





# CONTENTS

PROCARE WHO WE ARE	2
PROCARE NETWORK CHAIR'S REPORT	4
A YEAR IN THE LIFE OF GENERAL PRACTICE	6
PROCARE HEALTH CHAIR'S REPORT	9
MEASURING OUR IMPACT JULY 2020 – JUNE 2021	11
PROCARE CEO REPORT	12
FRESH MINDS CHAIR'S REPORT	16
FRESH MINDS MENTAL HEALTH AND WELLBEING SUPPORT	18
CLINICAL ASSESSMENTS LIMITED	20
OUR IMPACT 2021	
IMPROVING HEALTH OUTCOMES, A POPULATION HEALTH APPROACH	23
SUPPORTING HEALTHCARE TEAMS THROUGH THE PANDEMIC	26
SUPPORTING SUSTAINABLE GENERAL PRACTICE	28
SUPPORTING OUR NURSING WORKFORCE	29
HERE TOITŪ	30
REDUCING SMOKING RELATED HARM IN OUR COMMUNITIES	32
STRIVING FOR EQUITABLE HEALTH OUTCOMES FOR OUR MĀORI AND PACIFIC POPULATION	35
WHAKARONGORAU AOTEAROA // NEW ZEALAND TELEHEALTH SERVICES	38
PROCARE FOUNDATION CHAIR'S REPORT	41
PROCARE GOVERNANCE	44
PROCARE BOARDS	46
DIRECTORS' REPORT	51
FINANCIAL STATEMENTS	56
AUDITOR'S REPORT	95
DIRECTORS' INTERESTS TO JUNE 2021	98

# PROCARE WHO WE ARE

ProCare is New Zealand's largest and most diverse network of healthcare professionals offering a whānau centred approach to delivering world-leading health services.

## PROCARE PHO - PROCARE HEALTH (PHO) LTD

ProCare represents more than 169 practices across the greater Auckland region, with around 800,000 enrolled patients, including the largest Pacific and South Asian populations enrolled in general practice in New Zealand and the largest Māori population in Tāmaki Makaurau. As an organisation we are committed to understanding and meeting the health needs of our patients, their whānau, and collectively as communities and populations.

## THE PROCARE CO-OPERATIVE – PROCARE NETWORK LTD

As a co-operative, we draw on the collective strength of New Zealand's largest network of general practices. We deliver innovation and services that ensure sustainability of primary care. We trace our history back to the groups of GPs that formed ProCare in the 1990s. From those early days of establishing quality programmes and negotiating contracts, we have grown into a formal co-operative of healthcare professionals, the first in New Zealand. This legacy continues to drive our passion to advance care and deliver better outcomes. Together, we aim to innovate in the rapidly evolving healthcare environment to help whānau live healthier lives.

## PROCARE NETWORK PARTNERSHIPS LTD

ProCare Network Partnerships aims to drive innovation through social enterprises such as Fresh Minds as well as Whakarongorau Aotearoa, jointly owned by ProCare and Pegasus Health.

## THE PROCARE FOUNDATION

The ProCare Charitable Foundation was established by the shareholders of ProCare who gifted more than 90% of their shares to the Foundation in 2013. The purpose of the Foundation is to help promote the health and wellbeing of disadvantaged communities, deliver health-related activities that improve a community's wellbeing, or reduce health inequalities and alleviate poverty and deprivation in the Auckland region.

## OUR VISION

We believe every New Zealander has the right to live well.

That's why we strive to be the most progressive, trusted healthcare network – so people can achieve greater wellbeing for themselves and their whānau.

## OUR PURPOSE

Together, we transform healthcare so people can live great lives.

ProCare is a network of healthcare professionals dedicated to helping New Zealanders make good choices for their wellbeing.



# PROCARE NETWORK LIMITED CHAIR'S REPORT

Dr. Harley Aish, GP & ProCare Network Ltd Chair



Kia ora koutou katoa

It is my privilege to present the 2021 Annual Report on behalf of the ProCare Network Board. As I reflect on the year that has been, it has felt like a whirlwind but also a long, tough one

— I am sure this is a feeling shared by my colleagues working in general practice.

## Heartfelt thank you

The COVID-19 pandemic, which began in January 2020, has continued to dominate general practice life for the past 18 months. Healthcare teams have gone above and beyond to protect their communities. Many of the changes in general practice have altered operational activity to ensure correct screening and streaming of patients. This has created additional work for practice staff and in some cases reduced capacity. However, these changes have been crucial to ensure regular care is still provided as well as COVID swabbing and vaccination. General practice teams across Tāmaki Makaurau have done, and are still doing, an amazing job during this pandemic.

ProCare has and will continue to support our practices rising to the challenges posed by COVID-19, from getting the healthcare team vaccinated as soon as possible, helping fit and supply appropriate personal protection equipment, navigate the bureaucratic process to become a vaccinating clinic, through to providing lists of patients who haven't yet received their vaccination.

## Celebrating 25 years

This past financial year ProCare celebrated a significant milestone with November 2020 marking 25 years since the organisation was formed by Dr. Tom Marshall in 1995. Over the past quarter century, ProCare has pioneered local and national primary care health services for whānau and communities, while growing to become New Zealand's largest healthcare co-operative. Our aim has always been to nurture the relationship practices have with their patients and communities, while supporting them to be part of the health system and achieve the highest clinical standards.

I am incredibly proud that ProCare has reached this milestone, and of the work we collectively do as a network to support the health and wellbeing of people across Tāmaki Makaurau. Over the past 25 years we have developed dozens of clinical initiatives to ensure healthcare teams can provide the best possible care for their patients.

## Health reforms

The health reforms announced by the Government in April 2021 have the potential to significantly transform healthcare in our country. As an organisation supporting our dedicated primary healthcare teams, we are committed to improved access and health outcomes, especially for our Māori and Pacific whānau. This means working with our sector and iwi partners, local communities, other health providers and local NGOs with the aim of creating a less complicated, more efficient and fairer healthcare system.

## Sustainability of general practice a priority

Sustainability remains a focus as practices continue to struggle with increasing demand and complexity from patients alongside increasing operating costs, all whilst funding remains fairly static. ProCare strives to find ways to provide services and support which relieve some of the complexity of running a general practice; such as HR and recruitment support, business warrant of fitness and support for practices undergoing fees reviews. We continue to grow these services so health care professionals can focus on their most important work: the health and wellbeing of their patients.

With an ageing workforce there is a need to nurture the next generation of owners into general practice and the Elevate programme, launched in late 2020, is another option for succession planning. ProCare currently has four practices in the programme and is actively looking for younger clinicians to step into roles in these practices and to become owners over time. We are focused on establishing quality primary care that best services the needs of the local community.

## Advocacy

During a year of increasing pressure on primary care we have continued to advocate strongly on issues affecting general practice including funding for COVID swabbing and vaccination. We pushed hard to ensure general practice was part of the COVID-19 vaccination programme. We know that patients have strong relationships and history with their healthcare teams, and the skilled nursing workforce operating in general practice is already well trained in administering vaccinations.

## New leadership for ProCare

The Board was delighted with the appointment of Bindi Norwell as the new CEO of the ProCare Group and we welcomed her in March 2021. There is no doubt that Bindi has joined the organisation at a time of great change and opportunity in the sector. Bindi's extensive experience in strategy development and implementation, across senior leadership roles bring the right combination of skill needed to lead the organisation through the next phase of our development.

## Acknowledgements

As always, I would like to acknowledge and thank my fellow Board members for their commitment and governance expertise which ensures the organisation remains on track to achieving its strategic objectives, while responding to the pressures in the sector.

Special thanks to ProCare's executive leadership, management and the wonderful team that make up the wider ProCare whānau – please know the work you do is appreciated and makes a difference to the health and wellbeing of people across Tāmaki Makaurau.

As I sign off for another year, I hope that when I report again in 2022 that the COVID-19 pandemic will be a recent memory and we will all once again be back to business as usual in primary care, continuing to deliver quality health and wellbeing services for people so that they can achieve greater wellbeing for themselves and their whānau.

Dr. Harley Aish



# A YEAR IN THE LIFE OF GENERAL PRACTICE

**169**  
PRACTICES

**796,093**  
ENROLLED PATIENTS

**804**  
GENERAL PRACTITIONERS

**668**  
NURSES

**49**  
HEALTHCARE ASSISTANTS

**173**  
PRACTICE MANAGERS

**18**  
HEALTH IMPROVEMENT  
PRACTITIONERS (HIP)

**15**  
HEALTH COACHES

**48%**  
OF AUCKLAND  
DHB'S POPULATION

**22%**  
OF PATIENTS ARE  
MĀORI OR PACIFIC

**16.3%**  
OF ESTIMATED  
NZ POPULATION\*

**30%**  
OF PATIENTS ARE  
CONSIDERED HIGH NEEDS

\*4,871,987



# PROCARE HEALTH CHAIR'S REPORT

Tevita Funaki, ProCare Health Chair



**Mālō e lelei**

**“Never before has there been such a focus on the health and wellbeing of people in our communities as there has been this last 18 months as we tackle the ongoing COVID-19**

**pandemic. Primary care has been front and centre of the response and I could not be prouder of the work of my colleagues across Tāmaki Makaurau and the rest of New Zealand.”**

**Equitable healthcare access and outcomes top priority**

Whilst the pandemic has been a major focus we must continue to keep our eye on the job at hand which is improving equity of access and health outcomes for our most vulnerable populations, including our Māori and Pacific whānau.

We continue to find innovative ways to support practices to close the equity gap. With the influence of ProCare's Māori and Pacific Advisory Committee (ProMa and ProPa), the drive to close the Pacific gaps led to an increase in our Pacific workforce, including new Māori and Pacific nurse advisors. Their focus is to support ProCare General Practices with tools and cultural advice to help improve their responsiveness to the needs of Māori and Pacific patients.

We have also introduced initiatives such as free winter wellness packs to support families with pēpi and tamariki overdue for their childhood immunisations. These packs included free winter pyjamas and nappies.

One month in from implementing this programme in 28 practices vaccination levels for Māori children aged two years lifted from 70% to 82%, and Pacific children from 77% to 84%. Vaccinations for eight-month olds increased by 1% and 2% respectively.

We have been active in advocating for the introduction of HPV self-screening as we know this will dramatically improve access to cervical screening for our Māori and Pacific wahine for whom the current pap smear may not be culturally appropriate.

In addition, we continue to work in partnership with sector colleagues to advocate for changes in policy, such as the Sale and Supply of Alcohol Act, which we know will have positive health impacts for our population.

We are looking at more innovative ways to get out into communities and provide health services, and over the coming year will begin trialling a mobile health service which will address the unmet health needs of whānau identified by ProCare's sophisticated data reporting.

In terms of tangible, on-the-ground solutions, no single entity can claim to have all the answers. We must work together in partnership with iwi and community groups, NGOs and others to address the social determinants of health alongside the work that our health care teams are doing in primary care.

**A population health approach is critical**

ProCare is focused on improvement, innovation and partnership as we constantly look for ways to improve the quality and reach of health services. This means working hand in hand with colleagues across primary care, DHBs, NGOs and Māori and Pacific health



providers to ensure people get the best possible care when they need it, and to do more to stop them getting sick in the first place.

ProCare’s population health strategy implementation is now in its second year and despite the effects of the pandemic, practice teams have carved out time to focus on the bigger picture of using their individual practice population health data and the health gaps it highlights, to put into place measures to improve health outcomes.

The introduction of ProCare’s ‘Better Together Collaboratives’ this year has seen practices who want to work on a particular health goal come together voluntarily for evening webinars to develop strategies and practice plans for improving outcomes. From our population health data, we can see that where a collaborative has started, and a practice has implemented a plan, there are improvements in health data for that particular health issue. You can read more about this on page 22 of this report.

**Exciting research**

We continue to partner with organisations to move forward with understanding and improving health outcomes. ProCare has joined forces with the both Auckland and Otago Universities to undertake a large-scale population health study to determine the impact of multi-morbidity on the risk of hospitalisation or death from heart disease or stroke.

We are proud that one of the lead investigators of this research is ProCare’s Associate Clinical Director, Dr. Sue Wells. The study will be conducted over three years, is funded by the Health Research Council and is the first of its kind bringing together both primary care and secondary care data on long term conditions, with ProCare’s large data set of 800,000 people making it possible.

While this burden of disease increases with older age, it typically occurs 10–15 years earlier for Māori, Pasifika and other high needs populations, so we are excited that the outcome of this research has the potential to save lives.

**The ongoing pandemic**

The ongoing pandemic has certainly stretched our primary care sector and disproportionately affected our Māori and Pacific communities. It highlights the work we have to do as we move forward to continue to improve the overall health and wellbeing of these communities. Our population health strategy is our guiding light and commitment to its ongoing implementation can help us greatly in improving the health of our people.

“ProCare is focused on improvement, innovation and partnership as we constantly look for ways to improve the quality and reach of health services.”

**Acknowledgements**

I would like to thank Fuimaono Ben Taufua (NMZM) for his 20 years of service on ProCare’s Pacific Advisory Committee, ProPa. In addition, I would like to welcome Dr. Canaan Aumua and Sally Dalhousie to ProPa who will provide valued expertise to assist ongoing commitment to equitable health outcomes for the Pacific community.

As the outgoing chair of the ProCare Health Board, I would like to thank my fellow trustees for their commitment and dedication to their governance role and for guiding ProCare’s commitment to improving the health of our enrolled population.

After seven years as the Chair of the Board I am handing over the reins to Taima Campbell who I know is passionate about population health and improving equity of access and outcomes for our Māori and Pacific communities. I will remain as a member of the Board and look forward to continuing to provide governance support.

Special thanks to ProCare’s Clinical Directorate and the population health team who I know are working tirelessly and are passionate about continuously improving the way we do things to help and support community wellbeing.

Faka’apa’apa atu (with respect)

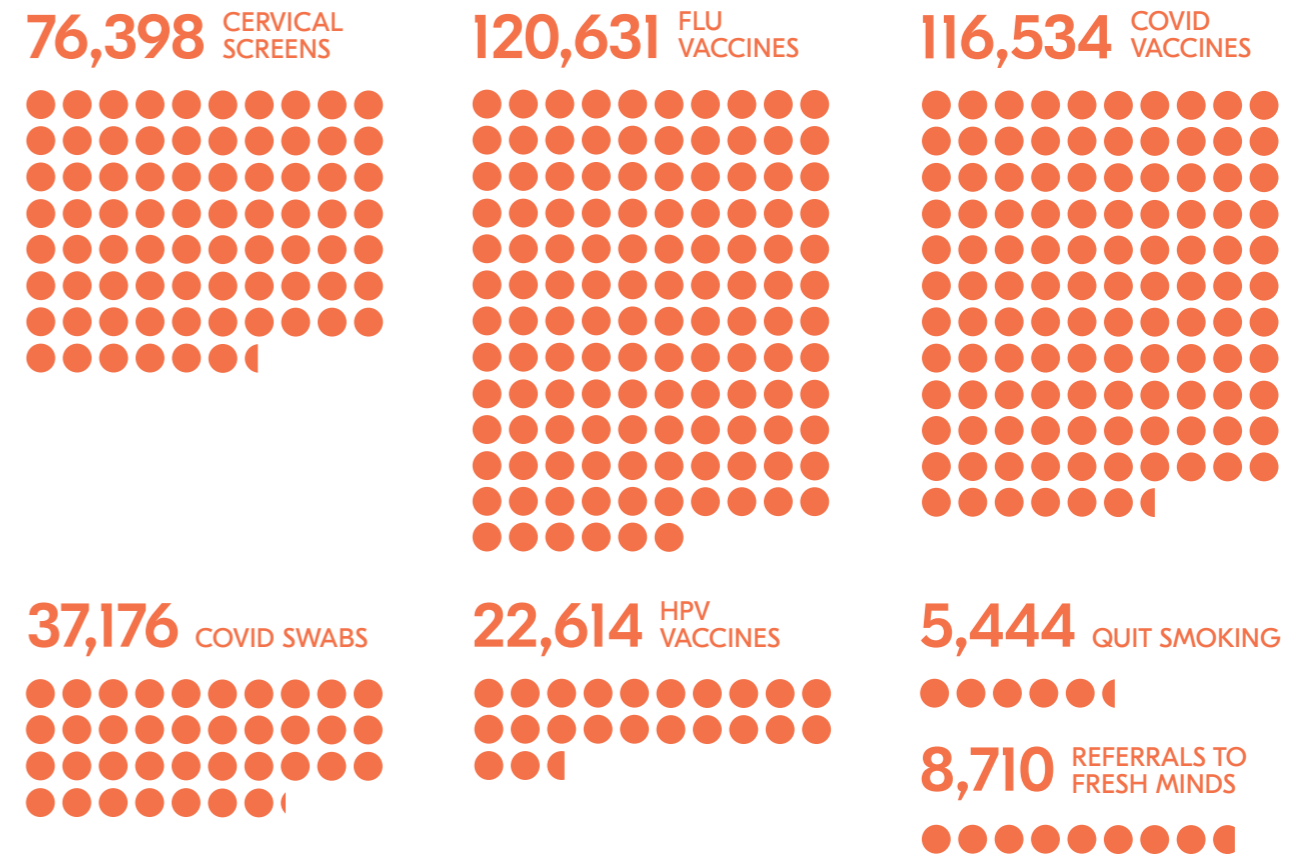


Tevita Funaki

# MEASURING OUR IMPACT JULY 2020 – JUNE 2021

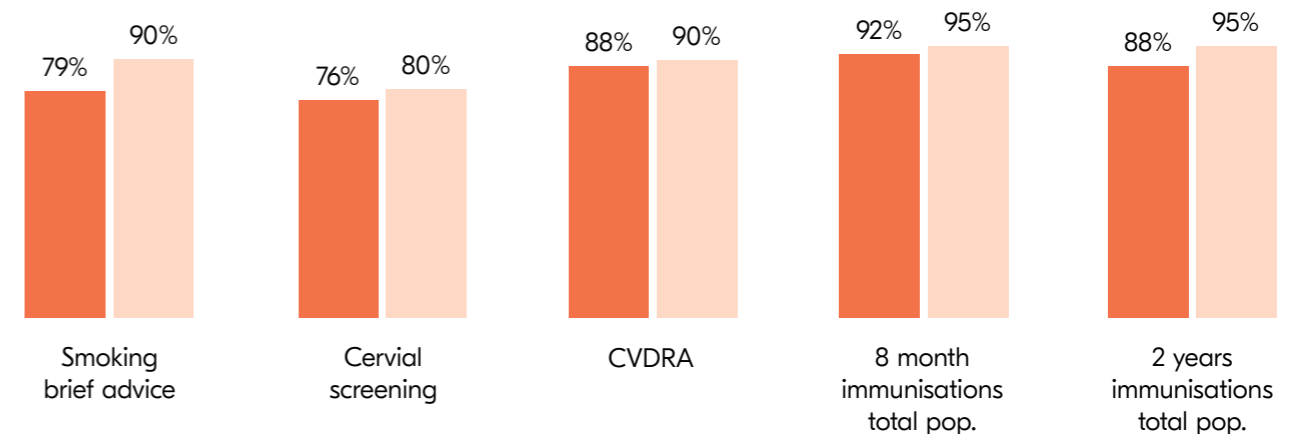
Working together, we have impacted the health of **796,093** people living in Tāmaki Makaurau by providing preventative healthcare.

● = 1,000



**CLINICAL TARGETS**  
Results as at 30 June 2021

■ = result   ■ = target   % = coverage of relevant enrolled population



# PROCARE CEO REPORT

Bindi Norwell, Group CEO



Tēnā koutou

It is my pleasure, as the new Group CEO of ProCare, to provide this update for the 2021 Annual Report. Having stepped into this role in March I have been humbled by the amazing

work that takes place in our general practices, psychology services, community programmes and right across the wider primary healthcare sector. It is a privilege to lead, and learn from, this important mahi.

As we grapple with the road to recovery from COVID-19, it is clear that the dedication of hardworking health professionals and their support staff plays a critical role in improving the health and wellbeing of whānau in New Zealand and we must do all we can to ensure their work is supported.

## Reimagining health care

There is no doubt the New Zealand health system has been under significant pressure in the past 18 months with the ongoing worldwide pandemic that is COVID-19. Primary healthcare teams across the ProCare network have responded with professionalism and resilience, ensuring that their populations have access to swabbing and vaccination for COVID-19 as well as providing regular ongoing acute and preventative care.

In April this year we welcomed the Government's response to the Health and Disability System Review which outlined significant reforms to the New Zealand health system. Whilst we still await confirmation of

how the reforms will shape the primary care sector, we know that the Government has indicated that local provision of health care, which addresses specific local population health needs, will be the way of the future and as such we have already begun working with our network practices, our direct-to-patient services, local NGOs, community groups and other primary healthcare providers to shape 'locality' based networks.

ProCare's well developed population health strategy and innovative data reporting, along with previous insights in developing shared care networks in a large metro area, will be invaluable at helping guide development and best practice of an equitable, trusted and quality healthcare solution for local communities.

## Equity, our commitment

Recognising that equity should be at the heart of everything we do, and understanding that we might not always have got it right in the past, in early 2021 we commissioned an independent review into ProCare's level of alignment to Te Tiriti o Waitangi and Equity.

