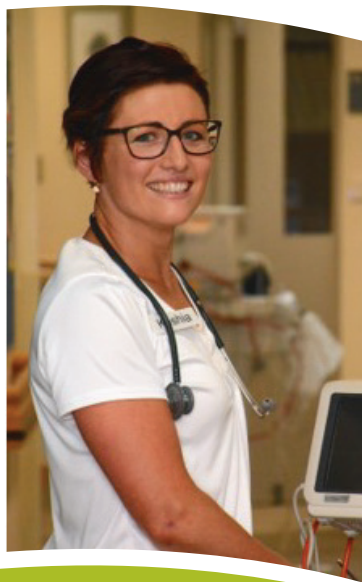
RURAL northwest HEALTH
centred on you

Annual Report
2019-20



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Responsible bodies declaration

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 2020.

Julia Hausler

BOARD CHAIRPERSON
WARRACKNABEAL
5 October 2020

Vision

Moving together through change to provide innovative rural health care.

Mission

Rural Northwest Health will provide accessible, efficient and excellent care to our community within the Wimmera Mallee Region.

Strategic direction

Build business capacity.

Respond bravely and innovatively to opportunities that improve local health outcomes.

This report

Covers the period 1 July 2019 to 30 June 2020

- 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
- Acknowledges the support of our community

Rural Northwest Health acknowledges the support of the Victorian Government

Board Chairperson and CEO Annual Report 2019-20

It is with a great sense of pride we reflect on the past year of health service delivery and community support at Rural Northwest Health (RNH). Despite the incredible challenge Covid-19 placed on us, our team acted nimbly to the multitude of changes, remained committed to the quality and safety of our health service delivery and proved enormously resilient as the virus impacts persisted.

Aged and Acute Care

Our health service was forced into lockdown due to COVID-19 which was for the protection of our residents, patients, team and of course our whole community. RNH acted quickly to upskill the team and residents alike to ensure physical isolation did not leave our residents vulnerable. iPads were increased, social media skills were honed, video connections to families amplified and a "connecting" highlight was the community drive-by initiative to wave and have safely distanced chats to our residents.

Community Health

Covid-19 allowed RNH Allied Health team to greatly expand the use of telehealth services. This is such an important service for our rural and remote communities to remove travel barriers and still connect with specialist health appointments. We established a second connection in response to demand and anticipate telehealth will remain an important mechanism in health service delivery into the future.

Strategic Planning

RNH completed an exciting and rewarding process to create a new strategic plan for the next five years. Our plan is titled "Better health for all" and is heavily focused on three core components – our community, our team and our partnerships. We are energized by reflecting on our future strategic direction and would like to thank all the many participants who helped shape our plan.

Research and Innovation

We pride ourselves on partnering with universities and research partners to explore opportunities for improving health outcomes and service delivery to our rural and remote communities. We currently have projects underway with the SMArt rural research team, Deakin and Swinburn Universities, as well as teaming up with the Primary Health Network (PHN) and other rural health services to establish the MyEmergencyDr after hours urgent care project. We are exploring an *"Action to address poor oral health: a rural community drive solution"* project with the Violet Vines Marshman Centre for Rural Health Research.

Corporate Governance and Workplace Initiatives

The past year has been very productive in improving many of our internal workplace practices. RNH invested in enhancing the use of risk management software Riskman, have created a risk framework and have been reviewing and improving our risk reporting mechanisms. Similarly, RNH have adopted a new Clinical Governance Framework which will improve our monitoring and compliance capability, driving safe, quality services for our community.

Partnerships

In addition to our research and innovation partners we have also worked very closely during the pandemic period with Yarriambiack Shire Council and Woodbine Incorporated. We continue to participate in region projects with Wimmera Southern Mallee Health Alliance, Grampians Region Health Alliance and the Grampians Regional Partnership. Partnering with our funding bodies we have been able to secure new services for our community with the establishment of a Home and Community Care (HACC) service and the employment of a Movement Specialist Nurse to begin in 2020/21.

Infrastructure Improvements

RNH is proud of the infrastructure we have to deliver safe, quality services. This year we have completed upgrades to the Ambulance ramp, exercise spaces and despite some disruptions due to COVID-19 we have initiated projects on solar energy efficiencies and upgrades to our Hopetoun Aged Care bathrooms.

The Board

A small group of seven dedicated directors has been instrumental in supporting the CEO and RNH team in navigating through the pandemic. We thank all Board Directors for their service to RNH for the year.

Finally, we would like to acknowledge our community, the Department of Health and Human Services, the Victorian Government and the Federal Government for supporting us in the delivery of health services to our community. We present to you the 2019-2020 annual report.

Julia Hausler
GAICD
BOARD CHAIRPERSON

Kevin Mills
CHIEF EXECUTIVE OFFICER

Strategic Goals

Our Strategic Goals 2016-2020 builds on Our Vision, Moving together through change to provide innovative rural health care.

Our Strategic Goals are:

a. Building Business Capability, and
b. Responding bravely and with innovation to opportunities that improve our local health outcomes

STRATEGIC OBJECTIVE	ACTIONS	PROGRESS
Support strong governance and leadership	Our Board of Directors and executive undertake training and mentorship education to enhance our leadership capabilities and strengthen our partnerships. The Department of Health and Human Services Directors toolkit is also resourced as a tool to ensure adequate policies and protocols are in place for good governance	Ongoing
Increase workforce capability and capacity	All team members completed essential training, which reinforced our FISH principles (Choose your attitude, be there in the moment, have fun and make someone's day). Management also utilizes the "Opportunities for Improvement" system for team feedback and a new Leo Casey scholarship to assist team members with further learning.	Ongoing
Utilise, preserve and enhance the infrastructure to maintain safe and efficient workplaces and residential services	Rural Northwest Health is committed to ensuring we maintain modern facilities for our community care needs. We proudly added two new accommodation houses to our portfolio this year, completed our wellbeing garden with specialist aged exercise equipment and have undertaken community and general gardening improvements. Our ongoing preventative maintenance systems and routine scenario testing ensure compliance and efficient use of our infrastructure and resources.	Achieved
Maintain financial stability	This is the ninth successive year of above budget results and allows our Board and executive to expand and improve our health care services.	Achieved
Develop and maintain productive partnerships	Rural Northwest Health again had a productive year as a member of the Wimmera Southern Mallee Health Alliance. Our ongoing partnership with disability support provider Woodbine enables the YarriYak café to operate. We have established community gardens at our facilities for Hopetoun and Beulah communities.	Ongoing
Identify and implement optimal models of care	Our Acute and Community health units have developed and implemented an ABLE model of care that is holistic, and demonstrates a focus on maintaining and improving the health and wellbeing of our community members with the aim of reducing our hospital admissions. We continue to achieve our targets and deliver the care required to address chronic illness within our region with the support of the Primary Health Network	Ongoing
Establish transition models that enable community members to have a good experience when accessing services outside of Rural Northwest Health	We have partnered with Royal Flying Doctor Service to meet a gap in mental health access across our community. Our work with the Wimmera Southern Mallee Health Alliance has also strengthened the health needs within our catchment area.	Ongoing
Increase health literacy about actions community members should undertake to keep well and living at home	We have engaged the local community in a range of activities to promote healthy eating, physical activity and social connection. These activities have included 'The Hardest Kick' mental health forum, 'Pain Train' pain management education, dementia awareness education, free fruit offerings, engagement with community at local field days, health screens and presentations to multiple community groups.	Achieved

About 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.

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. Our logo represents this by the carer reaching out and embracing its community 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 and Human Services.

Rural Northwest Health acknowledges the traditional owners of the lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Japagulk people.

Responsible Ministers

The responsible Ministers during the reporting period were:

- Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services
- Martin Foley MP, Minister for Mental Health

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.

