



Nelson Bays Primary Health
Hauora Matua ki Te Tai Aorere

NELSON BAYS PRIMARY HEALTH TRUST

**General Purpose Financial Report
for the year ended 30 June 2023**

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Directory

as at 30 June 2023

Principal Business:	Primary Health Organisation
Address:	281 Queen Street RICHMOND
Trustees:	B Carpenter D Harrison C Hippolite H Kingston G Loveridge K Ngawhika N Rosamond resigned 9 January 2023 S-J Weir
Auditors:	BDO Wellington Audit Limited
Solicitors:	Duncan Cotterill
Bankers:	ASB Bank Westpac Trust

Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2023

Overview

Nelson Bays Primary Health (NBPH) is a primary health provider and commissioning network for primary and community service in the Nelson Bays region. Nelson Bays Primary Health operates as a Charitable Trust, incorporated in 2008.

Our vision

Kia piki te ora o ngā tāngata katoa

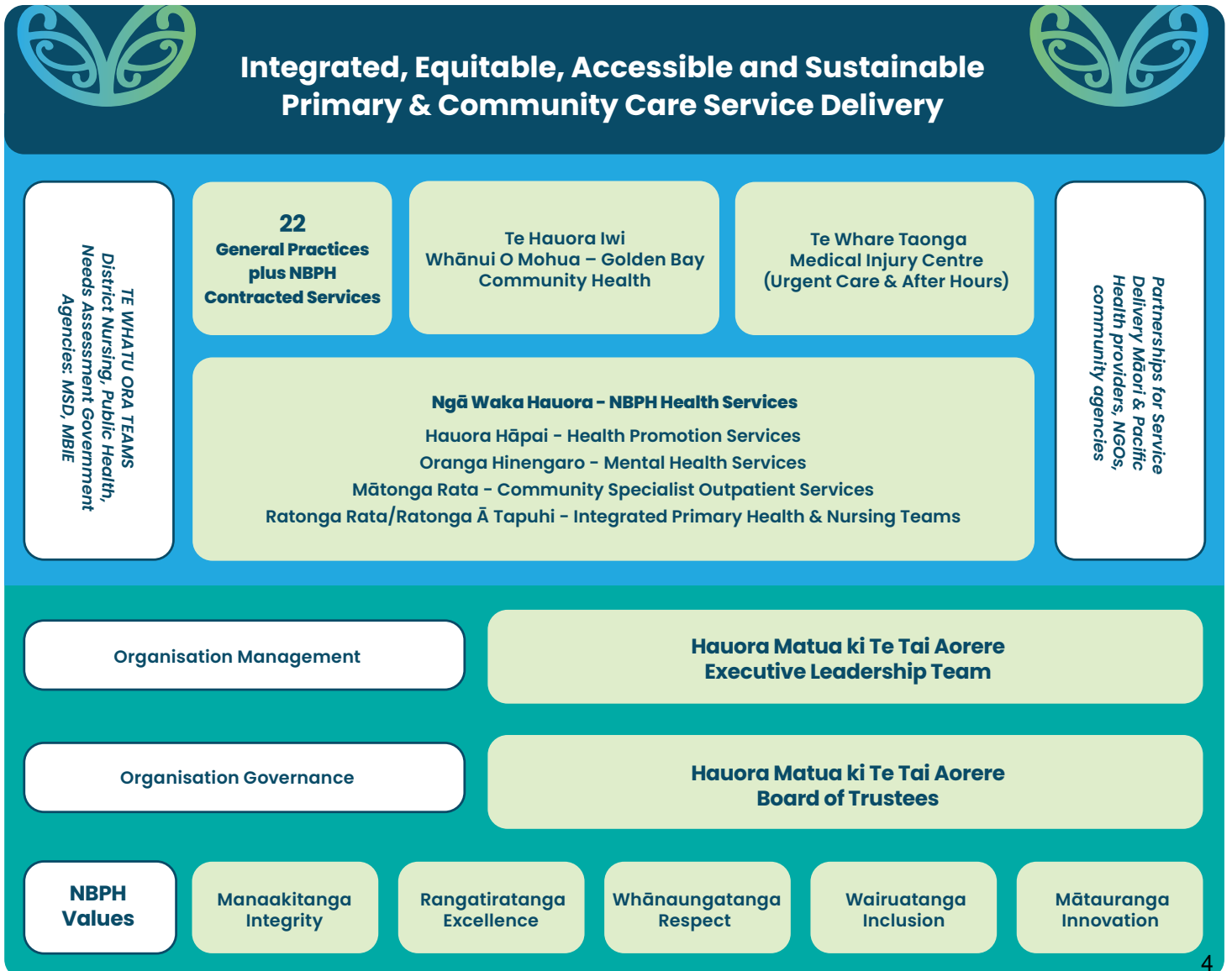
Healthy people, healthy workforce, healthy community