As an organisation we have made some positive progress and we now have a firm plan, which we have called our 'ProEquity Journey'. This will guide our mahi over the coming year (and beyond), to ensure that we are doing all we can to imbed the principles of Te Tiriti and equity across our organisation, the programmes we develop, and the way we support our enrolled population and network.

## Advocating for our community and general practice

In a time of great change across the health sector and the disruption caused by the pandemic, we have played a key role in advocating on behalf of our





“By working together there are many opportunities for us to be able to transform health access and outcomes for whānau and ensure that trusted, quality primary care is sustainable into the future.”

enrolled population and our members. Recognising the importance of people having access to the COVID vaccine in a place they feel familiar with, we advocated strongly for general practice to be a key part of the rollout plan and we were pleased to see PHOs take the reins from DHBs in facilitating the onboarding of practices.

**Innovation**

With increasing demand and limited resources, innovation is vital to delivering quality healthcare which meets the needs of our growing and aging population. To this end, ProCare continues to support innovation through technology. Three standout projects include:

- Population health reporting: refining data reporting down to an individual practice level, aggregated weekly to give practices an accurate picture of individual unmet health needs to enable targeted and timely interventions
- Launch of ProFusion 2.0: expansion of ProCare’s ProFusion services platform has enabled the delivery of complex clinical services and enabled virtual care and provision of machine learning for quality assurance. The platform is now being used across PHOs in the Auckland region and in the Pinnacle Midland region
- Virtual health: developing and supporting technology to enable virtual consultations

**Partnership**

We continue to forge partnerships with organisations and jointly develop initiatives which we feel will benefit the health and wellbeing of communities.

A partnership with Southern Cross Health Insurance enabled us to launch CareHQ, the online GP consultation service which supports general practices when they are at capacity or after-hours. CareHQ, which launched in late November 2020, continues to grow and provides a trusted, quality virtual GP consultation option for all New Zealanders. As CareHQ is a non-enrolling service its aim is to support sustainable general practice and keep people connected to their enrolled GP for continuity of care.

We welcomed Ministry of Health funding to support a pilot which will enable patients enrolled with very low-cost access practices access to CareHQ, an important step in ensuring online services do not widen the equity gap.

Our partnership with the Ministry of Social Development (MSD) is ongoing and the Here Tōitu programme, supporting people on a Work and Income benefit back into employment, study or volunteering to improve wellbeing continues to expand with 10 practices in the ProCare network now having a Health Navigator.

Through Fresh Minds we continue to keep up the momentum in rolling out the new mental health and addictions model of care, which we refer to as Te Tumu Waiora. We are pleased that 16 ProCare practices now have a Health Improvement Practitioner (HIP) and Health Coach and that 145,347 patients now have access to this early intervention to support mental health and wellbeing.

**Supporting general practice workforce**

One of the most significant and ongoing issues affecting our sector is workforce shortages and the associated pressures. With an ageing GP

workforce, primary care nursing shortages and a lack of psychologists, ProCare’s Employment Plus service has been busy providing much needed HR and recruitment support for our members. The recruitment service has provided over 20,000 hours of locum GP and Nurse coverage and has placed more than 25 long-term and permanent staff into General Practice in this reporting period, while our HR experts have successfully fielded more than 150 unique employment related support calls.

The launch of a new ProCare-funded general practice nurse training programme, as well as an exciting new GP workforce development partnership to be launched later this year, will help bolster the total primary healthcare talent pool over time, and should ease the burden practices face when trying to recruit.

With sustainability in mind, ProCare also launched Elevate with the aim of making practice ownership more accessible, rewarding and sustainable for the next generation of clinician owners. We currently have four practices in the Elevate programme and are now looking to bring in newer clinicians with a view to helping them take an ownership stake over time.

**Looking ahead**

The whakatauki ‘He rau ringa e oti ai’ (many hands make light work) encourages us to work together, and I believe this will be key to ensuring that the positive change envisaged as a result of the health reforms is achieved. By working together there are many opportunities for us to be able to transform health access and outcomes for whānau and ensure that trusted, quality primary care is sustainable into the future.

To the whole ProCare team, thank you for your consistent hard work and commitment; it is a privilege to walk alongside you on this incredible journey.

*Bindi Norwell*

Bindi Norwell



# FRESH MINDS CHAIR'S REPORT

Bindi Norwell, Fresh Minds Chair



The past year has been one of enormous upheaval for whānau due to the ongoing pandemic, causing inevitable anxiety and stress. Therefore, the services and programmes offered by Fresh Minds in communities, schools and via our general practices have been crucial and naturally we have seen a significant uplift in the demand for our services.

## Mental health services stretched during a challenging year

The Fresh Minds centres received more than 5,869 referrals over 12 months, with 4,713 of these from ProCare practices. Due to the various COVID-19 lockdowns, 2,288 of the therapy sessions provided were done virtually. In addition, our centre staff delivered live self-management psycho-education webinars in the evenings and these were made available for a further 2,326 people. The combination of one-to-one sessions and the webinars means an increasing number of people can access support.

## Increasing demand requires an innovative approach

High demand for secondary mental health services has created downward pressure and we are frequently receiving referrals for high acuity cases which require careful management.

Recognising the increasing demand our service is under, we are constantly looking for ways to innovate, and early in 2021 we began a review of available mental health e-tools. The selected e-tools will be trialled by clinicians and introduced for use by patients between referral and their first appointment –

providing more timely support – as well as between therapy sessions to further build a client's skill in self-managing their mind, mood and wellbeing.

Fresh Minds webinars continue to be popular with up to 50 clients being registered for each session. These live interactive webinars, hosted by Fresh Minds psychologists, provide psycho-education, as well as tools and techniques to help people manage the symptoms of anxiety and depression. As the webinars can be attended from the comfort of someone's own home and during the evening, they provide an accessible option.

## Community based support

As with all mental health services, Fresh Minds has felt the additional pressure of increasing demand both in terms of clients seeking care and also workforce shortages. These challenges to service delivery require a need for collaboration with other sector partners, such as NGOs, and the need to innovate.

Fresh Minds continues to be the provider for Triple P (positive parenting programme) in the Counties Manukau area. This free programme supported 32 parents and caregivers over the past year and

thanks to Government funding to support the psycho social effects of the COVID-19 pandemic on whānau, an online programme has provided free across Tāmaki Makaurau.

The Start Well programme in partnership with South Seas Healthcare continues to provide critical support for vulnerable Māori and Pacific mothers in their teens up to early 20s, in the Counties area. Fresh Minds psychologists work with nurses to provide wrap around support for the extended whānau as well as Well Child checks.

## Youth mental health and wellbeing a priority

The hauora of young people in Tāmaki Makaurau remains a top priority and our health in schools programme provides free support for young people across 10 decile one to five schools in the Auckland District Health Board (ADHB) area along with three alternative education sites, one kura kaupapa Māori education site and a teen parent unit. Servicing the health needs of pupils across these educational facilities are 11 GPs, 24 nurses and three psychologists.

Our data shows that health services in schools helps close the health access equity gap for our young people as we see higher numbers of Māori and Pacific students accessing the services. Across all sites there was a total of just shy of 20,000 visits to health centres in schools – this was slightly down on previous years due to the various lockdowns when services had to be provided remotely, therefore impacting access for some young people.

The health in schools team continue to work hard in finding ways to reach young people with the use of social media and the introduction of self-management education webinars for support with issues such as anxiety.

## Early intervention the key for many people

Fresh Minds continues to be a key partner in the roll out of the new model of care to provide early intervention for mental health and addictions support in general practice. As part of the Tū Whakaruruhau (The Auckland Wellbeing Collaborative) we are working collaboratively as a group to ensure this innovative new model of care continues to reach the people it was intended for, and that it provides a holistic approach which considers all the social determinants which affect a person's hauora.

To the year ended 30 June 2021, Fresh Minds has implemented the model in 15 general practices across the ProCare network, with 20 Health Improvement Practitioners (10.15 FTE) and 15 Health Coaches (9.5 FTE) providing early access to mental health and

wellbeing support to a combined population of 145,347 of which 15% are Māori and 23% Pacific.

General practices with the model are vocal about their support for the programme and the positive impact it is having for their population. As we move forward, we will continue to challenge ourselves to find ways to ensure the programme is reaching those that need it most and that it is truly closing the equity of access and outcomes gap for our Māori and Pacific whānau.

## Praise for our dedicated team

The numerous lockdowns over the past year have meant the Fresh Minds service has needed to respond rapidly and provide virtual care at short notice. Thanks to our IT team and the flexibility of the Fresh Minds teams across our centres, general practices and schools, we ensured mental health support was still provided.

I acknowledge that it has been a challenging year for all our Fresh Minds team as their services have needed to support an ever-increasing number of people with more complex needs. I am very proud and grateful of the work they do every day to deliver evidence-based, quality interventions for those needing support with mental health and wellbeing challenges. The positive feedback received from people who access Fresh Minds support highlights how necessary and impactful its services are in enabling people to move forward with their lives.

Thank you to the whole Fresh Minds team, you are doing a wonderful job.

Ngā mihi nui,

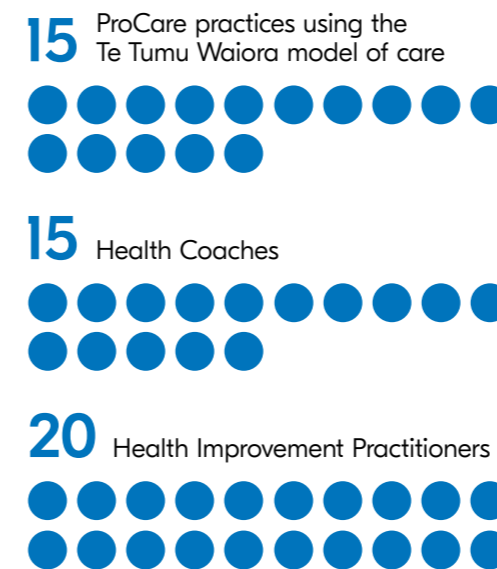
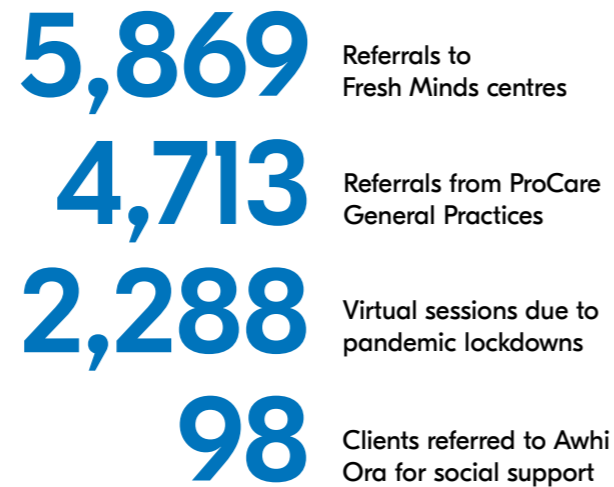
*Bindi Norwell*

Bindi Norwell

# FRESH MINDS MENTAL HEALTH AND WELLBEING SUPPORT

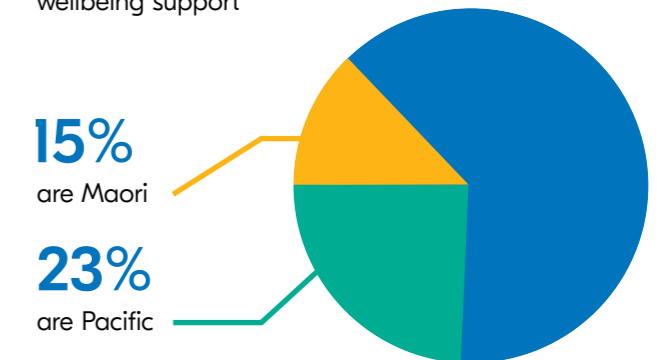
fresh minds.  
by ProCare

With one in five New Zealanders needing support with mental health, Fresh Minds continues to provide crucial services for people across a range of settings including Fresh Minds centres, general practices and in schools across Auckland.



**145,347**

people now have immediate access to mental health and wellbeing support



## Mental health and wellbeing in the heart of general practice

### Health Coaching

Renee Henry was one of the first health coaches to work in general practice as part of the Te Tumu Waiora model of care pilot, which began at Mangere Health Centre in 2018.



Renee Henry, Health Coach, Mangere Health Centre

“As a Health Coach, I work with people to better understand and control their long-term health conditions such as type 2 diabetes, cholesterol, asthma and gout. I also support people who want to work on lifestyle issues like healthy eating habits, exercise, reducing or quitting smoking.”

Following a Health Coach consultation, patients leave with more knowledge about their health and a simple, achievable plan to improve their own health and wellbeing.

“I support and empower people so they can improve their overall health and wellbeing.”

### Health Improvement Practitioners (HIPs)

General practices with a HIP as part of their team are now able to provide immediate support for someone experiencing difficulties with their mental, social or physical health, and offer focussed behavioural health interventions.



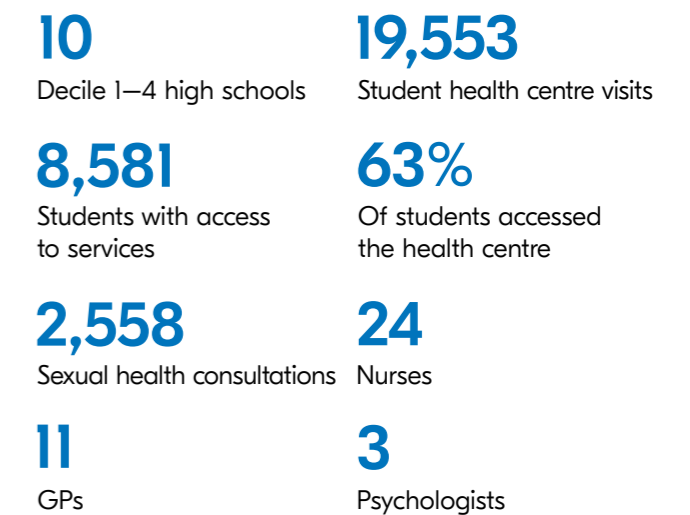
Seema Woollaston, HIP, Otara Family & Christian Health Centre

“I just love that I can see someone so soon after they discuss something difficult with their Doctor or Nurse, and offer an opportunity to make a plan to start working on this straight away. I get to see people who may never meet referral criteria or be able to afford external services, or who may otherwise end up on a long waitlist.

Being able to provide people with immediate support, acknowledge their challenges and arm them with a few simple tools and a plan for how they can move forward is very powerful and rewarding. It can really improve someone’s wellbeing and build their resilience.”

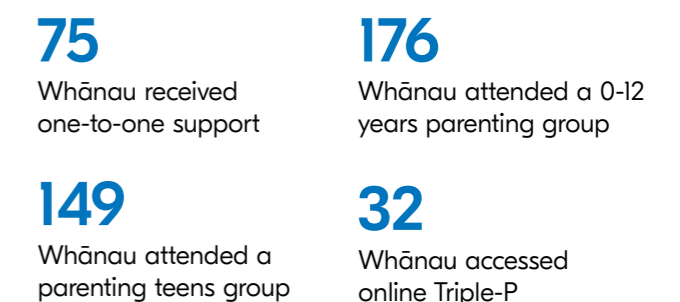
## Youth wellbeing

Fresh Minds continues to provide health services in selected decile one to four schools in the Auckland DHB and Waitemata DHB area. The services have been crucial for supporting the physical and mental health of students through the pandemic. Remote services were set up during lockdowns in Auckland to ensure young people still received support, such as sexual health consultations and remote psychology.



## Supporting parents

Recognising the importance of a child’s early years in supporting a ‘best start’ in life and the lasting impact that early life experiences have on a child’s future, Fresh Minds continues to provide the Triple P, Positive Parenting Programme, for those living in South Auckland. This programme was made available online to all those in Auckland during the COVID pandemic.



# CLINICAL ASSESSMENTS LIMITED

Neil Hefford, Clinical Assessments Ltd Chair



Clinical Assessments Limited (CAL) administers the Primary Options for Acute Care (POAC) service, which gives healthcare professionals access to investigations, care or treatment for those patients who can be safely managed in the community. ProCare

Network Limited owns two thirds of CAL and East Health Ltd owns one third.

POAC aims to reduce acute demand on hospital services and allow patient care to be managed closer to home with the use of clinical pathways and policies. All aspects of the service sit under expert clinical governance led by clinical director Dr Helen Lily. The clinical governance group includes nursing representatives, DHB emergency department clinician's and PHO clinical directors. This group meets regularly to review the safety and appropriateness of claims and referrals, and also the development of clinical pathways reflecting localised Auckland Health pathways.

Practice and PHO utilisation of POAC and outcomes such as 'managed in the community', or subsequent hospitalisation is recorded. The target is that 85% of POAC interventions will successfully and safely avoid the patient needing to go to hospital and at year-end the total across the three DHBs exceeds this target.

COVID-19 lockdowns have resulted in reduced GP consults, however the POAC service only saw a 1% decline in activity, offset by a significantly increased complexity of cases. Delays with support services such as Needs Assessment and Co-ordination, Taikura Trust, Drug and Alcohol and Mental Health services

**26,621** AUCKLAND METRO POAC REFERRALS  
29,159 budget

led to prolonged stays under POAC funding for some cases, including several lasting up to six weeks.

CAL, through the POAC service, also has an increasing role in coordinating services or funding of primary care initiatives such as the expansion of Zolendronic acid and Ferrinject infusions and the use of Fosfomycin. At the governance level we continue to make representation for access to all these programmes to be consistent across Auckland's three DHBs.

There has been a focus this year on preventing adverse outcomes for patients and refining or developing pathways and services across the region, these include:

- Auckland and Waitemata funding of Abnormal Uterine Bleeding, planning is underway with a request for POAC to provide both coordination and funding mechanism. This will include pipelle biopsy, ultrasound, LARC and IV iron infusion where indicated
- Diabetes project in CMDHB involving six pilot practices and pharmacies
- Cervical screening service for ADHB/WDHB
- Anti-D prophylactic in CMDHB
- IV Iron Infusions (ferinject) in ADHB

Pathways currently under review include:

- Pyelonephritis HealthPathway
- Dehydration HealthPathway
- Gallstones HealthPathway partial update
- Renal Colic HealthPathway review

The POAC website blog offers guidance and links to pathways for clinical conundrums such as pelvic pain investigations.

As well as being the conduit for repayment for Auckland Regional Public Health Service (ARPHS) notifications of COVID-19 swabbing and vaccination payments, the POAC service is being used for accessing subsidised care contracts for opiate substitution therapy (methadone and suboxone), and Hepatitis C Direct antivirals with rollout to 50 community pharmacies including Northland. Long Acting Reversible Contraception (LARC) across all DHBs, AAA and AF Screening, and Maternity Ultrasound Funding and Coordination.

### Primary Care Review – First Specialist Appointment

POAC provided support to Counties Manukau DHB to provide funding to Primary Care to undertake a review of 2,000 outpatients who have been on a waitlist for more than 60 days (due to COVID-19) for their first specialist appointment and/or treatment.

350 patients have been seen (based on claim submissions). \*Funding extended to December 2021.

Funding of Ring Pessaries for Counties Manukau is now available through POAC. Women can be referred directly to one of the credentialled GPs listed online.

POAC also has associations with Totara Hospice and the Palliative Outcomes initiative, and the Rural Alliance facilitating point of care testing and Ferrinject. The POAC service maintains an ongoing link with the St John hub, which diverts patients calling an ambulance to be appropriately managed by their GP or nominated after-hours provider using POAC funding. The initiative to accept referrals enabling early discharge from ward and ED has increased.

Central Region's Technical Advisory Service (TAS) completed a contract audit in June 2021. This included the POAC Regional Agreement, CMH Community Administration of Medicines by Infusion, Hepatitis C Reimbursement, LARC (ADHB/WDHB) and COVID-19. The audit went smoothly, the final report was an endorsement of Clinical Assessments Ltd and the POAC service.

The metro-Auckland region DHBs have renewed the POAC contract to June 2023 with an increase in funding to reflect inflation and cost changes, a review of all fees payable will be undertaken.



POAC is highly regarded by general practice teams and continues to assist us in helping patients avoid hospitalisation and more effectively manage their care in the community.

This will be my last term as chair of CAL. I send my thanks to primary care colleagues, for the outstanding role they have played in the ongoing pandemic and I wish them well with health sector changes ahead.

Neil Hefford



# OUR IMPACT IMPROVING HEALTH OUTCOMES, A POPULATION HEALTH APPROACH

## A five-year strategy to guide clinical care to improve health outcomes for Aucklanders.

ProCare's Population Health Strategy is a direct response to the health gaps identified in 'Our Picture of Health', a comprehensive health needs analysis, completed in 2018, using the anonymised health data of approximately 800,000 enrolled patients.

To deliver the strategy, ProCare is leading the way by shaping new models of care encompassing acute, chronic disease, mental health and care planning to support practices to improve the health and wellbeing of their patients. ProCare's Population Health Strategy follows a life stage approach, reflects a commitment to Te Tiriti o Waitangi, takes a strong pro-equity stance and directs our activities to those groups who have been identified by ProCare's health needs assessment as having the most to gain in terms of health improvement.

### Year two achievements (five year strategy)

The emphasis in year two has been on embedding systems, processes and tools to support practices, patients and whānau.

