RURAL NORTHWEST HEALTH

2020-21

Annual Report

RURAL northwest HEALTH
centred on you

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centred on you

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CONTENTS

RURAL NORTHWEST HEALTH

Rural Northwest Health is a public health service located in the Wimmera Mallee Region of Victoria established in 1999 under the Health Services Act 1994 and responsible to the Minister for Health.

The responsible Minister is the Minister for Health: From 1 July 2020 to 26 September 2020, Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services. From 26 Sept 2020 to 30 June 2021, The Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services and Minister for Equality.

Rural Northwest Health is funded by State and Commonwealth Government and supported by local community members.

Rural Northwest Health provides responsive quality care and community services by empowering a vibrant and committed group of staff working across three campuses; Warracknabeal, Beulah and Hopetoun. Services are also provided in the community at local halls, parks and in community members own homes.

The key focus of Rural Northwest Health is caring and supporting people to be healthy and living a full life. This is reflected by our logo whereby the carer reaches out to embrace our communities over the broad horizon.

Rural Northwest Health works in partnership with regional and subregional service providers to support community members to access high quality and safe care as close to home as possible. Key partners include the Wimmera Southern Mallee Health Alliance, Wimmera Primary Care Partnership, West Vic Primary Health Network, Ballarat Health Services, Woodbine, Yarriambiack Shire, Ambulance Victoria, local general practitioners, Royal Flying Doctors Service and the Department of Health.

Rural Northwest Health acknowledges the traditional custodians of the land, the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk peoples, on which our campuses are situated. We pay our respects to Elders, past, present and emerging and strive to provide the best possible health outcomes for all community members.

THIS REPORT

Covers the period 1 July 2020 to 30 June 2021

- Is prepared for the Minister for Health, the Parliament of Victoria and the community
- Is prepared in accordance with government and legislative requirements and FRD 30D guidelines
- Will be presented to the community at the Rural Northwest Health Annual General Meeting on 30 November 2021
- Acknowledges the support of our community

Rural Northwest Health acknowledges the support of the Victorian Government

A MESSAGE FROM OUR BOARD CHAIRPERSON AND ACTING CEO

It is with pride that we reflect on the year that was. Although the past year continued to present many challenges for Rural Northwest Health, we continued to thrive and meet the needs of our community as the largest health service across the Shire. We are very proud of the responsiveness, resilience and kindness shown by our team members during these unprecedented times.

In April we farewelled Kevin Mills as CEO and welcomed Acting CEO, Jodie Cranham from Ballarat Health Services whilst we recruited a new CEO. In June we farewelled two long standing Board Directors, Carolyn Morcom and Janette McCabe. Both directors were diligent and strong advocates of our community needs being put first and foremost in board decisions.

The Rural Northwest Health 2020-2025 Strategic Plan, 'Better health for all' was officially launched to our community in March. The plan is a collation of feedback from our community, clients, residents, team members and stakeholders on what they would like Rural Northwest Health to achieve in the next 5 years. To ensure this work remains at the centre of our focus, a 12 month Executive Manager of Business and Strategy position was created, responsible for driving the strategic plan through the organisation along with creating structures and processes that support focused action.

In response to the COVID-19 pandemic, our priority has been protecting our residents, patients, team members and community. Working closely with partnering health services in the Grampians region enabled a region-wide response to the outbreak, and was implemented across all parts of our health service. Two key plans were developed, the Grampians Cluster Outbreak Response and the Aged Care Hub Outbreak Response, providing essential action and guidance for responding to an outbreak. To complement the two documents, we developed our own outbreak response document.

The Board of Directors has ensured all legislative requirements for the pandemic response by health services have been adhered to.

Working in partnership with the Grampians Public Health Unit, we have facilitated vaccine clinics for our team members and essential workers across the Yarriambiack Shire. Assistance has also been offered to our General Practitioners in facilitating vaccinations for the community.

Our Community Health Services have continued to be flexible and resilient, responding to frequent changes in restrictions as a result of COVID-19. Telehealth is being utilised as an online platform to deliver ongoing healthcare services to our community. Our district nurses provided over 4000 visits to a total of 590 clients, while our Allied Health team provided 23,380 visits to a total of 3304 clients.

Youth employment opportunities are provided through apprenticeships and traineeships. We introduced a Certificate III in Business in our administration area. The full time traineeship offers the opportunity to work and study towards a fully accredited qualification over a 12 month period. We were also able to offer a Certificate III in Commercial Cookery. The full time apprenticeship provides experience working in a commercial kitchen while studying towards a fully accredited qualification over three years.

We continue to focus our attention on developing best practice models of care, this includes advancements in our environmental services team. Extensive research was undertaken and a significant investment made into the implementation of microfibre cleaning instruments across our organisation to reduce the need for dangerous and harsh chemicals without compromising on cleanliness.

Our food services team continue to pride themselves on the provision of nutritional and appetising meals.

Supplying approximately 97,000 meals to patients, residents and community. Each meal is assessed for its nutritional value, meeting a strict set of requirements and tailored for personal preferences and needs.

The Board of Directors began a comprehensive review of our organisational risks and are developing a risk appetite statement. Two further directors, John Aitken and Genevieve O'Sullivan completed the Australian Institute of Company Directors Course to further strengthen our governance skills.

During 2020, we commenced the development of our new website. We aim to have our online presence better reflect our progressiveness and assist in communication with our consumers, prospective team members and clients. We look forward to unveiling our new website in the coming months.

In Aged Care and Acute Care, two new positions were created and successfully recruited to, a Quality & Risk Manager and a Deputy Director of Nursing, strengthening our strategic intent of 'Better health for all'. We have also recruited very experienced nurses into the roles of Nurse Unit Manager Yarriambiack Lodge, Nurse Unit Manager Acute Ward Warracknabeal and Director of Nursing Hopetoun Campus.

COVID-19 has definitely had an impact on the care we provide across all our services. Over the past year, our Warracknabeal and Hopetoun Acute and Urgent Care trends were:

- Acute Warracknabeal average occupancy 74%
- Number of acute inpatients:
  - Warracknabeal 522, Hopetoun 65
- Urgent Care presentations
  - Warracknabeal 1304, Hopetoun 283

We continue to focus on research and innovation with clinical services successfully receiving three key grants in excess of $100,000. This funding has been utilised immediately through introducing a connectivity platform for residents and families to stay connected, a new specialised position to improve pain management in older people and enhanced play therapy for our residents.

We were successful in securing a competitive grant from the Department of Health to support the enrolled transition to practice program for graduate nurses in 2021.

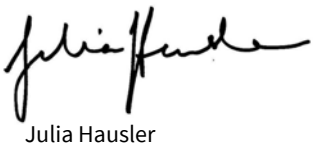
We have navigated the challenges of providing clinical placement opportunities for undergraduate health care students from universities within the region including nurses, physiotherapists, occupational therapists, aged and disability care. This is a true team effort and is an important strategy as many students in Victoria are facing delays in graduation which could impact directly on our future healthcare workforce.

Our fourth PhD research study commenced in partnership with Swinburne University of Technology. The focus is on exploring rural specific strategies to address Occupational Violence and Aggression towards team members working directly with community members in Community Health, Reception and Acute Care. The education team has also continued their strong focus on training clinical and non-clinical team members in the correct use of PPE.

Rural Northwest Health's dedicated Directors have been instrumental in supporting the CEO and the team in achieving better care for all. We thank all Board Directors for their service for the year.

Finally, we would like to acknowledge our community, the Department of Health, the Victorian Government and the Federal Government for supporting us in the delivery of health services to our community.

In accordance with the Financial Management Act 1994 I am pleased to present the report of Operations for Rural Northwest Health for the year ending 30 June 2021



Julia Hausler
BOARD CHAIRPERSON
WARRACKNABEAL
16 September 2021

Jodie Cranham
ACTING CHIEF EXECUTIVE OFFICER
WARRACKNABEAL
16 September 2021

OUR STRATEGIC DIRECTION

The Rural Northwest Health Board proudly released the 2020-2025 Strategic Plan: 'Better Health for all', after a robust process involving input from consumers, the community, strategic partners, team members and key Government directions & policies. The strategic plan sets clear objectives for the health service and sets accountabilities for the Board and the Team to deliver.

Our strategic plan, better health for all, articulates our aspirations for and commitment to strong, healthy, vibrant rural communities, and maps out how we will deliver this.

Over the next five years, we will build on our strengths as a sustainable organisation, maintain the highest quality of care, and strengthen our collaboration both within and beyond the health sector.

OUR VISION

Strong, healthy, vibrant rural communities.

OUR MISSION

To promote wellness, enhance health, and support healthy ageing.

WHAT DEFINES US

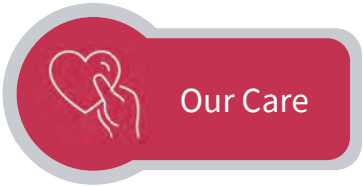
- We are comitted to excellence
- We listen and collaborate
- We are caring and connected
- We are friendly and enjoy our work
- We are lifelong learners

We are here for our communities to achieve better health and wellbeing for all

STRATEGIC FOCUS AREAS

Our three focus areas define where we will direct our efforts during 2020 - 2025.
Our care places safety, quality, and accessibility at the heart of our health services and at the forefront of every interaction with our communities. ***Our team*** ensures we have the systems, culture and skills in place to be an effective and sustainable organisation as well as being a valued employer. ***Our partnerships*** will see us collaborate within and beyond our sector for greater collective impact and to influence a better healthcare system for all.

2020-21 STRATEGIC PLAN PROGRESS



Safe Healthcare

Rural Northwest Health have maintained all Accreditations. In 2021-22, we will strive for accreditation under the National Safety and Quality Health Service, Aged Care Quality and Safety Commission and the National Disability Insurance Scheme to ensure all minimum patient, resident and client safety standards are upheld.

Clinical safety continues to be dominated by the COVID-19 pandemic; preparing, reacting, redirecting and preventing virus transmission is front-and-centre. This focus has now extended to supporting the vaccine roll-out for residents and team members. We have been well prepared and prompt in responding to such challenges.

Quality Healthcare

The introduction of CareApp to support Aged Care residents to stay connected with family and friends during lockdowns has been invaluable.

Upgrading our Incident Reporting System and processes provides improved monitoring, accountability and response times to risks and potential risks.

The Grampians cluster of health services in which we are a member, was successful in obtaining a $5.3M Better@Home grant. The grant will enhance cancer services in the home, reduce avoidable urgent care presentations and improve transfer of care between care providers. Project activity will commence in 2021-22.