Our mission

Kia ngātahi te hoe o te waka

Everyone working in unison to achieve the vision

Structure, Governance, Relationships



Enrolled Population Profile

Enrolled Population

As at 30 June 2022
22
GENERAL PRACTICES

As at 30 June 2023
22
GENERAL PRACTICES

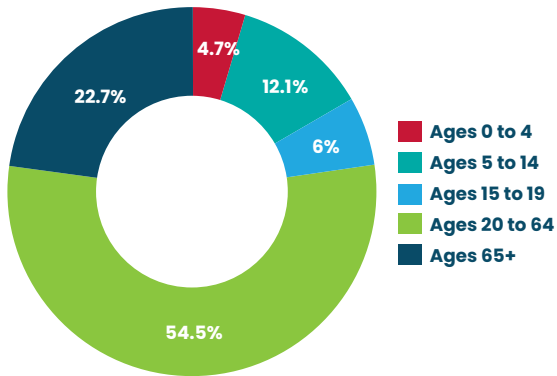


As at 30 June 2022
107,835 ENROLLED POPULATION

As at 30 June 2023
109,604 ENROLLED POPULATION

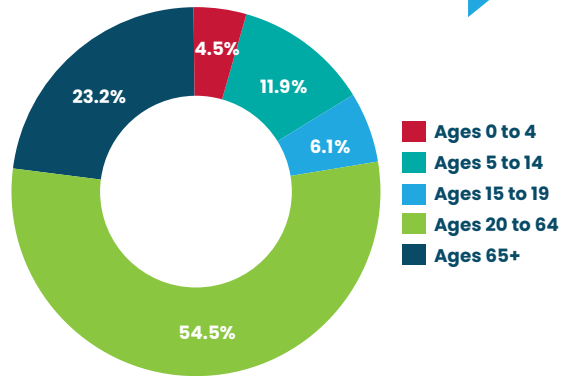
Age & Ethnicity

As at 30 June 2022



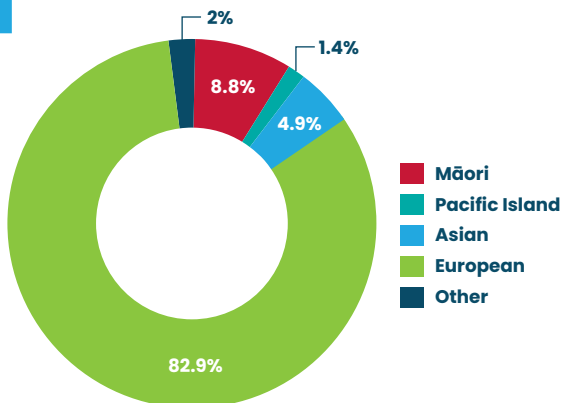
ENROLLED POPULATION BY AGE

As at 30 June 2023



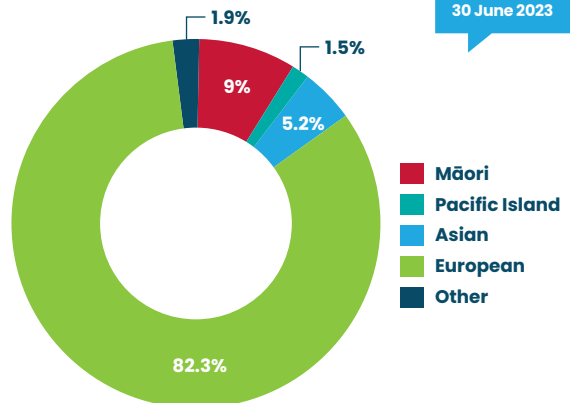
ENROLLED POPULATION BY AGE

As at 30 June 2022



ENROLLED POPULATION BY ETHNICITY

As at 30 June 2023



ENROLLED POPULATION BY ETHNICITY

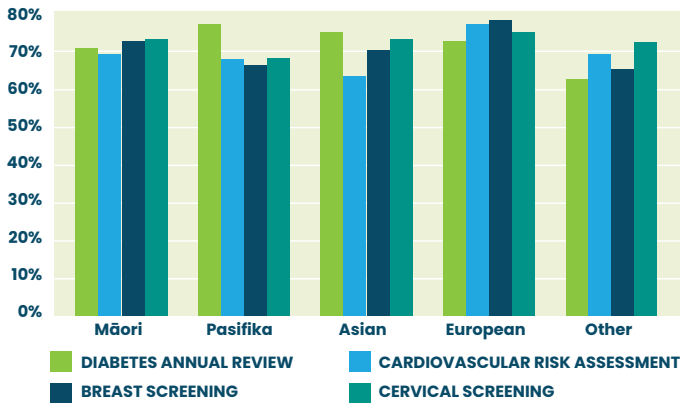
Enrolled Population Profile

As at 30 June 2022

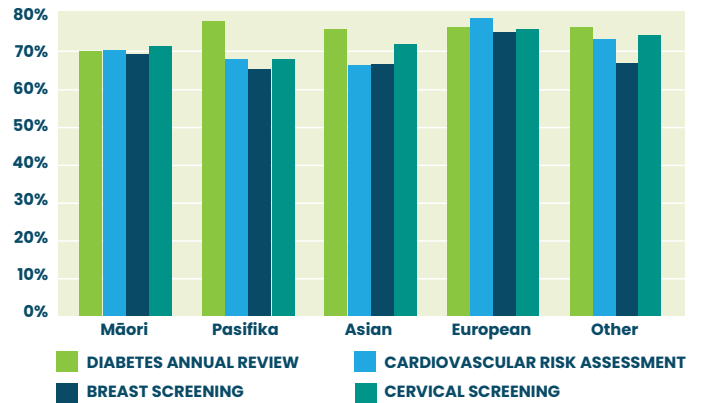
Supporting Community Primary Care

As at 30 June 2023

Clinical Indicators by Ethnicity

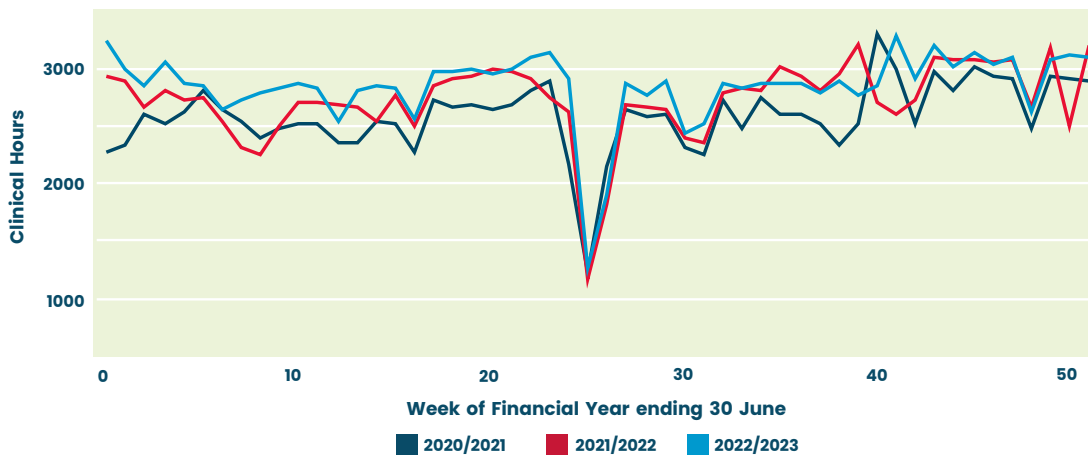


Clinical Indicators by Ethnicity



These graphs are displaying the percentage of engagement in clinical services offered to the eligible population. We are targeting to reach 80%.

Supporting GP Clinical Hours

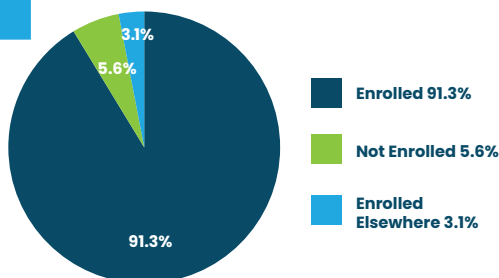


Financial Year	Average weekly total clinical hours
2020/2021	2,594
2021/2022	2,736
2022/2023	2,855

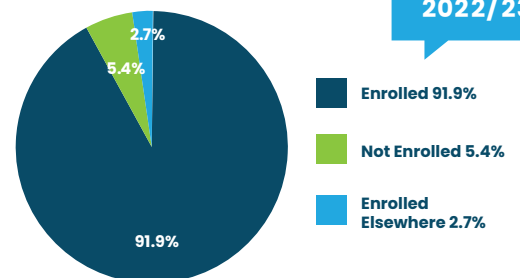
Extrapolated data based on a number of activity measures from Practice Management Systems.

Supporting Patient Related Activity

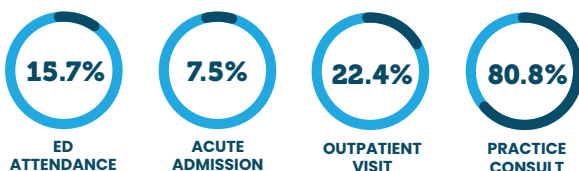
2021/22



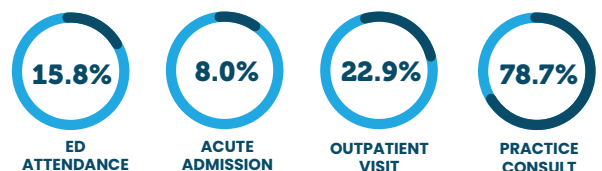
2022/23



Consults by Enrolment Status



Consults by Enrolment Status



Percentage of enrolled patients with stated activity in 12 month period.

OUR STRATEGIES

The Pae Ora (Healthy Futures) Act 2022 establishes a new structure and new accountability arrangements for New Zealand's publicly funded health system.

The Pae Ora bills aims to:

- (a) protect, promote, and improve the health of all New Zealanders; and
- (b) achieve equity by reducing health disparities among New Zealand's population groups, in particular for Māori; and
- (c) build towards Pae Ora (healthy futures) for all New Zealanders.



Starting Well

- Redesign of funding with a particular focus on positive outcomes for Māori and Pacifica mothers and babies
- Key national contracts incl. Family Planning Services, Plunket and maternity services
- Focus will be on prevention aspects of illness and improving the health and well-being of local communities
- Improvement of key early intervention and population health services



Living Well

- Primary and community care, urgent care, planned care, ambulance services, ACC, Telehealth, hospice & palliative care
- Rural Health will also be established under Living Well to recognise the unique requirements of rurality
- Redesigning how primary care services are funded in the future
- How the primary and community care system could support improvements in urgent and planned care

Immunisation Facilitation Service

Nelson Bays Primary Health provides professional immunisation leadership in a collaborative partnership between Nelson Marlborough public health services and community health organisations, including general practice.