#### Introducing General Practice Annual Quality Plans

While practices have previously completed an annual quality plan, this past year ProCare has introduced

a specific template which includes a Māori Health Plan, an Equity analysis, a clinical gap analysis, an opportunity to take part in one of 12 proposed quality improvement collaboratives as well as additional practice-specific initiatives.

#### Practice-specific Population Health Report enhancements (PHRs)

When first launched (year one), practice specific PHRs were an annual cross-sectional report but data lost its relevance when health needs of a practice population changed. ProCare has since developed technology to refresh clinical data on a monthly basis, with some indicators now updating in real-time.

Each clinical indicator is linked to a monthly tracking report (run chart) to monitor performance over time and linked to NHI lists of patients who were identified as needing follow-up. These reports are the reference data for practices for their Annual Quality Plan and for monitoring impact of quality improvement initiatives.



This diagram shows the process each practice followed to complete their annual quality plan.

"I commend ProCare for its work on population health. This is the way forward for our vulnerable populations."

– Dr Kawshi de Silva, Te Atatu South Medical Centre

**Introducing Better Together Quality Improvement Collaboratives**

ProCare has introduced an evidence-based quality improvement methodology, known as Collaboratives, bringing together teams from different practices to work in a structured way to improve one aspect of the quality of their service, based on our population health goals.

Due to the ongoing pandemic collaboratives have been implemented virtually. They involve learning about best practice, quality improvement tools, skills and change ideas as well as practice staff sharing their experiences of making improvements in their local settings.

**Data highlights effectiveness**

Data shows that when a collaborative topic is introduced, and practices establish and implement their plans there is noticeable improvement in data against that particular clinical goal.

In April 2021, the first alcohol brief advice collaborative was introduced with 24 practices aiming to improve alcohol assessment rates. They shared best practice ideas and built on the learnings already gained from the Counties Manukau Alcohol Programme.

Baseline data and monthly tracking shows the positive impact following a collaborative; as seen in the alcohol brief advice graph. Practices who engaged in the collaborative (indicated in blue) saw an improvement in alcohol brief advice data.

**82%**

Practices registered for collaborative

**86%**

Of practices recommend collaboratives

**99%**

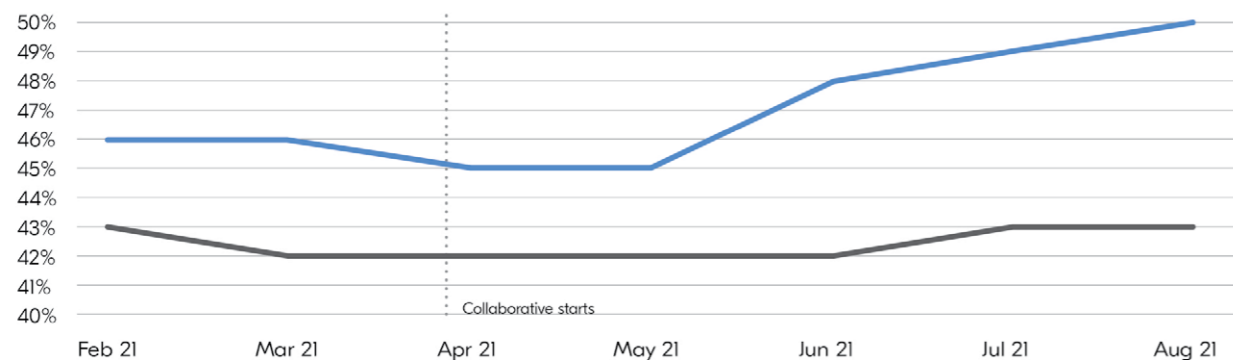
Of practices found collaboratives useful



ProCare's online 'Better together quality improvement collaboratives'.

The significance of this must be viewed with the knowledge that for every eight patients who consume alcohol above safe drinking guidelines, and are subsequently given brief advice, one will reduce their intake; potentially improving a patient's health, reducing family violence and making communities safer. This is effective mahi.

% Alcohol status recorded (15+) Comparing Better Together Collaboratives vs. Non-collaborative practices



ProCare's Youth Advisory Group.

**Introducing ProCare's Youth Advisory Group**

The ProCare Youth Advisory Group is an innovative pilot bringing together 14 young people aged between 14 and 24 to act as ambassadors for young Aucklanders by meeting regularly to provide insight into how young people think and feel about life in New Zealand, with a focus on how they like to interact with primary care and mental health services. Information provided by the group will help ProCare to deliver on its goal of increasing 'Youth engagement with primary care' as part of its Population Health Strategy'.

**The Power of Collaboration – New Zealand's largest primary care study on long-term conditions**

ProCare has partnered with Auckland and Otago Universities to undertake a large-scale population health study to determine the impact of multi-morbidity on the risk of hospitalisation or death from heart disease or stroke.

The study, to be conducted over three years, is funded by the Health Research Council and is the first of its kind bringing together primary and secondary care data on long term conditions to assess the impact of having a number of long-term health conditions on hospitalisation and death rates.

The research creates a 2014 ProCare Adult Cohort Study of all those over the age of 18 and enrolled in a ProCare practice in Q1 2014. The data set gives researchers the ability to look back an additional five to 10 years for history of long-term conditions and enables at least five years' follow-up of events.

This study has the potential to save lives and reduce hospitalisations, which will reduce the overall burden on our health system. With Māori and Pacific people being disproportionately affected by long-term health conditions, it is hoped the outcomes of this study will also inform public policy changes that can be made to address inequities. ProCare is proud to be supporting this important work.

**ProCare advocates on behalf of its enrolled population for:**



Equity of health outcomes for Māori



Reform of the Sale and Supply of Alcohol Act



Healthy weight



Tobacco control



Mental health and wellbeing support in primary care

# OUR IMPACT SUPPORTING HEALTHCARE TEAMS THROUGH THE PANDEMIC

"Thank you for all your help enabling us to vaccinate our vulnerable communities."

— Lynfield Medical Centre

With primary care teams across Tāmaki Makaurau heavily impacted by the COVID-19 pandemic, ProCare has supported its network through several lockdowns during the past twelve months.

ProCare has provided:

- Daily clinical communications during lockdowns
- Supply of essential equipment, including perspex reception screens, IT equipment, PPE and pulse oximeters
- Senior clinical advice and governance
- Fit-testing for N-95 masks
- Weekly Q&A sessions via Zoom with senior clinical leaders



ProCare CEO Bindi Norwell visits the Westgate Pacific vaccination centre.

## Championing COVID-19 vaccination

Recognising patients would want to access the COVID-19 vaccination from their trusted family general practice, ProCare began advocating in early 2021 for practices to be included in the Pfizer vaccination programme. ProCare's clinical leaders and immunisation co-ordinations have worked directly with practices to complete accreditation, provide training for vaccinating nurses and co-ordinate wet-runs.



Nurse clinical advisor, Kelly Barton.

**70%**  
Of practices keen to provide COVID vaccine

**116,354**  
Of ProCare's enrolled population vaccinated

**37,176**  
COVID-19 swabs

**10\***  
Practices providing COVID vaccination by 30 June 2021

Figures to 30 June 2021  
\* this accelerated rapidly from July 2021 onwards  
Right: COVID-19 swabbing, St Heliers Medical Centre.



# OUR IMPACT SUPPORTING SUSTAINABLE GENERAL PRACTICE



Proposed exterior signage concept for Mt Smart Medical Centre.

The sustainability of quality general practice is crucial for New Zealand's healthcare eco-system. To help facilitate and support the next generation of clinicians into practice ownership, ProCare launched the Elevate ownership programme in late 2020. Elevate aims to transform general practice ownership to make it more accessible, rewarding and sustainable.

Specifically designed to help build thriving practices, Elevate provides a new pathway for clinicians who are keen on ownership by offering flexible buy-in options, a supportive collegial environment, ongoing service provision, and quality improvement and innovation opportunities.

Practice ownership through the Elevate programme enables clinicians to prioritise the patient care, leadership and influence aspects of practice ownership, rather than on time consuming administrative tasks.

ProCare has purchased four practices for inclusion in its Elevate programme.

## Practices in the Elevate programme:

- Kaipara Medical Centre
- OneCare Health – Ōtāhuhu and Papatoetoe
- Mt Smart Medical Centre

## CareHQ

Recognising many patients are increasingly wanting the convenience of an immediate virtual consultation, but that it is important for continuity of care they remain enrolled with their own general practice, ProCare partnered with Southern Cross to launch CareHQ in November 2020.

CareHQ supports patients by providing a trusted, quality virtual consultation with a New Zealand registered GP fellow when their regular enrolled GP is not available or after hours.

CareHQ supports general practices by:

- Not enrolling patients
- Not taking a clawback
- Providing overflow or locum services
- Signposting unenrolled patients to a local GP



CareHQ team at Rotorua GPCME 2020.

# OUR IMPACT SUPPORTING OUR NURSING WORKFORCE

General practice nurses are a vital part of a quality primary care and they have been front and centre of the pandemic response. They have continued to provide regular care but have also been critical in carrying out COVID testing and vaccinations. ProCare's clinical advisors have worked alongside practices as part of the COVID-19 vaccination programme.

## A snapshot of ProCare Network's nursing professionals

**668**

Nurses

**13**

Nurse practitioners

**25**

Completed community nurse prescribing course in the past year

**57**

Completed mental health credentialling in the past year

## New nurse training programme

This year ProCare launched a bespoke, free training programme to help working Registered Nurses transition into roles within general practice. This programme was developed as a direct response to New Zealand's general practice nursing shortage and has been extremely well received. The first intake of six nurses attended a study day before heading off to network practices for their six week placement.

## Fit testing

ProCare's clinical advisors have been into practices across the ProCare network to provide N95 fit testing and also run training sessions to develop fit-testing practice champions, to ensure practice teams have the skill to continue this important work on an ongoing basis.



Top: Lupe helping at vaccination centre. Bottom: PPE fit testing at ProCare.





## OUR IMPACT HERE TOITŪ

### Empowering and supporting people back to work or study

Here Toitū is a holistic life-wellness programme to support whānau living with a health condition or disability. It supports them to determine their own goals and aspirations and help them take steps towards engagement in meaningful sustainable earning, learning, caring or volunteering where appropriate.

This model of care places dedicated health navigators in the practice to enhance partnership with patients, improving experience and outcomes for its people.

#### A collaborative approach

Here Toitū is a collaborative national programme funded by the Ministry of Social Development with other partners being the National Hauora Coalition in Auckland, Pegasus Health in Christchurch, and Think Hauora in Palmerston North.

#### Whānau outcomes:

- 7 whānau are in full time work
- 10 whānau are in part time work
- 8 whānau are in voluntary work
- 14 whānau are in training, part-time or full-time study
- 12 have exited the service with desired outcomes

#### Services whānau have accessed:

- 10 whānau accessed alcohol/drug addiction services
- 41 whānau accessed mental health services
- 26 whānau accessed government agencies or public services
- 82 whānau accessed health/healthy lifestyle services
- 17 whānau accessed job search services, training and education

### Oriwa Pehi's story of success

Oriwa Pehi was referred to the Here Toitū programme in October 2020, although not working at the time, Oriwa had dreams of becoming a Te Reo Māori teacher but was being held back by social and health issues.

Oriwa's GP at Papatoetoe Family Doctors introduced her to Health Navigator Eddie Muaulama, who supported Oriwa over several months, firstly working with her MSD case worker to resolve a tenancy issue removing a significant barrier. In addition, Eddie was able to organise a Green Prescription and monthly blood pressure checks enabling Oriwa to establish a regular exercise programme and reduce her high blood pressure.

"The aim of Here Toitū is to help people remove barriers to a person's wellness, and that's exactly what we were able to do for Oriwa. She was so keen and willing to get back to meaningful employment but there were just some practical things she needed help to sort out," says Eddie Muaulama, Here Toitū Health Navigator.

With support, Oriwa soon found a volunteer role at Homai Primary School. The school loved her passion and she was soon offered a paid part-time role as a Te Reo Māori teacher aide and is currently studying to become a qualified teacher.

"There were barriers that my doctor couldn't help with and they were things that were holding me back from getting work. I loved the support from my Health Navigator Eddie, and I would recommend the programme to everyone." — Oriwa Pehi



Oriwa Pehi with Prime Minister Jacinda Ardern and pupils at Homai Primary School.

**10**  
general practices  
now have the Here  
Toitū programme

**3**  
full time Health  
Navigators

**240**  
people have  
been referred to  
Here Toitū

**57**  
people actively  
engaged with a  
Health Navigator

# OUR IMPACT REDUCING SMOKING RELATED HARM IN OUR COMMUNITIES

Despite the challenge of navigating several lockdowns over the past year, the Ready Steady Quit (RSQ) team have found innovative ways to support people to improve their wellbeing by becoming smoke free.

**4,728**

Referrals to RSQ

**50%**

Referrals enrolled

**48%**

CO validated quit rate achieved

## Collective support key to successful quit

Recognising the power of bringing together people who have a shared goal, the RSQ team has focused on establishing groups within communities so they can motivate each other and walk the quit journey collectively. Sustainable group-based support programmes have been developed in communities and workplaces following the principles of co-design, participation and partnership.

### Ready Steady Wāhine

Young Māori women under 35 years continue to have high rates of smoking. The RSQ team is committed to turning these statistics around and in late 2020 launched a new community programme known as Ready Steady Wāhine.

The core kaupapa of Ready Steady Wāhine is to provide group-based stop smoking support in alignment with Ka Pū te Ruha, ka Hao te Rangatahi<sup>1</sup>.



Ready Steady Wāhine weaving workshop.

The programme incorporates hauora-related kaupapa alongside smoking cessation support. Discussion with participants guided the kaupapa and helped foster and stimulate group adherence and a sense of kotahitanga. Group kaupapa included weaving workshops, group fitness sessions, and workshops on topics such as financial literacy. Guest speakers, most often wāhine champions, were invited to present workshops.

Group sessions aim to remove barriers to participation by assisting with transport, providing local locations, space for tamariki and the sharing of kai. Celebrations for group successes were supported by hākari and the presentation of certificates upon completion. Groups came together for 1-2 hours weekly over a period of 10-12 weeks.

<sup>1</sup> Ministry of Health in collaboration with ThinkPlace. 2019. Ka Pū te Ruha, ka Hao te Rangatahi – Good practice guidance for stop smoking services. Wellington: Ministry of Health.

## Ready Steady Wāhine groups

### Kia rite, Wāhine!

Glen Innes

### Kia rite, Wāhine!

Panmure

### Kia tū, Wāhine!

Ranui

### E tū, Wāhine!

Henderson

### Hapūtanga Hauora

Te Atatu

## Community quit groups

- Odyssey House, community in-patient rehabilitation
- Future Skills Academy, community-based adult learning and education provider
- Whangaparāoa Library, general community group
- Higher ground, rehabilitation centre, 50+ clients enrolled

## Whānau based groups

The RSQ team also supports 'informal groups', these are often whānau or friends' that naturally come together following someone having a positive personalised quit experience with RSQ and they become motivated to encourage others they know to quit.

## Motivating communities

To build relationships and encourage referrals and enrolment for 1-on-1 support and groups, the RSQ team has attended and supported many community events in the past 12 months, including:

- Ngāti Whātua Ōrākei Whai Maia health initiative, Body WOF, 15+ enrolments and 60+ brief advice interventions
- Te makete, monthly Māori markets at Hoani Waititi Marae, West Auckland
- Wahakura weaving workshops and wāhine haputanga workshops
- Auckland Night Markets
- World Smoke Free Day, Auckland District Health Board and Hāpai te hauora, 35+ referrals
- Te Hā Oranga, community cancer hui, 15+ referrals
- Department of Corrections



RSQ team in the community.

## Supporting workplace groups

The RSQ team continues to work with businesses to facilitate behavioural change to encourage a smoke free workplace. The RSQ team successfully established group-based support with:

- PROBE group, a high Māori and Pacific employee base. 50+ enrolments, 50% achieved CO validated quit

2degrees – corporate services

- 20+ enrolments, 50% achieved CO validated quit

Relationships established first half of 2021

- LinkAlliance – Auckland rail link construction
- MOANA NZ

## Client success

Nina sought the support of RSQ when she had baby number two on the way. Knowing she was determined to successfully quit, Nina's partner Neil signed up as well so they could share the quit journey together.

"I can't thank my RSQ quit coach Felicity enough for the support I got throughout my quit journey. As a reward, I got my first jade greenstone necklace, it is so good for my wairua and it will help me stay smokefree from here on. We seriously could have not done this without your help." – Nina and Neil



Nina and Neil



# OUR IMPACT STRIVING FOR EQUITABLE HEALTH OUTCOMES FOR OUR MĀORI AND PACIFIC POPULATION

The ProCare network serves the highest Māori population enrolled in general practice in Tāmaki Makaurau and the largest Pacific population in New Zealand. Improving health outcomes for this population is a key priority.

## Key initiatives

### Cultural nurse advisors

Three cultural nurse advisors have joined the ProCare whānau to support practices who have high numbers of enrolled Māori and Pacific patients. The team has been instrumental in supporting the roll out of COVID-19 vaccination programme and helping practices reach out to their Māori and Pacific whānau.



Left to right: Kiri Moko Fraser, clinical Māori nurse advisor; Lupe Helu, Pacific cultural Nurse advisor; Judy Ikihele, clinical advisor.

### He Kete Oranga

He Kete Oranga is an overarching programme to improve health equity, working in partnership with Māori stakeholders including mana whenua. 'Kete Ora' sits under He Kete Oranga and focuses on helping practices to improve clinical indicators; such as achieving equity for triple therapy and microalbuminuria.

Kete Ora has focused on supporting practices to find innovative ways to remove barriers for patients needing to access healthcare. For example, a patient who may have transport challenges could be offered:

- Taxi vouchers using Care Plus or flexible funding
- Blood testing at the practice
- Combined doctor, nurse, health coach and HIP consultations
- Script, fee exemptions, blister packing and home delivery

### Healthy Village Action Zone (HVAZ)

ProCare continues to play a key role in supporting Pacific church communities across Auckland with



Sam Partsch, ProCare's Pacific project co-ordinator for HVAZ

the aim of improving health outcomes for Pacific Communities with the following programmes:

- Gardening for health project
- Nutrition champions, healthy eating in partnership with the Heart Foundation
- COVID-19 vaccination education

**Respectful kōrero key to increasing flu vaccination for Māori**

Due to pandemic disruption, practices have seen a drop in routine vaccination. This decline is especially apparent in our Māori population, where substantial health inequalities already exist.

Supported by ADHB and WDHB, ProCare piloted a new model of care to reach Māori patients over the age of 65, to increase uptake of the flu vaccine.

The ProCare Māori mobile flu team designed a programme to meet the needs of patients and general practices. Compiling lists of eligible people, the ProCare Māori mobile flu team began to contact whānau prioritising whakawhanaungatanga (process of connecting), allowing three calls per patient, always from the same caller.

This model of care has shown promise for whānau, with callers building connections by finding whānau links and iwi ties, people appreciated the unhurried engagement and were happy to receive the calls which also provided an opportunity to increase health literacy.

A whānau koha pack containing a reusable facemask, information about the flu vaccine and details of their local immunisation outreach services was sent as a follow up. Learnings from this pilot will inform further immunisation programmes.

**1,042**  
Calls made

**451**  
Calls answered

**158**  
Patients referred for flu vaccination

**38**  
Patients already had their flu vaccination

“Thank you all who took the time to talk on the phone and the visits at home. You gave me hope. Very much appreciated”

– Kuia



Matua John Marsden with Tracey Thompson, Kaitiaki Hauora at ProCare.



Health New Lynn. Right to left: Catherine Roscoe, Ann Davies, Baby Wolf, Mum Brianna, Bindi Norwell.

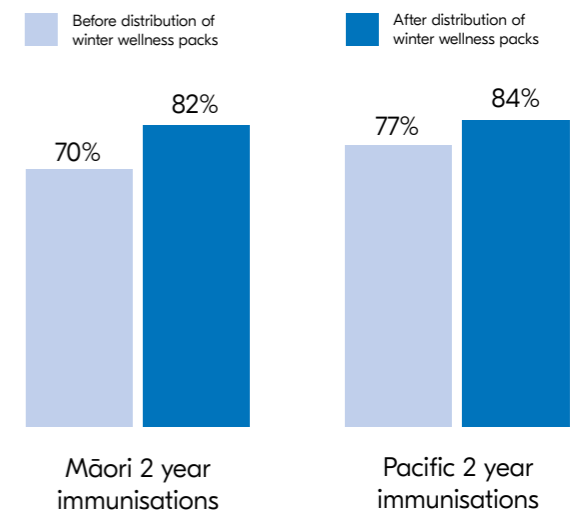
**Winter wellness packs for pēpē to increase immunisation rates**

An unfortunate impact of the COVID-19 pandemic has been a drop in the number of children receiving their routine childhood vaccinations, particularly in Māori and Pacific families.

In May 2021, ProCare provided winter wellness packs, containing pyjamas and nappies, as a trial to incentivise immunisation.

In partnership with The Warehouse Henderson, more than 400 wellness packs were gifted to whānau through 28 of ProCare’s general practices with the highest number of children to be immunised yet.

**RESULTS AFTER ONE MONTH**



“Being able to offer whānau an incentive to come into practice has been really great, it’s an effective way to engage a small number of harder to reach families.”

– Anne Davies, Nurse Manager, Health New Lynn.

