-value lease commitments relate to a non-cancellable operating lease contracts with BOQ Finance for lease of computers. Each lease has different end dates with the last expiry date being June 2025.

Capital expenditure commitments

No capital expenditure commitments were contracted for at year end (2021: 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 year ended 30 June 2022 is as follows:

Board Member, Ms Leonie Burrows is the Chair of Sunraysia Community Health Services. 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, Community Paediatric Clinic, PTS in RACF's and Alcohol & Other Drug Services during the FY22. The total value of these transactions is \$1,222,633.

Board Member, Mr 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 and Mental Health Services during the FY22. The total value of these transactions is \$1,877,741.

Board Member, Ms Joanne Kinder is the Operations Manager of Melbourne Teaching Health Clinics Ltd (trading as Uni of Melbourne Shepparton Medical Centre). Melbourne Teaching Health Clinics received payments from the company for contractual relationships involving the provision of Doctor's in Secondary Schools during the FY22. The total value of these transactions is \$1,638.

Board Member, Dr Alison Green is associated with Albury Wodonga Health. Albury Wodonga Health received payments from the company relating to the provision of headspace and Mental Health services during the FY22. The total value of these transactions is \$220,713. Dr Green is also a Board Director of Royal Australian College of General Practitioners, who received \$1,000 during FY22 for a CPD event.

Murray PHN Limited
Notes To The Financial Statements
30 June 2022

Note 22. Related party transactions (continued)

Board Member, Bob Cameron is a Board Member of Bendigo Health. Bendigo Health received payments from the company for contractual relationships involving the provision of headspace, eReferral Program and Human Ethics Core Activities during FY22. The total value of these transactions is \$199,228. Mr Cameron is also a Board Member (Chair) of Coliban Water, who received \$1,987 during FY22 for water rates at CV Office.

Board Member, Fabian Reid was a Board Director until November 2021 at Access Australia Group who received payments from the company for the provision of catering during the FY22. The total value of these transactions is \$3,224.

Board Member, Jacquelyn Turfrey is the Chief Executive Officer at Mallee District Aboriginal Services. 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 Alcohol & Other Drug Services during the FY22. The total value of these transactions is \$885,978.

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

Note 23. Events after the reporting period

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.

Note 24. Cash flow Information

Reconciliation of surplus to net cash provided by operating activities

	2022	2021
	\$	\$
Surplus after income tax expense for the year	355,886	401,467
Adjustments for:		
Depreciation, amortisation and impairment expenses	433,753	499,173
Loss on disposal of asset	30,570	23,801
Changes in assets and liabilities		
Increase in trade and other receivables	(290,725)	(419,300)
Increase in trade and other payables	950,361	1,886,469
Increase in unearned grants and grants refundable	1,287,361	4,237,387
Increase in employee benefits	242,676	170,295
Increase in other provisions	18,000	-
Decrease in other assets	369,891	857,205
Net cash from operating activities	<u>3,397,773</u>	<u>7,656,497</u>

Note 25. Registered office/principal place of business

The registered office of Murray PHN is:
3 - 5 View Point
Bendigo VIC 3550

The principal place of business is:
3 - 5 View Point
Bendigo VIC 3550

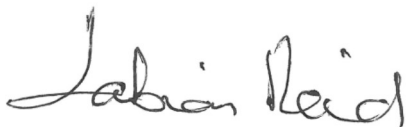
**Murray PHN Limited
Directors' Declaration
30 June 2022**

The directors of Murray PHN declare that the financial statements on pages 9 to 31 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 2022 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, Chair

28 September 2022

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's (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 2022 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.

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.

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:

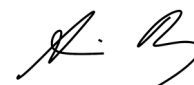
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 28rd day of September 2022



Adrian Downing

Lead Auditor