Lactation Service & Breastfeeding Support

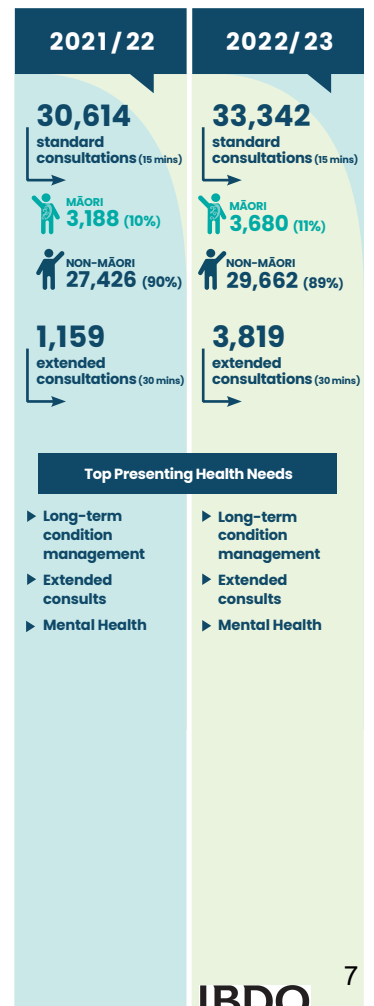
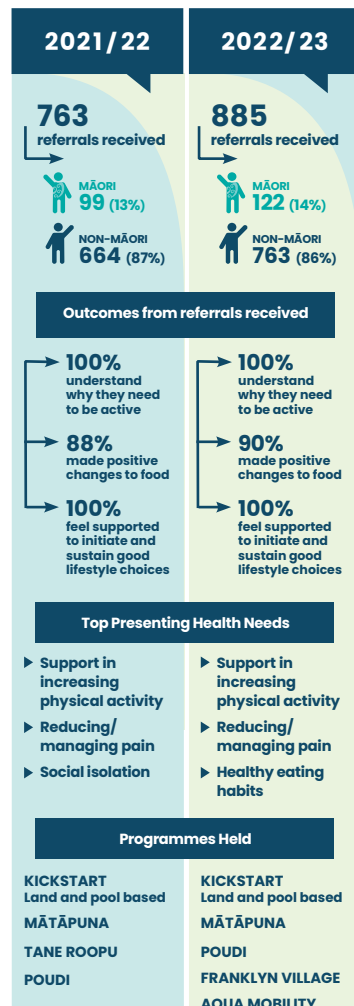
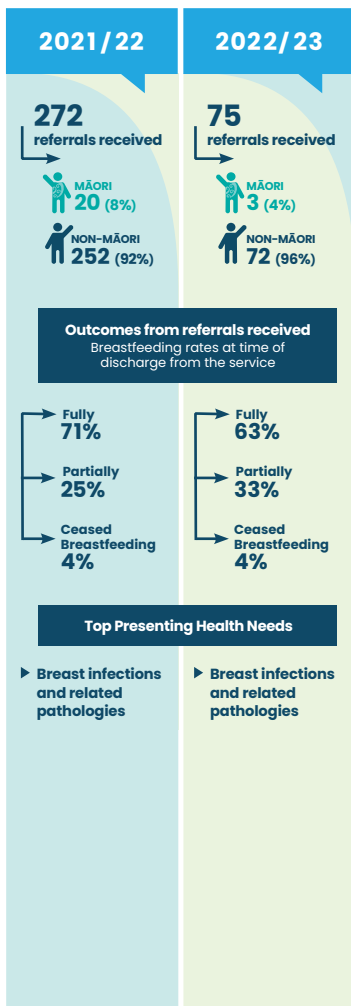
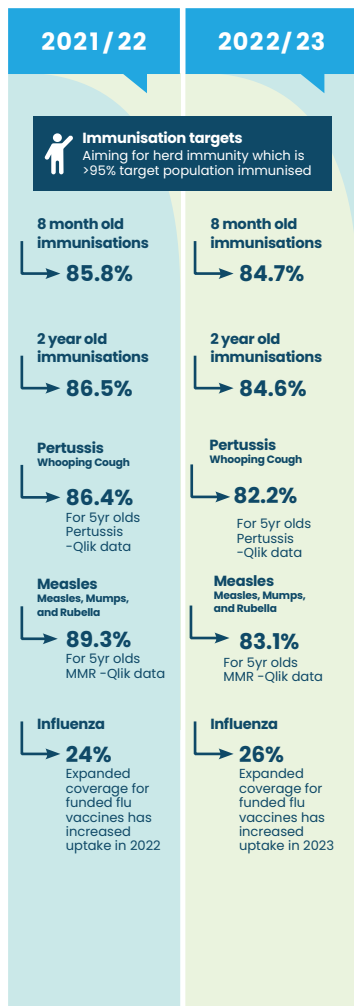
Nelson Bays Primary Health provides a specialised lactation consultant services across the Nelson Bays region via one on one appointments in the home and community clinics, as well as lactation advice and education in the hospital with clients, staff and other health professionals.

Rongoā Kākāriki Green Prescription

Nelson Bays Primary Health provides a Green Prescription service to guide patients to improved health through better understanding of behaviours, physical activity, and nutrition. This is achieved by empowering patients using effective self-management support, so they can make life-long healthy choices.

Te Tiaki Ngawari Flexible Care

Nelson Bays Primary Health provides subsidised appointments at a general practice that allow enrolled and eligible patients who have high needs because of chronic (or long-term) condition or terminal illness, affordable access to intense clinical management.





Mentally Well

- Two teams – one overseeing alcohol/drugs and one overseeing mental health
- Significant redesign identifying the need to integrate community mental health services across primary and community care, addressing poor access rates and outcomes for Māori and Pacific peoples, and the urgent crisis response gaps
- Developing consistent service and funding models for specialist mental health services, community mental health and addiction services



Ageing Well

- Residential aged care and home-based support services – integration and less fragmentation of services
- Implementing the Dementia Action plan at regional/local levels
- Living healthy lives and contributing to their whānau and communities
- Making informed decisions about health services received through community-based services
- Quality and responsive health care, support and rehabilitation in their homes and communities
- Creating seamless pathways of care, and integrating primary care

Integrated Primary Mental Health & Addiction Service

Nelson Bays Primary Health provides an integrated Primary Mental Health and Addiction Service, which is a nationwide initiative to provide timely local, accessible, and free access to mental health support. Health Improvement Practitioners (HIPS) and Health Coaches (HC) work as integrated members of the general practice team across Nelson Bays, to provide support to those needing support to make changes in their life due to mental, physical, or social challenges.