# OUR IMPACT WHAKARONGORAU AOTEAROA // NEW ZEALAND TELEHEALTH SERVICES



A brave voice deserves a sympathetic ear



1. The COVID Healthline – supporting people with information and advice about COVID.
2. The COVID Welfare team – providing daily health and well-being checks for people in self-isolation.
3. The COVID Vaccination Healthline – providing vaccination information, and help for people who are unable to book online.

Each of these services is supported by a clinical governance group and has clear clinical triage protocols and processes. In the last year the Healthline teams have needed to respond to a number of significant spikes in demand. They are continuously planning, modelling and forecasting to ensure the workforce is in place.

- 794,239 contacts answered across the three lines
- 97% answered in under 10 minutes
- 1,300 kaimahi (staff) employed throughout Aotearoa
- 200 paramedics and nurses
- 35% of staff Māori or Pacific

Partnerships with iwi, travel and other health organisations are integral to the success of COVID Healthline services. These include Te Hau Ora o Ngāpuhi in Northland, South Seas Healthcare in Ōtara, Te Arawa Lakes Trust in Rotorua, Puna Whakamarama in the Hawke's Bay, Orbit and House of Travel, all of whom provide call centre support, responding to COVID related calls.

### COVID-19 Clinical Advice Line

Whakarongorau Aotearoa continues to offer general practice, pharmacy, nurses, midwives and aged residential care providers clinical advice via a COVID-19 clinical advice line on 0800 177 622 Monday to Saturday 8AM–8PM, 365 days/year.

- 296 calls to the service in the past year

### New image upload tool lowers patient admissions to ED

Since October 2020, people calling Healthline or the GP After-Hours service, can now send an image of their 'symptom' (eg. laceration, rash or wound) via their smartphone, enhancing clinical triage.

- 10,000 images uploaded resulting in 14% fewer patients being referred to urgent or emergency care
- 22% of images uploaded from Māori service users
- 5% from Pasifika service users

Of those who provided an image as part of their triage, 9% received a downgrade in clinical outcome. This is 3% higher than the usual for Healthline calls. For the relevant symptoms, there were 6% more callers with an outcome of self-care, and a further 6% received an outcome of referral to their general practitioner.

### Supporting General Practice

Over 60% of general practices throughout New Zealand are supported by Whakarongorau Aotearoa's

after-hours, nurse-led triage service (covering more than 2 million patients). The service helps to reduce unnecessary presentations to emergency departments and strengthens general practice as the front door to primary care.

- 105,000 contacts from patients calling their 'medical home'
- 84% managed with primary care and/selfcare advice
- 9% required urgent care
- 7% required emergency services (IHI and ED)
- 6,000 calls from patients living in Auckland; of these:
  - 60% managed with primary and/or self-care advice
  - 25% required urgent care
  - 5% required emergency services

### FOR THE 12 MONTHS ENDING 30 JUNE 2021

In total, across all services, Whakarongorau Aotearoa achieved the below for the 1 July 2020 – 30 June 2021 year:

**2,552,710**  
contacts managed

92% increase on the previous year.

**950,000+** individuals connected with

Connected with over 950,000 individual people<sup>^</sup> across Aotearoa.

**397,806**  
Healthline calls

The health services team answered 397,806 Healthline contacts from 372,272 people.

**206,278** mental health contacts

1737, depression, gambling, alcohol and other drugs services supporting 105,953 people.

**46,000**  
Quitline contacts

The Quitline team answered over 46,000 contacts supporting more than 27,929 people to start their quit journey, with 23% reporting they were smoke free after 4 weeks.

**25,454** people helped by Poisons team

The Poisons team helped 25,454 people, with 76% of contacts requiring no further medical treatment or self-care information.

**46,000** emergency incident triages

The Emergency Triage nurses triaged over 46,000 incidents, redirecting 46% of contacts to non-emergency services, which helps keep our hospitals and ambulances available for emergencies.

**11,000** emergency mental health triages

The Emergency Mental Health Response team triaged almost 11,000 contacts from Police and Ambulance to support more than 6,000 people in social and psychological distress.

# PROCARE CHARITABLE FOUNDATION CHAIR'S REPORT

June McCabe, ProCare Charitable Foundation Chair

The ProCare Charitable Foundation has made grants of over \$1,437,426 in the past six years to charities in the greater Auckland region with the aim of reducing health inequity, alleviating the symptoms of poverty and increasing community health and well-being.



I am honoured once again to provide this update on the activities of the ProCare Foundation on behalf of my fellow trustees.

Due to the pandemic and the various challenges this presented for both the

Foundation and charities alike, the 2020 funding was not distributed through our usual formal grant round process, instead an allocation of funding was made to five charities based on the most urgent needs identified during the pandemic.

We recognised the pressure on whānau due to the Covid-19 pandemic and chose to fund charities who could immediately help with food services or provide

support to assist vulnerable people with their mental wellbeing. The reality of the pandemic is that there are now more vulnerable people who are struggling to provide for themselves and their whānau.

Over the past 12 months we have been heartened to see the efforts of selfless NGO staff and volunteers who work exceptionally hard, under very difficult circumstances, to help the growing number of people who need help.

We trust the support provided by the ProCare Charitable Foundation goes some way to supporting whānau across greater Auckland.

June McCabe



Wahine dinner team, hosted by Auckland City Mission

“Our wāhine dinners are not only appreciated by wāhine that attend but a number of volunteers find it a meaningful opportunity to connect and provide extra support such as the provision of personal care items and manicures. All this helps lift self-confidence so our vulnerable wāhine can begin to heal and look forward and see a future.”

— Helen Robinson, Chief Executive, City Mission

Recipients of 2020 ProCare Foundation funding:

**The Auckland City Mission**

The Mission’s Food Security programme received ProCare funding in late 2020 when there was unprecedented demand from individuals and families experiencing food insecurity due to job loss or other issues caused by the COVID-19 pandemic. Thanks to this early allocation of funds from ProCare, emergency food parcels could be provided to people across Auckland, including via Papakura and Manukau Urban Māori Authority (MUMA) Maraes.

Additional funds from ProCare also supported Te Whare Hinātore, the Mission’s service which exclusively supports women and those who identify as women who are experiencing homelessness. Funding was used to support ‘wāhine dinners’ so some of the most vulnerable women in the community can come together in the safety and privacy of the Mission’s Haeata community kitchen to receive a hot meal and learn waiata and pepeha together.

**Oke Charity**

ProCare was proud to support Oke Charity which provides kiwi kids with the opportunity to learn life and social skills by introducing productive sustainable outdoor gardens in schools.

“A huge thanks to ProCare for funding that has enabled us to build productive vegetable gardens at both Sylvia Park School and Papatoetoe North School so pupils can learn about growing their own food and sustainability.”

— Paul Dickson

**Rainbow Youth Incorporated**

ProCare funding was used by Rainbow Youth towards salaries for staff in their Auckland Care Support Team. Demand for one-to-one support skyrocketed over the past 12 months due to additional pressure placed on young people from the COVID-19 pandemic lockdowns. The Rainbow Youth team continues to provide support, information, resources and advocacy for the regions queer, gender diverse, takatāpui and intersex youth and their friends, whānau and community.

**Everybody Eats**

Everybody eats is a pay-as-you-feel dining concept that uses surplus food to create three-course meals at locations around Auckland. Each week a different chef takes over the kitchen preparing perfectly good food that would otherwise go to waste and use it to feed people suffering food poverty.

ProCare Foundation funding is to be used to support a pilot site in Avondale, to be established in late 2021.

**Yellow Brick Road Charity**

Yellow Brick Road provides support for families who have a loved one experiencing mental health challenges and ProCare Foundation funding has helped establish a ‘Stepping out for women’, an Auckland-based positive development programme for women who need support, knowledge, advocacy and empowerment as they or someone they care for journeys towards mental wellbeing.

“We extend our heartfelt thanks to ProCare for generously funding our ‘Stepping out for Women’ programme. It has enabled us to train additional facilitators and establish a programme which will begin in September 2021 for women in North Auckland.”

— Vicki Lee, Chief Executive Officer

“The services we provide help reduce negative mental health outcomes and the isolation which queer, intersex, takatāpui and gender diverse young people can feel, by linking them in with peer support, health services, housing and specialist health services.”

— Ally Wilson, Grant Coordinator, RainbowYOUTH



Above: Children learning to grow vegetable gardens through Oke Charity. Below: Everybody Eats dining event, using surplus food to create meals for those in need.

# PROCARE GOVERNANCE

## ProCare's Current Structure

### ProCare Network Limited

ProCare Network Limited is the largest co-operative of healthcare professionals in New Zealand. The co-operative provides services to general practices in the network. Shareholders in the co-operative hold shares aligned to their individual general practice in accordance with the constitution and the share standard adopted by the ProCare Network Limited Board.

### ProCare Health (PHO) Limited

ProCare Health (PHO) Limited is a Primary Health Organisation, it has full charitable status and operates exclusively for the charitable purposes set out in the charitable objects. The objects of the company are to promote and enhance the health and wellbeing of all individuals, families, and communities within New Zealand. Accordingly, all income of the charity will be applied to carrying out and fulfilling those charitable purposes and are not intended for any other purpose.

## ProCare Governance Boards and Committees

ProCare's Governance Boards and Committees provide business expertise, leadership and clinical governance for our organisation, ensuring the ongoing success of our business and clinical direction. They are as follows:

### ProCare Network Limited (Co-op) Board

The ProCare Network Limited Board is responsible for setting the strategic direction of the organisation and adopting appropriate governance processes to ensure

effective oversight of the organisation on behalf of shareholders, employees, and other stakeholders. The Board is committed to high standards of corporate governance and follows, in principle, the corporate governance guidelines and principles developed by the Financial Markets Authority and the New Zealand Institute of Directors.

**BOARD OF DIRECTORS:** Dr. Harley Aish (Chair), Dr. Craig King, Francesco Lentini, Dr. Jan White, June McCabe (resigned 31 December 2020), Mike Schubert, Dr. Neil Hefford, Dr. Stephanie Taylor, Alister Lawrence.

### ProCare Health (PHO) Limited Board

The ProCare Health (PHO) Limited Board is responsible for ensuring that the PHO discharges its responsibilities under its PHO Services Agreement and achieves the agreed outcomes and ensures the provision of essential primary health care services, mostly through general practices, to those people who are enrolled with the PHO. The PHO currently holds a PHO agreement with Auckland District Health Board as lead DHB for Auckland District Health Board, Counties Manukau District Health Board and Waitemata District Health Board.

**BOARD OF DIRECTORS:** Tevita Funaki (Chair), Dr. Jodie O'Sullivan, John Marsden (resigned 31 October 2020), June McCabe (resigned 31 December 2020), Lesley Going (resigned 31 December 2020), Dr. Neil Hefford, Renee Newman (resigned 31 December 2020), Dr. Stephanie Taylor (appointed 1 May 2021), Taima Campbell.

### Audit & Risk Assurance Committee

The Audit & Risk Assurance Committee (ARAC) assists the ProCare Network Limited (Co-op) and ProCare Health (PHO) Limited Boards respectively in fulfilling

their responsibilities relating to accounting and reporting, external audit, legislative and regulatory compliance and general risk management for ProCare. The Committee oversees, reviews and provides advice to the Boards on each company's financial information, policies and procedures in regard to financial matters, external audit functions and internal control and risk management policies and processes. The Committee reviews and reports to the Boards on management's processes for the identification, prioritisation and management of risk.

**ARAC MEMBERS:** Mike Schubert (Chair), Alister Lawrence, Dr. Harley Aish, June McCabe (resigned 4 December 2020), Taima Campbell (appointed 24 February 2021), Tevita Funaki.

### Remuneration & Governance Committee

The Remuneration & Governance Committee assists the ProCare Network Limited (Co-op) and ProCare Health (PHO) Limited Boards respectively in the establishment of remuneration policies and practices for each company, and in discharging the Boards' responsibilities related to remuneration and governance; and monitors the Chief Executive Officer's performance.

**RAGC MEMBERS:** June McCabe (Chair — resigned 4 December 2020), Alister Lawrence, Dr. Harley Aish, Mike Schubert, Taima Campbell (appointed 24 February 2021), Tevita Funaki.

### Clinical Quality Committee

The Clinical Quality Committee advises the ProCare Network Limited (Co-op), ProCare Health (PHO) Limited and ProCare Fresh Minds Limited Boards respectively. The Committee provides a population health perspective in relation to the clinical performance of ProCare and its provider network; recommends clinical goals; champions a culture of clinical excellence while providing oversight of the clinical safety and quality of ProCare's providers; and sets and oversees the clinical direction and performance of ProCare. The Committee advises and is supported by ProCare's Clinical Directorate for implementing its programme of work and managing clinical risks.

**CQC MEMBERS:** Dr. Jim Kriechbaum (Chair), David Hassan (appointed 9 December 2020), Dr. Dean MacKay (resigned 9 December 2020), Doone Winnard, Fakaanga Mapa, Georgina Kay (appointed 9 December 2020), Jana Lennard (appointed 9 December 2020), Jessie Crawford (resigned 9 December 2020), Dr. Kim Bannister (voluntary member), Michelle Cray, Dr. Neil Hefford, Dr. Stephanie Taylor (appointed 1 May 2021), Dr. Wikitoria Gillespie, Dr. Willem Landman.

### ProCare Māori Advisory Committee

ProCare's Māori Advisory Committee (ProMA) advises and supports ProCare Health (PHO) Limited to provide a Māori world view that is iwi informed, Treaty-based as well as community and whānau focused, so that Māori across Tāmaki Makaurau experience the best health outcomes possible. The Committee develops and helps implement Māori strategy for ProCare so it may achieve Māori health goals and reduce inequities in Māori health. The Committee also provides advice and support to other ProCare entities as required.

**PROMA MEMBERS:** Taima Campbell (Chair), Dr. Braden Te Ao, Matua John Marsden (resigned 31 October 2020), Dr. Katrina Kirikino-Cox, Dr. Wikitoria Gillespie.

### ProCare Pacific Advisory Committee

ProCare's Pacific Advisory Committee (ProPA) advises and supports ProCare Health (PHO) Limited in recognising the special place Pacific peoples have in New Zealand society, to respond to the diverse cultural needs of Pacific peoples, and to promote health and wellbeing amongst Pacific communities. The committee develop and implements a Pacific strategy for ProCare so it may achieve Pacific health goals and reduce inequities in Pacific health. The Committee also provides advice and support to other ProCare entities as required.

**PROPA MEMBERS:** Tevita Funaki (Acting Chair), Ben Taufua (resigned 31 March 2021), Dr. Canaan Aumua (appointed 23 February 2021), Judy Matai'a, Sally Dalhousie (appointed 23 February 2021), Stephen Stehlin, Dr. Viliami Puloka.

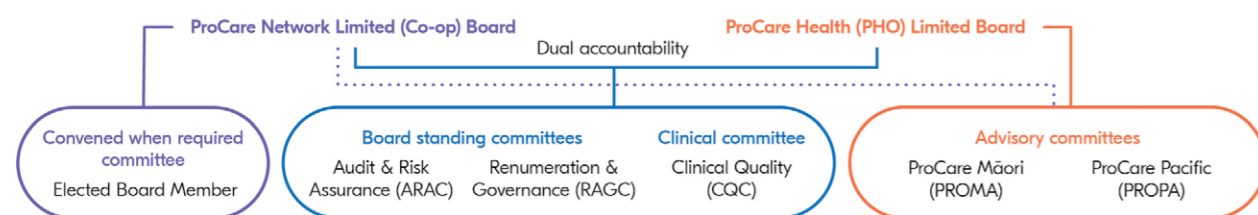
### Other Boards

**CAREHQ LIMITED Board of Directors:** Craig King (Chair - 23 November 2020), Nicholas Astwick, Kerry Boielle and Tony Wai (all appointed 2 November 2020).

**CLINICAL ASSESSMENTS LIMITED (CAL) Board of Directors:** Dr. Neil Hefford (Chair), John Betteridge, Paul Roseman.

**PROCARE FRESH MINDS LIMITED (PFM) Board of Directors:** Steve Boomert (Chair — resigned 31 December 2020), Allan Moffitt, Bindi Norwell (appointed 14 April 2021), Steve Webber (appointed 26 July 2021), Tony Wai (resigned 25 July 2021).

**WHAKARONGORAU Board of Directors:** Roger Sowry (chairman), Benesia Smith (appointed 11 Dec 2020), Bindi Norwell (appointed 28 May 2021), Debbie Ngarewa Packer (17 October 2020), Hillary Currie, Lee Eglinton, Mike Schubert, Steve Boomert (resigned 19 December 2020), Vince Barry.





# PROCARE BOARDS

## ProCare Health (PHO) Limited



Tevita Funaki  
(Chair)



Dr. Neil Hefford



Lesley Going  
Retired Dec 2020



Dr. Stephanie Taylor  
Joined May 2021



Renee Newman  
Retired Dec 2020



John Marsden  
Retired Oct 2020



June McCabe  
Retired Dec 2020



Dr Jodie O'Sullivan



Taima Campbell

## ProCare Network Limited (Co-op)



Dr. Harley Aish  
(Chair)



Dr. Neil Hefford



Alister Lawrence



Dr. Stephanie Taylor



Dr. Craig King



Dr. Jan White



Mike Schubert



Dr. Francesco  
Lentini



June McCabe  
Retired Dec 2020

### The ProCare Team

**146**

Full time employees

**8**

ELT members

**49**

Part time employees

**3**

Contractors (16 incl. directors)



# PROCARE NETWORK LIMITED AND SUBSIDIARIES

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 June 2021

## CONTENTS

DIRECTORY	50
DIRECTORS' REPORT	51
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME	56
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	57
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	59
CONSOLIDATED STATEMENT OF CASH FLOWS	60
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	61
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	70
INDEPENDENT AUDITOR'S REPORT	95
DIRECTORS' INTERESTS	98

## PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORY

### DIRECTORS

#### PROCARE NETWORK LIMITED

Dr H E Aish (Chair)  
Dr N J H Hefford  
Dr C L King  
A J Lawrence  
Dr F Lentini  
J N McCabe (resigned 31 December 2020)  
M Schubert  
Dr S L Taylor  
Dr J F V White

#### PROCARE HEALTH (PHO) LIMITED

T F Funaki (Chair)  
L A Going (resigned 31 December 2020)  
Dr N J H Hefford  
J Marsden (resigned 31 October 2020)  
J N McCabe (resigned 31 December 2020)  
R J E Newman (resigned 31 December 2020)  
Dr S L Taylor (appointed 1 May 2021)  
T Campbell  
Dr J J O'Sullivan

#### PROCARE FRESH MINDS LIMITED

S J Boomert (Chair) (resigned 31 December 2020)  
Dr A Moffitt  
B Norwell (Chair) (appointed 14 April 2021)  
S Webber (appointed 26 July 2021)  
T A Wai (resigned 25 July 2021)

#### PROCARE HEALTH (LP) LIMITED

S J Boomert (Chair) (resigned 31 December 2020)  
T A Wai (resigned 25 July 2021)  
B Norwell (Chair) (appointed 14 April 2021)  
S Webber (appointed 26 July 2021)

#### PROCARE NETWORK PARTNERSHIPS LIMITED

S J Boomert (Chair) (resigned 31 December 2020)  
T A Wai (resigned 25 July 2021)  
B Norwell (Chair) (appointed 14 April 2021)  
S Webber (appointed 26 July 2021)

#### KAIPARA HEALTH LIMITED

F Lentini  
L G Norman (resigned 22 December 2020)  
K J Ormrod (resigned 2 February 2021)  
T A Wai (resigned 25 July 2021)  
S Webber (appointed 26 July 2021)

#### CLINICAL ASSESSMENTS LIMITED

Dr N J H Hefford (Chair)  
Dr J H Betteridge  
P D Roseman

#### MT SMART HEALTH (2020) LIMITED

T A Wai (appointed 3 December 2020,  
resigned 25 July 2021)  
S Webber (appointed 26 July 2021)

#### ONECARE HEALTH (2020) LIMITED

T A Wai (appointed 3 December 2020,  
resigned 25 July 2021)  
S Webber (appointed 26 July 2021)

#### GROUP CHIEF EXECUTIVE

B Norwell

#### SUBSIDIARIES

ProCare Health (PHO) Limited	100%
ProCare Fresh Minds Limited	100%
ProCare Health (LP) Limited	100%
ProCare Network Partnerships Limited	100%
Clinical Assessments Limited	67%
Kaipara Health Limited	100%
Mt Smart Health (2020) Limited	100%
OneCare Health (2020) Limited	100%

All subsidiaries have a 30 June balance date

#### JOINT VENTURES

Whakarongorau Aotearoa New Zealand Telehealth Services LP	50%
Fresh Minds NZ Limited Partnership	50%
CareHQ Limited Partnership	50%

#### REGISTERED OFFICE

Level 1, 12-16 Nicholls Lane, Parnell, Auckland

#### BANKERS

ANZ Bank  
PO Box 12 060, Auckland 1642

#### SOLICITOR

Buddle Findlay  
PricewaterhouseCoopers Tower  
188 Quay Street, Auckland 1140

#### AUDITOR

BDO Auckland  
Level 4, BDO Centre, 4 Graham Street Auckland

## PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORS' REPORT

For the year ended 30 June 2021

The Directors present their annual report including the consolidated financial statements of the Group for the year ended 30 June 2021.