Accessible Healthcare

All community health services were maintained throughout COVID-19, with telehealth being pivotal. Further services together with modified servicing arrangements occurred to ensure care continued for our community.

We continue to embed the Home and Community Care Program (HACCP) into our services, offering domestic assistance, maintenance and meals across the Yarriambiack Shire.

Due to local demand, Hopetoun Social Activity Group commenced with weekly group meetings to retain their social connection.

New services to the community and within residential aged care were introduced, namely a Pain Nurse, Movement Disorder Nurse and the Dementia Awareness program.

Strong Culture

Rural Northwest Health undertook a Cultural Diagnosis review to enable targeted actions for enhancing team member culture.

234 team members took part in our annual face-to-face team forum enabling cross-department connection.

Skilled Team

50% of our graduate Enrolled and Registered Nurses were retained after their initial year across both campuses.

We achieved 100% completion rate for Infection Prevention and Personal Protective Equipment (PPE) training requirements due to the COVID-19 situation.

Effective Systems

Solar capabilities were extended with installations at both Warracknabeal and Hopetoun campuses.

RNH demonstrated robust financial management, reporting a surplus for the 2020-21 financial year.

Broad Collaboration

Partnerships with the Yarriambiack Shire, Woodbine and Local General Practices, along with regional health services in response to COVID-19 was exceptional. The ability to leverage skills, resources, knowledge and assets ensured we were able to achieve a successful outcome and build foundations for future endeavours.

Together with other local health services, we have provided support for the Murdoch Children's Research Institute's By Five Project which supports improved access to paediatric services for children and adolescents across the Wimmera.

A Memorandum of Understanding was signed with Goolum Goolum to strengthen our relationship and support improvements in providing safe, accessible healthcare for our Aboriginal community members.

Meaningful Engagement

Rural Northwest Health consumer reference groups continued to meet throughout 2020-21, providing a valuable connection with consumer needs, perspectives and reviewing key quality data.

Over 27,000 community health consults were conducted during the year across allied health, community nursing, social and wellbeing support.

Targeted Influence

Rural Northwest Health continues to be a pro-active member of the Wimmera Southern Mallee Health Alliance and the Grampians Health Alliance, advocating for better health for all.

ABOUT US

HISTORY

1999 ~ Rural Northwest Health was created from the amalgamation of Warracknabeal District Hospital (including JR & AE Landt Nursing Home), Hopetoun Bush Nursing Hospital (including Cumming House) and Beulah Pioneers Bush Nursing Hospital.

2001 ~ The two low care facilities – Corrong Village at Hopetoun and Landt Hostel at Warracknabeal were subsequently amalgamated with Rural Northwest Health.

2008 ~ To modernise Rural Northwest Health facilities, new campuses were constructed at Hopetoun and Warracknabeal. Hopetoun's new campus and ambulance station were officially opened in July 2008. Stage one of Warracknabeal's redevelopment including new integrated care facilities was officially opened by the Victorian Premier in October 2008.

2016 ~ Member for Lowan, Emma Kealy officially opened stage two of Warracknabeal's redevelopment including Community Health and Medical Clinic wings in March 2016.

OUR SERVICES

Acute Care

- Acute medical
- Palliative care
- Urgent care
- Pathology services
- Pharmacy

Aged Care

Warracknabeal and Hopetoun campuses provide aged care services including:

- High and low care accommodation
- Memory Support (Warracknabeal)
- Lifestyle program
- Respite care
- Cognitive Rehabilitative Therapist

Community Health

- Podiatry & Foot care
- Social Work
- Exercise Groups
- Dementia Support
- X-Ray & Ultrasound
- Physiotherapy
- Occupational Therapy
- Diabetes Education
- Rehabilitation Groups
- Cancer Support
- 24 Hour blood pressure & heart monitoring
- Speech Pathology
- Dietetics
- Asthma Education
- Continence
- Community Nursing
- Memory Support
- Movement Disorder
- Pain Management

After Hours

General Practitioners, Nurse Practitioner and nursing team members provide an after-hours on call service 24 hours seven days per week at Warracknabeal and Hopetoun campuses.

ORGANISATIONAL CHART

30 June 2021

Board of Directors

Acting Chief Executive Officer
Jodie Cranham

- Executive Assistant — Carolyn Conners
- Director Medical Services — Ian Graham
- Visiting Medical Officers
- Consultants — PhD Students

Executive Manager Business & Strategic Projects
Jo Martin

Executive Manager Clinical Services
Wendy James

- Aged Care
- Acute
- Quality
- Infection control
- NUM's
- Hopetoun Campus
- Nurse Practitioner

Acting Executive Manager Community Health
Elysia Preston

- Allied Health
- Day programs
- Community Nursing
- Health promotion
- Radiology
- Wellbeing
- Visiting specialists

Executive Manager People & Culture
Kaye Knight

- Human Resources
- Education
- Volunteers
- Training & Careers
- Payroll
- Clinical Support
- Health & Safety

Executive Manager Corporate Services
Dalton Burns

- Maintenance
- Finance
- Administration
- Environmental Services
- Marketing & Comms
- Supply
- Contracts

BOARD OF DIRECTORS

Julia Hausler
Chairperson
First appointed
1 July 2016

John Aitken
Deputy Chairperson
First appointed
1 July 2018

Amanda Kenny
First appointed
7 March 2017

Carolyn Morcom
First appointed
1 July 2012

David Kranz
First appointed
1 July 2020

Genevieve O'Sullivan
First appointed
1 July 2018

Hugh Molenaar
First appointed
1 July 2018

Janette McCabe
First appointed
1 July 2012

Michael Brown
First appointed
1 July 2020

Veena Mishra
First appointed
1 July 2020

Zivit Inbar
First appointed
1 July 2020

BOARD COMMITTEES

Finance Audit and Compliance Committee (FACC)
Board representatives
Hugh Molenaar, Julia Hausler , Michael Brown and Genevieve O'Sullivan.

Governance Committee
Board representatives
Julia Hausler, John Aitken, Genevieve O'Sullivan, Hugh Molenaar and Michael Brown.

Clinical Governance Committee
Board representatives
Janette McCabe, Amanda Kenny and the Director of Medical Services.

People and Culture Committee
Board representatives
Genevieve O'Sullivan and Zivit Inbar

Hopetoun Beulah Reference Group (HBRG)
Board representative
Carolyn Morcom.

Warracknabeal Reference Group (WRG)
Board representatives
John Aitken and David Kranz.

WORKFORCE DATA

Rural Northwest Health recruits high quality team members with the right skills to deliver the key objectives of the position, business unit and organisation and will comply with all legislated requirements and reflect a fair and open process with an appointment made based on merit.
Rural Northwest Health is an equal opportunity employer.

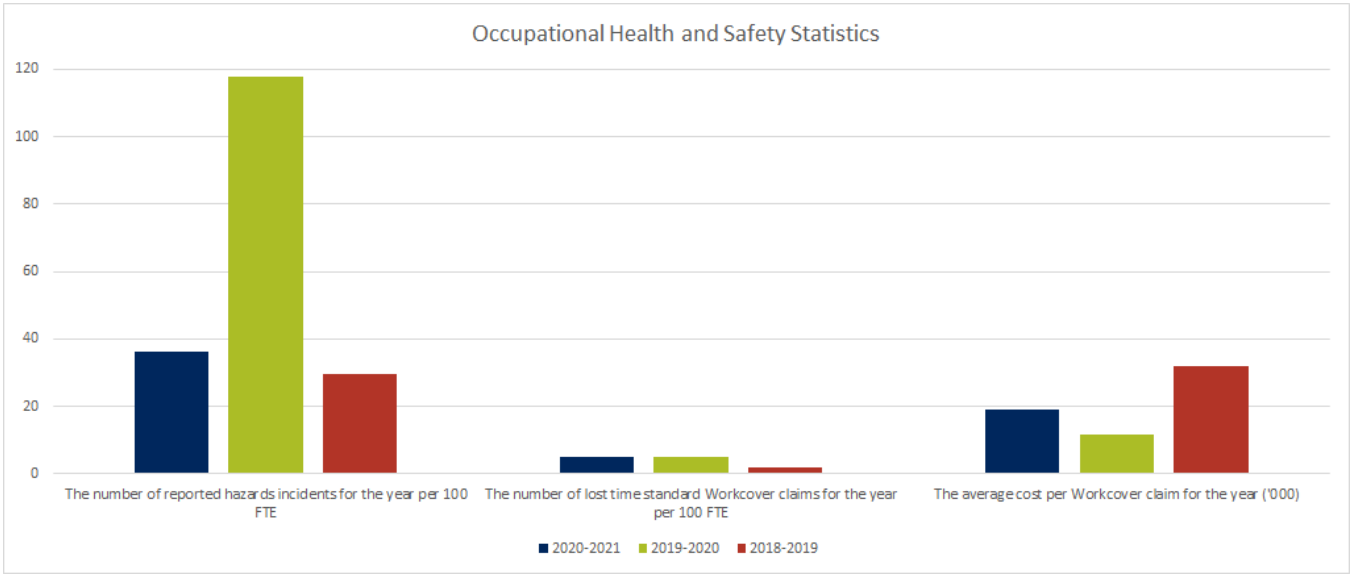
HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE* 2020	2021	AVERAGE MONTHLY FTE* 2020	2021
Nursing	78.88	84.50	76.80	84.14
Administration and Clerical	25.44	26.61	24.94	26.17
Medical Support	0	0	0	0
Hotel and Allied Services	74.87	67.48	70.76	71.33
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	16.73	17.16	16.41	17.31

OCCUPATIONAL HEALTH AND SAFETY

Rural Northwest Health is responsible for the health and safety of all team members in the work place. To fulfil this responsibility we have a duty to maintain a working environment that is safe and without risks to residents, clients, visitors and our team members' health.

Rural Northwest Health have ensured compliance with the Occupational Health and Safety Act 2004 by:

- Effective implementation of Occupational Health and Safety policy and protocols.
- Providing opportunities for regular discussion between the Board, leadership and management team and team members.
- Providing information, training and supervision for all team members in correct use of plant, equipment, chemical and other substances used.
- Maintaining regular reporting on Occupational Health and Safety statistics and data.



OCCUPATIONAL VIOLENCE STATISTICS	
Workcover accepted claims with an occupational violence cause per 100 FTE	1.5079
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	8.8448
Number of occupational violence incidents reported	12
Number of occupational violence incidents reported per 100 FTE	6.0316
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	25 %

Definitions of occupational violence

- Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted Workcover claims – accepted Workcover claims that were lodged in 2020-21.
- Lost time – is defined as greater than one day.
- Injury, illness or condition – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

ENVIRONMENTAL PERFORMANCE

Rural Northwest Health is committed to sustainability and to continually improving our environmental performance.

