

Health Network Northern Territory Ltd

ABN 17 158 970 480

2021

Annual Financial Report

Annual Financial Report for the Year Ended 30 June 2021

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Corporate Information

Directors

The following Directors were in office during the financial year ended 30 June 2021:

- Ms Diane Walsh – Board Chair
- Mr John Rawnsley – Deputy Chair
- Ms Donna Ah Chee (retired on 30 November 2020)
- Dr John Boffa
- Dr Paul Burgess (resigned on 22 April 2021)
- Ms Heather D'Antoine
- Dr Samuel Goodwin
- Ms Judith Oliver
- Mr Iain Summers (retired on 30 November 2020)
- Mr David Blair (appointed on 30 November 2020)
- Mr John Paterson (appointed on 30 November 2020)

Mr Iain Summers and Ms Donna Ah Chee retired as Directors upon conclusion of the Company's annual general meeting held on 30 November 2020 after having served the maximum term of appointment under NT PHN's Constitution. No Director resigned after the financial year. The qualifications, experience and other details of the Directors that held office at any time during the financial year appear on pages 5 to 9.

Registered Office

23 Albatross Street, Winnellie Northern Territory 0820

Principal Place of Business

23 Albatross Street, Winnellie Northern Territory 0820

Bankers

National Australia Bank
71 Smith Street, Darwin Northern Territory 0800

Auditors

Merit Partners
Chartered Accountants
Level 2, 9-11 Cavanagh Street, Darwin Northern Territory 0800

Annual Financial Report for the Year Ended 30 June 2021

Directors' Report

The Directors present their report together with the financial report of Health Network Northern Territory Ltd ("the Company" or "Health Network NT"), trading as Northern Territory PHN and incorporating the Rural Workforce Agency NT, for the year ended 30 June 2021 and the auditor's report thereon.

1. Directors

The profiles of the Directors of the Company who has been a Director at any time during or since the end of the financial year, including their qualifications, experience and special responsibilities are provided below. The Northern Territory PHN Committee and Council memberships are as at year end.

Ms Diane Walsh (Chair)

Qualifications: BA, Dip Ed, Graduate of the Australian Institute of Company Directors

Appointed to the Board on 10 July 2012 and as Chair from 25 November 2019. Diane Walsh is an experienced health consumer and community representative at an NT and national level, with a background in teaching and 18 years of governance experience in health organisations. She is a Senior Notifications Officer at the Australian Health Practitioner Regulation Agency.

Diane is a member of the Consumers Health Forum of Australia and serves in a number of consumer health roles including as member of the Royal Australian College of General Practitioners Expert Committee on Standards for General Practice, the Primary Care Committee of the Australian Commission on Safety and Quality in Health Care, the NPS Medicines Wise Consumer Advisory Group, Advisory Committee on Vaccines to Therapeutic Goods Administration Committee and Australian Technical Advisory Group on Immunisation. Diane will be retiring from the Board in November 2021 after having served the maximum term of appointment under NT PHN's Constitution.

Northern Territory PHN Committee/Council Memberships: Finance, Audit & Risk Management Committee

Mr John Rawsley (Deputy Chair)

Qualifications: LLB, BAIS, GDLP

Appointed to the Board on 10 November 2015 and as Deputy Chair from 25 November 2019. John Rawsley is employed as the Law and Justice Manager at the North Australian Aboriginal Justice Agency. Prior to this he worked in various legal roles and leadership development.

John is a director of the Larrakia Development Corporation, Winkiku Rumbangi NT Indigenous Lawyers Aboriginal Corporation and Rockpools and Ochre Aboriginal Corporation. He is the NT PHN Nominated Director at NTGPE, and also chairs the Smith Family's Aboriginal and Torres Strait Islander Advisory Group, having been a member since 2011. John is in a member of the Advisory Board of the Poche Centre with Flinders University.

Northern Territory PHN Committee/Council Memberships: Chair of Governance Committee

Ms Donna Ah Chee

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Qualifications: Adv Cert in Management (Aboriginal Organisations), Ass Dip in Business (Aboriginal Organisations), Grad Cert in Management

Appointed to the Board on 10 July 2012. Donna Ah Chee has been actively involved in Aboriginal affairs for many years, especially in the area of Aboriginal adult education and Aboriginal health. She is the CEO of the Central Australian Aboriginal Congress, the largest Aboriginal community-controlled health organisation in the Northern Territory providing comprehensive primary health care services to Aboriginal people living in and nearby Alice Springs, including six remote communities.

Donna is a director of the Aboriginal Medical Services Alliance Northern Territory Aboriginal Corporation (AMSANT); a director of the National Aboriginal Community Controlled Health Organisation; an expert member of the National Aboriginal & Torres Strait Islander Health Implementation Plan Advisory Group; Chair of the Northern Territory Tripartite Forum on Children and Families; and represents AMSANT on the Northern Territory Aboriginal Health Forum and Congress on the Alice Springs Peoples' Alcohol Action Coalition. Donna retired from the Board on 30 November 2020 after having served the maximum term of appointment under NT PHN's Constitution.

Northern Territory PHN Committee/Council Memberships: Governance Committee

Dr John Boffa

Qualifications: MB BS, MPH

Appointed to the Board on 25 November 2019. Dr John Boffa was initially the SMO at Anyinginyi Health in Tennant Creek from 1988 has been employed by the Central Australian Aboriginal Congress since 1994 in various senior roles and, since 2013, serving as the Chief Medical Officer Public Health. He is also an Adjunct Associate Professor with the National Drug Research Institute at Curtin University, Perth since 2013. John has extensive experience in Aboriginal community controlled primary health care and has provided clinical leadership over many years in primary health care and continuous quality improvement and is committed to the adaption of evidence-based services and programs to the specific needs of Aboriginal communities in the NT.