Services

Acute Care

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

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

Aged Care

Warracknabeal and Hopetoun campuses provide aged care services including:

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

Community Health

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

Statement of Priorities

Strategic priorities - Health 2040

In 2019–2020 Rural Northwest Health will contribute to the achievement of the Government's commitments within *Health 2040: Advancing health, access and care* by:

Better Health

Goals:	Strategies:
• A system geared to prevention as much as treatment • Everyone understands their own health and risks • Illness is detected and managed early • Healthy neighbourhoods and communities encourage healthy lifestyles	• Reduce State-wide Risks • Build Healthy Neighbourhoods • Help people to stay healthy • Target health gaps

Deliverable:

Implement a comprehensive 'lead from within' staff education program throughout the four Wimmera local government areas to create awareness of the importance of the conditions in which people are born, grow, live, work and age and the impact on overall health.

Outcome:

Full Time Health Promotions coordinator appointed in August 2019, attending monthly Primary Care Partnerships Health Promotions meetings with Local Government & Health Staff. Partnership with Yarriambiack Shire staff and schools. Appointment of a current Health Promotions student working on 12 month placement with heavy focus on Staff Wellbeing.
Rural Northwest Health Integrated Health promotion submitted in October to Department using new planning template across Wimmera region.

Deliverable:

Rural Northwest Health, Edenhope and District Memorial Hospital and West Wimmera Health Service will undertake a joint service planning approach and together with data from Wimmera Health Care Group service plan identify shared strategic opportunities to improve the overall health and wellbeing of our communities.

Outcome:

The Service will participate in the Department of Health and Human Services 'locality planning' processes for future health system design and service planning when rolled out to the Grampians region.

Better Access

Goals:	Strategies:
• Care is always being there when people need it • Better access to care in the home and community • People are connected to the full range of care and support they need • Equal access to care	• Plan and invest • Unlock innovation • Provide easier access • Ensure fair access

Deliverables:

- Implement a best practice community health intake model that supports better and timely access to services for vulnerable population groups.
- Promote the after-hours service, aimed to reduce pressure on acute and emergency departments in the sub region, by drawing on patient experiences.

Outcomes:

An internal working group was formed to review, design and implement an improved intake process with 4 goals:

1. Improve timely, appropriate access for clients.
2. Ensure consistent, quality information was collected to create complete client records.
3. Maximise use of existing client management system to enhance population data for future service improvements.
4. Ensure Clinician time was used efficiently and reduce unnecessary administration.

New Intake process commenced on 2 December. UNITI training completed December 11 & 12. This policy update currently underway with a review completed March 2020.

Rural Northwest Health is participating in MyEmergencyDr after hours project which has been extended to include our Hopetoun Campus. Formal interim Evaluation completed by Deakin University (March 2020) Project was to have been completed 25 September 2020. Due to COVID-19 Rural Northwest Health have signed a variation to the project agreement to end 9 October 2020.

Better Care

Goals:	Strategies:
• Targeting zero avoidable harm • Healthcare that focusses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs	• Put quality First • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care

Deliverables:

- Finalise the Grampians region clinical governance audit and associated action plan and support the implementation of the agreed actions to ensure best practice clinical governance throughout the Grampians region.
- Implement systems and processes to support participation in my emergency doctor urgent care project funded by the Primary Health Network.

Outcomes:

Rural Northwest Health is participating in Mortality and Morbidity review meetings.
The working group is led by the Grampians Region Partnership Clinical Lead and supported by the Project Officer, both these resources have been re-deployed to COVID-19 response. The next stage of this project was to be the finalisation of the Grampians wide audit analysis and improvement action plan. This has been postponed.

Rural Northwest Health is participating in MyEmergencyDr after hours project which has been extended to our Hopetoun Campus.
Formal interim Evaluation completed by Deakin University (March 2020)
Project was to have been completed 25 September 2020. Due to COVID-19 Rural Northwest Health have signed a variation to the project agreement to end 9 October 2020.

Specific priorities for 2019–20

In 2019–20 Rural Northwest Health will contribute to the achievement of the Government's priorities by:

Supporting the Mental Health System

Improve service access to mental health treatment to address the physical and mental health needs of consumers.

Deliverable:

Review and evaluate the effectiveness of the Rural Outreach Worker Program's support and service navigation advice in the Wimmera Southern Mallee catchment.

Outcome:

Primary Health Network Stakeholder/community engagement sessions held at Warracknabeal and Edenhope.

Addressing Occupational Violence

Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.
Implement the department's security training principles to address identified security risks.

Deliverable:

Work collaboratively with the Smart Rural Research Team partners to develop training on the key security training principles and address identified security risks.

Outcome:

SMArt study completed and report produced and a copy supplied to Department of Health and Human Services.

The SMArt group have not met during quarter 3 and quarter 4. The group is on hold during the COVID-19 response.

Rural Northwest Health foster an organisational wide occupational health and safety risk management approach. One initiative coming from our Health and Safety Committee and a post Incident Review, Rural Northwest Health have implemented "One Touch" security lock down. This system enable a lock down of external doors through a "one swipe" security fob.

Addressing Bullying and Harassment

Actively promote positive workplace behaviours, encourage reporting and action on all reports.
Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.

Deliverable:

Complete a gap analysis against the Department of Health and Human Services Framework for promoting a positive workplace culture by October 2019 and implement identified gaps to strengthen our positive workplace culture and implementation of the framework and guiding principles by 30 November 2019.

Outcome:

Gap analysis completed.
Action plan developed to address identified gaps.

Supporting Vulnerable Patients

Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.

Deliverable:

Establish a Warracknabeal reference group to co-design strategies to build capability within Rural Northwest Health to address the needs of our community and consumers at risk of poor health. These include young mothers, low-socioeconomic groups and identified populations currently not accessing our Community Health Services.

Outcome:

Warracknabeal Reference Group established with meetings held with Terms Of Reference established.
Reference groups were engaged in the Rural Northwest Health Strategic Planning process.
Reference Groups continue to provide valuable contributions in providing a link to community, providing valuable feedback and input into decisions at Rural Northwest Health.

Supporting Aboriginal Cultural Safety

Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.

Deliverable:

Formalise an arrangement with the Goolum Goolum Aboriginal Cooperative to establish opportunities to work collaboratively together for improving health outcomes and access for Aboriginal people.

Outcome:

Meetings held with Goolum Goolum and in principal agreement has been reached to progress an Memorandum of Understanding for the establishment of a collaboration with Goolum Goolum, Rural Northwest Health, West Wimmera Health Service and Edenhope District Memorial Hospital to have access to:

- Front line training
- Phone support
- Patient/family support
- Consultation
- Advice and Support
- Memorandum of Understanding with Goolum Goolum has been drafted and ready for signing.

Supporting Environmental Sustainability

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

Deliverable:

- In collaboration with Health Purchasing Victoria achieve installation of solar panels at Rural Northwest Health to significantly reduce carbon emissions.
- Implement a sustainable recycling program across all health service facilities to ensure an increase recycling materials and e-waste.

Outcome:

- A contract has been signed with the retailer of the solar panels and the loan has been signed and received from the Department of Health and Human Services building authority. Building engineering has been assessed for the installation of the solar panels.
- A large number of potential initiatives have been identified through the Rural Northwest Health "Team Forums".
- Implementation delayed due to COVID-19.

Addressing Family Violence

Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.

Deliverable:

Wimmera Southern Mallee Health Alliance partners shall work collaboratively across the sub region to ensure that tools, training, referral pathways, policies and procedures align with the multiagency risk assessment and risk management framework.

- Continuing with implementation of systems and processes with stakeholders
- Continuing to roll out training and education as appropriate
- Ensuring that the implementation plan is understood and promulgated to all stakeholders.

Outcome:

- Memorandum of Understanding with Grampians Community Health.
- Cluster funding and priorities from Department of Health and Human Services for 2019-20 have been announced - to be used for MARAM roll out and distribution using similar formula as previous years. The cluster's Strengthening Hospital Response to Family Violence Engagement Officer Naomi Lovall is working closely with Bendigo Health to ensure we are on track with expectations and is taking the lead to assist preparation for the MARAM and associated training requirements (key SOP requirement).
- MARAM implementation delayed due to COVID-19. Advised that MARAM training and planning will re commence in second half of 2020 COVID-19 permitting.

Implementing Disability Action Plans

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

Deliverable:

Finalise our disability action plan and provide a copy of it to the department by 30 December 2019 and enhance customer and carer awareness of the types of services available to people utilising their National Disability Insurance Scheme funding to increase access to locally available services.