In order to improve on our environmental performance we constantly monitor activities such as electricity, gas and water usage while also implementing initiatives that provide an opportunity to decrease our energy usage.

Team members across the three campuses are encouraged to conserve energy use where possible, reduce the amount of paper-based documents and recycle access points are easily accessible for everyone.

ENVIRONMENTAL PERFORMANCE	2018-19	2019-20	2020-21
ENVIRONMENTAL IMPACTS & ENERGY USAGE			
Energy Use			
Electricity (MWh)	1615	1591	1563
Liquefied Petroleum Gas (kL)	105	105	99
Carbon emissions (thousand tonnes of CO2e)			
Electricity	2	2	1.53
Liquefied Petroleum Gas	0	0	0.15
Total emissions	2	2	1.69
Water use (millions litres)			
Potable Water	19	19	20.22
FACTORS INFLUENCING ENVIRONMENTAL IMPACTS			
Floor area (m2)	16,565	16,565	16,565
Separations	547	557	581
In-Patient Bed Days	3782	3811	3621
Aged Care Bed Nights	29,727	29,151	27,602

BENCHMARKS | 2020-21 ALL FACILITIES	AVERAGE FOR PEER GROUP	OUR VALUE	% ABOVE/ BELOW AVE.
Carbon Emissions			
CO2e(t) per m2	0.16	0.10	-36.24%
CO2e(t) per OBD	0.06	0.05	-9.79%
CO2e(t) per Seps	0.95	2.91	206.19%
Water use			
kL per m2	1.39	1.22	-12%
kL per OBD	0.56	0.65	15.64%
kL per Seps	8.51	34.80	308.95%
Expenditure rates			
Total utility spend ($/m2)	38	24.294524	-36.07%
Elec($/kWh)	0	0.1964134	100%
Potable Water($/kL)	2	1.637216	-18.14%
LPG($/kL)	549	513.43921	-6.48%
Additional measures (not included in benchmarking chart)			
Total utility spend ($/Separations)		692.67	
Total utility spend ($/In-Patient Bed Days)		111.14	
Total utility spend ($/Aged Care Bed Nights)		14.58	

General notes

1. Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.
2. Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
3. Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
4. Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

STATEMENT OF PRIORITIES

In 2020-2021 Rural Northwest Health assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

PRIORITY ONE

Maintain robust COVID-19 readiness and response, working with the department to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.

Rural Northwest Health responded very strongly to the demands of COVID-19, from readiness to supporting other local agencies and our team through a continuing difficult time. Rural Northwest Health were well prepared through infection prevention training, conducting mock scenarios across Aged Care and Acute, facility planning, establishing Incident Response Teams and taking the lead with our local partners including General Practice, Local Government and Disability Service – Woodbine. We were able to offer support through sharing physical resources, training and planning for outbreak management.

Three team members have completed the Contact Tracing Training, being available as requested by the Grampians Public Health Unit. We have been active members on Aged Care and general COVID-19 response committees regionally and State-wide.

Rural Northwest Health supported our team by offering localised COVID-19 testing to ensure timely action and supported response, which was achieved in partnership with the General Practices. We continue to be proactive with fit-testing, ongoing infection prevention training and vaccination roll-out.

The Residential Aged Care vaccination program has been completed and six staff vaccination clinics have been undertaken, with more planned in the coming months. We have also been a part of the Victorian Vaccine Ambassador program as we promote vaccination uptake within our staff and across our community.

PRIORITY TWO

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.

The Rural Northwest Health team continue to deliver quality care throughout the pandemic, prioritising vulnerable and high priority clients. All Community Health clinicians continue to practice and offer services face-to-face or where possible via telehealth. We continue to actively monitor the wait time of high priority referrals and present such data to the Clinical Governance Committee on a bi-monthly basis for address.

Rural Northwest Health led a community-wide intra-agency campaign; YarriCares to connect the community and provide valuable support. An example of this was the 'YarriCares Blankets' where locals across the Shire were invited to knit/crochet a blanket square which was subsequently turned into community blankets that have been distributed to people in need over the current winter.

PRIORITY THREE

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety.

The Royal Commission into Aged Care Quality and Safety was released by the Commonwealth Government on 1 March 2021. The Commonwealth Government announced a budget package of support on 11 May 2021 and at the same time released their full response to the Royal Commission. As providers of Aged Care services, the health service commits to working collaboratively with the Victorian and Commonwealth Governments to respond to the broad range of recommendations to improve outcomes for older Victorians. As a priority, health service will identify and prepare for and comply with changes that come into effect from 1 July 2021

Rural Northwest Health specifically reviewed our practice in relation to the Use of Restrictive Practices with the following amendments and improvements to ensure compliance.

- The previous 'Restraint' Protocol has been renamed Restrictive Practice (Restraint) procedure and uploaded onto PROMPT.
- There is a consent form RNH.10C Consent for Psychotropic Medications on iCare – which lists when the doctor had the discussion with the resident or their next of kin, and space for their signature. Progress notes will also be utilised to support evidence of discussion with the resident or their responsible person and the nursing team.
- Obtain the signature of the resident or responsible person as soon as practicable.
- If a resident is prescribed a form of chemical restraint – Rural Northwest Health has forms in place (Consent for Chemical Restraint, and Need for Restraint Assessment).
- The behavioural support plans related to psychotropic usage will be an amalgamation with our already existent social profile, behaviour evaluations, and need for restraint nursing assessments. A new iCare form will be created which will track information already entered. We will review these support plans as part of our Care and Services Plan reviews and when there is cause for concern (Due 1 September 2021).

PRIORITY FOUR

Develop and foster local health partner relationships to continue delivering collaborative approaches to planning, procurement and service delivery at scale. Including prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform

Rural Northwest Health are an active member of the Wimmera Southern Mallee Health Alliance (WSMHA), which has committed to a number of joint projects, to build capability, accessibility and leverage resources.

- All WSMHA partners had team members participate in the third round of leadership training delivered during the 2020/21 year.
- A partnership with the Royal Children's Hospital and the Murdoch Institute has seen an extension of the By Five Specialist Paediatric Support Project, which enables rural children access to paediatric support, having an invaluable impact on childhood health and wellbeing.
- The WSMHA have procured a joint Internal Audit contract and are currently progressing a joint emergency management project.
- Rural Northwest Health have actively set to strengthen workforce solutions with West Wimmera Health Service through aligning our Integrated Health Promotion approach and exploring options for allied health workforce solutions.
- Rural Northwest Health were also members of the regional COVID-19 planning for Acute and Aged Care and continue to be so.

KEY 2020-2021 HEALTH SERVICE PERFORMANCE PRIORITIES

High quality and safe care

KEY PERFORMANCE MEASURE	TARGET	OUTCOME
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83 %	90 %
Percentage of healthcare workers immunised for influenza	90 %	98 %
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95 %	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75 %	No Surveys conducted in 2020-2021

Effective financial management

KEY PERFORMANCE MEASURE	TARGET	OUTCOME
Operating result ($m)	$0.00	$0.25
Average number of days to pay trade creditors	60 Days	58 Days
Average number of days to receive patient fee debtors	60 Days	13 Days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	Achieved
Actual number of days available cash, measured on the last day of each month.	14 Days	175 Days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	Achieved

FUNDING TYPE	2020-2021 ACTIVITY ACHIEVEMENT
Small Rural	
Small Rural Acute (TAC and DVA)	17
Small Rural Primary Health & HACC	3,915
Small Rural Residential Care	26,686
Small Rural HACC	3,260

LEGISLATIVE COMPLIANCE

FREEDOM OF INFORMATION (FOI)

Rural Northwest Health has received five requests for information under the Freedom of Information Act (1982) during the 2020-21 financial year, a decrease of 2 from the previous financial year.

Of the five requests received, all five cases were personal requests, all five cases were granted in full and none of the 5 received were instances of no documents/medical records available.

All applications were received from or on behalf of members of the public.

Members of the public may telephone the service on 03 5396 1200, in the first instance to obtain information on the application process. Applications MUST be in writing on the required FOI form and sent to:

The Freedom of Information Officer
Rural Northwest Health
Po Box 386
Warracknabeal, Victoria 3393

Applications must clearly describe the documents that are being requested. If seeking an exemption of the application fee then evidence must also be provided by the applicant as to the reasons why.

The following fees apply:

- Application fee - $29.60 (non-refundable unless the fee is waived)
- Search fee - $21.70 per hour or part thereof
- Photocopying - 20 cents per black and white A4 page

It is important that applicants provide photo identification as to their identity at the time of application.

Further information is available at www.foi.vic.gov.au

BUILDING ACT 1993

All building works comply with the Building Act 1993

PUBLIC INTEREST DISCLOSURE ACT 2012

Rural Northwest Health facilitates the making of disclosures of improper conduct by employees, provides a system of investigation of such disclosures and protects employees making disclosures from retribution in accordance with the provisions of the Public Interest Disclosure Act 2012.

NATIONAL COMPETITION POLICY

All competitive neutrality requirements were met in accordance with the requirements of the Government policy statement, Competitive Neutrality Policy Victoria and subsequent reforms.

CARERS RECOGNITION ACT 2012

Rural Northwest Health has taken measures to ensure awareness and understanding of care relationship principles in line with Section 11 of the Carer's Recognition Act 2012.

LOCAL JOBS ACT 2003

Rural Northwest Health complies with the requirements of the Local Jobs Act 2003. There were no reportable disclosures during the reporting period.

GENDER EQUALITY ACT 2020

Rural Northwest Health is actively working towards the development of our Gender Equality Action Plan, due to be completed by 1 December 2021.