Youth Alcohol and Other Drug Service

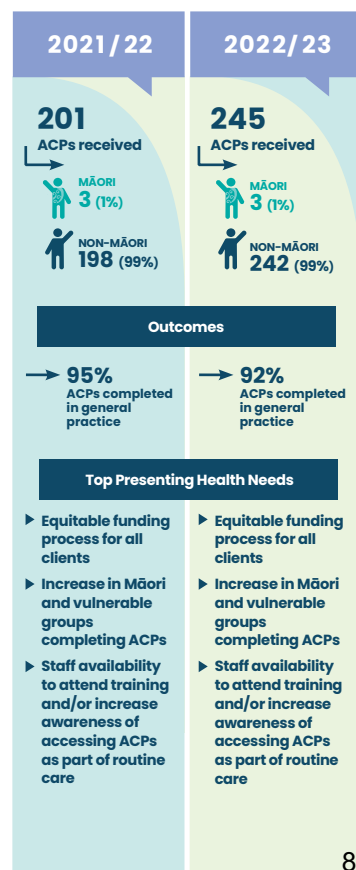
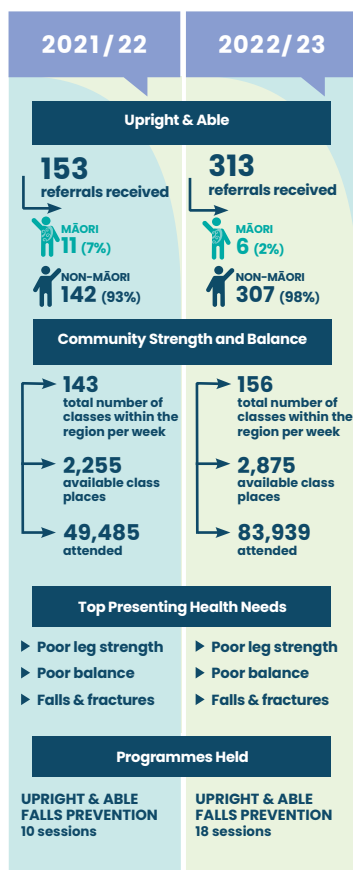
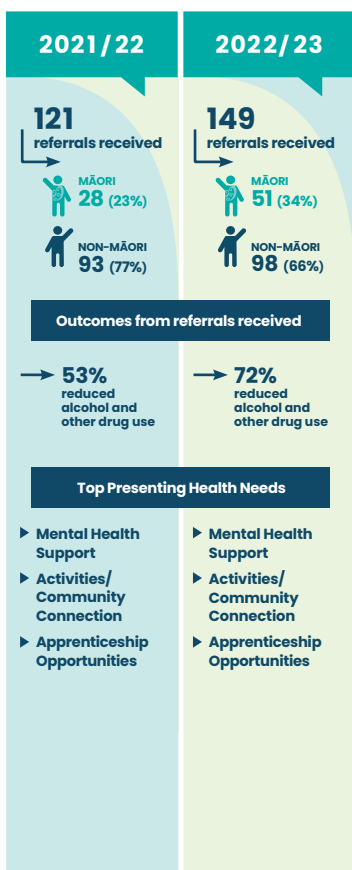
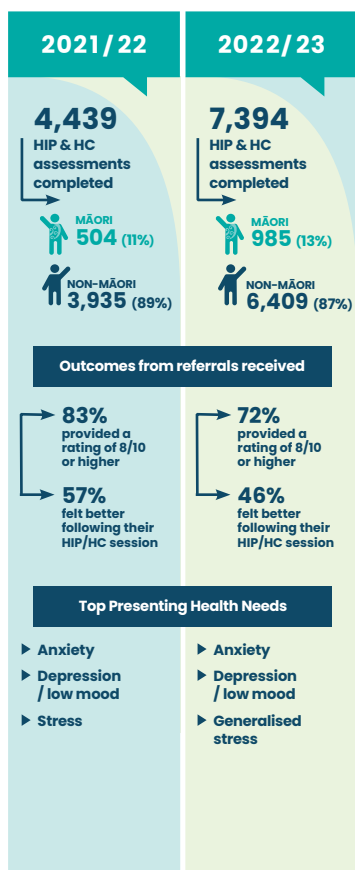
Nelson Bays Primary Health provides a Youth Alcohol and Other Drug Service which provides brief intervention treatment, therapy, support, and care coordination for young people (under 25 years old), through a highly responsive, targeted mobile approach. The alcohol and other drug education and harm minimisation provided through a client-centred, ecological model of care to meet the needs of young people in Nelson Bays.

Community Falls Prevention Service

Nelson Bays Primary Health is the lead agency for the Nelson/Marlborough region to approve community strength and balance exercise class leaders that meet ACC Live Stronger for Longer criteria. The intention is to prevent falls by engaging older adults in community strength and balance classes that meet the criteria outlined by ACC in the “live stronger for longer” national initiative developed by ACC, Health Quality and Safety Commission and Ministry of Health.

Advanced Care Planning

Nelson Bays Primary Health provides an Advance Care Planning (ACP) service. ACP is a process that assists an individual to identify their personal preferences and consider treatment and care options that can be incorporated into plans for their future health care if they become unable to make decisions for themselves.



Statement of Financial Responsibility

for the year ended 30 June 2023

The Trustees are responsible for preparing the General Purpose Financial Report and ensuring that they comply with generally accepted accounting practice in New Zealand, and give a true and fair view of the financial position of the Nelson Bays Primary Health Trust as at 30 June 2023 and the result of their operations and cash flows for the year ended on that date.

The Trustees consider that the General Purpose Financial Report of the Nelson Bays Primary Health Trust have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Trustees believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Nelson Bays Primary Health Trust and facilitate compliance with generally accepted accounting practice in New Zealand.

The Trustees consider that they have taken adequate steps to safeguard the assets of the Nelson Bays Primary Health Trust, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Trustees are pleased to present the General Purpose Financial Report of the Nelson Bays Primary Health Trust for the year ending 30 June 2023.

For and on behalf of the Trustees:



Trustee: Sarah-Jane Weir

Dated: 3 November 2023



Trustee: Kim Ngawhika

Dated: 3 November 2023

Statement of Comprehensive Revenue and Expense

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue	5	51,470,729	52,873,303
Share of Equity Joint Venture surplus/(loss)	5	201,662	(151,311)
Administration		(4,018,596)	(3,643,387)
Primary Care Services		(39,046,282)	(40,877,604)
Golden Bay Community Health		(8,374,284)	(7,474,092)
Total Expenses	6	<u>(51,439,162)</u>	<u>(51,995,083)</u>
Surplus / (Deficit) before interest		233,229	726,909
Finance income - Interest received		139,046	39,197
Finance income		<u>139,046</u>	<u>39,197</u>
Surplus / (Deficit) for the year		<u>372,275</u>	<u>766,106</u>
Total comprehensive revenue and expense for the year		<u><u>372,275</u></u>	<u><u>766,106</u></u>

Statement of Changes in Equity/Net Assets

for the year ended 30 June 2023

	Note	Committed Funding Reserve	Accumulated Revenue and Expense	Total Equity
Balance as at 1 July 2021		2,347,297	1,240,259	3,587,556
Net surplus / total comprehensive revenue and expense		-	766,106	766,106
Transaction with owners in capacity as owners Transfer to Committed Funding Reserve		1,004,290	(1,004,290)	-
Balance at 30 June 2022		<u>3,351,587</u>	<u>1,002,075</u>	<u>4,353,662</u>
Balance as at 1 July 2022		3,351,587	1,002,075	4,353,662
Net surplus / total comprehensive revenue and expense		-	372,275	372,275
Transaction with owners in capacity as owners Transfer to Committed Funding Reserve		6,067	(6,067)	-
Balance at 30 June 2023	13	<u>3,357,654</u>	<u>1,368,283</u>	<u>4,725,937</u>

Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
Equity			
Committed Funding Reserve	13	3,357,654	3,351,587
Accumulated Revenue and Expense		1,368,283	1,002,075
Total Equity		4,725,937	4,353,662
Current assets			
Cash and cash equivalents	7	1,645,920	1,741,768
Investments - Term Deposits	8	4,065,916	3,260,725
Trade and other receivables	9	2,047,359	3,062,076
Prepayments		236,119	158,367
		7,995,314	8,222,936
Non current assets			
Investments - Joint Ventures	14	235,074	33,412
Property, Plant and Equipment	10	662,419	721,239
Total assets		8,892,807	8,977,587
Current liabilities			
Trade and other payables	11	1,510,439	2,188,493
Income in Advance		358,387	35,871
Employee benefits	12	1,783,182	1,900,163
GST Payable		265,954	299,948
		3,917,962	4,424,475
Non current liabilities			
Employee benefits	12	248,908	199,450
Total liabilities		4,166,870	4,623,925
Net assets		4,725,937	4,353,662

Statement of Cash Flows

for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Cash receipts from customers		60,168,763	59,538,618
Interest received		105,315	30,548
Cash paid to suppliers		(42,968,879)	(42,732,353)
Cash paid to employees		(14,112,864)	(13,233,923)
GST paid (net)		(2,268,685)	(2,125,703)
Net cash flows from operating activities	17	<u>923,650</u>	<u>1,477,187</u>
Cash flows from investing activities			
Purchase of property, plant and equipment (net of GST)		(229,779)	(329,420)
Disposal, maturity of investments		7,964,626	2,481,162
Purchase of investments		(8,754,345)	(2,730,756)
Net cash flows from investing activities		<u>(1,019,498)</u>	<u>(579,014)</u>
Net increase / (decrease) in cash and cash equivalents		(95,848)	898,173
Cash and cash equivalents at beginning of period		<u>1,741,768</u>	<u>843,595</u>
Cash and cash equivalents at end of period	7	<u><u>1,645,920</u></u>	<u><u>1,741,768</u></u>

Accounting Policies for the year ended 30 June 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

These are the financial statements of Nelson Bays Primary Health Trust (“the Trust”). The Trust provides primary health services to the enrolled population of Nelson Bays. Enrolment in a primary health organisation (PHO) is voluntary. Most New Zealanders are however enrolled through their general practice and gain the benefits associated with belonging to a PHO, which can include cheaper doctors’ visits and reduced costs of prescription medicines.