Outcome:

- Appointment of dedicated team member to review basic Disability Action Plan. Two executives appointed as project sponsors – Executive Manager Community Health & Executive Manager Clinical Services. Disability Action Plan will go beyond NDIS clients and include general community liaising closely with Woodbine & Warracknabeal Special School
- Disability Action Plan self-assessment tool completed and Gap Analysis plan developed. Disability Action Plan working party continuing to address action items.
- 3 Monthly summary reports from Disability Action Plan working party have been provided to People and Culture Committee
- COVID-19 has impacted on the ability to form a community reference group for Disability Action Plan.
- Accessibility and signage survey completed. Final draft for signage upgrade (external and Internal) completed. To be fully implemented by the end of the year.
- Planning an organisational wide accessibility audit by an external provider upon implementation.

Part B: Performance Priorities

The *Victorian Health Services Performance monitoring framework* outlines the Government's approach to overseeing the performance of Victorian health services.

Changes to the key performance measures in 2019–20 strengthen the focus on high quality and safe care, organisational culture, patient experience and access and timeliness in line with Ministerial and departmental priorities.

Further information is available at www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability

High quality and safe care

Key performance measure	Target	Results
Accreditation		
Compliance with the Aged Care Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	90%
Percentage of healthcare workers immunised for influenza	84%	94%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	Full compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 2	95%	Full compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 3	95%	Full compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care– Quarter 1	75%	Full compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care– Quarter 2	75%	Full compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care– Quarter 3	75%	Full compliance*
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 1	70%	Full compliance*
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 2	70%	Full compliance*
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 3	70%	Full compliance*

* Less than 42 responses were received for the period due to the relative size of the Health Service

Key performance measure	Target	Results
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved

Strong governance, leadership and culture

Key performance measure	Target	Results
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	94%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	97%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	96%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	97%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	91%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	98%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	89%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	88%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	98%

Effective financial management

Key performance measure	Target	Results
Operating result ($m)	0.09	0.09
Average number of days to pay trade creditors	60 days	40
Average number of days to receive patient fee debtors	60 days	16
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.65
Forecast number of days available cash (based on end of year forecast)	14 days	161.7
Actual number of days available cash, measured on the last day of each month.	14 days	161.7
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	$170,000

Part C: Activity and funding

The performance and financial framework within which state government-funded organisations operate is described in 'Volume 2: Health operations 2019–20 of the *Department of Health and Human Services Policy and funding guidelines 2019.*

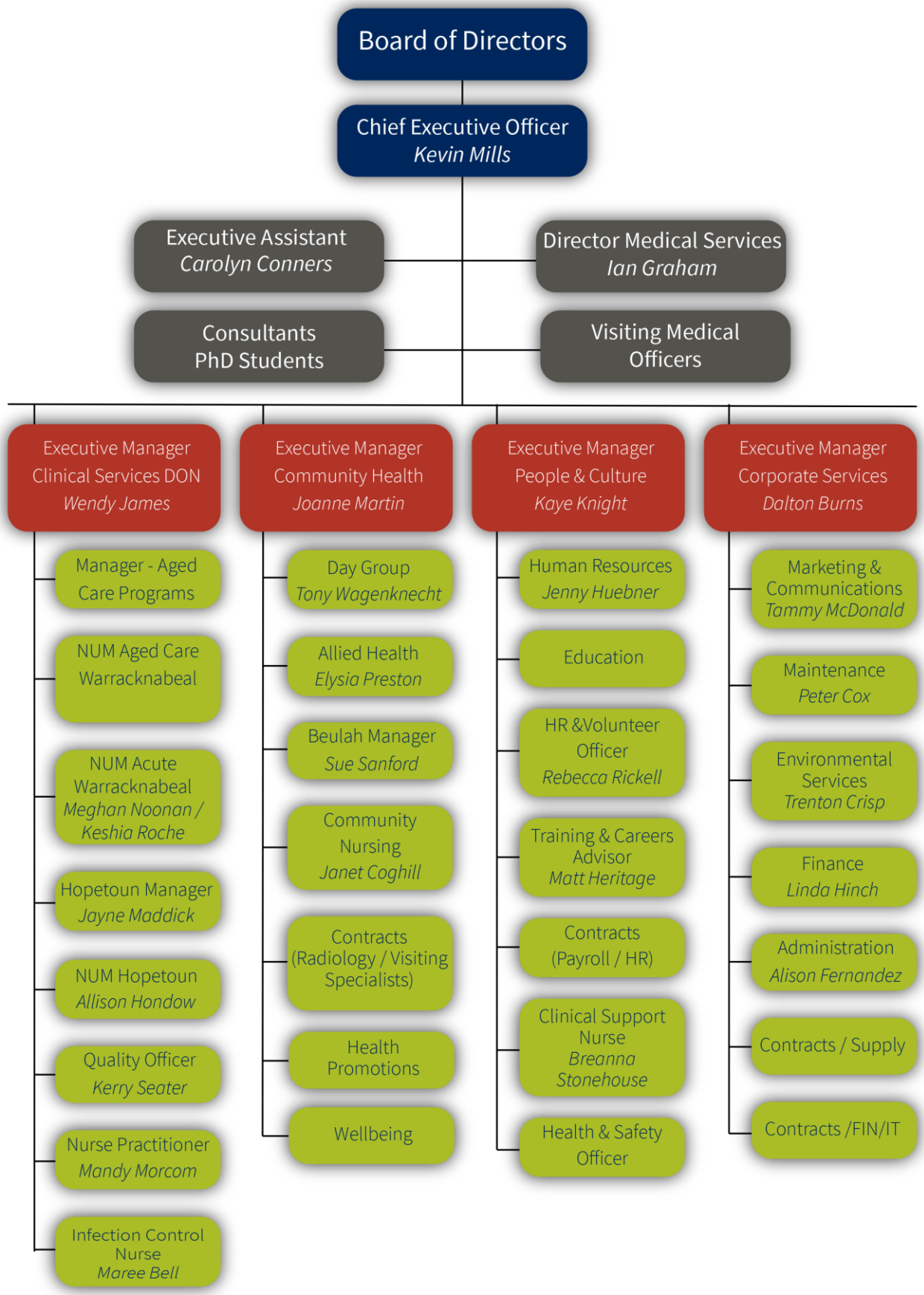
The *Policy and funding guidelines* are available at https://www2.health.vic.gov.au/about/policy-and-funding-guidelines

Further information about the Department of Health and Human Services' approach to funding and price setting for specific clinical activities, and funding policy changes is also available at

https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy

Funding type	Activity
Small Rural	
Small Rural Acute	50
Small Rural Primary Health & HACC	4,444
Small Rural Residential Care	29,257

Organisational Structure



Board of Directors

The Rural Northwest Health Board of Management consists of persons appointed by the Minister for Health under the Act who are empowered to provide strategic direction for the organisation. While the board provides direction for the organisation and determines what must be done, the responsibility for determining how services are delivered is invested in the Chief Executive Officer.

The functions of the board of Rural Northwest Health are:

• To oversee and guide the management of the health service.

• To set the mission, vision and strategic direction of the health service.

• To ensure that the services provided by the hospital comply with the requirements of this Act and the objects of the hospital.

• Set a values based culture.

The board of a public hospital has such powers as are necessary to enable it to carry out its functions, including the power to make, amend or revoke by-laws.

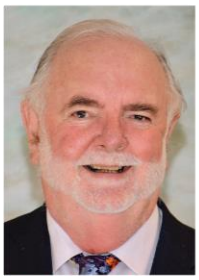
Board of Directors

Julia Hausler
Chairperson
First Appointment
1 July 2016

Janette McCabe
Deputy Chairperson
First Appointment
1 July 2012

Genevieve O'Sullivan
First Appointment
1 July 2018

Prof Amanda Kenny
First Appointment
7 March 2017



Dr John Aitken
First Appointment
1 July 2018

Hugh Molenaar
First Appointment
1 July 2018

Carolyn Morcom
First Appointment
1 July 2012

Board Committees

Finance Audit and Compliance Committee (FACC)

Ensures that Rural Northwest Health reviews and evaluates a range of financial, legislative and compliance data and information collected across the organisation. The committee meets quarterly to monitor performance against audit and risk.
Board representatives of the committee are Julia Hausler, Hugh Molenaar (Chairperson) and Genevieve O'Sullivan.