He is an executive member of the NT Clinical Senate and also serves on a number of advisory committees, including National Health Care Homes Evaluation Working Group, National Aboriginal and Torres Strait Islander Health Service Data Advisory Committee and Comprehensive Primary Health Care Sustainability Advisory Committee

Northern Territory PHN Committee/Council Memberships: Chair of Rural Workforce Agency NT Committee and Governance Committee

Dr Paul Burgess

Qualifications: MB BS, BMedSci, Master of Public Health, Fellow of Royal Australian College of General Practitioners, Grad Dip Rural GP, Fellowship in Advanced Rural General Practice, PhD in Public Health, Fellow of the Australasian Faculty of Public Health Medicine, GAICD

Appointed to the Board on 18 August 2015. Dr Paul Burgess is a general practitioner and public health physician who has practiced in the Northern Territory since 2001. He is also the Clinical Director Coordinated Care – Strategic Primary Health Care for the Top End Health Service, and an

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adjunct senior lecturer at Flinders University. Paul has broad experience in both urban and remote general practice, Aboriginal health, health policy and strategy, health services research, primary health care reform and systematic approaches to health care improvement.

Paul is a member of the Australian Government Health Care Homes Implementation Advisory Group since 2016, a member of the Northern Territory Clinical Senate since 2018, and a member of the Royal Australian College of General Practitioners Expert Committee on Quality Care since 2018.

Northern Territory PHN Committee/Council Memberships: Finance, Audit and Risk Management Committee

Ms Heather D'Antoine

Qualifications: Dip in Midwifery, Dip in Nursing, Bachelor of Applied Science, Master of Health Economics (Aboriginal Health)

Appointed to the Board on 28 August 2017. Heather D'Antoine has more than 25 years of experience, initially as a registered midwife and nurse, and later as a health services manager in both Aboriginal health services and general health services, with the last 18 years dedicated to health research. For the last ten years, Heather was the Associate Director for Aboriginal Programs and Division Leader of Education and Capacity Building at Menzies School of Health Research, serving as a member of the Executive Committee. She continues as Distinguished Honorary Fellow, Menzies School of Health Research.

Heather's research interest is in maternal and child health, with a particular focus on fetal alcohol spectrum disorders (FASD) and other birth defects. She has been involved with developing and evaluating resources for health professionals and developing a model of care for FASD in Western Australia. She is a member of the Public Health Association of Australia and Independent Review Panel for Dan Murphy's.

Northern Territory PHN Committee/Council Memberships: Governance Committee, Community Advisory Council, Rural Workforce Agency NT Committee

Dr Samuel Goodwin

Qualifications: MB BS, Fellow of the Australian College of Rural and Remote Medicine, JCCA (Anaesthetics), Graduate of the Australian Institute of Company Directors, MPHTM

Appointed to the Board on 14 August 2015. Dr Samuel Goodwin is the Executive Director of Medical and Clinical Services, Alice Springs Hospital for the Central Australia Health Service. He has spent the past decade training in a remote area, aspiring to the principles of rural generalism. He continues to practice as a general practitioner at Central Clinic in Alice Springs. He has spent a decade training in remote areas, aspiring to the principles of rural generalism and specialises in health system governance.

Samuel is a member of the Northern Territory Postgraduate Medical Council since 2008, and a member of the Medical Board of Australia since 2015.

Northern Territory PHN Committee/Council Memberships: Finance, Audit and Risk Management Committee; Rural Workforce Agency NT Committee

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Ms Judith Oliver

Qualifications: B Pharm (Hons)

Appointed to the Board on 10 July 2012. Ms Judith Oliver is a registered pharmacist and is currently Branch Director and Executive Officer of the Northern Territory Branch of the Pharmacy Guild of Australia and regularly works in community pharmacy. She was a founding member of the Pharmacy Guild's Community Pharmacy for Rural and Indigenous Australia (CPRIA) Committee.

Judith has previously worked in various pharmacist roles, in pharmaceutical regulatory affairs management, as a consultant pharmacist assisting with the establishment of pharmacy services to clinics in remote Aboriginal health services, and as a senior lecturer at the Charles Darwin University, where she worked closely with the university to develop the Bachelor of Pharmacy degree to suit pharmacy practice in the Northern Territory. As a registered pharmacist, Judith's expertise and interest lie with pharmaceutical regulatory affairs, such as the Pharmaceutical Benefits Scheme and National Medicines Policy, and remote and Indigenous access to medicine. Judith will be retiring from the Board in November 2021 after having served the maximum term of appointment under NT PHN's Constitution.

Northern Territory PHN Committee/Council Memberships: Finance, Audit and Risk Management Committee; Rural Workforce Agency NT Committee

Mr Iain Summers

Qualifications: B Comm, LLB, Grad Dip Management Psychology, Fellow of the Institute of Chartered Accountants in Australia, Fellow of CPA Australia, Fellow of the Australian Institute of Company Directors, Fellow of the Australian Institute of Managers and Leaders

Appointed to the Board on 10 July 2012. Iain Summers is a governance and management consultant since 2002 providing advice and assistance to community service organisations and boards. He was previously the Northern Territory Auditor-General from 1994 to 2002, after being a partner of a chartered accountants firm in the Northern Territory for eleven years.