The Trust is domiciled in New Zealand. It is registered in New Zealand under the Charitable Trusts Act 1957 and registered under the Charities Act 2005 on 30 June 2008.

For the purposes of complying with generally accepted accounting practice in New Zealand (“NZ GAAP”) the Trust is a Tier 1 not-for-profit public benefit entity.

These financial statements were authorised for issue by the Trustees on 3 November 2023.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with NZ GAAP. They comply with Public Benefit Entity Standards (“PBE Standards”) and the requirements of the Charities Act 2005.

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

The financial statements are presented in New Zealand dollars, which is the functional currency of the Trust. All values are rounded to the nearest dollar, unless otherwise stated.

KEY ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with PBE Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

- Revenue recognition: Revenue must be classified as arising from either exchange or non-exchange transactions. Where there is a non-exchange transaction, management must determine whether there are associated conditions (a condition is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction). Information on the manner in which exchange and non-exchange transactions are accounted for is provided in the accounting policy on revenue. For more information see Note 5.

NEW/AMENDED ACCOUNTING STANDARDS ADOPTED IN THE CURRENT PERIOD

a) Changes due to the initial application of a new, revised and amended PBE Standards.

(i) PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted by the Trust in the current financial year ending 30 June 2023.

Accounting Policies for the year ended 30 June 2023

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised cost to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has had an immaterial impact on the Trust measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised cost.

(ii) PBE FRS 48 Service Performance Reporting

PBE FRS 48 Service Performance Reporting is effective for periods from 1 January 2022 and was adopted by the Trust in the current financial year ending 30 June 2023. PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the consolidated statement of service performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Interests in joint ventures

The Trust is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of an investee to the Trust and at least one other party. Joint control is the agreed sharing of control of an investee by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint venture or a joint operation. The arrangement is a joint venture when the Trust and the other party/parties sharing joint control have rights to only the net assets of the joint arrangement. An arrangement is a joint operation when the Trust and the other party/parties sharing joint control have both rights to assets and obligations for the liabilities of the joint arrangement. In assessing the classification of joint arrangements in which it has an interest, the Trust considers the structure of the joint arrangement, the legal form of the joint arrangement (if it is structured through a separate vehicle), the contractual terms of the joint arrangement and any other relevant facts and circumstances.

The Trust only has interests in joint ventures and these are accounted for using the equity method. Under the equity method, investments in joint ventures are initially recognised at cost, including directly attributable transaction costs. Any premium paid for an investment in a joint venture above the fair value of the Trust's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment.

The financial statements include the Trust's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted joint ventures, after adjustments to align the accounting policies with those of the Trust, from the date that joint control commences until the date that it ceases. When the Trust's share of losses exceeds its interest in its equity accounted joint ventures, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Trust has an obligation or has made payments on behalf of the investee.

Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment (see the accounting policy on impairment testing of non-financial assets).

Accounting Policies for the year ended 30 June 2023

The Trust has an interests in a joint venture together with Nelson Bays General Practice Limited (NBGPL). Both entities hold a 50% shareholding in Medical and Injury Centre Limited (MIC). MIC was incorporated in New Zealand and the balance date is 30 June. The Medical and Injury Centre Limited provides general health services. The joint venture is accounted for using the equity method. Also refer to Note 14.

Revenue

The Trust receives revenue from both exchange and non-exchange transactions.

An exchange transaction is a transaction in which the Trust receives assets or services (or has liabilities extinguished) and directly gives approximately equal value to another entity in exchange.

The Trust's exchange transactions consist of the provision of general practitioner ("GP") and aged care services. Revenue from the provision of GP services is recognised at the conclusion of a patient consultation. Revenue from the provision of aged care services is recognised on a percentage of completion basis, with the percentage of completion being assessed on the basis of days spent in aged care. Where payment for these services has been received before the associated service has been provided, a liability, revenue received in advance, is recognised.

A non-exchange transaction is a transaction in which the Trust receives an asset (such as cash), but does not provide approximately equal value in return. Revenue from non-exchange transactions is ordinarily recognised when the associated asset is received. However, where a non-exchange transaction has an associated condition (which is a requirement to return assets that have not been used for the purposes specified by the other party to the transaction), a liability is recognised and revenue is recognised (and the liability extinguished) as the condition is met.

The Trust's non-exchange transactions consist of hospital funding, management services and primary care contract services.

- Hospital funding: The Trust receives revenue from Nelson Marlborough Health to support the operation of Golden Bay Community Health. Golden Bay Community Health is an integrated family health centre offering a range of primary, secondary and tertiary health care services.
- Management Services: The Trust receives revenue from Ministry of Health to support the operating expenses of a primary health care organisation.
- Primary Care Contract Services: Revenue from Ministry of Health contracts is recognised as the milestones outlined in those contracts are achieved. Unless otherwise agreed between the parties, any underspending of contract income is to be applied to future commitments of the Trust to those contracts rolling over. Only the amounts required to be returned at reporting date that is enforceable is treated as a liability, as a ring-fencing of the accumulated revenues and expenses to represent the amounts still to be spent on contracts. At the termination of any contract, remaining funds in the committed funding reserve will be transferred back to retained earnings and any remaining funds recorded as a liability will either be refunded by the Trust or returned to the organisation providing the funding depending on what the parties have agreed.

Interest income

Interest income is recognised using the effective interest method.

Employee benefits

Employee benefits are recognised when employees render services that entitle them to those benefits. Liabilities for employee entitlements are carried at the present value of the estimated future cash flows. Liabilities expected to be settled wholly within 12 months of the reporting date are not discounted.

Accounting Policies for the year ended 30 June 2023

Bonuses

The Trust recognises bonuses when it is contractually obliged to make such payments, or when there is a past practice that has created a constructive obligation to make such payments.

Long service leave

Obligations for long service leave are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. Liabilities for long service leave are usually presented as non-current liabilities, but are presented as current liabilities if the Trust does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Superannuation plans

The Trust pays contributions to defined contribution superannuation plans, such as KiwiSaver. The Trust has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Lease payments

The Trust is a lessee in operating leases. An operating lease is a lease in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the period of the lease. For lease payments made to Network Tasman, refer to Note 14.

Income taxation

Due to the charitable status of the Trust, it is exempt from income tax. The Trust has fully complied with all statutory conditions for this exemption.

Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax ("GST"), except for receivables and payables, which are stated inclusive of GST. The net amount of GST recoverable from, or payable to, Inland Revenue, is included as part of receivables or payables in the statement of financial position.

The statement of cash flows is prepared on a GST inclusive basis, unless otherwise stated.

Financial instrument

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that Trust commits to purchase or sell the asset.

Accounting Policies for the year ended 30 June 2023

Financial assets

Financial assets within the scope of NFP PBE IPSAS 41 Financial Instruments. The classifications of the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost. Financial assets include: cash and cash equivalents, investments - Term Deposits, Trade and other receivables.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows.
- and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. The Trust assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Trust derecognises a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Trust has transferred substantially all the risks and rewards of the asset; or
- The trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

The Trust's financial liabilities include Trade and other payables (excluding GST and PAYE).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit). They are measured subsequently at amortised cost using the effective interest method. Financial liabilities are derecognised if Trusts obligations specified in the contract expire or are discharged or cancelled.

Impairment of non-derivative financial assets

The Trust recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCRE.

The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, The Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the The Trust 's historical experience and informed credit assessment and including forward-looking information.

Accounting Policies for the year ended 30 June 2023

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which The Trust is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that The Trust expects to receive).

Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment includes its purchase/construction price plus costs directly attributable to bringing it to the location and condition necessary for it to operate as intended and the initial estimate of dismantling and removing the item and restoring the site on which it is located. Where an item of property, plant and equipment is self-constructed, its construction cost includes the cost of materials and direct labour and an appropriate proportion of production overheads.