Governance Committee

Reviews performance of the Chief Executive Officer and contractual requirements on an annual basis and makes recommendations on remuneration levels. The committee meets quarterly with the Chief
Executive Officer to review the Chief Executive Officer's performance and provide support.
Members of the committee are Janette McCabe (Chairperson), Julia Hausler, John Aitken and Amanda Kenny.

Clinical Governance Committee

Aims to ensure that the community receives high quality and safe care close to home and that Rural Northwest Health is committed to the constant improvement of all clinical and care services. The committee meets quarterly to review and analyse information detailing the clinical care activities undertaken at Rural Northwest Health.
Board representatives of the committee are Janette McCabe (Chairperson), Amanda Kenny, John Aitken and the Director of Medical Services.

People and Culture Committee

Rural Northwest Health aims to provide a safe, fair and happy workplace for all that work and visit our workplace.
The committee meets quarterly to review and evaluate a range of data, ideas and information collected across the organisation strategically regarding team member health and wellbeing and to develop and improve Rural Northwest Health organisational culture.
Board representative of the committee are Genevieve O'Sullivan (Chairperson).

Hopetoun Beulah Reference Group (HBRG)

The group meets quarterly to review comments, suggestions and concerns from the community members about access and improving the availability and quality of the service, program or facility provide at the Hopetoun and Beulah campuses.
Board representative of the group is Carolyn Morcom (Chairperson).

Warracknabeal Reference Group (WRG)

The group meets quarterly to review comments, suggestions and concerns from the community members about access and improving the availability and
quality of the service, program or facility provide at the Warracknabeal campus.
Board representative of the group is John Aitken (Chairperson).

Other relevant committees

Medication Advisory Committee (MAC)

Reviews and analyses information detailing the prescribing, dispensing, administrating and monitoring of medication management at Rural Northwest Health. When service gaps and risks are identified, the committee ensures appropriate actions are undertaken. The committee reports to the Clinical Governance Committee via the Chairperson, the Director of Medical Services.

Executive Management Team

Kevin Mills
Chief Executive Officer

Jo Martin
Executive Manager Community Health

Wendy James
Executive Manager Clinical Services

Dr Kaye Knight
Executive Manager People & Culture

Dalton Burns
Executive Manager Corporate Services

Life Governors

An award of Life Governor may be conferred upon a person to recognise a significant contribution through voluntary, philanthropic or professional service to Rural Northwest Health.

Service worth of note may include: excellence or length of service as a volunteer; significant philanthropy; outstanding professional service; an exceptional contribution in years of service or effort; initiating a new or innovative idea; or making a contribution significantly above and beyond expectations of their role.

The purpose of the award is to recognise and honour people whose service has resulted in a significant benefit to Rural Northwest Health. Awards will be issued in accordance with Rural Northwest Health's Service Standing Orders Section 18, and every appointed Life Governor shall be enrolled on the books of the service. The award comprises a framed certificate of appointment presented at the Annual General Meeting usually held in the month of November.

Rural Northwest Health Life Governors are:

Ken Healey*
Originally awarded by the Hopetoun Bush Nursing Hospital

Leonard Shannon*
Originally awarded by the Beulah Pioneers and Bush Nursing Hospital

Michael Lawlor*
Originally awarded by the Beulah Pioneers and Bush Nursing Hospital

Alan Turnbull*
Originally awarded by the Beulah Pioneers and Bush Nursing Hospital

Genevieve Lehmann*
Originally awarded by the Beulah Pioneers and Bush Nursing Hospital

Alan Malcolm*
Originally awarded by the Hopetoun Bush Nursing Hospital

Colin Natt*
Original awarded by the Beulah Pioneers and Bush Nursing Hospital

Max Gibson
Inaugural Rural Northwest Health Life Governor 2012.

Marie Aitken
Awarded 2014

Les Solly
Awarded 2014

Jean Webster
Awarded 2017

Leo Casey
Awarded 2018

*Rural Northwest Health commenced the Life Governor Award process in 2012. Awards allocated prior to 2012 are marked with an * and have been transferred to Rural Northwest Health.*

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.

Occupational violence statistics	*JUNE current month FTE*		*Average Monthly FTE*	
	2019	2020	2019	2020
Nursing	78.71	78.88	78.71	76.80
Administration and clerical	24.23	25.44	24.23	24.94
Medical support	0	0	0	0
Hotel and allied services	70.83	76.55	70.83	70.76
Medical officers	0	0	0	0
Hospital medical officers	0	0	0	0
Sessional clinicians	0	0	0	0
Ancillary staff (Allied Health)	16.69	16.73	16.69	16.41

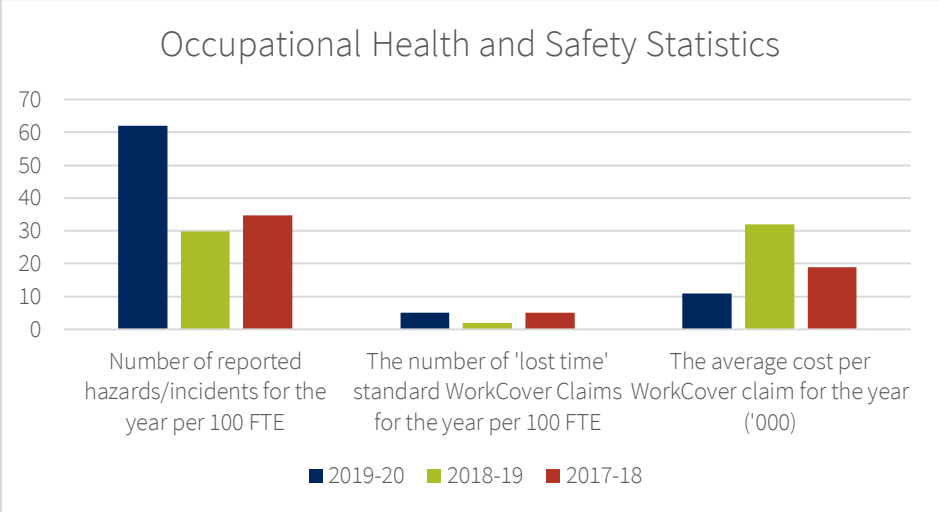
Occupational Health and Safety Data

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.

The following indicators for Occupational Health and Safety performance for Rural Northwest Health are:



Occupational violence statistics	*2019-20*
Workcover accepted claims with an occupational violence cause per 100 FTE	1
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	2.66
Number of occupational violence incidents reported	23
Number of occupational violence incidents reported per 100 FTE	12
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	20%

Legislative Compliance

Freedom of Information (FOI)

Rural Northwest Health has received seven requests for information under the Freedom of Information Act (1982) during the 2019-20 financial year, a decrease on the previous financial year.

From the three requests, in all seven cases access was granted in full.

Building and maintenance

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.

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.

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 impacts & energy usage

	2017-18	2018-19	2019-20
Energy use			
Electricity (MWh)	1650	1615	1591
Liquefied Petroleum Gas (kL)	111	105	105
Carbon emissions (thousand tonnes of CO_2e)			
Electricity	2	2	1.62
Liquefied Petroleum Gas	0	0	0.16
Total emissions	2	2	1.79
Water use (millions litres)			
Potable Water	16	19	19.33

Factors influencing environmental impacts

	2017-18	2018-19	2019-20
Floor area (m2)	16,694	16,565	16,565
Separations	567	547	557
In-Patient Bed Days	3,674	3,782	3811
Aged Care Bed Nights	30,171	29,727	29,116

Benchmarks | 2019-20 - All Facilities

	Average for peer group	Your value	% above/ below ave.
Carbon emissions			
CO2e(t) per m2	0.17	0.11	-36.44%
CO2e(t) per OBD	0.07	0.05	-22.34%
CO2e(t) per Seps	0.99	3.21	224.61%
Water use			
kL per m2	1.36	1.17	-14%
kL per OBD	0.54	0.59	8.71%
kL per Seps	7.77	34.70	346.64%
Expenditure rates			
Total utility spend ($/m2)	42	26.399744	-37.14%
Elec($/kWh)	0	0.1968257	100.00%
Potable Water($/kL)	3	2.1106276	-29.65%
LPG($/kL)	722	668.80624	-7.37%
Additional measures (not included in benchmarking chart)			
Total utility spend ($/Separations)		785.10	
Total utility spend ($/In-Patient Bed Days)		114.75	
Total utility spend ($/Aged Care Bed Nights)		15.02	

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.