### DIRECTORS

The persons listed on the directory page held office as directors during the year. No other person held the office of director at any time during the year.

### PRINCIPAL ACTIVITIES

ProCare Network Limited is a Co-operative Company that provides management services to its subsidiaries, as well as clinical and corporate services support to its Practices. It also provides the design and management of health programmes funded by non-DHB partners.

ProCare Health (PHO) Limited is a Registered Charity and a Primary Health Organisation (PHO) that provides primary healthcare services in the Auckland region. The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

The Company's other subsidiaries are:

- ProCare Health (LP) Limited (PHLP) is an intermediate holding company that holds the Group's investment in Whakarongorau Aotearoa New Zealand Telehealth LP, CareHQ Limited Partnership (CHQLP) and Fresh Minds NZ Limited Partnership (FMNZLP) (see the detail below), which are 50% owned equity accounted joint ventures;
- Clinical Assessments Limited facilitates the delivery of specific health service initiatives in the wider Auckland region;
- Kaipara Health Limited, Mt Smart Health (2020) Limited and OneCare Health (2020) Limited provide primary care medical services in the wider Auckland region.
- ProCare Fresh Minds Limited provides clinical psychological and psychiatric services in the wider Auckland region;
- ProCare Network Partnerships Limited is a holding company;
- CareHQ Limited Partnership (CHQLP) is aligned with Procure's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector; and
- Fresh Minds NZ Limited Partnership (FMNZLP) provides clinical psychological services through managing the implementation of the Te Tumu Waiora model of care throughout New Zealand.

**RESULTS**

	2021	2020
	\$	\$
Profit after tax for the year	2,030,633	2,050,526
Non-controlling interest in profit of subsidiary	(951)	(675)
Opening retained earnings	5,150,307	3,100,456
Closing retained earnings	7,179,989	5,150,307

**DIVIDENDS**

No dividends were paid during this financial year.

**REDEEMABLE REFERENCE SHARES**

Interest on Redeemable Preference Shares was paid in December 2020 at a coupon rate of 7.1% and is recognised as an interest expense for accounting purposes.

**AUDITORS**

BDO Auckland continue in office as auditors.

**DIRECTORS' INTERESTS**

Directors' interests have been declared pursuant to section 140(2) of the Companies Act 1993. Those directors are to be regarded as having an interest in any contract that may be made with any one of the Group companies by virtue of their directorship or membership of those entities.

No material contracts involving directors' interests existed at the end of the financial year other than the transactions detailed below:

**DIRECTORS' REMUNERATION**

	2021	2021
	\$	\$
	Directors' Fees	Committee Fees
<b>ProCare Network Limited</b>		
Dr H E Aish (Chair)	90,000	—
Dr N J H Hefford	45,000	—
Dr C L King	45,000	—
A J Lawrence	45,000	12,500
Dr F Lentini	45,000	—
J N McCabe	22,500	7,500
M Schubert	45,000	15,000
Dr S L Taylor	45,000	—
Dr J F V White	45,000	—
	427,500	35,000

	2021	2021
	\$	\$
	Directors' Fees	Committee Fees
<b>ProCare Health (PHO) Limited</b>		
T F Funaki (Chair)	27,000	—
L A Going	6,750	—
Dr N J H Hefford	13,500	—
J Marsden	4,500	—
J N McCabe	6,750	—
R J E Newman	6,750	—
T Campbell	13,500	9,167
Dr S L Taylor	2,250	—
Dr J J O'Sullivan	13,500	—
	94,500	9,167

	2021
	\$
	Directors' Fees
<b>ProCare Fresh Minds Limited</b>	
S J Boomert (Chair)	—
Dr A Moffitt	—
B Norwell	—
S Webber	—
T A Wai	—

	2021
	\$
	Directors' Fees
<b>Clinical Assessments Limited</b>	
Dr N J H Hefford (Chair)	5,000
Dr J H Betteridge — paid to East Health Services Limited	2,000
P D Roseman — paid to ProCare Network Limited	2,000
	9,000

	2021
	\$
	Directors' Fees
<b>ProCare Health (LP) Limited</b>	
S J Boomert (Chair)	—
B Norwell	—
S Webber	—
T A Wai	—

	2021
	\$
	Directors' Fees
<b>ProCare Network Partnerships Limited</b>	
S J Boomert (Chair)	—
B Norwell	—
S Webber	—
T A Wai	—

**DIRECTORS' REMUNERATION (CONTINUED)**

	2021 Directors' Fees \$	2021 Committee Fees \$	2021 Other \$
<b>Kaipara Health Limited</b>			
F Lentini	—	—	22,500
L G Norman (resigned 22 December 2020)	—	—	—
K J Ormrod (resigned 2 February 2021)	—	—	—
T A Wai (resigned 25 July 2021)	—	—	—
S Webber (appointed 26 July 2021)	—	—	—
	—	—	22,500

	2021 Directors' Fees \$
<b>Mt Smart Health (2020) Limited</b>	
T A Wai (resigned 25 July 2021)	—
S Webber (appointed 26 July 2021)	—
	—

	2021 Directors' Fees \$
<b>OneCare Health (2020) Limited</b>	
T A Wai (resigned 25 July 2021)	—
S Webber (appointed 26 July 2021)	—
	—

Additional remuneration was paid to directors for services separate from services as a director as disclosed in note 17.3 of the financial statements.

**EMPLOYEE REMUNERATION**

The number of employees in the Group, who are not directors, whose remuneration and benefits exceeded \$100,000 in the financial year were:

Range	2021 Number
\$100,001 – \$120,000	20
\$120,001 – \$140,000	11
\$140,001 – \$160,000	6
\$160,001 – \$180,000	6
\$200,001 – \$220,000	2
\$240,001 – \$260,000	1
\$260,001 – \$280,000	1
\$300,001 – \$320,000	1
\$340,001 – \$360,000	1
\$360,001 – \$380,000	1

**DIRECTORS AND EMPLOYEES INDEMNITY AND INSURANCE**

The Company has insured all its directors and employees and those of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors or employees.

**DONATIONS**

In accordance with section 211(1)(h) of the Companies Act 1993, the Company records that it donated a total of \$2,375 (2020: \$4,368) to various charities during the year.

**DIRECTOR SHARE OWNERSHIP**

ProCare Network Limited's ordinary shares owned by directors have the same voting rights as all other ordinary shares of ProCare Network Limited currently on issue.

As at 30 June 2021, directors had a relevant interest (as defined in the Securities Markets Act 1988) in ProCare Network Limited shares as follows:

Name	Relevant interest in ProCare Network Limited 30 June 2021
Dr H E Aish	1
Dr S L Taylor	1
Dr N J H Hefford	1
Dr J F V White	1
Dr F Lentini	1
Dr J J O'Sullivan	1

Some directors also received Redeemable Preference Shares (RPS) as part of the capital restructure. Refer to note 15 on the RPS issue.

**USE OF COMPANY INFORMATION**

The Board received no notices during the year from directors requesting to use Company information received in their capacity as directors which would not have been otherwise available to them.

For and on behalf of the Board



Dr Harley Aish  
Director  
5 October 2021



Mike Schubert  
Director  
5 October 2021

## PROCARE NETWORK LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	NOTES	2021 \$	2020 \$
Revenue	3.1	278,910,724	233,065,728
Other income	3.2	79,416	423,270
<b>Total income</b>		<b>278,990,140</b>	<b>233,488,998</b>
<b>Expenses</b>			
Clinical costs	4.1	247,205,777	206,374,697
Administrative expenses	4.2	31,472,715	26,425,161
<b>Total expenses</b>		<b>278,678,492</b>	<b>232,799,857</b>
<b>Net Operating Profit</b>		<b>311,648</b>	<b>689,141</b>
Finance income – financial assets at amortised cost		94,342	237,967
Derivative fair value gain		–	208,246
Less: Derivative fair value loss		(158,093)	–
Less Finance lease costs	21.2	(227,476)	(225,036)
Less: Other finance costs – financial liabilities at amortised cost		(259,599)	(271,718)
<b>Net Finance (Expense)</b>	4.3	<b>(550,826)</b>	<b>(50,541)</b>
<b>(Loss) / Profit before share of profit of equity accounted joint ventures</b>		<b>(239,178)</b>	<b>638,600</b>
Share of profit of equity accounted joint ventures	13	2,721,445	2,056,033
<b>Profit before tax</b>		<b>2,482,267</b>	<b>2,694,633</b>
Income tax expense	14.1	451,634	644,107
<b>Profit for the year</b>		<b>2,030,633</b>	<b>2,050,526</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		<b>2,030,633</b>	<b>2,050,526</b>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		2,029,682	2,049,851
Non-controlling interests		951	675
<b>Profit for the year</b>		<b>2,030,633</b>	<b>2,050,526</b>

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

## PROCARE NETWORK LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	NOTES	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	7,684,217	7,766,103
Investments – short term deposits	5	7,000,000	6,600,000
Trade and other receivables	6	12,331,027	8,474,996
Inventory		27,912	18,627
		<b>27,043,156</b>	<b>22,859,726</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	1,025,071	843,068
Right of use assets	22	4,418,938	2,768,202
Computer software	11	1,305,277	1,452,716
Goodwill	11	1,930,339	482,439
Deferred tax asset	14.2	616,822	32,646
Derivative asset	20	50,153	208,246
Investment in and advances to equity accounted joint ventures	13	5,122,247	3,958,471
		<b>14,468,847</b>	<b>9,745,788</b>
<b>TOTAL ASSETS</b>		<b>41,512,003</b>	<b>32,605,514</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other liabilities	7	11,202,622	9,962,234
Deferred revenue	9	13,208,209	9,742,429
Income tax payable		748,736	84,587
Payables to equity accounted joint ventures	8	42,564	37,159
Redeemable preference shares	15	144,000	42,000
Lease liability	22	750,031	649,806
		<b>26,096,162</b>	<b>20,518,215</b>
<b>Long-term liabilities</b>			
Redeemable preference shares	15	1,806,000	2,010,000
ProCare Charitable Foundation Loan	17	2,274,000	2,274,000
Lease liability	22	3,789,684	2,218,025
		<b>7,869,684</b>	<b>6,502,025</b>
<b>TOTAL LIABILITIES</b>		<b>33,965,846</b>	<b>27,020,240</b>
<b>NET ASSETS</b>		<b>7,546,157</b>	<b>5,585,274</b>

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

## PROCARE NETWORK LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

REPRESENTED BY:	NOTES	2021 \$	2020 \$
<b>EQUITY</b>			
Share capital	16	314,731	384,481
Retained earnings		7,179,989	5,150,307
<b>Equity attributable to parent</b>		<b>7,494,720</b>	<b>5,534,788</b>
<b>Non-Controlling Interests</b>		<b>51,437</b>	<b>50,486</b>
<b>TOTAL EQUITY</b>		<b>7,546,157</b>	<b>5,585,274</b>

For and on behalf of the Board



Dr Harley Aish  
Director  
5 October 2021



Mike Schubert  
Director  
5 October 2021

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

## PROCARE NETWORK LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

ATTRIBUTABLE TO OWNERS OF THE COMPANY	NOTES	Share Capital \$	Retained Earnings \$	Total Equity \$	Non-Controlling Interests \$	Total Equity \$
<b>Balance at 1 July 2020</b>		384,481	5,150,307	<b>5,534,788</b>	50,486	<b>5,585,274</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		—	2,029,682	<b>2,029,682</b>	951	<b>2,030,633</b>
<b>Total comprehensive income</b>		—	2,029,682	<b>2,029,682</b>	951	<b>2,030,633</b>
<b>Transactions with owners in their capacity as owners</b>						
Ordinary "A" shares repurchased	16	(77,250)	-	<b>(77,250)</b>	-	<b>(77,250)</b>
Issue of ordinary "A" shares	16	7,500	-	<b>7,500</b>	-	<b>7,500</b>
<b>Balance at 30 June 2021</b>		<b>314,731</b>	<b>7,179,989</b>	<b>7,494,720</b>	<b>51,437</b>	<b>7,546,157</b>

ATTRIBUTABLE TO OWNERS OF THE COMPANY		Share Capital \$	Retained Earnings \$	Total Equity \$	Non-controlling Interests \$	Total Equity \$
<b>Balance at 1 July 2019</b>		405,731	3,100,456	<b>3,506,187</b>	49,811	<b>3,555,998</b>
<b>Total comprehensive income for the year</b>						
Profit for the year		—	2,049,851	<b>2,049,851</b>	675	<b>2,050,526</b>
<b>Total comprehensive income</b>		—	2,049,851	<b>2,049,851</b>	675	<b>2,050,526</b>
<b>Transactions with owners in their capacity as owners</b>						
Ordinary "A" shares repurchased	16	(24,250)	—	<b>(24,250)</b>	—	<b>(24,250)</b>
Issue of ordinary "A" shares	16	3,000	—	<b>3,000</b>	—	<b>3,000</b>
<b>Balance at 30 June 2020</b>		<b>384,481</b>	<b>5,150,307</b>	<b>5,534,788</b>	<b>50,486</b>	<b>5,585,274</b>

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

## PROCARE NETWORK LIMITED AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	NOTES	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Cash provided from:			
Receipts from customers and funders of health services		278,577,075	229,988,254
Interest income received		94,342	237,967
		278,671,417	230,226,221
Cash applied to:			
Payments to suppliers and providers		(257,480,781)	(214,238,319)
Payments to and on behalf of employees		(18,074,804)	(14,701,325)
Income tax paid		(335,014)	(580,974)
		(275,890,599)	(229,520,618)
<b>Net cash from operating activities</b>	21.1	2,780,818	705,603
<b>Cash flows from investing activities</b>			
Cash provided from:			
Proceeds from short term deposits		—	2,650,000
Distributions by equity accounted joint ventures	13	1,843,500	1,949,161
Cash applied to:			
Purchase of property, plant and equipment		(464,844)	(281,653)
Purchase of software		(302,380)	(594,853)
Settlement of business acquisition	24	(1,485,000)	(254,494)
Settlement of business acquisition – deferred consideration		(219,000)	—
Investment in equity accounted joint ventures	13	(317,075)	(428,981)
Investment in short term deposits	5	(400,000)	—
<b>Net cash from/(to) investing activities</b>		(1,344,799)	3,039,179
<b>Cash flows from financing activities</b>			
Cash provided from:			
Issue of ordinary "A" shares	16	7,500	3,000
Cash applied to:			
Share repurchase	15, 16	(179,250)	(78,250)
Interest paid on RPS and PCF loan and to TMNZ	4.3	(178,986)	(191,104)
Payment of lease liabilities (principal)	22	(939,694)	(828,059)
Payment of lease liabilities (interest)	22	(227,476)	(225,036)
		(1,525,406)	(1,322,448)
<b>Net cash to financing activities</b>	21.2	(1,517,906)	(1,319,448)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(81,887)	2,425,334
<b>Cash and cash equivalents at beginning of the year</b>		7,766,103	5,340,769
<b>Cash and cash equivalents at the end of the year</b>	5	7,684,216	7,766,103

The accompanying notes should form part of, and should be read in conjunction with, these financial statements.

## PROCARE GROUP STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For the year ended 30 June 2021

### 1 CORPORATE INFORMATION

The consolidated financial statements presented are for the reporting entity ProCare Network Limited ("the Company" or "the Parent"). The Group comprises ProCare Network Limited (the parent company and the ultimate holding company), ProCare Health (LP) Limited, Clinical Assessments Limited, ProCare Fresh Minds Limited, ProCare Health (PHO) Limited, ProCare Network Partnerships Limited, Kaipara Health Limited, Mt Smart Health (2020) Limited and OneCare Health (2020) Limited (together, the subsidiaries), and the Group's interest in equity accounted joint ventures.

The financial statements for the Group for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 5 October 2021.

The financial statements are for the year ended 30 June 2021.

The subsidiary companies within the Group are limited liability companies incorporated and domiciled in New Zealand under the Companies Act 1993.

The Group is registered under the Companies Act 1993 and is a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013. The PHO is a Public Benefit Entity for reporting purposes.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Company and its subsidiaries (other than ProCare Health (PHO) Limited) are for-profit entities.

#### Principal Activities

ProCare Network Limited is a Co-operative Company that provides management services to its subsidiaries, as well as clinical and corporate services support to its medical practices. It also provides the design and management of health programmes funded by non-DHB partners.

ProCare Health (PHO) Limited is a Registered Charity and a Primary Health Organisation that provides primary healthcare services in the Auckland

region. The Company's functions include the design, development, implementation and management of health programmes with the objective of improving the health status of patients in the care of associated general practitioners and their professional colleagues.

#### The Company's other subsidiaries are:

ProCare Health (LP) Limited holds the Group's investment in Whakarongorau Aotearoa New Zealand Telehealth Services LP, CareHQ Limited Partnership and Fresh Minds NZ Limited Partnership (see the detail below), which are 50% owned equity accounted joint ventures.

Clinical Assessments Limited holds the funding contract to facilitate the delivery of primary options acute care health and other service initiatives in the wider Auckland region.

Kaipara Health Limited, Mt Smart Health (2020) Limited and OneCare Health (2020) Limited provide primary care medical services in the wider Auckland region.

ProCare Fresh Minds Limited provides clinical psychological services in the wider Auckland region.

ProCare Network Partnerships Limited is a holding company.

Whakarongorau Aotearoa New Zealand Telehealth Service LP (was Homecare Medical (NZ) Limited Partnership HMLP) provides telephone services to General Practitioners so their calls are answered after hours, and national telehealth services (helplines) to the public, 24 hours a day, seven days a week, as well as other health services.

CareHQ Limited Partnership is aligned with Procure's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector.

Fresh Minds NZ Limited Partnership (FMNZLP) provides clinical psychological services through managing the implementation of the Te Tumu Waiora model of care throughout New Zealand.



**1 CORPORATE INFORMATION (CONTINUED)**

**1.1 BASIS OF PREPARATION**

The consolidated financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards and the relevant requirements of the Financial Markets Conduct Act 2013.

The accounting policies of all subsidiaries are amended where necessary to comply with those of the Group.

**Functional and Presentation Currency**

The consolidated financial statements are presented in New Zealand dollars, which is the Company's and its subsidiaries functional currency and presentation currency. All values are rounded to the nearest dollar.

**Basis of Measurement**

The consolidated financial statements are prepared on the historical cost basis, other than the embedded derivative which is recorded at fair value.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 USE OF ESTIMATES AND JUDGEMENTS**

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

- The Group derives revenue from various health and clinical services and projects. Estimates and judgements are made relating to a number of factors when assessing different contracts. These primarily include the programme of work throughout the contract period and assessment of future costs after considering changes in the scope of work. The details around income

recognition and deferral utilising the income recognition policies can be found in notes 2.2, 3.1 and 9.

- Significant judgements were made to only value leases to the first renewal date in the lease agreements and excluded leases shorter than 12 months and low value assets (under \$10,000). An exception is Kaipara Health Limited who valued the full term of the medical centre property lease including right of renewals, and included leases on some low value office equipment. The determination of the expected term and discount rates in lease calculations can be found in Note 22.
- Primary health organisations (PHOs) ensure the provision of essential primary health care services, mostly through general practices, to people who are enrolled with the PHO. PHOs are funded by district health boards (DHBs), who focus on the health of their population. A PHO provides primary health services either directly or through its contracted providers. The services provided aim to improve and maintain the health of the enrolled PHO population, ensuring that general practice services are connected with other health services to ensure a seamless continuum of care. As such, the Directors have judged that the Company is a principal not an agent with regard to Government funding.
- Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired from the acquisition of OneCare Health and Mt Smart Health. The consideration transferred for the acquisition of OneCare Health and Mt Smart Health comprises the fair value of the assets transferred and the liabilities incurred. Identifiable assets acquired and liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.
- The goodwill arising from the acquisition of OneCare Health, Mt Smart Health and Kaipara Health were tested for impairment at June 2021. The recoverable amount of the business was valued on a value-in-use basis using a discounted cash flow model. Management has used its past experience of sales growth, operating costs and margin, and external sources of information where appropriate, to determine their expectations for the future. Assumptions used in the discounted cashflow model to assess the value of goodwill are noted in Note 11.

**2.2 SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

NZ IFRS 15 Revenue from Contracts with Customers  
The Group's revenue recognition policy is detailed below:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
(i) Service Revenue	For service agreements in which the contract obligation is to provide a "stand ready" service, these services must deal with changes in volume. Payment terms are monthly or quarterly as per the contracted agreement.	Revenue is therefore recognised over time as specific performance obligations are satisfied. In service agreements where a discrete element exists, revenue is recognised either by meeting milestones or based on volume of activity. Revenue is therefore recognised at a point in time.
(ii) SLMF Revenue	60% of the total revenue relates to Capacity & Capability ("Stand Ready") and 40% relates to National Health Targets to be achieved. Payments are made – 25% in July and 50% in September. The remaining 25% is paid in the following September, based on performance measured against the targets (in FY20 this was paid in June at 100% performance as part of the Government's COVID-19 support to practices).	System Level Measures Framework income is recognised in the year it relates to.
(iii) Project/Fee for Service Revenue	For service agreements in which the contract obligation is to provide certain service. Payment terms are monthly as per the contracted agreement.	Project related revenue is recognised over time as the standalone performance obligations in the contract have been satisfied.
(iv) Deferred Revenue	Funds received from customers are deferred until the Group has satisfied the performance obligations.	The balance is shown as deferred revenue and is classified as current as the Group expects to satisfy the performance obligations in the next financial year.
(v) Other Revenue	For service agreements in which the contract obligation is to provide service other than the services listed in this table.	The balance is shown as deferred revenue and is classified as current as the Group expects to satisfy the performance obligations in the next financial year.
(vi) Interest Income	For interest received from the banks or intercompany loans. Payment terms can vary depends on the contracted agreement.	Interest income is recognised in the profit or loss on an accrual basis, using the effective interest method.