SAFE PATIENT CARE ACT 2015

Rural Northwest Health has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with FRD 22I (Section 5:19) details in respect of the items listed below have been retained by Rural Northwest Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

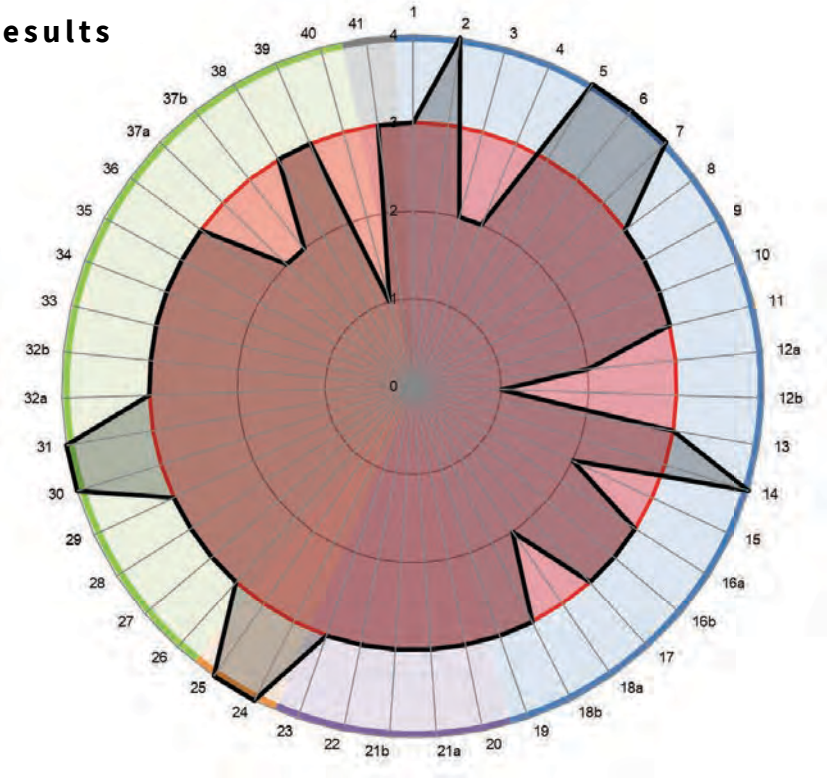
a. Declarations of pecuniary interests have been duly completed by all relevant officers;
b. Details of shares held by senior officers as nominee or held beneficially;
c. Details of publications produced by the entity about itself, and how these can be obtained;
d. Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
e. Details of any major external reviews carried out on the Health Service;
f. Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
h. Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
i. Details of assessments and measures undertaken to improve the occupational health and safety of employees;
j. A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
k. A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
l. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK MATURITY ASSESSMENT

The following sections summarise Rural Northwest Health's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

The Rural Northwest Health target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Results



Target Overall

Legend

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Leadership and Accountability (requirements 1-19)

Rural Northwest Health has met or exceeded its target maturity level under most requirements within this category. Rural Northwest Health did not comply with some requirements in the areas of Resourcing and Skills, Governance, Monitoring asset performance, Asset management system performance, and Evaluation of asset performance. There is no material non-compliance reported in this category. A plan for improvement is in place to increase our maturity rating in these areas.

Planning (requirements 20-23)

Rural Northwest Health has met or exceeded its target maturity level in this category.

Acquisition (requirements 24 and 25)

Rural Northwest Health has met or exceeded its target maturity level in this category.

Operation (requirements 26-40)

Rural Northwest Health has met or exceeded its target maturity level under most requirements within this category. Rural Northwest Health did not comply with some requirements in the areas of Information management and Asset valuation. There is no material non-compliance reported in this category. We are developing a plan for improvement to increase our maturity rating in these areas.

Disposal (requirement 41)

Rural Northwest Health has met its target maturity level in this category.

CONSULTANCY DISCLOSURES

Details of consultancies (under $10,000)

In 2020/21 RNH engaged 1 consultant where the total fees payable were less than $10,000 with a total expenditure of $5,192 (ex GST)

Details of consultancies (valued at $10,000 or greater)

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXC GST)	EXPENDITURE 2019-20 (EXC GST)	FUTURE EXPENDITURE (EXC GST)
CWH Mediation & Workplace Relations Pty Ltd	Organisational Culture Diagnosis Project	22-02-2021	30-06-2021	$12,104.55	$12,104.55	0
D4P Pty Ltd	Provision Of Emergency Management Contractor Services Associated With COVID-19 Response	16-04-2020	30-06-2022	$68,628.87	$68,628.87	0
Health Generation Pty Ltd	Aged Care Funding Advice	30-09-2019	30-06-2022	$18,142.59	$18,142.59	0
Swinburne University Of Technology	Project Consulting	26-06-2020	30-06-2021	$19,000.00	$19,000.00	0
U-Comply Safety	Occupational Health & Safety Consulting	27-04-2021	30-06-2021	$11,052.00	$11,052.00	0

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2020-21 is $823,090.12 million (excluding GST) with the details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) A+B	Operational expenditure (excluding GST) A	Capital Expenditure (excluding GST) B
$732,525.79	$90,564.33	$0	$90,564.33

DATA INTEGRITY DECLARATION

I, Jodie Cranham, certify that Rural Northwest Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Rural Northwest Health has critically reviewed these controls and processes during the year.

Jodie Cranham
ACCOUNTABLE OFFICER
WARRACKNABEAL
16 September 2021

INTEGRITY, FRAUD AND CORRUPTION DECLARATION

I, Jodie Cranham, certify that Rural Northwest Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Rural Northwest Health during the year.

Jodie Cranham
ACCOUNTABLE OFFICER
WARRACKNABEAL
16 September 2021

CONFLICT OF INTEREST DECLARATION

I, Jodie Cranham, certify that Rural Northwest Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Rural Northwest Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Jodie Cranham
ACCOUNTABLE OFFICER
WARRACKNABEAL
16 September 2021

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Julia Hausler, on behalf of the Responsible Body, certify that the Rural Northwest Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Julia Hausler
RESPONSIBLE OFFICER
WARRACKNABEAL
16 September 2021

DISCLOSURE INDEX

The annual report of the Rural Northwest Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	04
FRD 22I	Purpose, functions, powers and duties	07
FRD 22I	Nature and range of services provided	10
FRD 22I	Activities, programs and achievements for the reporting period	05
FRD 22I	Significant changes in key initiatives and expectations for the future	05
Management and structure		
FRD 22I	Organisational structure	11
FRD 22I	Workforce data/ employment and conduct principles	13
FRD 22I	Occupational Health and Safety	13
Financial information		
FRD 22I	Summary of the financial results for the year	26
FRD 22I	Significant changes in financial position during the year	26
FRD 22I	Operational and budgetary objectives and performance against objectives	26
FRD 22I	Subsequent events	26
FRD 22I	Details of consultancies under $10,000	23
FRD 22I	Details of consultancies over $10,000	23
FRD 22I	Disclosure of ICT expenditure	23
Legislation		
FRD 22I	Application and operation of Freedom of Information Act 1982	20
FRD 22I	Compliance with building and maintenance provisions of Building Act 1993	20
FRD 22I	Application and operation of Public Interest Disclosure Act 2012	20
FRD 22I	Statement on National Competition Policy	20
FRD 22I	Application and operation of Carers Recognition Act 2012	20
FRD 22I	Summary of the entity's environmental performance	19
FRD 22I	Additional information available on request	21
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	21
SD 5.1.4	Financial Management Compliance attestation	24
SD 5.2.3	Declaration in report of operations	06
Attestations		
Attestation on Data Integrity		24
Attestation on managing Conflicts of Interest		24
Attestation on Integrity, fraud and corruption		24
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2020-21		17
Occupational Violence reporting		14
Reporting obligations under the Safe Patient Care Act 2015		21
Reporting of compliance regarding Car Parking Fees (if applicable)		N/A
Reporting obligations under the Asset Management Accountability Framework (AMAF)		22

FINANCIAL

FINANCIAL OVERVIEW

Rural Northwest Health is delighted to report a net surplus operating result of $253,069 and an entity deficit from transactions of $3,321,546 after capital depreciation for the year ending 30 June 2021.

FINANCE SUMMARY – 5 YEARS 2016/17- 2020/21	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Operating result*	253	94	794	2099	960
Total revenue	25,873	25,303	23,934	23,254	21,667
Total expenses	(29,403)	(28,814)	(25,264)	(23,353)	(22,788)
Net result from transactions	(3,530)	(3,511)	(1,330)	(99)	(1,121)
Total other economic flows	209	320	121	131	38
Net result	(3,321)	(3,191)	(1,209)	32	(1,083)
Total assets	82,628	83,458	88,860	61,128	61,763
Total liabilities	16,551	14,209	16,108	12,955	13,622
Net assets / Total equity	66,077	69,249	72,572	48,173	48,141

RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATINGRESULT	2020/21 $'000
Net operating result*	253
Capital purpose income	135
Specific income	-
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	118
State supply items consumed up to 30 June 2021	(118)
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for capital purpose	(209)
Depreciation and amortisation	(3,709)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	(3,530)

* The operating result is the result for which the health service is monitored in its Statement of Priorities

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Rural Northwest Health

Opinion	I have audited the financial report of Rural Northwest Health (the health service) which comprises the: • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service'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 it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
7 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

BOARD MEMBER'S, ACCOUNTABLE OFFICER'S, AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

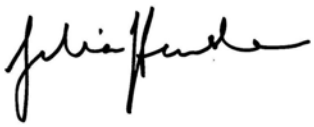
The attached financial statements for Rural Northwest Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of Rural Northwest Health at 30 June 2021.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 16 September 2021.

Member of Responsible Body

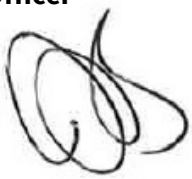


Julia Hausler
Board Chairperson
Rural Northwest Health
16 September 2021

Accountable Officer

Jodie Cranham
Acting Chief Executive Officer
Rural Northwest Health
16 September 2021

Chief Finance and Accounting Officer



Dalton Burns
Chief Finance and Accounting officer
Rural Northwest Health
16 September 2021

Rural Northwest Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Revenue and income from transactions			
Operating activities	2.1	25,791	25,072
Non-operating activities	2.1	82	231
Total revenue and income from transactions		**25,873**	**25,303**
Expenses from transactions			
Employee expenses	3.1	(20,283)	(19,879)
Supplies and consumables	3.1	(1,962)	(1,746)
Finance costs	3.1	(29)	(87)
Depreciation	3.1	(3,709)	(3,825)
Other administrative expenses	3.1	(2,419)	(2,298)
Other operating expenses	3.1	(1,000)	(979)
Other non-operating expenses	3.1	(1)	-
Total expenses from transactions		**(29,403)**	**(28,814)**
Net result from transactions - net operating balance		**(3,530)**	**(3,511)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.4	38	16
Net gain/(loss) on financial instruments	3.4	(4)	1
Other gain/(loss) from other economic flows	3.4	175	303
Total other economic flows included in net result		**209**	**320**
Net result for the year		**(3,321)**	**(3,191)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.1(f)	149	-
Total other comprehensive income		149	
Comprehensive result for the year		**(3,172)**	**(3,191)**