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.

Additional information available on request

Consistent with FRD 22H (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.

Attestations

Data Integrity Declaration

I, Kevin Mills, 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.

Kevin Mills
Accountable Officer
Rural Northwest Health
5 October 2020

Integrity, Fraud and Corruption Declaration

I, Kevin Mills, certify that Rural Northwest Health has put it 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.

Kevin Mills
Accountable Officer
Rural Northwest Health
5 October 2020

Conflict of Interest Declaration

I, Kevin Mills, 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.

Kevin Mills
Accountable Officer
Rural Northwest Health
5 October 2020

Financial Management Compliance

I Julia Hausler, on behalf of the Responsible Body5, 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
Rural Northwest Health
5 October 2020

Financial Overview

Rural Northwest Health is delighted to report a net surplus operating result of $94,464 and an entity deficit from transactions of $3,510,815 after capital depreciation for the year ending 30 June 2020.

Finance summary – 5 years 2015-16 to 2019-20	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Operating result*	94	794	2099	960	778
Total revenue	25,303	23,934	23,254	21,667	20,723
Total expenses	(28,814)	(25,264)	(23,353)	(22,788)	(22,353)
Net result from transactions	(3,511)	(1,330)	(99)	(1,121)	(1,630)
Total other economic flows	320	121	131	38	(170)
Net result	(3,191)	(1,209)	32	(1,083)	(1,800)
Total assets	83,458	88,860	61,128	61,763	60,352
Total liabilities	14,209	16,108	12,955	13,622	11,361
Net assets / Total equity	69,249	72,572	48,173	48,141	48,991

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

Reconciliation net result from operating to transaction result	2020 $'000
Net Operating result*	94
Capital purpose income	307
Specific income	N/A
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	24
State supply items consumed up to 30 June 2020	(24)
Assets provided free of charge	N/A
Assets received free of charge	N/A
Expenditure for capital purpose	N/A
Depreciation and amortisation	(3,825)
Impairment of non-financial assets	N/A
Finance costs (other)	(87)
Net results from transactions	(3,511)

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

Consultancy disclosures

Details of consultancies (under $10,000)

In 2019-20, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is $11,704 (excl. GST).

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

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future expenditure (excluding GST)
D4P Pty Ltd	Provision Of Emergency Management Contractor Services Associated With COVID-19 Response	16/04/2020	30/06/2021	22,188.53	22,188.53	50,000.00
Engage Consulting	ICARE Review	20/04/2020	25/05/2020	59,781.60	59,781.60	0.00
Everybodys Business	Business Modelling For Community Services Project	15/05/2020	15/05/2020	16,600.00	16,600.00	0.00
Health Generation Pty Ltd	Aged Care Funding Advice	30/09/2019	30/06/2021	84,426.92	84,426.92	25,000.00
Synchronicity Consulting Pty Ltd	Strategic Planning	20/12/2019	30/06/2020	50,345.00	50,345.00	0.00

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2019-20 is $849,753.98 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)
$756,399.56	$93,354.42	$0	$93,354.42

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 2020
- 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 2020 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.

Other Information

The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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
8 October 2020

Travis Derricott
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 2020 and the financial position of Rural Northwest Health at 30 June 2020.

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 05 October 2020.

Member of Responsible Body

Julia Hausler

Board Chair

Rural Northwest Health
5 October 2020

Accountable Officer

Kevin Mills

Chief Executive Officer

Rural Northwest Health
5 October 2020

Chief Finance and Accountable Officer

Dalton Burns

Chief Finance and Accounting Officer

Rural Northwest Health
5 October 2020

Rural Northwest Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2020

		Total 2020 $'000	Total 2019 $'000
Income from transactions			
Operating activities			
Non-operating activities	2.1	25,072	23,495
Total Income from Transactions	2.1	231	439
		25,303	**23,934**
Expenses from Transactions			
Employee expenses	3.1	(19,879)	(17,981)
Supplies and consumables	3.1	(1,746)	(1,779)
Finance costs	3.1	(87)	-
Depreciation	4.2	(3,825)	(2,250)
Other administrative expenses	3.1	(2,298)	(2,057)
Other operating expenses	3.1	(979)	(1,197)
Total Expenses from Transactions		**(28,814)**	**(25,264)**
Net Result from Transactions - Net Operating Balance		**(3,511)**	**(1,330)**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on sale of non-financial assets	3.2	16	1
Net Gain/(Loss) on financial instruments at fair value	3.2	1	-
Other Gain/(Loss) from other economic flows	3.2	303	120
Total Other Economic Flows included in Net Result		**320**	**121**
Net Result for the year		**(3,191)**	**(1,209)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	25,608
Total Other Comprehensive Income		**-**	**25,608**
Comprehensive Result for the Year		**(3,191)**	**24,399**

This Statement should be read in conjunction with the accompanying notes.

Rural Northwest Health
Balance Sheet as at 30 June 2020

	Note	Total 2020 $'000	Total 2019 $'000
Current Assets			
Cash and cash Equivalents	6.2	19,052	21,841
Receivables	5.1	564	519
Inventories	4.3	40	33
Other Assets		126	93
Total Current Assets		**19,782**	**22,486**
Non-Current Assets			
Receivables	5.1	525	287
Property, plant and equipment	4.1 (a)	63,151	65,907
Total Non-Current Assets		**63,676**	**66,194**
TOTAL ASSETS		**83,458**	**88,680**
Current Liabilities			
Payables	5.2	1,421	1,630
Borrowings	6.1	196	-
Provisions	3.3	3,777	3,485
Other liabilities	5.3	7,879	10,471
Total Current Liabilities		**13,273**	**15,586**
Non-Current Liabilities			
Borrowings	6.1	423	-
Provisions	3.3	513	522
Total Non-Current Liabilities		**936**	**522**
TOTAL LIABILITIES		**14,209**	**16,108**
NET ASSETS		**69,249**	**72,572**
EQUITY			
Property, plant and equipment revaluation surplus Restricted	4.1(f)	38,127	38,127
specific purpose surplus	SCE	113	113
Contributed capital	SCE	29,139	29,139
Accumulated deficits	SCE	1,870	5,193
TOTAL EQUITY		**69,249**	**72,572**

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 2020

Total	Note	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated (Deficits)/ Surplus	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2018	**4.1 (f)**	**12,519**	**113**	**29,139**	**6,402**	**48,173**
Net result for the year		-	-	-	(1,209)	(1,209)
Other comprehensive income for the year		25,608	-	-	-	25,608
Balance at 30 June 2019		**38,127**	**113**	**29,139**	**5,193**	**72,572**
Effect of adoption of AASB 15, 16 and 1058	**8.9**	-	-	-	(132)	**(132)**
Restated balance at 30 June 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**

This Statement should be read in conjunction with the accompanying notes.