## 2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are entities that are controlled, either directly or indirectly, by the Company. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

For the Group, intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### Business Combinations

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

### Acquisition of Non-Controlling Interests

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

### Investments in Joint Ventures

A joint venture is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an

arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of net fair value of the identifiable assets and liabilities of the joint venture is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the statement of financial position at cost and is adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Distributions received from a joint venture reduce the equity accounted investment.

### Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised in the profit or loss on a straight line basis over the estimated useful lives.

Property, plant and equipment depreciation rates are summarised as follows for the current and prior year:

- Computer hardware: 33% straight line
- Furniture and fittings : 20% straight line
- Leasehold improvements: 12.5% - 20% straight line
- Office and other equipment: 20-40% straight line
- Right of Use Asset: over the term of the lease ranging from 2 to 8 years

The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

### Subsequent costs

The cost of replacing part of an item of property, plant or 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 the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditure is expensed as incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss.

### Computer Software

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as computer software.

Development expenditure that is directly attributable to the design and testing of identifiable and unique software products controlled by the Group is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs based on normal operating capacity that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Costs incurred on computer software maintenance are expensed to the profit or loss as they are incurred.

Computer software is amortised over the period of time during which the benefits are expected to arise, being two to five years. Amortisation commences once the computer software is available for use. The amortisation period is reviewed at each reporting date, with the effects of any changes in estimate accounted for on a prospective basis.

### Intangibles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually. Intangible assets with a definite life are amortised on a straight-line basis. Goodwill is stated at cost, less any impairment losses. Refer to Note 2.1 for key assumptions made.

For the purposes of considering whether there has been an impairment, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. When the book value of a group of assets exceeds the recoverable amount, an impairment loss arises and is recognised in earnings immediately.

Assessing the carrying value of goodwill requires management to estimate future cash flows to be generated. The key assumptions used in the value in use models include the expected rate of growth of revenues and earnings, the terminal growth rate and the appropriate discount rate to apply.

### Financial Instruments

Non derivative financial assets and liabilities are initially recognised in the statement of financial position initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

#### (i) Derivative Financial Instruments

Derivatives are initially recorded at fair value and are then revalued to fair value at reporting date with the resulting gain or loss on remeasurement recognised in profit or loss. The fair values of derivative financial instruments are determined by applying market discount rates to the value of the loan and scheduled payments.

The Group holds derivative instruments until expiry except where the underlying rationale from a risk management point of view changes, in which case early termination occurs.

## 2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (ii) Non-Derivative Financial Instruments

Non-derivative financial instruments carried on the Statement of Financial Position includes cash and cash equivalents, trade and other receivables and trade and other payables. A financial instrument is recognised if the Group becomes a party to the contractual provision of the instrument.

Financial instrument derivatives (embedded derivative) are measured at fair value determined on a daily basis. The fair value was determined by applying a net present value model comparing the market discount rate to the interest rate payable on the ProCare Charitable Foundation Loan. Please see Note 20 for more details.

Subsequent measurement of financial instruments that are debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments is amortised cost because they are held for collection of the contractual cash flows and those cash flows represent solely payments of principal and interest. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Financial assets measured at amortised cost includes cash and cash equivalents, short term deposits and trade receivables and related party receivables. Please see Note 20 for more details.

Financial liabilities at amortised cost includes trade payables, related party payables, lease liability, related party payables and redeemable preference shares. The interest rate on redeemable preference shares is set once every five years by the Board (next review 30 June 2022). The fair value of this will depend upon the relationship of the current market interest rates to the coupon rate set by the Board. Please see Note 20 for more details.

### Trade and Other Receivables

Trade and other receivables are stated at amortised cost using the effective interest method less expected credit and loss allowance. The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income. Receivables of a short-term duration are not discounted.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

### Trade and Other Payables

Trade and other payables (including intercompany payables) are initially recognised at fair value plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### Redeemable Preference Shares

Redeemable preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

### Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### Investments – short term deposits

Investments in short term deposits include short-term liquid investments maturing in more than three months to twelve months. These are measured at amortised cost using the effective interest method, less impairment losses.

### Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, 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.

Impairment tests on goodwill and other intangible assets are undertaken annually at the financial year end.

The recoverable amount of an asset or cash-generating unit 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 are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss and are adjusted first against any goodwill in the CGU and then against other assets in the CGU on a pro-rate basis.

In respect of other assets, impairment losses recognised in previous 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. An impairment loss for goodwill is not reversed.

### Employee Benefits

The Group recognises a liability and an expense for employee bonuses where contractually obliged or when there is a constructive obligation to pay bonuses based on past practice.

Liabilities for wages and salaries, including non monetary benefits, and annual leave expected to be wholly settled within 12 months of reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

### Taxation

Income tax for the period comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates

enacted or substantively enacted at reporting date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax liabilities in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and goodwill. Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### NZ IFRIC Interpretation 23 "Uncertainty over income tax treatments"

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

## 2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Goods and Services Taxation (GST)

The consolidated statement of profit or loss and other comprehensive income has been prepared on a basis exclusive of GST.

All items in the statement of financial position are stated net of GST, with the exception of receivables and payables which are GST inclusive.

### Statement of Cash Flows

The following is the definition of the terms used in the statement of cash flows:

- Cash and cash equivalents means coins, notes, demand deposits and other highly liquid investments in which the Group has invested as part of its day to day cash management. Cash and cash equivalents does not include receivables or payables or any borrowing that forms part of a term liability.
- Investing activities include those relating to the addition, acquisition and disposal of property, plant and equipment, intangible assets and any addition and reduction of equity account joint ventures investments and loans.
- Financing activities are those activities that result in changes in the size and composition of the capital structure of the Group.
- Operating activities include all transactions and other events that are neither investing or financing activities.

### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Repurchase, Disposal and Reissue of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

### Lease Accounting

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

### Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

#### (i) Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, however in such cases the initial present value determination assumes that the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period in which they relate.

For leases of property, the Group has elected to apply the practical expedient to include contractual payments to the lessor for non-lease elements of the arrangement in determining the lease liability.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under residual value guarantee;
- The exercise price of any purchase option grants in favour of the Group if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increase for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred;

- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically make-good provisions on buildings).

#### (ii) Subsequent measurement

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Right-of-use assets are also subject to impairment assessment at reporting date.

#### (iii) Remeasurement

When the Group revises its determination of the use (or non-use) of renewal and/or termination options, the carrying amount of the lease liability is adjusted to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, however this is discounted at the original discount rate.

In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

#### (iv) Modifications to lease agreements

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

Increase in scope:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price (i.e. market rate) for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the revised discount rate applicable on the modification date, with

the right-of-use asset being adjusted by the same amount.

Decrease in scope:

- Both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

### Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 2.3 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

## PROCARE NETWORK LIMITED AND SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2021

### 3 REVENUE AND OTHER INCOME

#### 3.1 REVENUE

	2021 \$	2020 \$
Ministry of Health		
Ready Steady Quit programme	1,536,525	1,452,242
Patient Access Subsidies	874,958	437,084
District Health Boards		
First Level Services	155,090,304	161,822,336
Care Plus	12,583,590	12,919,337
Services to Improve Access	9,372,703	8,625,634
Health Promotion	1,907,136	2,386,214
System Level Measures Framework	4,257,432	4,527,188
Management Fees	6,925,141	6,845,702
Programmes	36,772,078	21,405,510
COVID Testing & Vaccinations	43,778,579	10,430,763
Ministry of Social Development	830,982	452,450
Accident Compensation Corporation	786,727	765,823
General Practice Co-Payments	627,857	265,399
Health Alliance	785,121	79,795
Other	2,781,591	650,250
	278,910,724	233,065,728

In accordance with NZ IFRS15 Revenue, the Group has reviewed the performance obligations required within its contracts and recognises revenue based on the following categories:

	2021 \$	2020 \$
<b>IFRS 15 Analysis</b>		
Stand Ready (Over Time)	159,158,336	165,592,179
Provision of Service (Over Time)	46,272,947	43,238,177
Activity Basis (Point in Time)	71,183,960	22,339,524
Milestone (Point in Time)	2,295,481	1,895,848
	278,910,724	233,065,728

The Group operates solely within the Auckland region.

Contract balances	NOTE	2021 \$	2020 \$
Receivables in trade and other receivables	6	7,784,463	7,546,450
Accrued income (contract assets)	6	4,112,243	473,830
Deferred revenue (contract liabilities)	9	(13,208,209)	(9,742,429)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on health services provided. The contract assets are transferred to receivables when the services are complete for the relevant invoicing period as per the contract. As at reporting date this movement on the prior year relates to increased COVID-19 testing claims by Clinical Assessments Limited and SLMF revenue paid in September, based on performance measured against the targets (in FY20 this was paid in June at 100% performance as part of the Government's COVID-19 support to practices).

The contract liabilities primarily relate to the Group's advance consideration for payments received as per the relevant invoicing period as per the contract but the performance obligation has not yet been satisfied. This will be recognised as revenue once the performance obligation has been met. As at reporting date this movement on the prior year primarily relates to advanced funding for COVID-19 vaccination claims by Clinical Assessments Limited and Ministry of Social Development programme delivery.

No information provided about remaining performance obligations at 30 June 2021 or at 30 June 2020 that have an original expected duration of one year or less, as allowed by NZ IFRS15.

#### 3.2 OTHER INCOME

	NOTE	2021 \$	2020 \$
<b>Other income</b>			
Lease income received from equity accounted joint ventures	18	79,416	173,270
Profit on disposal of intellectual property	17.2	—	250,000
		79,416	423,270

The book value of the intellectual property sold was nil.

### 4 EXPENSES

#### 4.1 EXPENSES

	2021 \$	2020 \$
<b>Expenses</b>		
Clinical costs		
First level services to GPs	153,146,162	160,981,054
COVID testing and vaccination claims	65,664,587	15,645,362
Other clinical costs	28,395,028	29,748,281
Clinical costs	247,205,777	206,374,697
Administrative expenses – refer Note 4.2	31,472,715	26,425,161
	278,678,492	232,799,858

**4 EXPENSES (CONTINUED)**

**4.2 ADMINISTRATIVE EXPENSES**

	NOTE	2021 \$	2020 \$
<b>Administrative Expenses</b>			
Fees paid to auditors – BDO			
Audit of financial statements		135,000	132,500
Taxation services		30,800	26,743
Risk advisory fees		29,355	–
Professional fees		1,246,004	622,155
IT costs		2,564,033	2,710,458
Licencing		497,384	4,910
Management Fees – East Health (excluding Direct COVID-19 expenses)		959,395	834,566
Depreciation	10, 22	1,273,783	1,246,272
Amortisation	11	449,819	451,831
Directors remuneration	17	590,667	615,175
Employee remuneration		17,519,660	15,060,353
Impairment of obsolete assets	11	3,227	35,780
Property expenses		352,006	501,805
Staff cost (training, recruitment, temp/contract staff) <sup>1)</sup>		2,988,307	1,677,103
Direct COVID-19 expenses <sup>2)</sup>		295,479	806,635
Co-op Practice Support Payment		726,444	–
Other expenses		1,811,353	1,698,875
		31,472,715	26,425,161

1) Includes Kiwisaver defined contribution for the Group of \$493,922 (2020: \$263,815).

2) Direct COVID-19 expenses relate to the running of the Community Based Assessment Centre, non-financial support to Practices, and POAC management fees to East Health.

**4.3 FINANCE INCOME AND COSTS**

	2021 \$	2020 \$
<b>Finance Income and Costs</b>		
Interest received – financial assets at amortised cost	94,342	237,967
Derivative fair value gain	–	208,246
Derivative fair value loss	(158,093)	–
Interest expense on finance leases	(227,476)	(225,036)
Interest paid	(2,789)	(4,979)
Interest on redeemable preference shares	(95,583)	(105,512)
Interest expense on PCF loan	(161,227)	(161,227)
	(550,826)	(50,541)

**5 CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS**

	2021 \$	2020 \$
Cash at bank available on demand	7,683,717	7,765,203
Cash on hand	500	900
	7,684,217	7,766,103
Short term deposits with maturities >3-12 months*	7,000,000	6,600,000
	7,000,000	6,600,000

\* The original investment term of these range from 91 – 97 days.

Bank balances and cash held by the Group is on a short term basis with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value. Short term deposits are held with both ANZ and Westpac at interest rates 0.63% - 0.70%. The original investment term of these ranges from 91-94 days.

**6 TRADE AND OTHER RECEIVABLES**

	2021 \$	2020 \$
Trade receivables	7,784,463	7,546,450
Accrued income (contract assets)	4,112,243	473,830
Impairment allowance	(9,725)	(12,145)
Trade financial assets at amortised cost	11,886,981	8,008,135
Prepayments	444,046	466,860
	12,331,027	8,474,996
<b>Movements in the specific impairment allowance</b>		
Balance at start of year	(12,145)	–
(Additional allowance)/ balance written back	2,420	(12,145)
Balance at end of year	(9,725)	(12,145)

Trade receivables have a 30 day collection cycle. Any debtors that extend beyond this point are identified for discussion by management to include in the impairment allowance.

See note 3 for discussion on contract assets.

**7 TRADE AND OTHER LIABILITIES**

	2021 \$	2020 \$
Trade creditors	1,048,740	997,308
Health service claims	6,442,177	4,565,137
Deferred settlement	–	219,000
Other accruals	1,671,912	1,846,174
Trade financial liabilities at amortised cost	9,162,829	7,627,619
GST payable	511,068	257,832
Other taxes (PAYE)	36,943	29,857
Accrual for holiday pay	1,022,578	946,881
Accrual for bonuses	157,087	229,301
Accrual for employee entitlements	312,118	870,744
	11,202,622	9,962,234

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

**8 PAYABLES TO EQUITY ACCOUNTED JOINT VENTURES**

	2021 \$	2020 \$
<b>Equity Accounted Joint Ventures</b>		
Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership)	42,564	37,159
	42,564	37,159

The amounts outstanding are unsecured, interest free, repayable on demand and will be settled in cash. No guarantees have been given or received. Refer to Note 17 Related Parties.

**9 DEFERRED REVENUE**

	2021 \$	2020 \$
Programme funding	13,208,209	9,742,429
	13,208,209	9,742,429
Non-current	—	—
Current	13,208,209	9,742,429
Contract liabilities	13,208,209	9,742,429

Funds received from customers are deferred until the Group has satisfied the performance obligations. The balance is shown as deferred revenue (or contract liabilities) and is classified as current as the Group expects to satisfy the performance obligations in the next financial year.

Funds relating to prior years are to be used for current year service delivery, or may be subject to recovery of funding by the DHBs.

Deferred revenue of \$5,790,049 carried forward from 2020 was recognised as revenue or recovered by the DHB in the current financial year (2020; \$9,694,789).

No funds have been received for services not currently being provided.

**10 PROPERTY, PLANT, AND EQUIPMENT**

	Computer Hardware \$	Furniture & Fittings \$	Leasehold Improvements \$	Office & Other Equipment \$	Total \$
<b>2021</b>					
Carrying value at 1 July 2020	319,427	35,341	456,247	32,054	843,069
Additions	296,075	178,103	10,759	37,617	522,554
Reclassifications, Disposals and Transfers	(2,575)	(9,577)	(15,459)	-	(27,611)
Depreciation expense net of reclassifications	(191,491)	(27,865)	(81,946)	(11,639)	(312,941)
<b>Carrying value at 30 June 2021</b>	421,436	176,002	369,601	58,032	1,025,071
<b>Represented by:</b>					
Cost	920,001	236,101	660,167	94,217	1,910,486
Accumulated depreciation	(498,565)	(60,099)	(290,566)	(36,185)	(885,415)
	421,436	176,002	369,601	58,032	1,025,071

	Computer Hardware \$	Furniture & Fittings \$	Leasehold Improvements \$	Office & Other Equipment \$	Total \$
<b>2020</b>					
Carrying value at 1 July 2019	228,947	26,520	529,007	21,460	805,935
Additions	262,033	20,387	12,328	24,951	319,700
Reclassifications, Disposals and Transfers	(2,179)	(72,598)	25,674	46,204	(2,900)
Depreciation expense net of reclassifications	(169,374)	61,032	(110,763)	(60,561)	(279,666)
<b>Carrying value at 30 June 2020</b>	319,427	35,341	456,247	32,054	843,068
<b>Represented by:</b>					
Cost	911,561	333,029	1,296,971	58,475	2,600,035
Accumulated depreciation	(592,134)	(297,688)	(840,724)	(26,421)	(1,756,967)
	319,427	35,341	456,247	32,054	843,068

**11 INTANGIBLE ASSETS**

	2021 \$	2021 \$	2021 \$
	Computer Software	Goodwill	Total
<b>Cost</b>			
At 1 July	2,910,491	482,439	3,392,930
Additions			
— Additions — software & internally developed	305,606	—	305,606
— Acquired through business acquisitions (See Note 24)	—	1,447,900	1,447,900
Write off of obsolete or impaired assets	(6,040)	—	(6,040)
At 30 June	3,210,057	1,930,339	5,140,396
<b>Accumulated Amortisation</b>			
At 1 July	1,457,775	—	1,457,775
Amortisation for the year	449,819	—	449,819
Write off of obsolete or impaired assets	(2,814)	—	(2,814)
At 30 June	1,904,780	—	1,904,780
<b>Carrying amount at 30 June</b>	1,305,277	1,930,339	3,235,616

	2020 \$	2020 \$	2020 \$
	Computer Software	Goodwill	Total
<b>Cost</b>			
At 1 July	2,798,119	—	2,798,119
Additions			
— Additions — software & internally developed	630,633	—	630,633
— Acquired through purchase of Kaipara Health Ltd	6,972	482,439	489,411
Write off of obsolete or impaired assets	(525,234)	—	(525,234)
At 30 June	2,910,491	482,439	3,392,930
<b>Accumulated Amortisation</b>			
At 1 July	1,495,398	—	1,495,398
Amortisation for the year	451,830	—	451,830
Write off of obsolete or impaired assets	(489,454)	—	(489,454)
At 30 June	1,457,775	—	1,457,775
<b>Carrying amount at 30 June</b>	1,452,716	482,439	1,935,155

**Goodwill**

Goodwill arises from the purchase general practices of OneCare Health (2020) Limited and Mt Smart Health (2020) Limited in February 2021, and Kaipara Health in December 2019.

**Goodwill Impairment Assessment**

The goodwill arising during the period from the acquisition of general practices were tested for impairment at June 2021. The recoverable amount of the business was valued on a value-in-use basis using a discounted cash flow model. Management has used its past experience of sales growth, operating costs and margin, and external sources of information where appropriate, to determine their expectations for the future.

The impairment assessment confirmed that the recoverable amount exceeds carrying values as at 30 June 2021 and hence no impairment was recognised during the financial year. For Kaipara Health and Mt Smart Health, based on current economic conditions and performances of these businesses,

## 11 INTANGIBLE ASSETS (CONTINUED)

no reasonable possible change in any of the key assumptions used in the determination of the recoverable value of these CGUs would result in a material impairment to the Group. For OneCare Health, however, a change in any of the key assumptions would lead to the elimination of the excess of recoverable amount over carrying amount. The sensitivity to these key assumptions is outlined in the table below. The financial forecasts used for OneCare Health were based on the expected revenue and costs over the next year, including growth of 29% in the second full year of ownership, and also took into account the future maintainable earnings assessed during the acquisition process.

Key assumptions	Cash-generating units	
	OneCare Health	
	Value attributed	Sensitivity
Growth rate	5%	Decrease by 2.5pts
Terminal value	5.1%	Decrease by 0.6pts
Discount value	14%	Increase by 1.5pts

## 12 INVESTMENT IN SUBSIDIARIES

The following entities meet the definition of a subsidiary as described in the specific accounting policy "Principles of Consolidation" and accordingly are fully consolidated.

Subsidiaries	2021	2020
ProCare Health (PHO) Limited	100%	100%
ProCare Health (LP) Limited	100%	100%
ProCare Fresh Minds Limited	100%	100%
ProCare Network Partnerships Limited	100%	100%
Kaipara Medical Centre	100%	100%
Clinical Assessments Limited	67%	67%
OneCare Health (2020) Limited	100%	0%
Mt Smart Health (2020) Limited	100%	0%

The above subsidiaries have a 30 June year-end.

## 13 INVESTMENT IN AND ADVANCES TO EQUITY ACCOUNTED JOINT VENTURES

All entities are incorporated and domiciled in New Zealand, and have a 30 June balance date. All Group transactions are unsecured, interest-free and repayable upon demand.