This Statement should be read in conjunction with the accompanying notes

Rural Northwest Health
Balance Sheet
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Current assets			
Cash and cash equivalents	6.2	20,951	19,052
Receivables and contract assets	5.1	560	564
Inventories	4.3	32	40
Prepaid expenses		211	126
Total current assets		**21,754**	**19,782**
Non-current assets			
Receivables and contract assets	5.1	580	525
Property, plant and equipment	4.1 (a)	60,294	63,151
Total non-current assets		**60,874**	**63,676**
Total assets		**82,628**	**83,458**
Current liabilities			
Payables and contract liabilities	5.2	2,296	1,421
Borrowings	6.1	218	196
Employee benefits	3.2	3,886	3,777
Other liabilities	5.3	9,224	7,879
Total current liabilities		**15,624**	**13,273**
Non-current liabilities			
Borrowings	6.1	415	423
Employee benefits	3.2	512	513
Total non-current liabilities		**927**	**936**
Total liabilities		**16,551**	**14,209**
Net assets		**66,077**	**69,249**
Equity			
Property, plant and equipment revaluation surplus Restricted	4.1(f)	38,276	38,127
specific purpose reserve	SCE	113	113
Contributed capital	SCE	29,139	29,139
Accumulated surplus/(deficit)	SCE	(1,451)	1,870
Total equity		**66,077**	**69,249**

This Statement should be read in conjunction with the accompanying notes

Rural Northwest Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2021

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus/ (Deficits) $'000	Total $'000
Balance at 30 June 2019		**38,127**	**113**	**29,139**	**5,193**	**72,572**
Effect of adoption of AASB 15, 16 and 1058		-	-	-	(132)	(132)
Restated Balance at 1 July 2019		**38,127**	**113**	**29,139**	**5,061**	**72,440**
Net result for the year		-	-	-	(3,191)	(3,191)
Balance at 30 June 2020		**38,127**	**113**	**29,139**	**1,870**	**69,249**
Net result for the year		-	-	-	(3,321)	(3,321)
Other comprehensive income for the year	4.1(f)	149	-	-	-	149
Balance at 30 June 2021		**38,276**	**113**	**29,139**	**(1,451)**	**66,077**

This Statement should be read in conjunction with the accompanying notes

Rural Northwest Health
Cashflow Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Cash Flows from operating activities			
Operating grants from government		21,900	20,722
Capital grants from government - State		39	-
Patient fees received		2,562	2,944
Donations and bequests received		1	-
GST received from ATO		16	(77)
Interest and investment income received		82	231
Commercial Income Received		284	300
Other receipts		925	904
Total receipts		**25,809**	**25,024**
Employee expenses paid		(20,100)	(19,619)
Payments for supplies and consumables		(1,053)	(1,739)
Payments for medical indemnity insurance		(96)	(104)
Payments for repairs and maintenance		(464)	(414)
Finance Costs		(29)	(87)
Cash outflow for leases		(15)	(19)
Other payments		(2,925)	(2,792)
Total payments		**(24,682)**	**(24,774)**
Net cash flows from operating activities	8.1	**1,127**	**250**
Cash Flows from investing activities			
Purchase of property, plant and equipment		(586)	(503)
Proceeds from disposal of property, plant and equipment		170	155
Net cash flows used in investing activities		**(416)**	**(348)**
Cash flows from financing activities			
Proceeds from borrowings		-	7
Repayment of borrowings		(234)	(93)
Receipt of accommodation deposits		3,310	2,588
Repayment of accommodation deposits		(1,888)	(5,193)
Net cash flows from/(used in) financing activities		**1,188**	**(2,691)**
Net increase/(decrease) in cash and cash equivalents held		**1,899**	**(2,789)**
Cash and cash equivalents at beginning of year		19,052	21,841
Cash and cash equivalents at end of year	6.2	**20,951**	**19,052**

This Statement should be read in conjunction with the accompanying notes

Note 1: Basis of preparation

Structure

These financial statements represent the audited general purpose financial statements for Rural Northwest Health for the year ended 30 June 2021. The report provides users with information about Rural Northwest Health's stewardship of the resources entrusted to it.
This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1: Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Rural Northwest Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

Rural Northwest Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Rural Northwest Health on 16 September 2021.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Rural Northwest Health was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Rural Northwest Health operates.

Rural Northwest Health introduced a range of measures in both the prior and current year, including:

- Introducing restrictions on non-essential visitors
- Greater utilisation of telehealth services
- Implementing reduced visitor hours
- Performing COVID-19 testing
- Administering COVID-19 vaccinations
- Implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Rural Northwest Health has revised some measures where appropriate including returning to work onsite and opening access for visitors during periods where we are able.

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.
- Note 8: Other disclosures

Note 1.3 Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial statements:

REFERENCE	TITLE
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in Rural Northwest Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Rural Northwest Health has the following joint arrangements:

- Grampians Rural Health Alliance - Joint Operation

Details of the joint arrangements are set out in Note 8.7

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.6 Accounting standards issued but not yet effective

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

STANDARD	ADOPTION DATE	IMPACT
AASB 17: Insurance Contracts	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	Reporting periods on or after 1 January 2021	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

Commitments and contingent assets and liabilities are presented on a gross basis.

Note 1.8 Reporting Entity

The financial statements include all the activities of Rural Northwest Health.

Its principal address is:
Dimboola Road
Warracknabeal
Victoria 3393

A description of the nature of Rural Northwest Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

Note 2: Funding delivery of our services

Rural Northwest Health's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Rural Northwest Health is predominantly funded by grant funding for the provision of outputs. Rural Northwest Health also receives income from the supply of services.

Structure
2.1 Revenue and income from transactions
2.2 Fair value of assets and services received free of charge or for nominal consideration
2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Funding provided included:

- COVID-19 operational funding of $1,061,624.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS & ESTIMATES	DESCRIPTION
Identifying performance obligations	Rural Northwest Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Rural Northwest Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Rural Northwest Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Rural Northwest Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1 Revenue and income from transactions

	Total 2021 $'000	Total 2020 $'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	71	259
Government grants (Commonwealth) - Operating	7,805	7,868
Patient and resident fees	2,605	2,834
Commercial activities 1	284	300
Total revenue from contracts with customers	**10,765**	**11,261**
Other sources of income		
Government grants (State) - Operating	13,895	12,745
Government grants (State) - Capital	39	84
Assets received free of charge or for nominal consideration	119	24
Other revenue from operating activities (including non-capital donations)	973	958
Total other sources of income	**15,026**	**13,811**
Total revenue and income from operating activities	**25,791**	**25,072**
Non-operating activities		
Income from other sources		
Other interest	82	231
Total other sources of income	**82**	**231**
Total income from non-operating activities	**82**	**231**
Total revenue and income from transactions	**25,873**	**25,303**

1. Commercial activities represent business activities which Rural Northwest Health enter into to support their operations.

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Rural Northwest Health assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.
When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- Recognises a contract liability for its obligations under the agreement
- Recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - Income for not-for-profit entities , the health service:

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

The types of government grants recognised under AASB 15: Revenue from Contracts with Customers include:

GOVERNMENT GRANT	PERFORMANCE OBLIGATION
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.
Commonwealth Residential Aged Care Grants	Funding is provided for the provision of care for aged care residents within facilities at Rural Northwest Health. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point in time when the service is provided within the residential aged care facility.

Capital grants

Where Rural Northwest Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.
Income is recognised progressively as the asset is constructed which aligns with Rural Northwest Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Commercial activities

Revenue from commercial activities includes items such as meals on wheels and provision of accommodation. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Rural Northwest Health as follows:

SUPPLIER	DESCRIPTION
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Rural Northwest Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2021 $'000	Total 2020 $'000
Cash donations and gifts	1	-
Personal protective equipment	118	24
Total fair value of assets and services received free of charge or for nominal consideration	**119**	**24**

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Rural Northwest Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Rural Northwest Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Note 2.3 Other income

	Total 2021 $'000	Total 2020 $'000
Interest	82	231
Total other income	**82**	**231**

How we recognise other income

Interest Income

Interest revenue is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the health service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses from transactions
3.2 Employee benefits in the balance sheet
3.3 Superannuation
3.4 Other economic flows

Telling the COVID-19 story

Where there is a material impact:
Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- Implement COVID safe practices throughout Rural Northwest Health including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge.
- Establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional equipment purchased.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS & ESTIMATES	DESCRIPTION
Measuring and classifying employee benefit liabilities	Rural Northwest Health applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Rural Northwest Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Rural Northwest Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

Note 3.1 Expenses from transactions

	Note	Total 2021 $'000	Total 2020 $'000
Salaries and wages		17,713	16,664
On-costs		1,569	1,490
Agency expenses		456	1,219
Fee for service medical officer expenses		339	293
Workcover premium		206	213
Total employee expenses		**20,283**	**19,879**
Drug supplies		133	152
Medical and surgical supplies		590	418
Diagnostic and radiology supplies		242	219
Other supplies and consumables		997	957
Total supplies and consumables		**1,962**	**1,746**
Finance costs		29	87
Total finance costs		**29**	**87**
Other administrative expenses		2,419	2,298
Total other administrative expenses		**2,419**	**2,298**
Fuel, light, power and water		425	442
Repairs and maintenance		374	302
Maintenance contracts		90	112
Medical indemnity insurance		96	104
Expenses related to leases of low value assets		15	19
Total other operating expenses		**1,000**	**979**
Total operating expense		**25,693**	**24,989**
Depreciation	4.2	3,709	3,825
Total depreciation and amortisation		**3,709**	**3,825**
Bad and doubtful debt expense		1	-
Total other non-operating expenses		**1**	**-**
Total non-operating expense		**3,710**	**3,825**
Total expenses from transactions		**29,403**	**28,814**

How we recognise expenses from transactions

Expense recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

Supplies and consumables

Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Finance costs

Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- Amortisation of discounts or premiums relating to borrowings
- Finance charges in respect of leases which are recognised in accordance with AASB 16 Leases.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

The Department of Health also makes certain payments on behalf of Rural Northwest Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2 Employee benefits in the balance sheet

	Total 2021 $'000	Total 2020 $'000
Current provisions		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months	44	61
	44	**61**
Annual leave		
Unconditional and expected to be settled wholly within 12 months[i]	1,230	1,200
Unconditional and expected to be settled wholly after 12 months[ii]	188	188
	1,418	**1,388**
Long service leave		
Unconditional and expected to be settled wholly within 12 months[i]	179	179
Unconditional and expected to be settled wholly after 12 months[ii]	1,852	1,767
	2,031	**1,946**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months[i]	163	162
Unconditional and expected to be settled after 12 months[ii]	230	220
	393	**382**
Total current employee benefits	**3,886**	**3,777**
Non-current provisions		
Conditional long service leave[i]	460	462
Provisions related to employee benefit on-costs[ii]	52	51
Total non-current employee benefits	**512**	**513**
Total employee benefits	**4,395**	**4,290**

[i] The amounts disclosed are nominal amounts.
[ii] The amounts disclosed are discounted to present values.