Rural Northwest Health
Cash Flow Statement
For the Financial Year Ended 30 June 2020

	Note	Total 2020 $'000	Total 2019 $'000
Cash Flows from Operating Activities			
Operating grants from government		20,722	19,772
Capital grants from government - State		-	192
Patient fees received		2,944	2,640
GST received from (paid to) ATO		(77)	109
Interest and investment income received		231	511
Commercial Income Received		300	-
Other Receipts		904	657
Total Receipts		**25,024**	**23,881**
Employee expenses paid		(19,619)	(17,332)
Payments for supplies and consumables		(1,739)	(1,793)
Payments for medical indemnity insurance		(104)	(110)
Payments for repairs and Maintenance		(414)	(354)
Finance Costs		(87)	(17)
Cash outflow for leases		(19)	(113)
Other payments		(2,792)	(2,027)
Total Payments		**(24,774)**	**(21,746)**
Net Cash Flows from Operating Activities	8.1	**250**	**2,135**
Cash Flows from Investing Activities			
Purchase of non-financial assets		(503)	(1,123)
Cash recognised from Grampians Rural Health Alliance Proceeds		-	(70)
from disposal of non-financial assets Proceeds from disposal of		155	1
investments		-	10,404
Net Cash Flows from/(used in) Investing Activities		**(348)**	**9,212**
Cash Flows from Financing Activities			
Proceeds of borrowings		7	-
Repayment of borrowings		(93)	-
Net Receipt/(refund) of accommodation deposits		(2,605)	2,364
Net Cash Flows from /(used in) Financing Activities		**(2,691)**	**2,364**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**(2,789)**	**13,711**
Cash and cash equivalents at beginning of year		(21,841)	8,130
Cash and Cash Equivalents at End of Year	6.2	**19,052**	**21,841**

This Statement should be read in conjunction with the accompanying notes.

Basis of preparation
These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Note 1 – Summary of Significant Accounting Policies
These annual financial statements represent the audited general purpose financial statements for Rural Northwest Health for the year ended 30 June 2020. The report provides users with information about Rural Northwest Health's stewardship of resources entrusted to it.

(a) Statement of Compliance
These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AAS's, 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, and relevant Standing Directions authorised by the Assistant Treasurer.

Rural Northwest Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AAS's.

(b) Reporting Entity
The financial statements include all the controlled 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.

(c) Basis of Accounting Preparation and Measurement
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).
These financial statements are presented in Australian dollars, the functional and presentation currency of Rural Northwest Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and

- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3 Employee Benefits in the Balance Sheet).

Note 1 – Summary of Significant Accounting Policies (Continued)

Covid-19

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Rural Northwest Health.

In response, Rural Northwest Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.2 Property, Plant and Equipment.

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented separately in the operating cash flow.

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

(d) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Rural Northwest Health recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Rural Northwest Health is a member of the Grampians Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations)

(e) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 *Contributions*, 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 Surplus

The Specific Restricted Purpose Surplus 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: 2 Funding delivery of our services

The Health Service'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 accrual based grant funding for the provision of outputs. Rural Northwest Health also receives income from the supply of services.

Structure
2.1 Analysis of revenue by source

Note 2.1: Income from Transactions

	Total 2020 $'000	Total 2019 $'000
Government grants (state) - Operating [1] Government grants	13,088	12,177
(Commonwealth) - Operating	7,868	7,626
Patient and resident fees	2,834	2,664
Commercial activities	300	281
Assets received free of charge or for nominal consideration	24	-
Other revenue from operating activities (including non-capital donations)	958	747
Total Income from Operating Activities	**25,072**	**23,495**
Other interest	231	439
Total Income from Non-Operating Activities	**231**	**439**
Total Income from Transactions	**25,303**	**23,934**

1. Government Grants (State) - Operating includes funding of $0.19m which was spent due to the impacts of COVID-19.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Rural Northwest Health's response to the pandemic included the deferral of programs/projects and reduced activity. This resulted in Rural Northwest Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on Rural Northwest Health. Rural Northwest Health also received essential personal protective equipment free of charge under the state supply arrangement.

Revenue Recognition
Government Grants

Income from grants to construct major infrastructure is recognised when (or as) Rural Northwest Health satisfies its obligations under the transfer. This aligns with Rural Northwest Health's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Rural Northwest Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Rural Northwest Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004;
b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
c) a lease liability in accordance with AASB 16;
d) a financial instrument, in accordance with AASB 9; or
e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Note 2.1: Income from Transactions

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).

Performance obligations

The types of government grants recognised under AASB15 *Revenue from Contracts with Customers* includes:

- Activity Based Funding - DVA and Renal WIES
- Grants requiring acquittal of services and/or expenditure

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they align with the terms and conditions of the funding provided. For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For grants requiring acquittal of services and/or expenditure, revenue is recognised in accordance with the funding agreement. Rural Northwest Health exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Rural Northwest Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Rural Northwest Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Rural Northwest Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

The following are transactions that Rural Northwest Health has determined to be classified as revenue from contracts with customers in accordance with AASB 15. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Patient and Resident Fees

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Rural Northwest Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

Private Practice Fees

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

Commercial activities

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 $'000	2019 $'000
Assets received free of charge under State supply arrangements	24	-
Total fair value of assets and services received free of charge or for nominal consideration	24	-

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery and distributed the products to health services as resources provided free of charge.

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Rural Northwest Health operates with minimal volunteer services and does not consider a reliable fair value can be determined.

Non-cash contributions from the Department of Health and Human Services
The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services

- 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 and Human Services Hospital Circular

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

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Note 2.1: Income from Transactions (Continued)

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Rural Northwest Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises

- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

2.1 (c) Other income

	2020 $'000	2019 $'000
Other interest	231	439
Total other income	231	439

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Interest Income

Interest revenue is recognised on a time proportionate basis that takes into account 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 hospital 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 Other Economic Flows
3.3 Employee Benefits in the Balance Sheet
3.4 Superannuation

Note 3.1: Expenses from Transactions

	Total 2020 $'000	Total 2019 $'000
Salaries and wages	16,664	15,704
On-costs	1,490	1,402
Agency expenses	1,219	407
Fee for service medical officer expenses	293	315
Workcover premium	213	153
Total Employee Expenses	**19,879**	**17,981**
Drug supplies	152	148
Medical and surgical supplies Diagnostic	418	250
and radiology supplies Other supplies	219	221
and consumables	957	1,160
Total Supplies and Consumables	**1,746**	**1,779**
Finance costs	87	-
Total Finance Costs	**87**	**-**
Other administrative expenses	2,298	2,057
Total Other Administrative Expenses	**2,298**	**2,057**
Fuel, light, power and water	442	472
Repairs and maintenance	302	434
Maintenance contracts	112	111
Medical indemnity insurance	104	96
Expenses related to leases of low value assets	19	-
Expenditure for capital purposes	-	84
Total Other Operating Expenses	**979**	**1,197**
Total Operating Expense	**24,989**	**23,014**
Depreciation (refer Note 4.2) **Total**	3,825	2,250
Depreciation	**3,825**	**2,250**
Total Non-Operating Expense	**3,825**	**2,250**
Total Expenses from Transactions	**28,814**	**25,264**

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

Note 3.1: Expenses from Transactions *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 premium.

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;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- 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 and Human Services 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.

Operating lease payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 3.2: Other economic flows included in net result

	Total 2020 $'000	Total 2019 $'000
Net gain/(loss) on non-financial assets		
Net gain on disposal of property plant and equipment	16	1
Total Net Gain on Non-Financial Assets	**16**	**1**
Net gain/(loss) on financial instruments		
Net gain/(loss) on disposal of financial instruments	1	-
Total Net Gain on Financial Instruments	**1**	**-**
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability **Total other Gains from Other Economic Flows**	303	120
	303	**120**
Total Gains/(Losses) From Other Economic Flows	**320**	**121**

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:

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment.)
- 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.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and

- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.3: Employee Benefits in the Balance Sheet

	Total 2020 $'000	Total 2019 $'000
CURRENT PROVISIONS		
Employee Benefits [i]		
Accrued days off		
- unconditional and expected to be settled wholly within 12 months [ii]	61	51
Annual leave		
- unconditional and expected to be settled wholly within 12 months [ii]	1,200	1,205
- unconditional and expected to be settled wholly after 12 months [iii]	188	46
Long service leave		
- unconditional and expected to be settled wholly within 12 months [ii]	179	250
- unconditional and expected to be settled wholly after 12 months [iii]	1,767	1,588
	3,395	**3,140**
Provisions related to Employee Benefit On-Costs Unconditional and expected to be settled within 12 months [ii]	162	165
Unconditional and expected to be settled after 12 months [iii]	220	180
	382	**345**
TOTAL CURRENT PROVISIONS	**3,777**	**3,485**
NON-CURRENT PROVISIONS		
Conditional long service leave [iii]	462	470
Provisions related to employee benefit on-costs [iii] **TOTAL**	51	52
NON-CURRENT PROVISIONS	**513**	**522**
TOTAL PROVISIONS	**4,290**	**4,007**

[i] Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

[ii] The amounts disclosed are nominal amounts.