Iain is a director of Traditional Credit Union Limited since 2006, a member of the Northern Territory nominee to the Professional Standards Councils (PSC) since 2006, also chairing the Finance, Audit and Risk Management Committee. He also chairs a number of audit and risk committees for community services and public sector entities. Iain retired from the Board upon conclusion of the Company's annual general meeting on 30 November 2020 after having served the maximum term of appointment under NT PHN's Constitution.

Northern Territory PHN Committee/Council Memberships: Chair of Finance, Audit and Risk Management Committee

Mr David Blair

Qualifications: BSc Joint Honours in Science, Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Governance Institute of Australia, Fellow of the Chartered Institute of Company Secretaries, Certificate in Risk Management and Assurance, Certificate in Internal Control, Certificate in Governance and Risk Management, Graduate of the Australian Institute of Company Directors

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Appointed to the Board on 30 November 2020. David Blair is a Chartered Accountant with extensive finance, risk management, governance, and business experience. He is currently employed as the Chief Financial Officer of the Kolsen Group in Darwin.

Prior to that he was part of the executive leadership team at Menzies School of Health Research as the Chief Operating Officer from 2010 to 2018. David is also an experienced Director, having previously served on the Boards of Liefeline Top End, Melaleuca Refuge Centre, Northern Centre for Contemporary Art, and as a public member of the AHPRA Physiotherapist Board NT.

Northern Territory PHN Committee/Council Memberships: Chair of Finance, Audit and Risk Management Committee

Mr John Paterson

Qualifications: Bachelor of Social Science in Human Service, Fellow of the Australian Rural Leadership Foundation

Appointed to the Board on 30 November 2020. John Paterson has a long-standing career in Indigenous affairs, with a particular focus on health care since 2005. He is the Chief Executive Officer of AMSANT (Aboriginal Medical Services Alliance Northern Territory) since 2006. Prior to that he served as the CEO of Wurli Wurlingjang Health Service in Katherine from 2005.

He is an experienced Director having previously served on the Board of the National Aboriginal Community Controlled Health Organisation (NACCHO), the national leadership body for Aboriginal and Torres Strait Islander health in Australia, the NT Hospital Management Board and Thirrili. He is the current Chair of the Central Australian Academic Health Science Network, and a member of the Telstra Indigenous Advisory Committee.

John is affiliated with the Ngalakan tribe from the Ngukurr region, south-east Arnhem Land.

Northern Territory PHN Committee/Council Memberships: Governance Committee

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2. Chief Executive Officer (CEO), Company Secretary and Public Officer

The following officers were in office during the financial year ended 30 June 2021 and up to the date of this report:

Chief Executive Officer

Ms Nicola Herriot (CAHRI, GAICD) (resigned 17 July 2020)

Ms Gillian Yearsley (M.A.) (appointed 15 July 2020)

Company Secretary

Ms Léanne Heerink (BA (Law), LLB) (resigned 30 November 2020)

Ms Nutisha Todi (B.L.S, LLB, MGB, GIA {Affiliated}) (appointed 1 December 2020)

Public Officer

Ms Kristy Brain (BCom, CA)

3. Directors' Meetings

The number of Directors' meetings attended by each of the Directors of Health Network NT during the financial year are:

Director	Board Meetings	
	Number of meetings held	Number of meetings attended
Diane Walsh (Chair)	7	5
John Rawnsley (Deputy Chair)	7	7
Donna Ah Chee (retired 30 November 2020)	3	3
Dr John Boffa	7	7
Dr Paul Burgess (resigned 22 April 2021)	5	4
Heather D'Antoine	7	4
Dr Samuel Goodwin	7	5
Judith Oliver	7	4
Iain Summers (retired 30 November 2020)	3	3
David Blair (appointed 30 November 2020)	4	4
John Paterson (appointed 30 November 2020)	4	4

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4. Planning and Activities

(a) Principal Activities

Health Network Northern Territory Ltd, trading as Northern Territory PHN and the Rural Workforce Agency NT, is a not-for-profit company limited by guarantee, established in accordance with the *Corporations Act 2001* (Cth) and also registered as a not-for-profit charity under the *Australian Charities and Not-for-profit Commission Act 2012* (Cth). It is governed by an independent skills-based Board appointed by Health Network NT's Members at General Meetings.

Primary Health Networks (PHN) are organisations established across Australia by the Australian Government to coordinate primary health care delivery and tackle local health care needs and service gaps. PHNs operate in a complex and dynamic national and local reform context. The role of PHNs and their performance may be affected by changing Australian, state, territory and local government policies. As a PHN, we are guided by a series of national priority areas: mental health, Aboriginal and Torres Strait Islander health, population health, digital health, health workforce, aged care, and alcohol and other drugs. PHNs have been established with the key objectives of increasing the efficiency and effectiveness of medical services for patients, particularly those at risk of poor health outcomes, and improving coordination of care to ensure patients receive the right care in the right place at the right time.

The organisation connects with stakeholders to coordinate primary health care across the Northern Territory. With a focus on commissioning services, the organisation does not provide services directly to people but instead engages with service providers through a comprehensive primary health care service model. Health Network NT also incorporates the Rural Workforce Agency Northern Territory as an operational branch, and attracts, recruits, educates and retains a professional medical workforce across the Northern Territory.

(b) Short-Term Objectives

The short-term objectives of Health Network NT are set out in the Strategic Plan 2018-2023. Health Network NT is committed to achieving our vision and purpose through delivery of the following key strategic objectives:

1. To empower people to take control of their own health and wellbeing.
2. Address health equity by identifying those with the greatest health needs and improving access to primary health care.
3. Enable providers to deliver quality health care.
4. Lead primary health care system integration through effective partnerships.

Our strategic objectives are underpinned by good corporate governance, an engaged and aligned workforce and effective stakeholder engagement.