An asset acquired for nil or nominal cost is initially measured at fair value (which is treated as its cost after initial recognition). The difference between the asset's fair value and the consideration paid for it is recognised in surplus or deficit.

After initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are expensed as incurred.

Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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 (i.e. if the asset is impaired).

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are recognised in surplus or deficit.

Depreciation

Depreciation is calculated using the straight-line method to allocate an asset's cost to its residual value over its estimated useful life. Depreciation is charged to surplus or deficit.

The following useful lives have been used in determining depreciation rates:

Computer, plant and equipment – 3 to 20 years

Motor vehicles – 8 years.

The residual value depreciation methods and useful lives of all assets are reviewed and adjusted if appropriate at each reporting date.

Accounting Policies for the year ended 30 June 2023

Impairment of non-financial assets

Items of property, plant and equipment and investments in joint ventures are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Trust conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

Impaired assets are reviewed for possible reversal of the impairment at each reporting date.

Trade and other payables

Trade and other payables are initially recognised at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

4. NEW/AMENDED ACCOUNTING STANDARDS THAT ARE ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Trust's financial statements are disclosed below. The Trust intends to adopt these standards, if applicable, when they become effective. The Trust has determined that the adoption of these financial reporting standards will have no impact on the Trust's financial statements other than the additional disclosure to comply with PBE IPSAS 1.

The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services.

The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm

Effective date for the standard amendments is required for accounting periods beginning on or after 1 January 2024, meaning the trust will adopt this standard in its 30 June 2025 financial statements.

Nelson Bays Primary Health Trust
for the year ended 30 June 2023

Notes to the financial statements

5) REVENUE	2023	2022
	\$	\$
<u>Exchange</u>		
Patient fees	946,197	768,034
Age Related Care	<u>1,701,974</u>	<u>1,623,697</u>
	2,648,171	2,391,731
<u>Non-Exchange</u>		
Hospital Funding	4,487,121	3,258,045
Management Services	909,045	901,633
Other	371,470	466,646
Primary Care Contract Services	<u>43,054,922</u>	<u>45,855,248</u>
	48,822,558	50,481,572
Subtotal	<u>51,470,729</u>	<u>52,873,303</u>
<u>Other Revenue</u>		
Share of Equity Joint Venture surplus/(loss)	201,662	<u>(151,311)</u>
Share of Equity Joint Venture surplus/(loss)	<u>201,662</u>	<u>(151,311)</u>
Total Revenue	<u>51,672,391</u>	<u>52,721,992</u>
6) EXPENSES	2023	2022
	\$	\$
(a) Administration		
Audit Fees	50,436	40,346
Total Accounting and Audit	<u>50,436</u>	<u>40,346</u>
Depreciation	274,477	278,916
Information Technology	520,427	488,930
Building Rentals	777,408	754,157
Other Office & Organisation Expenses	326,270	316,385
Total Office & Organisation Expenses	<u>1,898,582</u>	<u>1,838,388</u>
Board Expenses	3,957	1,682
Board Meeting Fees	66,416	72,419
Board Advisory Committees	63,737	66,043
Total Board Expenses	<u>134,110</u>	<u>140,144</u>
Wages and Salaries	1,706,291	1,461,218
KiwiSaver (Employer Contribution)	48,978	42,253
Other Staffing Costs	180,199	121,038
Total Staffing Expenses	<u>1,935,468</u>	<u>1,624,509</u>
Total Administration	<u>4,018,596</u>	<u>3,643,387</u>
(b) Primary Care Services		
Wages and Salaries	5,114,497	5,965,304
KiwiSaver (Employer Contribution)	150,029	157,785
Other Staffing Costs	70,410	32,252
Capitation Funding	23,219,827	22,867,293
Community Care GP's	2,394,320	3,162,619
Te Tiaki Ngawari Payments	1,518,448	1,538,845
COVID 19 PC Response	371,885	2,650,227
COVID 19 RAT Testing	874,712	329,040
COVID 19 Community Care	2,394,860	3,171,707
Other Costs	2,937,294	1,002,532
Total Primary Care Services	<u>39,046,282</u>	<u>40,877,604</u>

Notes to the financial statements

(c) Golden Bay Community Health

Wages and Salaries	6,887,468	6,137,326
KiwiSaver (Employer Contribution)	185,056	159,838
Other Staffing Costs	164,311	124,666
Locums and Contractors	195,999	138,786
Medical Supplies	297,777	316,531
Other Costs	643,673	596,945
Total Golden Bay Community Health	<u>8,374,284</u>	<u>7,474,092</u>
Total Operating Expenses	<u>51,439,162</u>	<u>51,995,083</u>
Wages and salaries for the Trust		
Wages and Salaries	13,708,256	13,563,848
KiwiSaver (Employer Contribution)	384,063	359,876
Total wages, salaries and KiwiSaver	<u>14,092,319</u>	<u>13,923,724</u>

Capitation Funding under (b) **Primary Care Services** is based on the numbers of the enrolled PHO population. This means that PHOs and their general practices are paid according to the number of people enrolled, not the number of times a provider sees patients. The funding is passed on by the Trust to General Practice. Other costs are mainly payments made to our General Practice and other primary health care providers for the delivery of various primary care contracts.

Under (c) **Golden Bay Community Health** are primarily costs associated with operating Golden Bay Community Health. Within other costs are office and administration expenses and groceries and laundry expenses. However, expenses for depreciation, Information Technology and building rentals associated with Golden Bay Community Health have been included under (a) Administration. Also, within Other costs are operating lease expenses of \$26,446 (2022: \$21,222).

7 CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
ASB Current Account	122,602	292,249
ASB Savings Account	991,527	800,440
Westpac Current Account	37,153	12,887
Westpac Savings Account	241,627	35,700
Petty cash	847	472
ASB Term Deposit	252,164	600,020
	<u>1,645,920</u>	<u>1,741,768</u>

Per annum annual interest rate ranges applicable to components of cash and cash equivalents at year end are:

Term deposits	4.45% - 5.55%	0.30%
Call deposits	0.70% - 2.90%	0.08% - 0.30%

8 INVESTMENTS - TERM DEPOSITS

	2023	2022
	\$	\$
ASB Term Deposit	3,000,324	2,115,876
Westpac Term Deposit	1,065,592	1,144,849
	<u>4,065,916</u>	<u>3,260,725</u>

The annual interest rate ranges applicable to components of Investments - Term Deposits is stated below. Also, the range of terms and the number of Term Deposits at year end is outlined.

Term deposits, interest rate range	0.70% - 5.75%	0.40% - 2.40%
Term deposits, terms	98 days - 378 days	103 days - 365 days

Notes to the financial statements

9 TRADE AND OTHER RECEIVABLES	2023	2022
	\$	\$
Trade receivables from exchange transactions	326,363	360,230
Allowance for impairment	<u>(113,901)</u>	<u>(126,284)</u>
Net trade receivables from exchange transactions	212,462	233,946
Trade receivables from non-exchange transactions	1,666,049	2,422,620
Allowance for impairment	<u>-</u>	<u>-</u>
Net trade receivables from non-exchange transactions	1,666,049	2,422,620
Sundry receivables	<u>168,848</u>	<u>405,510</u>
Total receivables	2,047,359	3,062,076
Individual impairment allowance		
Opening balance	126,284	99,602
Change of the year	<u>(12,383)</u>	<u>26,682</u>
Bad debts written off	<u>-</u>	<u>-</u>
Closing balance	113,901	126,284