Investment in and advances to equity accounted joint ventures	2021	2020
	\$	\$
Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership)	4,903,246	3,554,634
CareHQ Limited Partnership	218,816	—
Fresh Minds NZ Limited Partnership	67	403,719
BPAC New Zealand Limited	118	118
Total	5,122,247	3,958,471

Share of profit of equity accounted joint ventures	2021	2020
	\$	\$
Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership)	3,171,059	2,331,295
CareHQ Limited Partnership	(252,359)	—
Fresh Minds NZ Limited Partnership	(197,255)	(275,262)
Total	2,721,445	2,056,033

### Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership)

	2021	2020
	\$	\$
Opening Balance	3,554,633	3,248,143
Distribution	(1,843,500)	(2,076,500)
Share of profit of equity accounted joint ventures	3,171,059	2,331,295
RWT Credit Transferred (Prior Years)	—	(39,574)
RWT Credit Transferred (Current Year)	(36,646)	(36,070)
Advances owing to ProCare Network Limited	57,700	127,339
Total	4,903,246	3,554,633

As Whakarongorau Aotearoa is a limited partnership it is not responsible for income tax. The results reported above are exclusive of income tax which is accounted for by the limited partners (ProCare Health (LP) Limited and Pegasus Health (LP) Limited).

The Group holds 50% of the capital of Whakarongorau Aotearoa. This investment has been accounted for as a Joint Venture.

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2021:

	2021	2020
	\$	\$
Current assets		
Cash & cash equivalents	20,537,866	30,693,089
Other current assets	16,179,934	5,004,841
Non current assets	9,000,615	4,342,331
Total assets	45,718,415	40,040,260
Current liabilities		
Financial liabilities	12,852,964	7,878,000
Deferred revenue	11,834,638	19,627,256
Other current liabilities	6,047,272	4,228,556
Non current liabilities	4,522,090	498,189
Total liabilities	35,256,964	32,232,000
Net assets	10,461,451	7,808,260
Group's share of net assets	5,230,726	3,904,130



**13 INVESTMENT IN AND ADVANCES TO EQUITY ACCOUNTED JOINT VENTURES (CONTINUED)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Revenue	113,233,131	71,890,978
Interest Income	10,618	59,698
Expenses		
Interest Expense	(162,856)	—
Depreciation	(2,309,664)	(1,199,517)
Other expenses	(104,429,112)	(66,088,569)
<b>Profit</b>	<b>6,342,118</b>	<b>4,662,589</b>
<b>Group's share of profit</b>	<b>3,171,059</b>	<b>2,331,295</b>

**CareHQ Limited Partnership**

CareHQ Limited Partnership is aligned with ProCare's strategy to adopt and integrate a sustainable virtual GP service for practices to benefit patients, their businesses and respond to the competitive threats emerging in the sector.

CareHQ, a joint venture limited partnership between ProCare Health (LP) Limited and Southern Cross was established in November 2020, has also positioned itself as an 'after hours' and 'overflow' service for Practices and patients and maintains an important point of difference in the market by not enrolling patients or seeking capitation. Its processes are designed to support continuity of care with the patient's regular GP and aim to be the most trusted and preferred Telehealth Provider in the market and seen as an extension of General Practice.

The Partnership was established with both intellectual property and cash contributions by both partners.

	<b>2021</b>
	<b>\$</b>
Opening Balance	—
Investment in Limited Partnership	427,900
Share of loss of equity accounted joint ventures	(252,359)
Advances owing to ProCare Network Limited	43,376
RWT Credit Transferred (Current Year)	(101)
	<b>218,816</b>

The Group holds 50% of the capital of CareHQ. This investment has been accounted for as a Joint Venture.

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2021:

	<b>2021</b>
	<b>\$</b>
Current assets	
Cash & cash equivalents	308,137
Other current assets	33,209
Non current assets	
Intellectual property asset	155,800
<b>Total assets</b>	<b>497,146</b>
Current liabilities	
Related parties	43,376
Other current liabilities	102,688
<b>Total liabilities</b>	<b>146,064</b>
<b>Net assets</b>	<b>351,082</b>
<b>Group's share of net assets</b>	<b>175,541</b>
Advances to Limited Partnership	43,376
<b>Total investment and advances</b>	<b>218,917</b>

	<b>2021</b>
	<b>\$</b>
Revenue	69,106
Interest Income	450
Expenses	
Other Expenses	(574,275)
<b>Loss</b>	<b>(504,719)</b>
<b>Group's share of loss</b>	<b>(252,359)</b>

**Fresh Minds NZ Limited Partnership**

Fresh Minds NZ Limited Partnership (FMNZLP) provides clinical psychological services through managing the implementation of the Te Tumu Waiora model of care throughout New Zealand.

FMNZ, a joint venture limited partnership between ProCare Health and Tū Ora Compass was established in August 2019, as a response to the challenges and community needs identified in the He Ara Oranga Mental Health and Addictions Enquiry report and subsequent commitment from Government's 2019 Wellbeing Budget. This supports the move to a more primary and community-based model of behavioural and mental health service delivery integrated within general practice and other community settings.

**Hibernation**

In 7 December 2020, the FMNZLP Board concluded that the option on amalgamation is always available as a possibility in the future and at present the partners view is that the existing limited partnership provides a vehicle in which they can work together on specific activities and possibly invite other partners to collaborate depending on the activity. As such, the FMNZ Board agreed to recommend to its parent's Boards placing the Fresh Minds New Zealand Limited Partnership in 'hibernation' allowing for specific current activities to be supported

### 13 INVESTMENT IN AND ADVANCES TO EQUITY ACCOUNTED JOINT VENTURES (CONTINUED)

#### Hibernation (continued)

(at present being the conclusion of cultural safety framework and potential development of e-mental health services) and potential future use.

Given the varied appetite for a joined-up investment in a digitally enabled care option and the conclusion of cultural safety framework, FMNZLP was recommended to complete all operational activities/ commitments by 31 December 2020.

FMNZ Board agreed for the Company to go into hibernation. The number of directors on FMNZ Board has been reduced to two. It was agreed to close the shell of the Company by the end of June 2021.

Investment in FMNZ	2021	2020
	\$	\$
Opening Balance	403,719	—
Investment in Limited Partnership	—	300,000
Capital introduced during the year	172,584	—
Share of profit of equity accounted joint ventures	(197,255)	(275,262)
Advances owing/(repaid) to ProCare Network Limited	(331,807)	331,807
Advances owing/(repaid) to ProCare Fresh Minds Limited	(47,174)	47,174
	<b>67</b>	<b>403,719</b>

As FMNZLP is a limited partnership it is not responsible for income tax. The results reported above are exclusive of income tax which is accounted for by the limited partners (ProCare Health (LP) Limited and Tu Ora Compass Health).

The Group holds 50% of the capital of FMNZLP. This investment has been accounted for as a Joint Venture.

Summary financial information for the equity accounted joint venture, not adjusted for the percentage ownership held by the Group for the period ending 30 June 2021:

	2021	2020
	\$	\$
Current assets		
Cash & cash equivalents	193	98,565
Other current assets	—	82,683
Non current assets		
Intellectual property asset	—	300,000
Property, plant and equipment	—	861
Total assets	193	482,109
Current liabilities		
Related parties	—	378,981
Other current liabilities	59	53,652
Total liabilities	59	432,633
Net assets	134	49,477
Group's share of net assets	67	24,738

	2021	2020
	\$	\$
Revenue	156,587	106,411
Interest Income	—	3
Expenses		
Depreciation	(166)	138
Other Expenses	(550,930)	656,800
Loss	(394,509)	(550,524)
<b>Group's share of loss</b>	<b>(197,255)</b>	<b>(275,262)</b>

### 14 TAXATION

#### 14.1 INCOME TAX

	2021	2020
	\$	\$
<b>Income tax</b>		
Income tax represented by:	451,634	644,107
Current tax	739,909	707,146
Deferred tax asset	(288,275)	(63,039)
	451,634	644,107
Net profit before taxation	2,482,267	2,694,633
Prima facie income tax at 28%	695,035	754,497
Non-assessable income	(73,195)	(159,632)
Non-deductible expenses	125,695	49,242
Prior year tax adjustment	(295,901)	—
Income tax expense	451,635	644,107

#### 14.2 DEFERRED TAX ASSET/(LIABILITY)

	2021	2020
	\$	\$
<b>Deferred Tax Asset/(Liability)</b>		
Balance at beginning of year	32,646	(30,393)
Prior year tax adjustment	295,901	—
Current year temporary differences	288,275	63,039
Balance at end of year	616,821	32,646

	2021	2020
	\$	\$
Balance at year end attributable to:		
Employee entitlements	486,959	67,924
Trade receivables	6,061	3,149
Accruals	13,691	(19,861)
Support Payment	—	(210,000)
Property, Plant & Equipment (incl Right of Use asset)	478,085	176,837
IFRS15 Revenue	(367,974)	14,596
	616,821	32,646

**14 TAXATION (CONTINUED)**

**14.3 IMPUTATION CREDIT ACCOUNT (ICA)**

The Company is part of a consolidated imputation credit tax group and accordingly imputation credits are only presented at a Group level. Movements for the year were:

	2021	2020
	\$	\$
Opening balance	636,164	261,085
Add:		
Income tax paid	368,146	372,000
Resident Withholding Tax paid	37,513	44,648
Other credits	38,353	—
Less:		
Credit attached to dividends (paid)	(38,353)	(41,569)
Closing balance (at year end)	1,041,823	636,164

The closing credits represent the maximum amount of tax credits available to be attached to future dividends payable by the Group are subject to shareholder continuity rules.

**15 REDEEMABLE PREFERENCE SHARES**

The RPS will pay a coupon rate set at the Board's discretion and is to be set at a premium over the five year swap rate at 30 June of the year of review. The last review set the coupon rate at 7.1% per annum non-cumulative, effective from 1 July 2017 (previously 7.5%).

The holders of non-voting taxable RPS have the right to the return of the amount paid up on the RPS \$500 and any accrued but unpaid (coupon) dividend in priority to the ordinary shares.

The RPS are redeemable for cash at the discretion of the Board.

Redeemable Preference Shares	Number of shares	\$
<b>Opening balance as at 1 July 2020</b>	4,104	2,052,000
Share repurchased	(204)	(102,000)
<b>Closing balance as at 30 June 2021</b>	3,900	1,950,000
	<b>Number of shares</b>	<b>\$</b>
<b>Opening balance as at 1 July 2019</b>	4,212	2,106,000
Share repurchased	(108)	(54,000)
<b>Closing balance as at 30 June 2020</b>	4,104	2,052,000
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current	144,000	42,000
Non-current	1,806,000	2,010,000
	1,950,000	2,052,000

The liability represents the net present value of the coupon payable over the expected term until redemption, which has been estimated at 10 years. See Note 4.3 for current year interest accrued.

**16 SHARE CAPITAL**

	2021	2020
	\$	\$
<b>Paid in capital</b>	314,731	384,481
517 (2020: 610) Ordinary A shares	314,731	384,481

Movement in Ordinary A shares	Number of shares	2020
		\$
<b>Opening balances as at 1 July 2020</b>	610	384,481
Share repurchased	(103)	(77,250)
Issue of shares	10	7,500
<b>Closing balance as at 30 June 2021</b>	517	314,731
<b>Opening balance as at 1 July 2019</b>	639	405,731
Share repurchased	(33)	(24,250)
Issue of shares	4	3,000
<b>Closing balance as at 30 June 2020</b>	610	384,481

All shares on issue are fully paid. All ordinary shares rank equally. Each fully paid ordinary A share has one vote. Each ordinary share has identical dividend rights.

Included in ordinary shares are 103 buy back shares that have been acquired by the Company at \$750 and cancelled (2020: 31 at \$750 and 2 at \$500).

**17 RELATED PARTIES**

For the purpose of this note, related parties include any of the following:

- Key management personnel or a close member of their family
- Directors and entities they control or have significant influence over
- Subsidiaries and associates

**17.1 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

	2021	2020
	\$	\$
<b>Transactions with Key Management Personnel</b>		
Short term employment benefits	1,968,176	1,930,246
Directors fees	590,667	615,175

**17 RELATED PARTIES (CONTINUED)**

**17.2 TRANSACTIONS BETWEEN RELATED ENTITIES**

	2021	2020
	\$	\$
<b>EQUITY ACCOUNTED JOINT VENTURES</b>		
<b>Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership)</b>		
Revenue (including lease income and locums) paid to ProCare Network Limited	(727,876)	(511,375)
Costs paid by ProCare Health (PHO) Limited for after hours phone service	439,124	—
Distribution to ProCare Health (LP) Limited	(1,843,500)	(2,076,500)
Withholding Tax Credit transferred to ProCare Health (LP) Limited (Prior Years)	—	(39,574)
Withholding Tax Credit transferred to ProCare Health (LP) Limited	(36,646)	(36,070)
<b>CareHQ Limited Partnership</b>		
Capital introduced by ProCare Health (LP) Limited	350,000	—
Sale of IP by ProCare Health (LP) Limited	77,900	—
Management Fee paid to ProCare Network Limited	(37,135)	—
Cost recoveries (including locum payments) paid to ProCare Network Limited	(250,517)	—
Withholding Tax Credit transferred to ProCare Health (LP) Limited	(101)	—
<b>Fresh Minds (NZ) Limited Partnership</b>		
Management Fee paid to ProCare Network Limited	(14,532)	(138,448)
Capital introduced by ProCare Health (LP) Limited	172,583	—
Cost recoveries paid to ProCare Network Limited	(560)	(150,522)
Cost recoveries paid to ProCare Health (PHO) Limited	—	(9,160)
Cost recoveries paid to ProCare Fresh Minds Limited	(108,658)	(103,993)
Sale of Te Tumu Waiora Model of Care IP from ProCare Health LP Limited	—	(250,000)

The Te Tumu Waiora Model of Care originated in ProCare Fresh Minds Limited and was sold by ProCare Health LP Limited (via ProCare Network Partnerships Limited), to Fresh Minds NZ Limited Partnership (the ultimate purchaser).

All Group transactions are unsecured, interest-free and repayable upon demand.

Receivables from equity accounted joint ventures equate to \$191,568 (2020: \$506,320) and payables of \$42,564 (2020: \$37,159).

<b>Other entities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>ProCare Charitable Foundation</b>		
Loan to ProCare Network Partnerships Limited	(2,274,000)	(2,274,000)

On 30 June 2019, the 4,548 Ordinary B shares held by ProCare Charitable Foundation were bought back by ProCare Network Limited for \$2,274,000.

ProCare Charitable Foundation agreed to the assignment of this debt to the Group's wholly owned subsidiary ProCare Network Partnerships Limited ("PNPL"). The debt is repayable in whole or in part at any time, at the discretion of PNPL and must be repaid 60 months from date of assignment. At its discretion, PNPL can repay the loan in part or in full, along with any accrued interest, at any time during the period of the loan. PNPL can also elect to settle the outstanding principal amount of the debt in whole or in part to ordinary shares in PNPL at a conversion rate based on the current and future profitability of PNPL at a set multiple. The Group has elected to recognise the conversion feature embedded derivative separately. It is not an equity instrument as the conversion rate is not fixed and is accounted for at fair value through the Profit or Loss. It is fair valued annually and is a derivative asset at reporting date as the costs of paying the loan and related interest is higher than the payments on a loan at current market rates. The debt component is accounted for at amortised cost. The debt is unsecured and attracts interest at a rate of 7.1% per annum payable on demand.

**17.3 OTHER TRANSACTIONS WITH DIRECTORS**

During the year the Group made payments to GP's in relation to first level services, programme claims and PHO performance management, as well as Practice Support Payments from ProCare Network Ltd. Some of these GP's are Directors in the Company and its subsidiaries. In the case of payments for first level services, the payments are based on registers of enrolled patients submitted by the doctors to the District Health Boards. The payments to GP's for programme claims are made to all GP's at the same rate within their PHO area regardless of their status as a Director or Non-Director. The payments for performance management are based on algorithms that reflect the contribution of GP's and/or practices to PHO performance management targets. The algorithms are applied consistently in calculating and making of payments to GP's or GP's practices regardless of whether the GP is a Director or not.

The amounts outstanding are unsecured and payable on normal trade terms as with all GP's.

<b>Transactions between the Group and Directors in their capacity as shareholders in ProCare Network Limited</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
First level services	1,868,371	1,634,948
Programme claims	3,844	16,547
System Level Measures Framework*	138,841	248,221
Practice Support Payment *	64,228	—
Interest on redeemable preference shares	1,702	2,552
Other	10,814	—
	<u>2,087,800</u>	<u>1,902,268</u>

\* the payment for performance management are made to the Directors' Practices, instead of each individual GP

<b>Balances arising from transactions with Directors in their capacity as shareholders in ProCare Group</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Payables	26,035	230

**18 OPERATING LEASES**

**Leases as Lessor**

The Group sublet the premises on Stanley Street to Whakarongorau Aotearoa New Zealand Telehealth Services LP (was Homecare Medical (NZ) Limited Partnership). The lease expired in October 2020.

During the year, \$79,416 was recognised as revenue in profit or loss in respect of this lease (2020: \$173,270).

**Operating lease payments expected as an operating lessor**

The value of future minimum operating lease payments receivable:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Less than one year	—	57,757
One to five years	—	—
Five years and above	—	—
	<u>—</u>	<u>57,757</u>

## 19 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or other capital expenditure not provided for at reporting date (2020: \$Nil).

## 20 FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

	NOTE	2021 \$	2020 \$
<b>Financial assets at Amortised Cost</b>			
Cash and cash equivalents	5	7,684,217	7,766,103
Investments – short term deposits	5	7,000,000	6,600,000
Trade and other receivables	6	11,886,981	8,008,135
Receivables from equity accounted joint ventures*		191,568	506,320
		<u>26,762,766</u>	<u>22,880,559</u>

\* Included in the various balances in Note 13

### Financial Assets at Fair Value

Derivative asset		50,153	208,246
		<u>50,153</u>	<u>208,246</u>

### Financial Liabilities at Amortised Cost

Trade and other liabilities	7	9,162,829	7,627,619
Lease liability	22	4,539,715	2,867,831
Payables to equity accounted joint ventures	8	42,564	37,159
Redeemable preference shares	15	1,950,000	2,052,000
ProCare Charitable Foundation loan		2,274,000	2,274,000
		<u>17,969,108</u>	<u>14,858,609</u>

Derivative asset is the fair value of the embedded derivative recorded in ProCare Network Partnerships and relates to the value of the option to convert the ProCare Charitable Foundation loan to shares. Refer to Note 17.2.

The loan was accounted for at amortised cost and therefore the embedded derivative “the conversion feature embedded in the loan” was carried at fair value under NZ IFRS 13 assessed at \$50,153 (\$208,246 at 30 June 2020). See section on “Fair Values” later in this note.

The loan repayment date is 60 months from 28 June 2019 or earlier at the borrower’s option. Interest is at 7.09% and payable at the discretion of the Group at an earlier date.

### Currency Risk

The Group has no exposure to foreign exchange risk. The Group only transacts in New Zealand dollars.

## Interest Rate Risk

At reporting date, the Group has the following financial assets exposed to New Zealand variable interest rate risk:

	2021 \$	2020 \$
Bank – Cash and cash equivalents	7,684,217	7,766,103
Investments – short term deposits with maturities > 3-12 months	7,000,000	6,600,000
	<u>14,684,217</u>	<u>14,366,103</u>

The average interest rate earned on cash deposits and short term deposits was 0.65% (2020: 1.64%).

The Group is not exposed to floating interest rates on its debt; lease liabilities, redeemable preference shares and ProCare Charitable Foundation loan.

It is estimated a 100 basis point decrease in interest rates would result in a decrease in the Group’s interest earned in a year by approximately \$146,842 on the Group’s investment portfolio exposed to floating rates at reporting date (2020: 100 basis point decrease of \$143,661).

Based on historical movements and volatilities and management’s knowledge and experience, management believes that the above movements are ‘reasonably possible’ over a 12 month period: A shift of between 1%-2% in market interest rates. The impact on the profit or loss of a 1% (100 basis points) movement is presented above.

### Credit Risk

To the extent that the Group has a receivable from another party, there is a credit risk in the event of non-performance of the counterparty. Financial instruments which potentially subject the Group to credit risk are listed below:

The Group manages its exposure to credit risk by performing credit evaluation on all customers requiring credit. Internal reporting surrounding the aging of its trade receivables occurs. The Group does not take guarantees, security interest as collateral or charge penalty interest on receivables past due.

Maximum exposures to credit risk at reporting date are:

	NOTE	2021 \$	2020 \$
Cash and cash equivalents	5	7,684,217	7,766,103
Investments – short term deposits	5	7,000,000	6,600,000
Trade receivables	6	11,886,981	8,008,135
Receivables from equity accounted joint ventures *		191,568	506,320
		<u>26,762,766</u>	<u>22,880,559</u>

\* Included in the various balances in Note 13

## 20 FINANCIAL INSTRUMENTS (CONTINUED)

### Credit Risk (continued)

The ageing of trade receivables at reporting date that were not impaired was as follows:	2021	2020
	\$	\$
Neither past due nor impaired	11,243,862	6,357,261
1-90 days past due	421,284	360,985
Over 90 days past due	212,110	1,277,744
	11,877,256	7,995,990
Allowance for impairment	9,725	12,145
	11,886,981	8,008,135
<hr/>		
Trade receivables not past due and not impaired	11,243,862	6,357,261
Trade receivables past due but not impaired	633,394	1,638,729
Trade receivables impaired individually	9,725	12,145
	11,886,981	8,008,135

Refer to Note 6 for the reconciliation of the movement in the impairment allowance. The allowance for impairment is deemed sufficient despite the high value of trade receivables over 90 days as there is confidence these amounts are collectible due to correspondence with the relevant debtors (primarily New Zealand Government departments and District Health Boards) and receipts post-reporting date.