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(c) Long-Term Objectives

The long-term objectives of Health Network NT are set out in Clause 2, Objects of the Constitution. Among others, these includes:

1. Support the efficiency and effectiveness of medical and health services for patients, particularly those at risk of poor health outcomes.
2. Improve coordination of care so that patients receive the right care in the right place at the right time.
3. Improve health outcomes for Aboriginal people through comprehensive primary health services.
4. Support and strengthen Aboriginal community control of comprehensive Primary Health Care.
5. Support and strengthen the role of the general practice and allied health sectors in comprehensive Primary Health Care.
6. Engage with all health providers and the community to identify local health needs and regional service gaps.
7. Increase equitable health outcomes by commissioning and supporting Primary Health Care services and promoting Primary Health Care initiatives and programs.
8. Support clinicians and service providers to deliver best practice care.
9. Deliver and promote high quality education and inter-professional learning opportunities for Primary Health Care providers.
10. Support the attraction and retention of a sustainable qualified Primary Health Care workforce which provides culturally appropriate comprehensive Primary Health Care.
11. Support the integration of the primary and secondary health care sectors to improve the patient journey.

(d) Strategy

Strategies for achievement of long term and short-term objectives are set out in the Strategic Plan 2018-2023 and are reflected in annual work plans and program planning.

(e) Performance Measurement

The CEO is required to report to the Board on a regular basis, against the achievement of objects included in the Strategic Plan 2018-2023. Reporting also includes the progress of principal activities and reporting of risks and opportunities.

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5. Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Australian Commonwealth or of a State or Territory.

6. Indemnification of Officer or Auditor

The Company has paid an annual premium to insure the Directors' and Officers' against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

7. Proceedings on Behalf of Company

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

The company was not a party to any such proceedings during the year.

8. Members' Guarantee

In accordance with Health Network NT's Constitution, each member is liable to contribute \$50 in the event that the company is wound up.

9. Events Subsequent to Reporting Date

There has not been any matter or circumstance occurring subsequent to the end of the reporting date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

10. Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 43 and forms part of the Directors' report for the financial year ended 30 June 2021.

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

Ms Diane Walsh

Director and Chair, Health Network Northern Territory Ltd

Dated at Darwin this 1st day of November 2021

Annual Financial Report for the Year Ended 30 June 2021

The Statement of Financial Position is to be read in conjunction with the attached notes.

Statement of Financial Position

As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
<i>Current</i>			
Cash and cash equivalents	6	30,138,421	28,208,236
Trade and other receivables	7	1,157,429	107,462
Other current assets	8	618,944	601,448
Total current assets		31,914,794	28,917,146
<i>Non-Current</i>			
Property, plant and equipment	9	875,143	1,208,381
Total non-current assets		875,143	1,208,381
Total assets		32,789,937	30,125,527
Liabilities			
<i>Current</i>			
Trade and other payables	10	5,133,829	3,660,321
Lease liabilities	13	385,909	373,343
Employee benefits	11	1,109,514	982,053
Unearned grant income	12	22,825,520	21,531,815
Total current liabilities		29,454,772	26,547,532
<i>Non-Current</i>			
Employee benefits	11	88,879	111,826
Lease liabilities	13	492,357	854,763
Total non-current liabilities		581,236	966,589
Total liabilities		30,036,008	27,514,121
Net assets		2,753,929	2,611,406
Equity			
Retained Earnings		2,138,127	1,995,604
Strategic Initiatives Reserves		615,802	615,802
Total equity attributable to members of the Company		2,753,929	2,611,406

Annual Financial Report for the Year Ended 30 June 2021

The Statement of Comprehensive Income is to be read in conjunction with the attached notes.

Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue			
Grant income	4	70,434,569	69,068,594
Non-grant income	4	189,799	4,924
Interest income	4	110,415	493,440
Total Revenue		70,734,783	69,566,958
Operating Expenses			
Employee expenses	5	10,724,364	10,810,954
Governance expenses		272,740	298,100
Occupancy expenses		166,408	239,035
Depreciation	9	419,507	419,044
Travel and accommodation		254,601	386,192
Administration expenses		2,426,098	2,477,016
Direct program expenses		56,328,542	55,067,017
Total Expenditure		70,592,260	69,697,358
Net Surplus / (Deficit) for the year		142,523	(130,400)
Other comprehensive income		-	-
Total comprehensive Income/(Deficit) for the year		142,523	(130,400)

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The Statement of Changes in Equity is to be read in conjunction with the attached notes.

Statement of Changes in Equity

For the year ended 30 June 2021

	Strategic Initiatives Reserves	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2019	625,802	2,116,004	2,741,806
Net deficit for the year	-	(130,400)	(130,400)
Other Comprehensive Income	-	-	-
Total comprehensive income for the year	-	(130,400)	(130,400)
Transactions with members in their capacity as owners:			
Redistribution to retained earnings	(10,000)	10,000	-
Total transactions with members	(10,000)	10,000	-
Balance at 30 June 2020	615,802	1,995,604	2,611,406
Balance at 1 July 2020	615,802	1,995,604	2,611,406
Net surplus for the year	-	142,523	142,523
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	142,523	142,523
Transactions with members in their capacity as owners:			
Redistribution to retained earnings	-	-	-
Total transactions with members	-	-	-
Balance at 30 June 2021	615,802	2,138,127	2,753,929

Annual Financial Report for the Year Ended 30 June 2021

The Statement of Cash Flows is to be read in conjunction with the attached notes.