How we recognise employee benefits

Employee benefit recognition

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when Rural Northwest Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Rural Northwest Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if Rural Northwest Health expects to wholly settle within 12 months or
- Present value – if Rural Northwest Health does not expect to wholly settle within 12 months.

Long service leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Rural Northwest Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Rural Northwest Health expects to wholly settle within 12 months or
- Present value – if Rural Northwest Health does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

On-costs related to employee benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.2 (a) Employee benefits and related on-costs

	Total 2021 $'000	Total 2020 $'000
Unconditional accrued days off	49	68
Unconditional annual leave entitlements	1,577	1,544
Unconditional long service leave entitlements	2,260	2,165
Total current employee benefits and related on-costs	**3,886**	**3,777**
Conditional long service leave entitlements	512	513
Total non-current employee benefits and related on-costs	**512**	**513**
Total employee benefits and related on-costs	**4,398**	**4,290**
Carrying amount at start of year	4,290	4,007
Additional provisions recognised	1,597	1,668
Amounts incurred during the year	(1,489)	(1,385)
Carrying amount at end of year	**4,398**	**4,290**

Note 3.3 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2021 $'000	Total 2020 $'000	Total 2021 $'000	Total 2020 $'000
Defined contribution plans:				
First State Super	944	872	168	172
Hesta	416	362	47	31
Other Funds	209	256	13	11
Total	**1,569**	**1,490**	**228**	**214**

How we recognise superannuation

Employees of Rural Northwest Health are entitled to receive superannuation benefits and it contributes to defined contribution plans. There are no contributions made to defined benefit plans.

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Rural Northwest Health are disclosed above.

Note 3.4 Other economic flows included in net result

	Total 2021 $'000	Total 2020 $'000
Net gain/(loss) on disposal of property plant and equipment	38	16
Total net gain/(loss) on non-financial assets	**38**	**16**
Allowance for impairment losses of contractual receivables	(4)	-
Net gain/(loss) on disposal of financial instruments	-	1
Total net gain/(loss) on financial instruments	**(4)**	**1**
Net gain/(loss) arising from revaluation of long service liability	175	303
Total other gains/(losses) from other economic flows	**175**	**303**
Total gains/(losses) from other economic flows	**209**	**320**

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- Net gain/(loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments at fair value includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Investments and other financial assets) and
- Disposals of financial assets and derecognition of financial liabilities.

Note 4: Key assets to support service delivery

Rural Northwest Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Rural Northwest Health to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment
4.2 Depreciation
4.3 Inventories

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS & ESTIMATES	DESCRIPTION
Measuring fair value of property, plant and equipment	Rural Northwest Health obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	Rural Northwest Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Rural Northwest Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Identifying indicators of impairment	At the end of each year, Rural Northwest Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2021 $'000	Total 2020 $'000
Land at fair value - Freehold	1,037	888
Total land at fair value	**1,037**	**888**
Buildings at fair value	62,491	62,491
Less accumulated depreciation	(6,528)	(3,263)
Total buildings at fair value	**55,963**	**59,228**
Property improvements at fair value	918	918
Less accumulated depreciation	(149)	(75)
Total property improvements at fair value	**769**	**843**
Works in progress at cost	**408**	**272**
Total land and buildings	**58,177**	**61,231**
Plant and equipment at fair value	1,953	1,604
Less accumulated depreciation	(1,193)	(986)
Total plant and equipment at fair value	**760**	**618**
Motor vehicles at fair value	225	225
Less accumulated depreciation	(195)	(177)
Total motor vehicles at fair value	**30**	**48**
Medical equipment at fair value	1,097	990
Less accumulated depreciation	(727)	(657)
Total medical equipment at fair value	**370**	**333**
Computer equipment at fair value	783	692
Less accumulated depreciation	(569)	(506)
Total computer equipment at fair value	**214**	**186**
Furniture and fittings at fair value	547	518
Less accumulated depreciation	(289)	(255)
Total furniture and fittings at fair value	**258**	**263**
Right of use vehicles at fair value	610	593
Less accumulated depreciation	(125)	(121)
Total right of use vehicles at fair value	**485**	**472**
Total plant, equipment, furniture, fittings and vehicles at fair value	**2,117**	**1,920**
Total property, plant and equipment	**60,294**	**63,151**

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

	Note	Land $'000	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000	Medical Equipment $'000
Balance at 1 July 2019		**888**	**63,527**	**639**	**70**	**351**
Additions		-	154	127	-	47
Disposals		-	-	-	-	-
Depreciation	4.2	-	(3,338)	(148)	(22)	(65)
Balance at 30 June 2020	4.1(a)	**888**	**60,343**	**618**	**48**	**333**
Additions		-	135	224	-	107
Disposals		-	-	-	-	-
Revaluation increments/(decrements)		149	-	-	-	-
Depreciation	4.2	-	(3,338)	(82)	(18)	(70)
Balance at 30 June 2021	4.1(a)	**1,037**	**57,140**	**760**	**30**	**370**

	Note	Computer Equipment $'000	Furniture & Fittings $'000	Right of use Motor vehicles $'000	Total $'000
Balance at 1 July 2019		**212**	**220**	**322**	**66,229**
Additions		93	82	383	886
Disposals		-	-	(139)	(139)
Depreciation	4.2	(119)	(39)	(94)	(3,825)
Balance at 30 June 2020	4.1(a)	**186**	**263**	**472**	**63,151**
Additions		91	30	249	836
Disposals		-	-	(133)	(133)
Revaluation increments/(decrements)		-	-	-	149
Depreciation	4.2	(63)	(35)	(103)	(3,709)
Balance at 30 June 2021	4.1(a)	**214**	**258**	**485**	**60,294**

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Rural Northwest Health owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Rural Northwest Health in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.
Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Rural Northwest Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Rural Northwest Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Rural Northwest Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- Increase in fair value of land of 16.8% ($149,078)
- Buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2021.

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Impairment

At the end of each financial year, Rural Northwest Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Rural Northwest Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Rural Northwest Health has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

How we recognise right-of-use assets

Where Rural Northwest Health enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Rural Northwest Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

CLASS OF RIGHT-OF-USE ASSET	LEASE TERM
Motor Vehicles	3 Years

Presentation of right-of-use assets

Rural Northwest Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

Initial recognition

When a contract is entered into, Rural Northwest Health assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- Any lease payments made at or before the commencement date
- Any initial direct costs incurred and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Rural Northwest Health's vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment

At the end of each financial year, Rural Northwest Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Rural Northwest Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Rural Northwest Health performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

Note 4.1 (c) Fair value measurement hierarchy for assets

	Note	Total carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1[i] $'000	Level 2[i] $'000	Level 3[i] $'000
Non-specialised land		397	-	397	-
Specialised land		640	-	-	640
Total land at fair value	4.1(a)	**1,037**	**-**	**397**	**640**
Non-specialised buildings		1,257	-	1,257	-
Specialised buildings		54,651	-	-	54,651
Land Improvements at fair value	4.1(a)	769	-	-	769
Total buildings at fair value	4.1(a)	**56,677**	**-**	**1,257**	**55,420**
Plant and equipment at fair value	4.1(a)	760	-	-	760
Motor vehicles at Fair Value	4.1(a)	30	-	-	30
Medical equipment at Fair Value	4.1(a)	370	-	-	370
Computer equipment at fair value	4.1(a)	214	-	-	214
Furniture and fittings at fair value	4.1(a)	258	-	-	258
Right of use Motor vehicles	4.1(a)	485	-	-	485
Total plant, equipment, furniture, fittings and vehicles at fair value		**2117**	**-**	-	**2117**
Total property, plant and equipment at fair value		**59,831**	**-**	**1,654**	**58,177**

	Note	Total carrying amount 30 June 2020 $'000	Fair value measurement at end of reporting period using: Level 1[i] $'000	Level 2[i] $'000	Level 3[i] $'000
Non-specialised land		311	-	311	-
Specialised land		577	-	-	577
Total land at fair value	4.1(a)	**888**	**-**	**311**	**577**
Non-specialised buildings		1,257	-	1,257	-
Specialised buildings		57,914	-	-	57,914
Land Improvements at fair value	4.1(a)	843	-	-	843
Total buildings at fair value	4.1(a)	**60,014**	**-**	**1,257**	**58,757**
Plant and equipment at fair value	4.1(a)	618	-	-	618
Motor vehicles at Fair Value	4.1(a)	48	-	-	48
Medical equipment at Fair Value	4.1(a)	333	-	-	333
Computer equipment at fair value	4.1(a)	186	-	-	186
Furniture and fittings at fair value	4.1(a)	263	-	-	263
Right of use Motor vehicles	4.1(a)	472	-	-	472
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,920**	**-**	-	**1,920**
Total property, plant and equipment at fair value		**62,822**	**-**	**1,568**	**61,254**

[i] Classified in accordance with the fair value hierarchy.

Note 4.1 (d) Reconciliation of level 3 fair value measurement

	Note	Land $'000	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000
Balance at 1 July 2019	4.1(b)	**577**	**62,095**	**639**	**70**
Additions/(Disposals)	4.1(b)	-	-	127	-
Gains/(Losses) recognised in net result					
- Depreciation	4.2	-	(3,338)	(148)	(22)
Balance at 30 June 2020	4.1(c)	**577**	**58,757**	**618**	**48**
Additions/(Disposals)	4.1(b)	-	-	224	-
Gains/(Losses) recognised in net result					
- Depreciation	4.2	-	(3,338)	(82)	(18)
Items recognised in other comprehensive income					
- Revaluation		-	-	-	
Balance at 30 June 2021	4.1(c)	**640**	**55,420**	**760**	**30**

	Note	Medical Equipment $'000	Computer Equipment $'000	Furniture & Fittings $'000	Right of use Motor vehicles $'000
Balance at 1 July 2019	4.1(b)	**351**	**212**	**220**	**322**
Additions/(Disposals)	4.1(b)	47	93	82	244
Gains/(Losses) recognised in net result					
- Depreciation	4.2	(65)	(119)	(39)	(94)
Balance at 30 June 2020	4.1(c)	**333**	**186**	**263**	**472**
Additions/(Disposals)	4.1(b)	107	91	30	**116**
Gains/(Losses) recognised in net result					
- Depreciation	4.2	(70)	(63)	(35)	(103)
Items recognised in other comprehensive income					
- Revaluation		-	-	-	-
Balance at 30 June 2021	4.1(c)	**370**	**214**	**258**	**485**

Note 4.1 (e) Property, plant and equipment (fair value determination)

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments (i)
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) A community service obligation (CSO) of 20 - 30% was applied to Rural Northwest Health's specialised land.