10 PROPERTY, PLANT & EQUIPMENT	Computer, Equipment & Plant	Motor Vehicles	Total
	\$	\$	\$
2023			
Cost			
Opening balance	1,855,905	338,464	2,194,369
Additions	147,966	81,813	229,779
Disposals	<u>(78,954)</u>	<u>(43,327)</u>	<u>(122,281)</u>
Closing balance	<u>1,924,917</u>	<u>376,950</u>	<u>2,301,867</u>
Accumulated depreciation			
Opening balance	1,215,718	257,412	1,473,130
Current year depreciation	230,817	43,660	274,477
Disposals	<u>(68,746)</u>	<u>(39,413)</u>	<u>(108,159)</u>
Closing balance	<u>1,377,789</u>	<u>261,659</u>	<u>1,639,448</u>
Total property, plant and equipment	547,128	115,291	662,419
2022			
Cost			
Opening balance	1,611,493	338,693	1,950,186
Additions	303,780	25,640	329,420
Disposals	<u>(59,368)</u>	<u>(25,869)</u>	<u>(85,237)</u>
Closing balance	<u>1,855,905</u>	<u>338,464</u>	<u>2,194,369</u>
Accumulated depreciation			
Opening balance	1,019,220	256,316	1,275,536
Current year depreciation	253,329	25,587	278,916
Disposals	<u>(56,831)</u>	<u>(24,491)</u>	<u>(81,322)</u>
Closing balance	<u>1,215,718</u>	<u>257,412</u>	<u>1,473,130</u>
Total property, plant and equipment	640,187	81,052	721,239

Notes to the financial statements

11 TRADE AND OTHER PAYABLES	2023	2022
	\$	\$
Trade payables	1,287,322	1,965,728
Sundry payables and accruals	223,117	222,765
	<u>1,510,439</u>	<u>2,188,493</u>
12 EMPLOYEE BENEFITS LIABILITY	2023	2022
	\$	\$
Current		
Salary and wages accrual	618,649	799,553
Annual leave	1,131,884	1,073,859
Long service leave	32,649	26,751
	<u>1,783,182</u>	<u>1,900,163</u>
Non current		
Long service leave	205,842	122,670
Retirement gratuities	43,066	76,780
	<u>248,908</u>	<u>199,450</u>

13 COMMITTED FUNDING RESERVE

Funds received for a specific purpose, but unspent at year end, are included in the Committed Funding Reserve. Only the amounts required to be returned at reporting date that is enforceable is treated as a liability, the balance is included in the Committed Funding Reserve as a ring-fencing of the accumulated revenues and expenses to represent the amounts still to be spent on contracts. The Committed Funding Reserve represents an attribution to/from accumulated revenue and expense.

14 RELATED PARTY TRANSACTIONS

Identity of related parties

a) Medical and Injury Centre Limited

With effect 1 December 2011, NBPHT took on a 50% shareholding in Medical and Injury Centre Limited (MIC). MIC was incorporated in New Zealand and the balance date is 30 June. The Medical and Injury Centre Limited provides general health services. NBPHT provides MIC with administrative and staffing support. Two out of the three directors of MIC are appointed by the Board of NBPHT. MIC is a Joint Venture with Nelson Bays General Practice Limited and is accounted for using the equity method.

Transactions between NBPHT and MIC	2023	2022
	\$	\$
Revenue recognised by NBPHT		
Administrative and staffing support	17,160	17,160
Directors fees	9,600	9,600
Oncharged expenses	32,130	27,501
Expenses recognised by NBPHT		
Capitation	113,114	258,990
Urgent After Hours Service	108,708	108,708
Primary Care Services	888,612	800,266
Balance owed by NBPH	31,981	75,391
Balance owing to NBPH	17,345	7,866

The balance owed by NBPH at the reporting date is due on the 20th of the following month.

Notes to the financial statements

Summary financial information of MIC	2023	2022
	\$	\$
Total revenue	4,634,693	4,106,221
Total expenses	4,231,369	4,408,842
Share of profit/(loss) attributable to NBPHT:	201,662	(151,311)
Total current assets	1,014,815	421,304
Total non current assets	96,809	125,584
Total current liabilities	641,476	480,064

b) Network Tasman Limited

S-J Weir who is a trustee of the NBPHT is also a director of Network Tasman Limited (NTL). NBPHT and Te Whatu Ora (TWO) have a joint lease agreement with NTL for the jointly occupied premises, 281 Queen Street and the "Cable Store". NBPHT is paying the total lease payments to NTL and receives reimbursement from TWO. The current split is 41.7% NBPHT and 58.3% TWO. The net total of lease payments and outgoings is \$284,149 (2022: \$260,996).

c) Trustees

Dr D Harrison who are or were trustees of the NBPHT have received capitation or other payments from NBPHT in their capacity as provider members or community members of NBPHT.

Entity	2023 Payment from NBPH	2022 Payment from NBPH	Outstanding Payment from NBPH 2023	Outstanding Payment from NBPH 2022
Toi Toi Medical (D Harrison)	1,411,213	1,556,381	42,358	99,648

d) Key management personnel remuneration

The Trust classifies its key management personnel into one of three classes:

- Members of the governing body
- Senior executive officers, responsible for reporting to the governing body
- Chief operating officers, responsible for the operation of NBPHT's operating segments, and reporting to the senior executive officers.

Members of the governing body (except for the chair and deputy chair) are paid meeting fees of \$550 for each meeting attended during the period. Honoraria for the chair was \$27,000 and the deputy chair received honoraria of \$9,996 for the period. Senior executive officers and Chief operating officers are employed as employees of the Trust.

The aggregate level of remuneration paid and number of persons (measured in 'people' for Members of the governing body, and 'fulltime-equivalents' (FTE's) for Senior executive officers and Chief operating officers) in each class of key management personnel is presented below:

	2023		2022	
	Remuneration \$'000	Number of individuals	Remuneration \$'000	Number of individuals
Members of the governing body	67	9 people	72	9 people
Senior executive and chief operating officers	1,687	12.3 FTE	1,549	12.4 FTE

Notes to the financial statements

15 OPERATING LEASES

Property

NBPHT has a number of lease agreements for premises in Collingwood, Takaka and Richmond.

The future non-cancellable minimum lease payments of property leases as lessee at reporting date are detailed in the table below:

	2023	2022
	\$	\$
Less than one year	767,731	767,731
Between one and five years	1,968,000	2,239,731
Greater than five years	1,927,000	2,419,000
	<u>4,662,731</u>	<u>5,426,462</u>

The leases normally run between one and ten years, some with an option to renew after that period.

Other Operating Leases

NBPHT has several lease agreements for photocopiers, telephones, entertainment TV and IT equipment.

The future non-cancellable minimum lease payments of other operating leases as lessee at reporting date are detailed in the table below:

	2023	2022
	\$	\$
Less than one year	71,710	66,961
Between one and five years	102,902	18,412
Greater than five years	-	-
	<u>174,612</u>	<u>85,373</u>

The leases normally run for a period up to five years.

16 COMMITMENTS AND CONTINGENCIES

At 30 June 2023, NBPHT had no capital commitments (2022: Nil).

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed unless the likelihood of payment is remote.

In June 2020, NBPH received notification from its payroll software system provider about possible compliance issues with the Holidays Act 2003. The notification included a recommendation for NBPH to initiate an investigation to determine whether there was a compliance problem with the provisions of the Holidays Act 2003. In this process of investigation and remediation, NBPH is required to go back six years from the date the organisation became aware of the issue.

NBPH's initial assessment concluded that while there was in fact a problem with calculating holiday pay correctly for some employees, overall this was not a substantial issue for the organisation and for the year ended 30 June 2021 the liability arising from non compliance with the Holidays Act 2003 was deemed not material. Therefore, for the year ended 30 June 2021 no provision was recognised nor a disclosure made.

A more comprehensive and in depth audit of a sample group of 60 employees with assistance from an external party during the financial year ended 30 June 2022 brought to light that the liability arising from non compliance with the Holidays Act 2003 is more substantial than initially thought. NBPH clearly established that the entity does have a material present obligation and the transfer of economic benefits is probable. However, the liability can not be reliably measured and due to this no provision has been recognised in the financial statements for the year ended 30 June 2022.

As at 30 June 2023 NBPH has comprehensively established that compliance with the Holidays Act 2003 is assured for all employees going forward.

Notes to the financial statements

For the year ended 30 June 2023, the liability still can not be reliably measured despite an increase of the sample group.

The reasons why the liability cannot be reliably measured are:

- Due to the diversity and complexity of employee groups, the audited sample group has been increased to 100. However, even the increased sample size is not sufficient to provide a reliable estimate for the total cohort of 657 past and present employees which may be affected.
- There are elements of the compliance audit by the external party, specifically in respect to the complexity along with netting off overpayments with underpayments which means the specific determination of those balances and the resulting liability are yet to be finally agreed.