### Concentrations of Credit Risk

Cash and short term deposits are held with two separate trading banks which both have acceptable credit ratings. Acceptable credit ratings are defined as Standard & Poor's "Strong" or above as per the Reserve Bank of New Zealand. The New Zealand Government departments and District Health Boards are regarded as a single customer. They comprise 98% (2020: 99%) of revenue for the Group and are considered an acceptable credit risk given their government backing. There are no other large concentrations of risk identified by the Directors.

### Credit Facilities

The Group does not have an overdraft facility.

### Liquidity Risk

All contractual financial liabilities stated in note 7 are due to mature in less than six months time. Redeemable preference shares liability only arises when a shareholder leaves the Group, accordingly the liability to settle this amount is on demand.

Liquidity represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. The Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

The table below analyses the Group's financial liabilities into relevant maturity bands, based on the remaining period from reporting date to the contractual maturity date. The cash flow amounts disclosed in the table represent undiscounted cash flows liable for payment by the Group.

Group	Notes	Carrying amount	Total contractual cash flows	On demand	6 months – 1 year	More than 1 year
<b>As at 30 June 2021</b>						
Trade and other liabilities	7	9,162,829	9,162,829	9,162,829	–	–
Redeemable preference shares <sup>1</sup>	15	1,950,000	2,045,583	2,045,583	–	–
ProCare Charitable Foundation loan	17	2,274,000	2,757,680	–	–	2,757,680
		<b>13,386,829</b>	<b>13,966,092</b>	<b>11,208,412</b>	<b>–</b>	<b>2,757,680</b>
<b>As at 30 June 2020</b>						
Trade and other liabilities	7	7,627,619	7,627,619	7,627,619	–	–
Redeemable preference shares <sup>1</sup>	15	2,052,000	2,157,512	2,157,512	–	–
ProCare Charitable Foundation Loan	17	2,274,000	2,918,906	–	–	2,918,906
		<b>11,953,619</b>	<b>12,704,037</b>	<b>9,785,131</b>	<b>–</b>	<b>2,918,906</b>

<sup>1</sup> The Group is committed to pay \$102,470 per annum (2020: \$105,512) until such time as the shares are redeemed. The liability for the face value of the shares only arises when a shareholder leaves the Group, accordingly the liability to settle this amount is on demand.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### Fair Values

The following financial assets and liabilities being cash, investments - short term deposits and trade balances are of a short term nature, accordingly the carrying amount is a reasonable approximation of their fair values. The interest rate on redeemable preference shares is set once every five years by the Board (next review 30 June 2022). The fair value of this financial instrument will depend upon the relationship of the current market interest rates to the coupon rate set by the Board (refer to Note 15).

As market interest rates are lower than when the coupon rate was fixed, the fair value of the loans would be higher than the current book value (ProCare Charitable Foundation loan \$2,324,153).

The fair value of the derivative financial instrument (embedded derivative) was determined by applying a net present value model comparing the market discount rate to the interest rate payable on the ProCare Charitable Foundation Loan.

#### (i) Fair Value Measurement

The Group embedded derivative is measured and recognised at fair value (refer above). The derivatives is a level 3 valuation based on an accepted valuation methodology.

Interest rate derivatives are calculated by discounting the future principal and interest cash flows at current market interest rates that are available for similar financial instruments.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) other than quoted prices included within level 1.
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (ii) Fair Value Disclosures

The fair values of borrowings used for disclosure are measured under level 3, by discounting future principal and interest cash flows at the current market interest rate plus an estimated credit margin that is available for similar financial instruments with a similar credit profile to the Group.

The interest rate used to discount future principal and interest cash flows was 4.61% (ProCare's rate of borrowing), for both accounting and disclosure purposes.

## 20 FINANCIAL INSTRUMENTS (CONTINUED)

### Other Risk

In April 2021, Government announced a major health reforms which will impact the ProCare Group. As part of the reform, the Government will abolish the 20 district health boards and create a single health organisation namely Health NZ, in a sweeping plan to centralise New Zealand's fragmented healthcare system. The primary health organisations will be replaced or evolve into local networks alongside iwi-Maori boards, responsible for how community and primary health care is delivered. The reforms will be implemented over three years. The ProCare Board and Management meet regularly as part of their strategy plan to work on how ProCare can be organised in locality networks in order to continue our support and provide primary care and community services in New Zealand. At this stage, the Company does not consider this as a significant risk in the short term as the Company should have sufficient time and resources to implement any changes and strategies as required. However, there is always a risk whether the Company will be part of the locality networks, that this will be determined by the commissioning function of Health NZ in consultation with localities.

A significant amount of funding comes from the New Zealand Government departments and District Health Boards. The Group has contracts with these entities that sets pricing and some programmes have capped claim drawdowns. As noted above, there is a concentration of reliance on the New Zealand Government departments and District Health Boards. When contracts are due for renewal, there is always a risk that pricing may be adjusted or contracts will not be renewed with entities within the Group.

### Capital Risk Management

The Group does not rely on any external debt from parties who are not associated with the Group and does not have any externally imposed capital requirements. The Group's capital includes share capital and retained earnings. The Group's capital management objectives are to safeguard the Group's ability to continue as going concern and to deliver its services to its members and the public.

There were no changes in the Group's approach to capital management.

### Bank Guarantee

In June 2011 ProCare Network Limited has signed a lease with Manukau City Centre Limited for premises in Westfield Manukau mall for seven years.

The condition of the lease is an ANZ bank guarantee in favour of Manukau City Centre Limited of \$39,015.

In February 2021 ProCare Network Limited has signed a lease with P.F.I Property No 1 Limited to lease part of Level 1, Building 1 at 12-16 Nicholls Lane for six years. The condition of the lease is an ANZ bank guarantee in favour of P.F.I Property No 1 Limited of \$214,348.

### Bank Security Agreement

The Group has executed a General Security Agreement providing a first ranking charge over its present and after property in favour of its bankers in consideration of receiving a clean credit payroll facility of \$550,000.

### Changes in Liabilities Arising From Financing Activities

The Group's principal liabilities arising from financing activities are its redeemable preference shares see Note 15 and the loan from the ProCare Charitable Foundation which arose from the buyback in June 2019 of the Ordinary B shares owned by them, see Note 17.2. Lease liabilities see Note 22 and cashflows are reconciled in Note 21.2.

## 21 SUPPORTING STATEMENT OF CASHFLOWS

### 21.1 NET CASHFLOW FROM OPERATING ACTIVITIES

	2021	2020
	\$	\$
<b>Profit for the year</b>	2,030,633	2,050,526
<b>Non-Cash Items</b>		
Depreciation and amortisation	1,723,603	1,696,994
Amortisation/(Release) of lease incentive	106,397	—
Gain on sale of property, plant and equipment	—	(37,809)
Bad debt and impairment allowances	(2,420)	12,145
Deferred income tax	(127,094)	(112,146)
Share of profits of equity accounted joint ventures	(2,721,445)	(2,056,033)
Derivative fair value loss/(gain)	158,093	(208,246)
Gain on sale of IP	—	(250,000)
	(862,866)	(1,334,073)
<b>Movements in Working Capital</b>		
(Increase)/decrease in prepayments	22,814	(182,914)
Increase in inventory	(9,286)	(18,627)
(Increase) in trade/ other receivables	(3,876,426)	(3,263,255)
Decrease in intercompany receivable	—	(2,414)
Increase in intercompany payables	5,405	—
Increase in taxation payable	664,149	50,528
Increase in trade payables	987,153	2,546,253
Increase in deferred revenue	3,465,780	47,640
Increase in GST	253,237	162,135
Increase in Lease Liability	100,225	649,806
	1,613,051	(10,849)
<b>Net cash from operating activities</b>	2,780,818	705,604

### 21.2 NET CASHFLOW FROM FINANCING ACTIVITIES

	Redeemable Preference Shares	ProCare Charitable Foundation Loan	Lease Liability	Total
	Notes 4.3, 15	Notes 4.3, 17	Notes 4.3, 22	
	\$	\$	\$	\$
<b>Financing Liabilities</b>				
<b>Balance at 1 July 2020</b>	2,052,000	2,274,000	2,867,831	7,193,831
Cash Flows	(207,512)	—	(1,167,170)	(1,374,682)
Non-cash flows				
Interest accruing in the period	95,584	—	227,476	323,060
Net interest accrued not paid	9,928	—	—	9,928
Lease additions	—	—	2,553,947	2,553,947
Lease modifications	—	—	57,631	57,631
<b>Balance at 30 June 2021</b>	1,950,000	2,274,000	4,539,715	8,763,715
	Notes 4.3, 15	Notes 4.3, 17	Notes 4.3, 22	
	\$	\$	\$	\$
<b>Financing Liabilities</b>				
<b>Balance at 1 July 2019</b>	2,106,000	2,274,000	—	4,380,000
Cash Flows	(161,364)	(80,613)	(1,053,094)	(1,295,072)
Non-cash flows				
Interest accruing in the period	105,512	161,227	225,036	491,774
Net interest accrued not paid	1,852	(80,613)	—	(78,761)
Leases recognised under IFRS16	—	—	3,836,808	3,836,808
Lease additions	—	—	1,147,186	1,147,186
Lease modifications	—	—	(1,288,104)	(1,288,104)
<b>Balance at 30 June 2020</b>	2,052,000	2,274,000	2,867,831	7,193,831

**22 LEASES**

	Properties	Vehicles & Other Equipment	Total
	\$	\$	\$
<b>Right of Use Asset</b>			
Balance at 1 July 2020	2,717,670	50,532	2,768,202
Additions	2,494,257	—	2,494,257
Depreciation	(910,310)	(50,532)	(960,842)
Lease modification — Asset value	117,321	—	117,321
<b>Balance at 30 June 2021</b>	<b>4,418,938</b>	<b>—</b>	<b>4,418,938</b>
<b>Lease Liability</b>			
Balance at 1 July 2020	2,813,156	54,675	2,867,831
Additions	2,553,947	—	2,553,947
Interest	226,637	839	227,476
Lease payments	(1,111,655)	(55,515)	(1,167,170)
Lease modification — Liability value	57,631	—	57,631
<b>Balance at 30 June 2021</b>	<b>4,539,715</b>	<b>—</b>	<b>4,539,715</b>
Current			750,031
Non-current			3,789,684
<b>Total Liabilities</b>			<b>4,539,715</b>

	Properties	Vehicles & Other Equipment	Total
	\$	\$	\$
<b>Right of Use Asset</b>			
Balance at 1 July 2019	3,753,570	83,238	3,836,808
Additions	1,136,245	10,942	1,147,186
Depreciation	(921,850)	(43,648)	(965,497)
Lease modification — Asset value	(1,225,546)	—	(1,225,546)
Lease modification - Acc depreciation	(24,749)	—	(24,749)
<b>Balance at 30 June 2020</b>	<b>2,717,670</b>	<b>50,532</b>	<b>2,768,202</b>
<b>Lease Liability</b>			
Balance at 1 July 2019	3,753,570	83,238	3,836,808
Additions	1,136,245	10,942	1,147,186
Interest	222,032	3,004	225,036
Lease payments	(1,010,586)	(42,508)	(1,053,094)
Lease modification — Liability value	(1,288,104)	—	(1,288,104)
<b>Balance at 30 June 2020</b>	<b>2,813,156</b>	<b>54,675</b>	<b>2,867,831</b>
Current			649,806
Non-current			2,218,025
<b>Total Liabilities</b>			<b>2,867,831</b>

Profit and Loss:	Properties	Vehicles & Other Equipment	Total
Gain on Disposal of Right of Use Asset	37,812	—	37,812

The Group leases various offices at different locations for terms of 2 to 8 years, with some contracts containing further extension options. Contracts may contain both lease and non-lease components, in which case the consideration in the contract is allocated to each component based on their relative stand-alone prices.

Payments associated with short-term leases, with a lease term of 12 months or less, and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

During the year ended 30 June 2021, \$227k of interest expense relating to lease liabilities was recognised (2020: \$225k) and total cash outflow for leases was \$1,167k (2020: \$1,053k).

Significant judgements were to only value leases to the first renewal date in the lease agreements and excluded leases under 12 months and on low value assets (under \$10,000 NZD). An exception is Kaipara Health Limited that valued the full term of the medical centre property lease including right of renewals, and included leases on some low value office equipment.

**23 DIVIDENDS**

On 5 October 2021 the Board resolved no dividend was payable during that financial year (2020: \$Nil).

**24 BUSINESS COMBINATIONS DURING THE PERIOD**

The Company acquired the business of OneCare Health (2020) Limited and Mt Smart Health (2020) Limited on the 22 February 2021 and started trading from that date.

The principal reasons for both OneCare Health and Mt Smart Medical Centre acquisition are made on the basis that they meet our stage-gated selection criteria for acquisition of practices in to the transition ownership programme based on vendor preference for ProCare transition ownership, threat of corporate ownership, locality opportunities, and co-op spirit.

Since acquisition, Mt Smart has contributed \$232,168 and OneCare has contributed \$564,566 to Group revenues, along with (\$124,378) and (\$32,532) to Group profit before tax respectively. These losses are expected as the acquisitions are in a development phase.

If the practices were owned for the full year, based on their FY20 results, the Company assessed that Mt Smart would contribute \$725,579 and OneCare would contribute \$1,659,062 to Group revenues, along with \$119,821 and \$132,349 to Group profit before tax respectively.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair Value	
	OneCare	Total
<b>Fair value of net assets acquired</b>	<b>\$</b>	<b>\$</b>
Furniture & fittings	—	20,000
Inventory	5,000	7,000
Medical equipment	—	10,000
Other plant & equipment	100	100
<b>Total net assets acquired</b>	<b>5,100</b>	<b>37,100</b>
<b>Fair value of consideration paid</b>	<b>\$</b>	<b>\$</b>
Cash	1,200,000	1,485,000
<b>Total consideration</b>	<b>1,200,000</b>	<b>1,485,000</b>
<b>Goodwill</b>	<b>1,194,900</b>	<b>1,447,900</b>



## 25 IMPACT OF COVID-19

The COVID-19 (also known as Coronavirus) pandemic affecting people, businesses and economies across the world arose in the early part of 2020. Beginning in late March, the New Zealand Government implemented various measures to prevent and contain the spread of the virus, resulting in significant disruptions to workplaces.

As an essential service, all members of the Group continued to trade during the COVID-19 lockdown. The additional funded activities contributed positively to the financial performance and financial position of the Group and its equity accounted joint ventures. Staff during periods of lockdown have moved from a predominately based in-office model to a work-from-home and in-office blended environment. Continuity of activities have been able to be maintained based on core infrastructure (including virtual meetings and collaboration tools) deployed prior to COVID-19.

While uncertainty exists as to the impact COVID-19 will have on the economy and the demand for the Group's services in future, based on the nature of the services provided, and its current strong financial position the Board have assessed there is likely to be only positive financial impacts on the Group resulting from the COVID-19 pandemic.

## 26 SUBSEQUENT EVENTS

The Group has been operating in conjunction with the Auckland DHB's and other Health services as an essential service during the COVID-19 pandemic as it impacted member practice activities and ProCare's own activities during the Auckland lockdown starting August 2021. Staff during periods of lockdown been able to continue working with little disruption with a blended work-from-home and in-office model. Continuity of activities have been able to be maintained based on core infrastructure (including virtual meetings and collaboration tools).

There are no other subsequent events to reporting date that would affect the financial statements.

# PROCARE GROUP INDEPENDENT AUDITOR'S REPORT



BDO Auckland

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PROCARE NETWORK LIMITED

### Opinion

We have audited the consolidated financial statements of ProCare Network Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of taxation advice and Risk advisory services. The firm has no other relationship with, or interests in, the Company or its subsidiary/any of its subsidiaries.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter - revenue recognition	How the matter was addressed in our audit
<p>The Group applies NZ IFRS 15 <i>Revenue from Contracts with Customers</i> ("NZ IFRS 15"). Under NZ IFRS 15 an entity must recognise revenue with respect to the performance obligations it has identified within its contracts with customers.</p> <p>The Group has determined it meets performance obligations in its customer contracts either over time or at a point in time in respect of primary healthcare services.</p>	<p>To address the risk of material misstatement relating to revenue recognition, our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>Assessing the compliance of the Group's revenue recognition policies with applicable accounting standards;</li> <li>assessing the revenue recognition processes and practices;</li> <li>testing the accuracy of cut off with substantive procedures;</li> </ul>

## PROCARE GROUP INDEPENDENT AUDITOR'S REPORT



BDO Auckland

### Key audit matter - revenue recognition (continued)

We focussed on this area as a key audit matter due to the risk of incorrect timing of revenue recognition and revenue estimation. The resulting impact of this is potentially significant on the profit or loss for the year, and the balances recorded as accounts receivable or deferred revenue at the reporting date.

The Group's accounting policy in relation to revenue recognition is included as accounting policy 2.2, significant estimates and judgements related to contract revenue is included in note 2.1, and revenue is disclosed in note 3.1.

### Other Information

The directors are responsible for the Annual Report, which includes information other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole 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) 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 decisions of users taken on the basis of these consolidated financial statements.

### How the matter was addressed in our audit (continued)

- assessing the Group's basis for the identification of performance obligations and compared these, on a sample basis, to the underlying contractual agreements; and
- assessing the adequacy of the Group's disclosures related to revenue recognition.

## PROCARE GROUP INDEPENDENT AUDITOR'S REPORT



BDO Auckland

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>.

This description forms part of our auditor's report.

### Who we Report to

This report is made solely to the Company's shareholders, 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Wayne Monteith.

*BDO Auckland*

BDO Auckland  
Auckland  
New Zealand  
19 October 2021

## PROCARE NETWORK LIMITED AND SUBSIDIARIES DIRECTORS' INTERESTS

As at 30 June 2021

The following are particulars of general disclosures of interest by directors of the Parent holding office as at 30 June 2021, pursuant to section 140(2) of the Companies Act 1993.

### A J Lawrence

Finesse Holdings Ltd	Chairman
Quix NZ Ltd	Director
Quix Commercial Ltd	Director
AJ Lawrence Ltd	Managing Director
Miro Partners Ltd	Managing Director
Enviroplaz International Ltd	Director – HK Registered
Lawrence Corporate Trustee Ltd	Director
Aquatherm NZ Ltd	Director

### Dr C L King

Health New Lynn	Director
NLHCC Ltd	Director/Chair
Westcare Medical Limited	Shareholder
Totara Clinical Research Ltd	Director
CareHQ (General Partner) Limited	Director/Chair

### Dr F Lentini

Mairangi Medical Centre	Director
NW Auckland Region	RNZCGP Lead Medical Educator
Medical Council	Educational Supervisor
Kaipara Medical Centre	Chair

### Dr H E Aish

Otara Family & Christian Health Centre	Otara Family & Christian Health Centre
MAS	MAS

### Dr J F V White

Mt Eden Medical Associates	Director
BPAC	Director

### Dr N J H Hefford

Clinical Assessments Ltd	Chair/Director
Grey Lynn Family Medical Limited	Director/GP
ProCare Clinical Governance Committee	Chair
ProCare Health (PHO) Limited	Director

### M Schubert

Silver Fern Farms Limited	Director
Silver Fern Farm Holdings Limited (Subsidiary)	Director
Silver Fern Farms JV Limited (Subsidiary)	Director
Mimomax Wireless Limited	Director
Financial Markets Authority - Auditor Oversight Committee	Director
ProCare Charitable Foundation Trust Board	Trustee
Whakarongorau Aotearoa New Zealand Telehealth Services LP	Director

### S Taylor

Taylor Medical Limited	Director
St Heliers Medical	Partner
NZMA General Practice Council	Member
ProCare Health (PHO) Limited	Director
Clinical Assessments Limited	Director
ProCare Clinical Governance Committee	Member
Voices of Hope	Trustee

### DIRECTORS OF PROCARE NETWORK LIMITED SUBSIDIARIES (AS AT 30 JUNE 2021)

ProCare Health (PHO) Limited	T F Funaki (Chair)
ProCare Health (PHO) Limited	Dr N J H Hefford
ProCare Health (PHO) Limited	Dr S L Taylor
ProCare Health (PHO) Limited	T Campbell
ProCare Health (PHO) Limited	Dr J J O'Sullivan
ProCare Fresh Minds Limited	Dr A Moffitt
ProCare Fresh Minds Limited	B Norwell (Chair)
ProCare Fresh Minds Limited	T A Wai
ProCare Health (LP) Limited	B Norwell (Chair)
ProCare Health (LP) Limited	T A Wai
ProCare Network Partnerships Limited	B Norwell (Chair)
ProCare Network Partnerships Limited	T A Wai
Kaipara Health Limited	F Lentini
Kaipara Health Limited	T A Wai
Clinical Assessments Limited	Dr N J H Hefford (Chair)
Clinical Assessments Limited	Dr J H Betteridge
Clinical Assessments Limited	P D Roseman
Mt Smart Health (2020) Limited	T A Wai
OneCare Health (2020) Limited	T A Wai