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Cash receipts from customers		2,044,855	584,547
Cash receipts from funding bodies		68,343,898	71,649,863
Interest received		110,415	493,440
Cash payments to employees		(10,619,850)	(10,810,954)
Cash payments to suppliers		(57,513,024)	(60,546,423)
Net cash from operating activities	15	2,366,294	1,370,473
Cash flows from investing activities			
Additions to property, plant and equipment		-	-
Net cash from/(used in) investing activities		-	-
Cash flows from financing activities			
Finance lease principal payments		(436,109)	(383,601)
Net cash used in financing activities		(436,109)	(383,601)
Net increase in cash and cash equivalents		1,930,185	986,872
Cash and cash equivalents at 1 July		28,208,236	27,221,364
Cash and cash equivalents at 30 June	6	30,138,421	28,208,236

Annual Financial Report for the Year Ended 30 June 2021

Notes to the Financial Statements

1. Corporate Information

Health Network NT (the Company) was established as a not-for-profit public company limited by guarantee under the *Corporations Act 2001 (Cth)* on 1 July 2012. Health Network NT has currently three Members: Health Providers Alliance Northern Territory Incorporated, the Northern Territory Department of Health and the Aboriginal Medical Services Alliance Northern Territory Aboriginal Corporation. Health Network NT, trading as Northern Territory PHN, is primarily involved in health service commissioning and health outcomes in the Northern Territory and is one of 31 Primary Health Networks established Australia-wide by the Australian Government Department of Health. The Health Network NT also includes the Northern Territory Rural Workforce Agency as an operational branch.

The Company is registered as a charity with the Australian Charities and Not-for-profits Commission from 3 December 2012.

Health Network NT's registered office is 23 Albatross Street, Winnellie, NT 0820.

2. Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations and Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB), the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and the *Corporations Act 2001 (Cth)*.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other events is reported. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. The financial statements are for the financial year 1 July 2020 to 30 June 2021 and were authorised for issue by the Board of Directors on 1 November 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is Health Network NT's functional currency.

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(d) Use of estimates and judgments

The preparation of financial statements in conformity with AASBs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies and in preparing this financial report that have the most significant effect on the amounts have been recognised in the financial statements as appropriate.

(e) New and Revised Accounting Standards

No accounting standard has been adopted earlier than the applicable dates as stated in the standard.

Several amending standards and Australian Accounting Standards Board (AASB) interpretations have been issued that apply to current reporting period but are considered to have limited or no impact on the Company financial reporting.

Standards and interpretations issued but not yet effective

No Australian accounting standards have been adopted early for 2020-21. Several other amending standards and AASB interpretations that have been issued that apply to future reporting periods but are considered to have limited or no impact on the Company's financial reporting.

Annual Financial Report for the Year Ended 30 June 2021

3. Significant Accounting Policies

(a) Revenue

Revenue is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties. The Company recognises revenue when performance obligations under relevant contracts are completed. Performance obligations may be completed at a point in time or over time.

Grant revenue

Revenue from grants and donations have been recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt.

Grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will also continue to be recognised on receipt as time restriction on the use of funds is not sufficiently specific to create a performance obligation. Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled.

Grants that require the Company to perform services or provide facilities, or to meet eligibility criteria are recognised as income only to the extent that the services required have been performed or the eligibility criteria have been satisfied. When monies received have been paid in advance of performance or eligibility, a liability is recognised. Any unexpended grants associated with performance obligations are recognised as a liability in the Statement of Financial Position.

Interest

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

(b) Financial Instruments

(i) Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component.

(ii) Subsequent measurement

Financial assets are subsequently measured at:

- amortised cost (Loans & receivables and investments);
- fair value through Statement of Comprehensive Income; or
- fair value through Other Comprehensive Income.

Financial liabilities are subsequently measured at:

- amortised costs; or
- fair value through Statement of Comprehensive Income.

The Company does not have any financial assets and liabilities at fair value through Statement of Comprehensive Income or fair value through Other Comprehensive Income. Trade receivables are subsequently measured at amortised cost using the EIR method, net of any provision for impairment losses. Whereas, trade payables are subsequently measured at amortised costs using the effective interest rate method.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in Statement of Comprehensive Income.

(iv) Impairment

Impairment on trade and other receivables is reduced through the use of provision accounts, all other impairment losses on financial assets at amortised cost are taken directly to the Statement of Comprehensive Income.

Impairment Losses

The Company recognises an allowance for expected credit losses (ECLs) for trade and other receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

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ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a trade and other receivables in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A trade and other receivables are written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Property, plant, and equipment that has been contributed at no cost or for nominal cost is valued at the fair value of the asset at the date of its acquisition.

(ii) Asset Capitalisation policy

Health Network NT is a Health Promotion Charity receiving Government Grants to deliver services. According to Government Grant contracts and as guided by the Commonwealth of Australia, only approved asset purchases worth \$10,000 (exclusive of GST) and over can be included in Government Acquittal reports and in their respective asset registers. In order to sustain a consistent and practical approach, Health Network NT has opted to only capitalise assets worth \$10,000 and above.

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(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Health Network NT and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted as cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Health Network NT will obtain ownership by the end of the lease term.

Where an asset is acquired by direct Government grant funding and it has not been fully depreciated, at the end of the associated program, direction is sought from the Government to use the asset or sale proceeds to benefit a complementary or similar program.

The depreciation rates used for each class of depreciable assets are:

Computer, Training & Video Equipment (excl. Laptops)	20%
Furniture, Fixture & Office Equipment	20%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(v) Right of Use Assets

The Company leases office buildings. Lease contracts are typically made for fixed periods of 4 to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. The Company does not provide residual value guarantees in relation to leases.