[iii] The amounts disclosed are discounted to present values.

Note 3.3: Employee Benefits in the Balance Sheet

(a) Employee Benefits and Related On-Costs

	Total 2020 $'000	Total 2019 $'000
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	2,165	2,040
Annual leave entitlements	1,544	1,389
Accrued days off	68	56
Total Current Employee Benefits and Related On-Costs	**3,777**	**3,485**
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	513	522
Total Non-Current Employee Benefits and Related On-Costs	**513**	**522**
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**4,290**	**4,007**

(b) Movement in On-Costs Provision

	Total 2020 $'000	Total 2019 $'000
Balance at start of year	**397**	**355**
Additional provisions recognised	(87)	101
Unwinding of discount and effect of changes in the discount rate	303	120
Reduction due to transfer out	(180)	(179)
Balance at end of year	**433**	**397**

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 the Health Service 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 disclosed as a non-current liability. Any gain or loss followed 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.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

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 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2020 $'000	Total 2019 $'000	Total 2020 $'000	Total 2019 $'000
Defined Contribution Plans:				
First State Super	1,128	927	183	161
Hesta	362	395	31	30
Total	**1,490**	**1,322**	**214**	**191**

[i] The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of Rural Northwest Health are entitled to receive superannuation benefits and it contributes to both defined benefit an defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

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.

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

Note 4.1: Property, plant and equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

Rural Northwest Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- 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.

Subsequent measurement: Property, plant and equipment (PPE) as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard 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) and is summarised on the following page by asset category.

Right-of-use asset – Subsequent measurement

Rural Northwest Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation surplus, 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, 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 surplus in respect of the same class of property, plant and equipment.

Note 4.1: Property, plant and equipment (continued)

Revaluation increases and revaluation decreases 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 surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H *Non-financial physical assets* , Rural Northwest Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair value measurement

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.

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.

Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

Non-specialised land, non-specialised buildings and cultural assets 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 and specialised buildings 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.

Note 4.1: Property, plant and equipment (continued)

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 valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles

The Health Service 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).

Plant and Equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) 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 2020. For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.1: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2020 $'000	Total 2019 $'000
Land - Freehold	888	888
TOTAL LAND AT FAIR VALUE	**888**	**888**
Buildings Under Construction		
Buildings at cost	57	-
Less accumulated depreciation	-	-
Sub-totals Buildings at Cost	**57**	**-**
Buildings at fair value	62,434	62,434
Less accumulated depreciation	(3,263)	-
Sub-totals Buildings at Fair Value	**59,171**	**62,434**
Land improvements at fair value Less accumulated depreciation	918 (75)	918 -
Sub-totals Land improvements at fair value	**843**	**918**
Building work in progress at cost	272	175
TOTAL BUILDINGS	**60,343**	**63,527**
Plant and equipment at fair value	1,604	1,471
Less accumulated depreciation	(986)	(832)
TOTAL PLANT AND EQUIPMENT	**618**	**639**
Motor vehicles at fair value	225	225
Less accumulated depreciation	(177)	(155)
TOTAL MOTOR VEHICLES	**48**	**70**
Medical equipment at fair value	990	943
Less Accumulated Depreciation	(657)	(592)
TOTAL MEDICAL EQUIPMENT	**333**	**351**
Computers and communication equipment at fair value	692	599
Less accumulated depreciation	(506)	(387)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	**186**	**212**
Furniture and fittings at fair value	518	435
Less accumulated depreciation	(255)	(215)
TOTAL FURNITURE AND FITTINGS	**263**	**220**
Right of use - Motor vehicles	593	-
Less accumulated depreciation	(121)	-
TOTAL RIGHT OF USE - MOTOR VEHICLES	**472**	**-**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**63,151**	**65,907**

Note 4.1: Property, Plant and Equipment (Continued)

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

Total	Note	Land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Medical Equipment $'000	Computers & Communication Equipment $'000	Furniture & Fittings $'000	Right of use - Vehicles	Total $'000
Balance at 1 July 2018		**653**	**39,314**	**534**	**95**	**347**	**221**	**180**	-	**41,344**
Additions		-	797	185	-	65	93	65	-	1,205
Disposals		-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)		235	25,373	-	-	-	-	-	-	25,608
Net Transfers between classes		-	-	-	-	-	-	-	-	-
Depreciation	4.2	-	(1,957)	(80)	(25)	(61)	(102)	(25)	-	(2,250)
Balance at 30 June 2019	4.1 (a)	**888**	**63,527**	**639**	**70**	**351**	**212**	**220**	-	**65,907**
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	-	322	322
Adjusted balance at 1 July 2019		**888**	**63,527**	**639**	**70**	**351**	**212**	**220**	**322**	**66,229**
Additions		-	154	127	-	47	93	82	383	886
Disposals		-	-	-	-	-	-	-	(139)	(139)
Assets provided free of charge Revaluation		-	-	-	-	-	-	-	-	-
increments/(decrements) Net Transfers		-	-	-	-	-	-	-	-	-
between classes Depreciation		-	-	-	-	-	-	-	-	-
Balance at 30 June 2020	4.2	-	(3,338)	(148)	(22)	(65)	(119)	(39)	(94)	(3,825)
	4.1 (a)	**888**	**60,343**	**618**	**48**	**333**	**186**	**263**	**472**	**63,151**

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Rural Northwest Health's owned 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.

In compliance with FRD 103H, in the year ended 30 June 2020, Rural Northwest Health's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The fair value of the land and buildings had been adjusted by an independent assessment in 2019. The latest indices did not identify that a further revaluation was required in 2020. There was no material financial impact or change in fair value of land and buildings.

In undertaking this assessment, management considered whether the impact of Covid on the fair value of property may not have been reflected in the indices for the financial year and concluded the effect cannot yet be fully understood. In the absence of evidence to undermine the reliability of the indices, management have not altered their estimates of fair value as determined using the indices.

Note 4.1: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Note	Total Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Balance at 30 June 2020		$'000	$'000	$'000	$'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
- Specialised land improvements		843	-	-	843
Total Building 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
Computers and communication 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 Other Plant and Equipment at Fair Value		**1,920**	**-**	**520**	**1,400**
Total Property, Plant and Equipment		**62,822**	**-**	**2,088**	**60,734**

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

ii There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the Valuer-General revaluation in 2019.

Note 4.1: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Note	Total Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Balance at 30 June 2019		**$'000**	**$'000**	**$'000**	**$'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		61,177	-	-	61,177
- Specialised land improvements		918	-	-	918
Total Building at Fair Value	4.1 (a)	**63,352**	**-**	**1,257**	**62,095**
Plant and equipment at fair value	4.1 (a)	639	-	-	639
Motor vehicles at fair value	4.1 (a)	70	-	70	-
Medical equipment at Fair Value	4.1 (a)	351	-	-	351
Computers and communication equipment at fair value	4.1 (a)	212	-	-	212
Furniture and fittings at fair value	4.1 (a)	220	-	-	220
Total other plant and equipment at fair value		**1,492**	**-**	**70**	**1,422**
Total Property, Plant and Equipment		**65,732**	**-**	**1,638**	**64,094**

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

Note 4.1: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value [i]

Total	Note	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Communication Equipment $'000	Furniture & Fittings $'000
Balance at 1 July 2018	4.1 (c)	**392**	**37,351**	**534**	**347**	**221**	**180**
Additions/(Disposals)	4.1 (c)	-	797	185	65	93	65
Net Transfers between classes	4.1 (c)	-	809	-	-	-	-
Gains/(Losses) recognised in net result							
- Depreciation	4.2	-	(1,957)	(80)	(61)	(102)	(25)
Items recognised in other comprehensive income							
- Revaluation		185	25,095	-	-	-	-
Balance at 30 June 2019	4.1 (c)	**577**	**62,095**	**639**	**351**	**212**	**220**
Additions/(Disposals)	4.1 (c)	-	-	127	47	93	82
Gains/(Losses) recognised in net result							
- Depreciation	4.2	-	(3,338)	(148)	(65)	(119)	(39)
Balance at 30 June 2020	4.1 (c)	**577**	**58,757**	**618**	**333**	**186**	**263**

[i] Classified in accordance with the fair value hierarchy, refer Note 4.1 (e).