It is NBPH's intention to finalise the process of remediation and timelines in due course.

17 RECONCILIATION OF SURPLUS/(DEFICIT) WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	\$	\$
Surplus/(Deficit) for the year	372,275	766,106
Add/(Less) Non cash items		
Depreciation	274,477	278,916
(Gain)/Loss on disposal of PPE	(1,350)	(2,649)
Share of the (surplus)/deficit of a jointly controlled entity	(201,662)	151,311
Add/(Less) Movement in other working capital items		
(Increase)/Decrease in Trade and other receivables	1,014,717	(1,288,211)
(Increase)/Decrease in Prepayments	(77,752)	(12,245)
Increase/(Decrease) in Trade and other payables	(712,048)	1,056,959
Increase/(Decrease) in Employee entitlements	(67,523)	527,000
Increase/(Decrease) in Income in advance	322,516	-
Net cash flow from operating activities	923,650	1,477,187

18 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The tables below show the carrying amount of NBPH's financial assets and financial liabilities:

30 June 2023	Financial Assets	Financial Liabilities Amortised	Total
	Amortised cost	cost	
	\$	\$	\$
Cash and cash equivalents	1,645,920	-	1,645,920
Investments - Term Deposits	4,065,916	-	4,065,916
Trade and other receivables	2,047,359	-	2,047,359
Trade and other payables	-	1,510,439	1,510,439

30 June 2022	Financial Assets	Financial Liabilities Amortised	Total
	Amortised cost	cost	
	\$	\$	\$
Cash and cash equivalents	1,741,768	-	1,741,768
Investments - Term Deposits	3,260,725	-	3,260,725
Trade and other receivables	3,062,076	-	3,062,076
Trade and other payables	-	2,188,493	2,188,493

Notes to the financial statements

19 FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Trust is exposed to various risks in relation to financial instruments. The Trust's financial assets and liabilities by category are summarised in note 18. The main types of risks are credit risk and liquidity risk.

The Trust's risk management policy is to ensure they can continue to adhere to their objectives in the long term in providing and supporting quality primary health care services in order to enhance the health and wellbeing of the population in the Nelson and Tasman region.

There were no material changes in the Trust's risk exposure and risk management objectives and policies during the reporting period.

The Trust does not actively engage in trading of financial assets for speculative purposes. The significant financial risks that the Trust is exposed to are as follows:

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Trust. The Trust's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as follows:

Classes of financial assets	2023	2022
	\$	\$
Carrying amounts		
Cash and cash equivalents	1,645,920	1,741,768
Investments - Term Deposits	4,065,916	3,260,725
Trade and other receivables	<u>2,047,359</u>	<u>3,062,076</u>
	7,759,195	8,064,569

The Trust considers a total of \$154,102 of receivables from exchange transactions as impaired and has recognised an allowance for impairment of \$113,901. See Note 9 for further details. None of the non exchange transactions are required to be impaired. The trustees have assessed that all of the other financial assets are not impaired for each of the reporting dates under review and are of good credit quality. The credit risks for cash and cash equivalents, short term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the company's maximum possible credit risk exposure in relation to these instruments.

The Trust's policy is to deal only with creditworthy counterparts. No collateral is held by the company in respect of its exposure to credit risk.

Liquidity risk analysis

Liquidity risk is the risk that the Trust might not be able to meet its obligations. The Trust manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day operations. The data used for analysing these cash flows is consistent with those used in the contractual maturity analysis below. Liquidity needs are monitored on a monthly basis projected for the next 1 year.

The Trust's objective is to maintain sufficient cash and marketable securities to meet its liquidity requirements for two months at a minimum. This objective was met for the reporting period.

Trade and Other Payables

The Trust considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources, receivables and short term deposits. The Trust's existing cash resources (including short-term term deposits) significantly exceeds the current cash flow requirements.

	2023	2022
	\$	\$
Trade and other payables	<u>1,510,439</u>	<u>2,188,493</u>
	1,510,439	2,188,493

Notes to the financial statements

Interest Rate Risk

The Trust has exposure to interest rate risk to the extent there is cash in the bank. The interest earned is as determined by the banker. The key driver of interest income to the Trust is bank rates and amounts on deposit. A 300 basis point change in the interest rate would affect the Trust by an annualised amount of interest equal to approximately \$171,000 (2022: \$50,000).

20 CAPITAL MANAGEMENT

In determining its capital management policy, the main objective of the Trustees is to ensure there are sufficient funds to continue with the main purpose of the Trust: Providing and supporting quality primary health care services in order to enhance the health and wellbeing of the population in the Nelson and Tasman region.

21 GOING CONCERN

On 21 April 2021, the Government confirmed the details of the health system reforms in response to the Health and Disability System Review. A Transition Unit was set up to lead the response to the Health and Disability system Review. With effect 1 July 2022, all existing District Health Boards have been disestablished and their function merged into a single entity, Te Whatu Ora - Health New Zealand.

The Trust generated almost all revenue by contracting with Nelson Marlborough District Health Board. With effect 1 July 2022, these contracts have been transfer to Te Whatu Ora - Health New Zealand.

On the basis of currently available information the Trust considers it appropriate to continue to adopt the going concern assumption. The financial statements show positive equity, the business plan for 2024 forecasts a modest deficit, many of the Trust's revenue contracts are valid until 2024 and the Te Whatu Ora repeatedly voiced a desire for primary health care services to continue uninterrupted while the new system is being established. We currently understand that the Trust will remain focused on primary community care service delivery as a meso level organisation and funded by Te Whatu Ora. In light of these factors and assessments, the Trust deems it appropriate to adopt the going concern basis in preparing these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF NELSON BAYS PRIMARY HEALTH TRUST**

Opinions

We were engaged to audit the general purpose financial report Nelson Bays Primary Health Trust ("the Trust"), which comprise the financial statements on pages 10 to 29, and the statement of service performance on pages 4 to 8. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion on the Financial Statements

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2023, and its financial performance, and its cash flows for the year then ended in accordance with Public Benefit Entity Standards ("PBE Standards") issued by the New Zealand Accounting Standards Board.

Disclaimer of Opinion on the Statement of Service Performance

We do not express an opinion on the accompanying statement of service performance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion on the Statement of Service Performance section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of service performance.

Basis for Disclaimer of Opinion on the Statement of Service Performance

As reported in the statement of service performance on pages 4 to 8, the Trust has reported a selection of performance measures to reflect the services it commissions for primary and community health services provided in the Nelson Bays region. These performance measures of the Trust, rely on information from third parties. The Trust's control over much of this information is limited. The Trust has not been able to provide sufficient appropriate audit evidence to support the performance measure results reported in the statement of service performance. There were no alternative audit procedures we could apply to obtain adequate assurance over all the performance measures reported in the statement of service performance.

Our responsibility is to conduct an audit of the Trust's financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the statement of service performance in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 *The Audit of Service Performance Information (NZ)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the General Purpose Financial Report section of our report. However, because of the matter described in the *Basis of Disclaimer of Opinion* section of our report, we were not able to obtain sufficient audit evidence to provide a basis for an audit opinion on the Statement of Service Performance. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained for the financial statements is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Other Matter

The comparative information in the statement of service performance for the year ended 30 June 2022 is unaudited.

Trustees' Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Trust for:

- (a) the preparation and fair presentation of the financial statements and statement of service performance in accordance with Public Benefit Entity Standards issued by the New Zealand Accounting Standards Board;
- (b) service performance criteria that are suitable in order to prepare statement of service performance in accordance with Public Benefit Entity Standards; and
- (c) such internal control as those charged with governance determine is necessary to enable the preparation of the financial statements and statement of service performance that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report those charged with governance are responsible for assessing the Trust'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 those charged with governance either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, and the statement of service performance are 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 ISAs (NZ) and NZ AS 1 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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

Who we Report to

This report is made solely to the Trust's trustees, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's trustees, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO WELLINGTON AUDIT LIMITED

Wellington

New Zealand

3 November 2023