The Company has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less with no

Annual Financial Report for the Year Ended 30 June 2021

purchase option. Low value assets are assets with a fair value of \$10,000 or less when new and not subject to a sublease arrangement comprise mainly of photocopiers.

Recognition and measurement

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

The Company recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site, if any.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office Accommodation	5 to 10 years
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The right-of-use assets are subsequently measured at fair value which approximates costs except for those arising from leases that have significantly below-market terms and conditions principally to enable the Company to further its objectives and are also subject to impairment.

The right-of-use assets are subject to remeasurement principles consistent with the lease liability including indexation and market rent review that approximates fair value and only revalued where a trigger or event may indicate their carrying amount does not equal fair value.

(d) Impairment of Non-financial assets

The carrying amounts of Health Network NT's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee Benefits

(i) Long-term employee benefits

Health Network NT's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and long-service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that Health Network NT expects to pay as at reporting date including related on-costs, such as workers' compensation insurance. Contributions are made by Health Network NT to an employee superannuation fund and are charged as expenses when incurred.

(f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

(g) Reserves

Health Network NT maintains strategic initiative reserves that are funded by cash and investments. This reserve is used to record funds set aside for the sponsorship and business development program that will be undertaken by Health Network NT in the future.

(h) Other Liabilities

Provisions

A provision is recognised if, as a result of a past event, Health Network NT has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Lease Liabilities

At the commencement date of the lease where the Company is the lessee, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments may include fixed payments (including in substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the entity exercising the option to terminate.

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 the Company's leases, the weighted average incremental borrowing rate is used as the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (such as changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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(i) Income Tax

No provision for income tax has been raised as Health Network NT is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(j) Payroll Tax

No provision for payroll tax has been raised as Health Network NT is exempt from payroll tax under the *Payroll Tax Act* effective from 1 July 2012.

(k) Fringe Benefits Tax

Health Network NT is a partially exempt employer for fringe benefits provided up to a specified amount per employee under Section 57A of the *Fringe Benefits Tax Assessment Act 1986*. No provision for fringe benefits tax has been raised as any tax incurred is required to be immediately paid by the employee for whom the fringe benefits tax debt is incurred.

(l) Prohibition upon distribution of income, profits and assets

Upon winding up of Health Network NT, after paying of all liabilities of Health Network NT, the surplus assets:

- (i) Shall not be divided amongst Members; but
- (ii) Shall, upon special resolution of the members, be paid or transferred to another incorporated or unincorporated organisation, having similar objects to Health Network NT. If the Members are unable to pass a resolution, then the surplus assets are to be paid or transferred on the direction of the Supreme Court of the Northern Territory, on application of Health Network NT or any Member.

(m) Determination of fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principle and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial risk management

Annual Financial Report for the Year Ended 30 June 2021

Health Network NT has minimal exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Health Network NT's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies and systems are set to identify and analyse the risks faced by Health Network NT, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to Health Network NT if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

Trade and other receivables

Health Network NT's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Approximately 95 percent of Health Network NT's revenue is attributable to Government Grants and hence credit risk is low and trade receivables are deemed to be recoverable. Health Network NT's other receivables relate mainly to non-governmental organisations which are also funded by both the State and Commonwealth Government and hence the credit risk is low and other trade receivables are deemed to be recoverable.

Liquidity risk

Liquidity risk is the risk that Health Network NT will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Directors' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Health Network NT's reputation. Health Network NT Board are of the view that sufficient funds have been arranged, via member contributions, to meet its liabilities when due in the event of Health Network NT winding up its operations.

Market risk

Market risk is the risk that changes in market prices will affect Health Network NT's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Health Network NT does not enter into derivatives and has no exposures to currency risk

Annual Financial Report for the Year Ended 30 June 2021

and neither is anticipated. Management's policy is to review their investment strategy to balance interest returns and liquidity issues.

(n) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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4. Grant Income

	2021	2020
	\$	\$
<i>Current year grants</i>		
Department of Health	69,893,388	68,282,110
NT Department of Health	186,958	234,057
Other Grants	354,223	552,427
Total Grant Income	70,434,569	69,068,594
<i>Non-grant income</i>		
Insurance recoveries	8,719	346
Other program income	16,800	4,578
Other income	164,280	-
	189,799	4,924
Interest income on bank deposits	110,415	493,440
Total Income	70,734,783	69,566,958

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5. Employee Expenses

	2021	2020
	\$	\$
Salaries and wages	9,329,777	9,500,463
Superannuation	863,988	849,305
Recruitment expenses	106,997	96,452
Training & conference expenses	139,238	95,013
Staff work cover expenses	58,555	74,568
Temporary agency employment expenses	225,809	195,153
	10,724,364	10,810,954

6. Cash and Cash Equivalents

Cash at bank	13,767,088	5,854,637
Term Deposits	16,185,073	22,167,339
Bank Guarantee Deposit - Albatross Street	86,260	86,260
Bank Guarantee Deposit - Credit Card Limit	100,000	100,000
	30,138,421	28,208,236

7. Trade and Other Receivables

Trade and other receivables	1,157,429	107,462
	1,157,429	107,462

All trade and other receivables balance are currently within accepted trading terms.