How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purpose of fair value disclosures, Rural Northwest Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Rural Northwest Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Rural Northwest Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Note 4.1 (e) Property, plant and equipment (fair value determination)

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with AASB 13 Fair Value Measurement paragraph 29, Rural Northwest Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

The market approach is also used for specialised land although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore, these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Rural Northwest Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Rural Northwest Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

Rural Northwest Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the health service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 4.1 (c) Fair value measurement hierarchy for assets

	Note	Total 2021 $'000	Total 2020 $'000
Balance at the beginning of the reporting period		38,127	38,127
Revaluation increment			
- Land	4.1(b)	149	-
Balance at the end of the Reporting Period*		**38,276**	**38,127**
***Represented by**			
- Land		852	703
- Buildings		37,424	37,424
		38,276	**38,127**

Note 4.2 Depreciation

	Total 2021 $'000	Total 2020 $'000
Depreciation		
Buildings	3,263	3,263
Land Improvements	75	75
Plant and equipment	82	148
Motor vehicles	18	22
Medical equipment	70	65
Computer equipment	63	119
Furniture and fittings	35	39
Right of use - motor vehicles	103	94
Total depreciation	**3,709**	**3,825**

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

ASSET CLASS	2021	2020
Buildings • Structure shell building fabric • Site engineering services and central plant	 10 to 47 years 5 to 37 years	 10 to 47 years 5 to 37 years
Central Plant • Fit out • Trunk reticulated building system	 5 to 22 years 5 to 27 years	 5 to 22 years 5 to 27 years
Plant and equipment	1 to 20 years	1 to 20 years
Medical equipment	3 to 20 years	3 to 20 years
Computers and communication	1 to 10 years	1 to 10 years
Furniture and fittings	1 to 20 years	1 to 20 years
Motor Vehicles	6 to 8 years	6 to 8 years
land Improvements	6 years	6 years

As part of the building valuation, building values are separated into components and each component assessed for its useful life which is represented above.

Note 4.3 Inventories

	Total 2021 $'000	Total 2020 $'000
Pharmacy supplies at cost	12	12
General stores at cost	20	28
Total inventories	**32**	**40**

How we recognise inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets. Inventories are measured at the lower of cost and net realisable value.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Rural Northwest Health's operations.

Structure

5.1 Receivables and contract assets
5.2 Payables and contract liabilities
5.3 Other liabilities

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS & ESTIMATES	DESCRIPTION
Estimating the provision for expected credit losses	Rural Northwest Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Rural Northwest Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Rural Northwest Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Rural Northwest Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables and contract assets

	Note	Total 2021 $'000	Total 2020 $'000
Current receivables and contract assets			
Contractual			
Trade debtors		135	111
Patient fees		114	71
Provision for impairment		(4)	(3)
Accrued revenue		250	308
Amounts receivable from governments and agencies		8	4
Total contractual receivables and contract assets		**503**	**491**
Statutory			
GST receivable		57	73
Total statutory receivables		**57**	**73**
Total current receivables and contract assets		**560**	**564**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		580	525
Total contractual receivables and contract assets		**580**	**525**
Total non-current receivables and contract assets		**580**	**525**
Total receivables and contract assets		**1,140**	**1,089**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		1,140	1,089
Provision for impairment		4	3
GST receivable		(57)	(73)
Total financial assets	4.1(b)	**1,087**	**1,019**

Note 5.1 (a) Movement in the allowance for impairment losses of contractual receivables

	Total 2021 $'000	Total 2020 $'000
Balance at the beginning of the year	**3**	**14**
Increase in allowance	-	(11)
Amounts written off during the year	1	-
Balance at the end of the year	**4**	**3**

How we recognise receivables

Receivables consist of:

- **Contractual receivables,** which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables,** which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets .

Rural Northwest Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

How we recognise receivables

Refer to Note 7.1 (a) for Rural Northwest Health's contractual impairment losses.

Note 5.2 Payables and contract liabilities

	Note	Total 2021 $'000	Total 2020 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		534	213
Accrued salaries and wages		135	239
Accrued expenses		1,109	765
Deferred grant income	5.2(a)	366	132
Inter hospital creditors		101	-
Amounts payable to governments and agencies		39	64
Total contractual payables and contract liabilities		**2,284**	**1,413**
Statutory			
Australian Taxation Office		12	8
Total statutory payables		**12**	**8**
Total current payables and contract liabilities		**2,296**	**1,421**
Total payables and contract liabilities		**2,296**	**1,421**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		2,296	1,421
Deferred grant income		(366)	(132)
Total financial liabilities	7.1(a)	**1,930**	**1,289**

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables,** which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Rural Northwest Health prior to the end of the financial year that are unpaid.
- **Statutory payables,** which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Net 60 days.

Note 5.2 (a) Deferred grant income

	Total 2021 $'000	Total 2020 $'000
Opening balance of deferred grant income	**132**	**132**
Grant consideration for capital works received during the year	273	-
Deferred grant revenue recognised as revenue due to completion of capital works	(39)	-
Closing balance of deferred grant income	**366**	**132**

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health for Refurbishment of residents bathrooms at Hopetoun aged care facility. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Rural Northwest Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion, as costs are incurred as the works are done (see note 2.1). As a result, Rural Northwest Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Rural Northwest Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2022.

Note 5.3 Other liabilities

	Note	Total 2021 $'000	Total 2020 $'000
Current monies held it trust			
Refundable accommodation deposits		9,079	7,657
Patient monies held in trust		87	184
Other		58	38
Total current monies held in trust		**9,224**	**7,879**
Total other liabilities		**9,224**	**7,879**
*** Represented by:**			
- Cash assets	6.2	9,224	7,879
		9,224	**7,879**

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Rural Northwest Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities. RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997 .
Other monies are funds held by Rural Northwest Health for the use in local fundraising activities & scholarship opportunities for staff members for further professional development. Amounts are recorded at an amount equal to the proceeds when they are received.

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Rural Northwest Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Rural Northwest Health.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government

KEY JUDGEMENTS & ESTIMATES	DESCRIPTION
Determining if a contract is or contains a lease	Rural Northwest Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service: • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Rural Northwest Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	Rural Northwest Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Rural Northwest Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Rural Northwest Health is reasonably certain to exercise such options. Rural Northwest Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: • If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. • The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	Total 2021 $'000	Total 2020 $'000
Current borrowings			
Lease liability[i]	6.1(a)	182	196
Advances from Government[ii]		36	-
Total current borrowings		**218**	**196**
Non-current borrowings			
Lease liability[i]	6.1(a)	305	278
Advances from Government[ii]		110	145
Total non-current borrowings		**415**	**423**
Total borrowings		**633**	**619**

[i] Secured by the assets leased.
[ii] These are unsecured loans which bear no interest.

How we recognise borrowings

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, and other interest-bearing arrangements.

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Rural Northwest Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

Note 6.1 (a) Lease liabilities

Rural Northwest Health's lease liabilities are summarised below:

	Total 2021 $'000	Total 2020 $'000
Total undiscounted lease liabilities	501	491
Less unexpired finance expenses	(14)	(17)
Net lease liabilities	**487**	**474**

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Total 2021 $'000	Total 2020 $'000
Not longer than one year	191	207
Longer than one year but not longer than five years	310	284
Minimum future lease liability	**501**	**491**
Less unexpired finance expenses	(14)	(17)
Present value of lease liability	**487**	**474**
***Represented by:**		
- Current liabilities	182	196
- Non-current liabilities	305	278
	487	**474**

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Rural Northwest Health to use an asset for a period of time in exchange for payment.

To apply this definition, Rural Northwest Health ensures the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Rural Northwest Health and for which the supplier does not have substantive substitution rights
- Rural Northwest Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Rural Northwest Health has the right to direct the use of the identified asset throughout the period of use and
- Rural Northwest Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Rural Northwest Health's lease arrangements consist of the following:

TYPE OF ASSET LEASED	LEASE TERM
Motor Vehicles	3 Years

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Rural Northwest Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 5%.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments) less any lease incentive receivable
- Variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee and
- Payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Note 6.2 Cash and Cash Equivalents

	Note	Total 2021 $'000	Total 2020 $'000
Cash on hand (excluding monies held in trust)		3	2
Cash at bank (excluding monies held in trust)		928	495
Cash at bank - CBS (excluding monies held in trust)		10,796	10,675
Total cash held for operations		**11,727**	**11,173**
Cash at bank (monies held in trust)		108	221
Cash at bank - CBS (monies held in trust)		9,116	7,658
Total cash held as monies in trust		**9,224**	**7,879**
Total cash and cash equivalents	7.1(a)	**20,951**	**19,052**

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3 Commitments for expenditure

There are no capital or operating requirements at 30 June 2021 (2020 $Nil)

	Total 2021 $'000	Total 2020 $'000
Capital expenditure commitments		
Less than one year	73	-
Total capital expenditure commitments	**73**	**-**
Total commitments for expenditure (exclusive of GST)	**73**	**-**
Less GST recoverable from Australian Tax Office	(7)	-
Total commitments for expenditure (exclusive of GST)	**66**	**-**

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 7: Risks, contingencies and valuation uncertainties

Rural Northwest Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the health service is related mainly to fair value determination.

Structure

7.1 Financial instruments
7.2 Financial risk management objectives and policies
7.3 Contingent assets and contingent liabilities

Note 7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Rural Northwest Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Note 7.1 (a) Categorisation of financial instruments

	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total 2021 $'000
Total				
30 June 2021				
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	20,951	-	20,951
Receivables and contract assets	5.1	1,087	-	1,087
Total Financial Assets[i]		**22,038**	-	**22,038**
Financial Liabilities				
Payables	5.2	-	1,930	1,930
Borrowings	6.1	-	633	633
Other Financial Liabilities - Refundable accommodation deposits	5.3	-	9,079	9,079
Other Financial Liabilities - Patient monies held in trust	5.3	-	87	87
Other Financial Liabilities - Other	5.3	-	58	58
Total Financial Liabilities[i]		**-**	**11,787**	**11,787**

	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total 2021 $'000
Total				
30 June 2020				
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	19,052	-	19,052
Receivables and contract assets	5.1	1,019	-	1,019
Total Financial Assets[i]		**20,071**	-	**20,071**
Financial Liabilities				
Payables	5.2	-	1,289	1,289
Borrowings	6.1	-	619	619
Other Financial Liabilities - Refundable accommodation deposits	5.3	-	7,657	7,657
Other Financial Liabilities - Patient monies held in trust	5.3	-	184	184
Other Financial Liabilities - Other	5.3	-	38	38
Total Financial Liabilities[i]		**-**	**9,787**	**9,787**

[i] The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivable) and statutory payables (i.e. Revenue in Advance and DH payable).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Rural Northwest Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Rural Northwest Health commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- The assets are held by Rural Northwest Health solely to collect the contractual cash flows and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Rural Northwest Health recognises the following assets in this category:

- Cash and deposits
- Receivables (excluding statutory receivables)

Categories of financial liabilities

Financial liabilities are recognised when Rural Northwest Health becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

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

Rural Northwest Health recognises the following liabilities in this category:

- Payables (excluding statutory payables and contract liabilities)
- Borrowings and
- Other liabilities (including monies held in trust).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Rural Northwest Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Rural Northwest Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or
- Rural Northwest Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or
- Rural Northwest Health has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Rural Northwest Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Rural Northwest Health's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Rural Northwest Health's business model for managing its financial assets has changed such that its previous model would no longer apply.
A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, Rural Northwest Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Rural Northwest Health's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Rural Northwest Health manages these financial risks in accordance with its financial risk management policy.