8. Other Current Assets

Net GST Paid	10,200	233,524
Accrued income	603,069	15,957
Other prepayments	5,675	351,967
	618,944	601,448

Annual Financial Report for the Year Ended 30 June 2021

9. Property, Plant and Equipment

	Computer Equipment \$	Furniture and Office Equipment \$	Right-of-Use Assets \$	Total \$
Cost				
Balance at 1 July 2019	88,504	5,455	-	93,959
Additions	-	-	1,611,707	1,611,707
Disposed	-	-	-	-
Balance at 30 June 2020	88,504	5,455	1,611,707	1,705,666
Balance at 1 July 2020	88,504	5,455	1,611,707	1,705,666
Additions	-	-	86,269	86,269
Disposed	(88,504)	(5,455)	(45,026)	(138,985)
Balance at 30 June 2021	-	-	1,652,950	1,652,950
Accumulated Depreciation				
Balance at 1 July 2019	(72,786)	(5,455)	-	(78,241)
Depreciation charge for the year	(6,084)	-	(412,960)	(419,044)
Disposals	-	-	-	-
Balance at 30 June 2020	(78,870)	(5,455)	(412,960)	(497,285)
Balance at 1 July 2020	(78,870)	(5,455)	(412,960)	(497,285)
Depreciation charge for the year	(9,634)	-	(409,873)	(419,507)
Disposals	88,504	5,455	45,026	138,985
Balance at 30 June 2021	-	-	(777,807)	(777,807)
Carrying amounts				
At 30 June 2020	9,634	-	1,198,747	1,208,381
At 30 June 2021	-	-	875,143	875,143

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10. Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade payables	832,414	2,111,369
Other current payables	2,611,991	450,283
Workforce candidate grants payable	1,403,938	666,858
Employee accruals	136,330	85,890
Superannuation Payable	-	106,852
PAYG Payable	149,156	239,069
	5,133,829	3,660,321

11. Employee Benefits

Current		
Liability for annual leave	876,678	816,562
Liability for long service leave - current	232,836	165,491
	1,109,514	982,053
Non-current		
Liability for long service leave - non-current	88,879	111,826
	88,879	111,826

12. Unearned Grant Income

Unearned grant income	22,825,520	21,531,815
	22,825,520	21,531,815

Unearned grant income are monies received where the associated performance obligation to provide goods or services is yet to be satisfied. This also included grant monies received in advance and is intended for various programs in subsequent financial period.

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13. Lease Liabilities

	2021	2020
	\$	\$
Current		
Lease liabilities	385,909	373,343
	385,909	373,343
Non-current		
Lease liabilities	492,357	854,763
	492,357	854,763

The following table presents liabilities under leases for 2020-21:

	2021	2020
	\$	\$
Balance at 1 July	1,228,106	1,611,707
Additions / Remeasurement	86,269	-
Interest Expenses	31,242	43,378
Payments	(467,351)	(426,979)
Balance at 30 June	878,266	1,228,106

14. Related Party Transactions

The related parties of the Company include:

- the key management personnel (KMP) because they have authority and responsibility for planning, directing and controlling the activities of the Company directly; and
- spouses, children and dependents who are close family members of the KMP; and
- any entities controlled or jointly controlled by KMPs or controlled or jointly controlled by their close family members.

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Key Management Personnel

Key management personnel of the Company are those persons having authority and responsibility for planning, directing, and controlling the activities of Company. These include the Directors and Senior Executive Leadership Team as listed below.

Directors

The following Directors were in office during the financial year ended 30 June 2021:

- Ms Diane Walsh – Board Chair
- Mr John Rawnsley – Deputy Chair
- Ms Donna Ah Chee (retired on 30 November 2020)
- Dr John Boffa
- Dr Paul Burgess (resigned on 22 April 2021)
- Ms Heather D'Antoine
- Dr Samuel Goodwin
- Ms Judith Oliver
- Mr Iain Summers (retired on 30 November 2020)
- Mr David Blair (appointed on 30 November 2020)
- Mr John Paterson (appointed on 30 November 2020)

The following Directors retired at the Annual General meeting on 30 November 2020 or before the end of the financial year:

- Mr Iain Summers
- Ms Donna Ah Chee

(i) Remuneration of Directors

During the year ended 30 June 2021 the total fees paid to Directors amounted to \$257,667 (2020: \$181,815).

(ii) Other Related Party Transactions

During the year, amounts were commissioned to service provider organisations for delivery of health services, on an arm's length basis, under normal terms and conditions. Directors of the Company may hold executive positions and/or Directorships in these organisations.

Related Party	Details	Amount (ex. GST) \$
AMSANT	Health Services	2,101,308
Anglicare NT	Health Services	5,564,285
Central Australian Aboriginal Congress	Health Services	3,364,855

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Central Australia Health Service	Health Services	2,587,458
Menzies School of Health Research	Health Services	35,000
Northern Territory General Practice Education Limited	Health Services	20,000
Top End Health Services	Health Services	3,277,324
The Trustee for TFCMG Trust t/as Central Clinic Alice Springs	Health Services	108,113
Department of Health NT	Government Agency	300,099
Sterling NT	Corporate Services	70,916

(iii) Outstanding Amounts

As at 30 June 2021, there are no outstanding amounts receivable from or payable to the Directors.

Senior Executive Leadership Team

Health Network NT's Senior Executive Leadership Team consists of the following positions as at 30 June 2021:

- *Chief Executive Officer*
- *Chief Financial Officer*
- *Executive Manager Health Commissioning*
- *Executive Manager Health Workforce*
- *Executive Manager Operations*
- *Executive Manager Strategy Implementation and Partnerships*

Total remuneration of \$1,182,102 (2020: 1,365,389) was paid to the Senior Executive Leadership Team for the year ended 30 June 2021.

(i) Retirement Benefits

No retirement benefits have been made by the Company to key management personnel during the reporting year.

(ii) Loans to Responsible Persons

No loans have been made, guaranteed or secured by the Company to key management personnel during the reporting year.

(iii) Other Transactions

No other transactions have been made by the Company to key management personnel during the reporting year.

(iv) Outstanding Amounts

As at 30 June 2021, total amount due to key management personnel is \$75,725 being accrued salaries and annual leave entitlements. There were no outstanding amounts receivable.

Annual Financial Report for the Year Ended 30 June 2021

15. Reconciliation of Cash Flows from Operating Activities

	2021	2020
	\$	\$
Cash flows from operating activities		
Net surplus/(deficit) for the period	142,523	(130,400)
Adjustments for:		
Depreciation	419,507	419,044
Provision for Employee Benefits	104,514	230,852
	666,544	519,497
Changes in Assets and Liabilities:		
Change in trade and other receivables	(1,067,463)	1,472,059
Change in trade and other payables	1,935,365	(2,309,916)
Change in unexpended grant liability	831,848	1,688,833
Net Cash inflow generated from operating activities	2,366,294	1,370,473

Annual Financial Report for the Year Ended 30 June 2021

16. Financial Instruments

Credit risk

Health Network NT does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity as most of its receivables are due from Australian Government departments.

Impairment losses

The ageing of Health Network NT's receivables at the reporting date was:

	Gross 2021	Impairment 2021	Gross 2020	Impairment 2020
	\$	\$	\$	\$
Less than 30 days	843,877	-	105,014	-
31-60 days	61,091	-	2,448	-
Greater than 60 days	252,461	-	-	-
	1,157,429	-	107,462	-

All receivables are collectible as at 30 June 2020.

Liquidity risk

Health Network NT manages liquidity risk by monitoring bank balances and monitoring grant payments as per grant schedules, by ensuring the grant payments are made on time and there are sufficient funds in the bank.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amounts	Contractual Cash flow	6 months or less
	\$	\$	\$
Trade and other payables	1,579,757	(1,579,757)	1,579,757
Other current payables	4,015,929	(4,015,929)	4,015,929
	5,595,686	(5,595,686)	5,595,686

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Price risk

Health Network NT is not exposed to any material commodity risk.

Foreign currency risk

Health Network NT is not exposed to any material foreign currency risk.

Fair values

The carrying amount of receivables, cash at bank, and creditors approximate their fair value due to their short term nature.

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17. Members' Guarantee

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the entity. At 30 June 2021 the number of members was three.

18. Auditor's Remuneration

	2021	2020
	\$	\$
Audit Services		
Auditors of Health Network NT		
<i>Merit Partners Darwin:</i>		
Audit and review of annual financial statements	32,500	30,900
Audit of Special Purpose Reports for Funding Acquittals	17,500	17,922
	50,000	48,822

19. Events Subsequent to Reporting Date

There are no events subsequent to balance sheet date.

20. Contingent Liabilities and Contingent Assets

The Directors are not aware of any contingent assets and contingent liabilities that may become payable.

21. Impact of COVID-19 Pandemic and Going Concern

As a result of the pandemic the Company has received the below additional Commonwealth funding in order to continue to support COVID response activities in primary care including surge workforce capacity. Additional funds for activities targeting vulnerable populations have also been received in FY 2021-22 as shown below.

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Year	GP Led Respiratory Clinics / COVID- 19 Primary Care Support \$	Workforce Infection Control & Surge Capacity \$	COVID Vulnerable Population Response	Total \$
2019-20	300,000.00	282,258.00	N/A	582,258.00
2020-21	700,000.00	182,258.00	N/A	882,258.00
2021-22	400,000.00	N/A	250,000.00	650,000.00
Total	1,400,000.00	464,516.00	250,000.00	2,114,516.00

As reported previously, the company has employed a number of changes in the way it operates to ensure it remains effective during the impacts of the pandemic. All of the previously reported changes remain in place and some are paused and re-instigated if and when appropriate ie when the region is placed into a lockdown (below). Additional changes are highlighted.

- Participation on national and regional COVID response steering committees
- Active participation on the NT and DoH Vaccine Steering Committee
- Increase internal capacity continues to be reviewed to support COVID response activities, the implications of transition to Living with COVID
- Expended funds to providers to support pandemic preparedness, management and vaccine rollout activities including surge workforce capacity
- Continued engagement and liaison with ACCHOs, GPs and Pharmacies to support vaccination rollout
- Increased funding to support expanded roles and expectations

Annual Financial Report for the Year Ended 30 June 2021

Directors' Declaration

In the opinion of the directors of Health Network NT:

- (a) the financial statements and notes, set out on pages 14 to 41, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Health Network NT's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that Health Network NT will be able to pay its debts as and when they become due and payable.

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



Ms Diane Walsh

Director and Chair, Health Network Northern Territory Ltd

Dated at Darwin this 1st day of November 2021.

Auditor's Independence Declaration to the Directors of Health Network Northern Territory Ltd

In relation to our audit of the financial statements of Health Network Northern Territory Ltd for the financial year ended 30 June 2021, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and *Corporations Act 2001*; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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MunLi Chee
Partner

DARWIN

1 November 2021

Independent audit report to members of Health Network Northern Territory Ltd

Report on the Audit of the Financial Report

We have audited the accompanying general purpose financial report of Health Network Northern Territory Ltd (“the Company”), which comprises the statement of financial position as at 30 June 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

In our opinion, the financial report of Health Network Northern Territory Ltd is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of Health Network Northern Territory Ltd at 30 June 2021 and of the Company’s performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants* (the ‘Code’) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

The Responsibility of Management and Those Charged with Governance for the Financial Report

Management of the Company is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Liability limited by a scheme approved under Professional Standards Legislation

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Merit Partners

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MunLi Chee
Partner

DARWIN

1 November 2021