Rural Northwest Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a) Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Rural Northwest Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Rural Northwest Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Rural Northwest Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Rural Northwest Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Rural Northwest Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Rural Northwest Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Rural Northwest Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Rural Northwest Health's credit risk profile in 2020-21.

Impairment of financial assets under AASB 9

Rural Northwest Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

Rural Northwest Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Rural Northwest Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Rural Northwest Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Rural Northwest Health determines the closing loss allowance at the end of the financial year as follows:

Note 7.2 (a) Contractual receivables at amortised cost

	Note	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
30 June 2021							
Expected loss rate		**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100%**	
Gross carrying amount of contractual receivables $'000	5.1	503	0	0	580	4	1,087
Loss allowance		**-**	**-**	**-**	**-**	**(4)**	**(4)**
30 June 2020							
Expected loss rate		**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100%**	
Gross carrying amount of contractual receivables $'000	5.1	491	0	0	525	3	1,019
Loss allowance		**-**	**-**	**-**	**-**	**(4)**	**(3)**

Statutory receivables and debt investments at amortised cost

Rural Northwest Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2 (b) Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Rural Northwest Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- Close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- Holding contractual financial assets that are readily tradeable in the financial markets and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

Rural Northwest Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from other financial assets.

The following table discloses the contractual maturity analysis for Rural Northwest Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

				Maturity Dates				
	Note	Carrying Amount $'000	Nominal Amount $'000	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	Over 5 Years $'000
Total								
30 June 2021								
Financial Liabilities at amortised cost								
Payables	5.2	1,930	1,930	1,930	-	-	-	-
Borrowings	6.1	633	633	-	-	218	415	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	9,079	9,079	-	-	9,079	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	87	87	-	-	87	-	-
Other Financial Liabilities - Other	5.3	58	58	-	-	58	-	-
Total Financial Liabilities		**11,787**	**11,787**	**1,930**	**-**	**9,442**	**415**	**-**

				Maturity Dates				
	Note	Carrying Amount $'000	Nominal Amount $'000	Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	Over 5 Years $'000
Total								
30 June 2020								
Financial Liabilities at amortised cost								
Payables	5.2	1,289	1,289	1,076	213	-	-	-
Borrowings	6.1	619	619	-	-	196	423	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	7,657	7,657	-	-	7,657	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	184	184	-	184	-	-	-
Other Financial Liabilities - Other	5.3	38	38	-	-	38	-	-
Total Financial Liabilities		**9,787**	**9,787**	**1,076**	**397**	**7,891**	**423**	**-**

Note 7.3: Contingent assets and contingent liabilities

At the date of this report, the Board are not aware of any contingent assets or liabilities.

Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities
8.2 Responsible persons disclosure
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date
8.7 Jointly controlled operations
8.8 Equity
8.9 Economic dependency

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities

	Note	Total 2021 $	Total 2020 $
Net result for the year		(3,321)	(3,191)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.4	(38)	(16)
(Gain)/Loss on disposal of financial instruments through net result	3.4	-	-
Depreciation and amortisation of non-current assets	4.2	3,709	3,825
Allowance for impairment losses of contractual receivables		-	(11)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(52)	(272)
(Increase)/Decrease in inventories		8	(8)
(Increase)/Decrease in prepaid expenses		(85)	(33)
Increase/(Decrease) in payables and contract liabilities		875	(341)
Increase/(Decrease) in employee benefits		108	283
Increase/(Decrease) in other liabilities		(77)	13
Net cash inflow/(outflow) from operating activities:		**1,127**	**250**

Rural Northwest Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

Note 8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994 , the following disclosures are made regarding responsible persons for the reporting period.

	Period
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sept 2020 - 30 Jun 2021
Governing Boards	
Julia Hausler	1 Jul 2020 - 30 Jun 2021
Dr John Aitken	1 Jul 2020 - 30 Jun 2021
Janette McCabe	1 Jul 2020 - 30 Jun 2021
Genevieve O'Sullivan	1 Jul 2020 - 28 Jun 2021
Dr Amanda Kenny	1 Jul 2020 - 30 Jun 2021
David Kranz	1 Jul 2020 - 30 Jun 2021
Michael Brown	1 Jul 2020 - 30 Jun 2021
Zivit Inbar	1 Jul 2020 - 30 Jun 2021
Veena Mishra	1 Jul 2020 - 30 Jun 2021
Carolyn Morcom	1 Jul 2020 - 30 Jun 2021
Hugh Molenaar	1 Jul 2020 - 30 Jun 2021
Accountable Officers	
Kevin Mills	1 Jul 2020 - 8 April 2021
Joanne Martin (Acting)	9 April 2021 - 3 May 2021
Jodie Cranham (Acting)	4 May 2021 - 30 June 2021

Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income bands:

	Total 2021 No	Total 2020 No
Income Band		
$0 - $9,999	13	8
$180,000 - $189,999	1	-
$220,000 - $229,999	-	1
Total Numbers	**14**	**9**

	Total 2021 $'000	Total 2020 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**237**	**249**

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

	Total Remuneration	
Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	**2021 $'000**	**2020 $'000**
Short-term benefits	584	535
Post-employment benefits	53	47
Other long-term benefits	13	13
Total remuneration[i]	**650**	**595**
Total number of executives	4	4
Total annualised employee equivalent[ii]	3.8	3.8

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Rural Northwest Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.
[ii] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related Parties

The Rural Northwest Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

- All key management personnel (KMP) and their close family members and personal business interests
- Cabinet ministers (where applicable) and their close family members
- Jointly controlled operations – A member of the Grampians Rural Health Alliance and
- All health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Rural Northwest Health, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of Rural Northwest Health are deemed to be KMPs. This includes the following:

Entity	KMPs	Position Title
Rural Northwest Health	Julia Hausler	Board Chair
Rural Northwest Health	Dr John Aitken	Board Member
Rural Northwest Health	Janette McCabe	Board Member
Rural Northwest Health	Genevieve O'Sullivan	Board Member
Rural Northwest Health	Dr Amanda Kenny	Board Member
Rural Northwest Health	David Kranz	Board Member
Rural Northwest Health	Michael Brown	Board Member
Rural Northwest Health	Zivit Inbar	Board Member
Rural Northwest Health	Veena Mishra	Board Member
Rural Northwest Health	Carolyn Morcom	Board Member
Rural Northwest Health	Hugh Molenaar	Board Member
Rural Northwest Health	Kevin Mills	Chief Executive Officer
Rural Northwest Health	Joanne Martin	Acting Chief Executive Officer
Rural Northwest Health	Jodie Cranham	Acting Chief Executive Officer
Rural Northwest Health	Dalton Burns	Executive Manager Corporate Services
Rural Northwest Health	Wendy James	Executive Manager Clinical Services
Rural Northwest Health	Kaye Knight	Executive Manager People & Culture
Rural Northwest Health	Joanne Martin	Executive Manager Community Health

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 , and is reported within the Department of Parliamentary Services' Financial Report.

	Total 2021 $'000	Total 2020 $'000
Compensation - KMPs		
Short-term Employee Benefits[i]	806	762
Post-employment Benefits	68	65
Other Long-term Benefits	13	17
Total[ii]	**887**	**844**

[i] Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

[ii] KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government related entities

Rural Northwest Health received funding from the Department of Health of $14.08m (2020: $12.96m) and indirect contributions of $0.100m (2020: $0.250m). Balances outstanding as at 30 June 2021 are $0.050m (2020 $0.000m).

Expenses incurred by the Rural Northwest Health in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Rural Northwest Health to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Rural Northwest Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021 (2020: none).

There were no related party transactions required to be disclosed for Rural Northwest Health Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

Note 8.5: Remuneration of Auditors

	Total 2021 $'000	Total 2020 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	26	26
Total remuneration of auditors	**26**	**26**

Note 8.6: Events occurring after the balance sheet date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Rural Northwest Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Rural Northwest Health, its operations, its future results and financial position. Victoria continue to deal with the impacts of the pandemic which include state and area based lock downs of which impact the services offered by the health service which intern impact the revenue and expenses of the health service.

Note 8.7 Joint arrangements

		Ownership Interest	
	Principal Activity	**2021**	**2020**
		%	**%**
Grampians Rural Health Alliance	Information Technology Services	6.72	6.33

Rural Northwest Health's interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2021	**2020**
	$'000*	**$'000***
Current assets		
Cash and cash equivalents	361	267
Receivables	68	5
Prepaid expenses	76	11
Total current assets	**505**	**283**
Non-current assets		
Property, plant and equipment	266	283
Total non-current assets	**266**	**283**
Total assets	**771**	**566**
Current liabilities		
Payables	351	131
Total current liabilities	**351**	**131**
Total liabilities	**351**	**131**
Net assets	**420**	**435**
Equity		
Accumulated surplus	420	435
Total equity	**420**	**435**

Rural Northwest Health's interest in revenues and expenses resulting from joint arrangements are detailed below: The amounts are included in the consolidated financial statements under their respective categories:

	2021	**2020**
	$'000*	**$'000***
Revenue		
Operating Activities	502	446
Capital Purpose Income	94	81
Total revenue	**596**	**527**
Expenses		
Other Expenses from Continuing Operations	496	444
Capital Purpose Expenditure	117	74
Total expenses	**613**	**518**
Net result	**(15)**	**9**

* Figures obtained from the unaudited Grampians Rural Health Alliance Joint Venture annual report.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

Note 8.8: Equity

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Rural Northwest Health.
Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.
Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.
Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital

Specific restricted purpose reserves

The specific restricted purpose reserve is established where Rural Northwest Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.9: Economic dependency

Rural Northwest Health is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Rural Northwest Health.

NOTES

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