Note 4.1: Property, Plant and Equipment (Continued)

(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 (a)
Non-specialised buildings	Market approach	n.a.
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

[a] A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

(f) Property, Plant and Equipment Revaluation Surplus

	Note	Total 2020 $'000	Total 2019 $'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		38,127	12,519
Revaluation Increment			
- Land	4.1 (b)	-	235
- Buildings	4.1 (b)	-	25,373
Balance at the end of the Reporting Period*		**38,127**	**38,127**
*** Represented by:**			
- Land		703	703
- Buildings		37,424	37,424
		38,127	**38,127**

Note 4.2: Depreciation

	Total 2020 $'000	Total 2019 $'000
Depreciation		
Buildings	3,263	1,778
Land Improvements	75	179
Plant and equipment	148	80
Motor vehicles	22	25
Medical equipment	65	61
Computers and communication equipment	119	102
Furniture and fittings	39	25
Right of use assets		
- Right of use Motor vehicles **Total**	94	-
Depreciation	**3,825**	**2,250**
Total Depreciation	**3,825**	**2,250**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, 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 shorter of the asset's useful life and the lease term. Where Rural Northwest Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset overs its useful life.

	2020	2019
Buildings		
- Structure shell building fabric	10 to 47 years	50 years
- Site engineering services and central plant	5 to 37 years	40 years
Central Plant		
- Fit out	5 to 22 years	25 years
- Trunk reticulated building system	5 to 27 years	30 years
Plant and equipment	1 to 20 years	1 to 20 years
Medical equipment	3 to 20 years	4 to 20 years
Computers and communication	1 to 10 years	3 to 5 years
Furniture and Fittings	1 to 20 years	1 to 20 years
Motor Vehicles	6 to 8 years	8 years
Land Improvements	6 years	6 years

Note 4.3: Inventories

	Total 2020 $'000	Total 2019 $'000
Pharmacy supplies at cost	12	12
General stores at cost	28	21
Total Inventories	**40**	**33**

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.

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
5.3 Other liabilities

Note 5.1: Receivables

	Notes	Total 2020 $'000	Total 2019 $'000
CURRENT			
Contractual			
Trade Debtors		111	43
Patient Fees		71	181
Accrued Revenue		308	313
Amounts receivable from governments and agencies		4	-
Allowance for Impairment Losses (5.1a)			
Patient Fees	7.1(c)	(3)	(14)
Sub-Total Contractual Receivables		**491**	**523**
Statutory			
GST Receivable		73	(4)
Sub-Total Statutory Receivables TOTAL		**73**	**(4)**
CURRENT RECEIVABLES		**564**	**519**
NON-CURRENT			
Statutory			
Long service leave - Department of Health and Human Services		525	287
Sub-Total Statutory Receivables TOTAL		**525**	**287**
NON-CURRENT RECEIVABLES		**525**	**287**
TOTAL RECEIVABLES		**1,089**	**806**

(a) Movement in the Allowance for impairment losses of contractual receivables

	Total 2020 $'000	Total 2019 $'000
Balance at beginning of year	**14**	**14**
Reversal of allowance written off during the year as uncollectable	-	-
Increase/(Decrease) in allowance recognised in the net result	(11)	-
Balance at end of year	**3**	**14**

Increase/(Decrease) in allowance recognised in the net result	(11)	-

Receivables recognition
Receivables consist of:

Contractual 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 subsequently measured at amortised cost using the effective interest method, less any impairment.

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.

Impairment losses of contractual receivables
Refer to Note 7.1 (c) Contractual receivables at amortised costs for the Health Service's contractual impairment losses.

Note 5.2: Payables

	Notes	Total 2020 $'000	Total 2019 $'000
CURRENT			
Contractual			
Trade creditors		213	206
Accrued salaries and wages		239	573
Accrued expenses		765	804
Deferred grant revenue	5.2(a)	132	-
Amounts payable to governments and agencies		14	-
		1,363	**1,583**
Statutory			
Department of Health and Human Services		50	47
Australian Taxation Office		8	-
		58	**47**
TOTAL CURRENT PAYABLES		**1,421**	**1,630**
TOTAL PAYABLES		**1,421**	**1,630**

Payables consist of:

- **contractual payables**, 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; and
- **statutory payables**, that 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 Nett 60 days.

Note 5.2 (a) Deferred grant revenue

	2020 $'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	
Grant consideration for capital works received during the year	132
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-
	-
Closing balance of deferred grant consideration received for capital works	**132**

Grant consideration was received 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.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.3: Other liabilities

	Total 2020 $'000	Total 2019 $'000
CURRENT		
Monies held in trust*: Patient monies held in trust	184	168
Monies held in trust*: Refundable accommodation deposits	7,657	10,262
Other	38	41
Total Current	**7,879**	**10,471**
Total Other Liabilities	**7,879**	**10,471**

*** Total Monies Held in Trust Represented by the Following Assets:**		
Cash assets	7,879	10,471
TOTAL	**7,879**	**10,471**

Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Group 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.

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
6.4 Non-cash financing and investing activities

Note 6.1: Borrowings

	Total 2020 $'000	Total 2019 $'000
CURRENT		
Lease liability [(i)]	196	-
Total Current Borrowings NON	**196**	**-**
CURRENT		
Lease liability [(i)]	278	-
Advances from government (ii) **Total**	145	-
Non Current Borrowings Total	**423**	**-**
Borrowings	**619**	**-**

(i) Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) These are unsecured loans which bear no interest.

(a) Maturity Analysis of Borrowings

Please refer to Note 7.1 for the ageing analysis of borrowings.

(b) Defaults and Breaches

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

(c) Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not later than one year	207	-	200	-
Later than 1 year and not later than 5 years Later than	284	-	274	-
5 years	-	-	-	-
Minimum lease payments	**491**	**-**	**474**	**-**
Less future finance charges	(17)	-	-	-
TOTAL	**474**	**-**	**474**	**-**
Included in the financial statements as:				
Current borrowings - lease liability	196		196	-
Non-current borrowings - lease liability	278		278	-
TOTAL	**474**	**-**	**474**	**-**

The weighted average interest rate implicit in the finance lease is 3.15% (2019: 3.15%).

Note 6.1: Borrowings (continued)

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months.

Rural Northwest Health's leasing activities

Rural Northwest Health has entered into leases related to motor vehicles.

For any new contracts entered into on or after 1 July 2019, Rural Northwest Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Rural Northwest Health assesses whether the contract meets three key evaluations which are whether:

- 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.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

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.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – 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.

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.

Lease Liability – 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.

Short-term leases and leases of low value assets

Rural Northwest Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

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. Lease liabilities are presented as 'borrowings' in the balance sheet.

Note 6.1: Borrowings (continued)

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Rural Northwest Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Rural Northwest Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Rural Northwest Health's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Other leasing arrangements in 2019: The other leases relate to equipment with lease terms of varying years. Rural Northwest Health has options to purchase the equipment at the conclusion of the lease agreements. Some leases provide for additional rent payments based on changes in a local price index.

Entity as lessee

Leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

Borrowings

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 the Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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'.

Note 6.2: Cash and Cash Equivalents

	Total 2020 $'000	Total 2019 $'000
Cash on hand (excluding monies held in trust)	2	2
Cash at Bank (excluding monies held in trust)	495	550
Cash at Bank (monies held in trust)	221	209
Cash at Bank - CBS (excluding monies held in trust) Cash at Bank - CBS (monies held in trust)	10,676	10,818
	7,658	10,262
TOTAL CASH AND CASH EQUIVALENTS	**19,052**	**21,841**

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

	2020 $'000	2019 $'000
Operating Expenditure Commitments		
Less than 1 year	-	120
Longer than 1 year but not longer than 5 years	-	21
5 years or more	-	-
Total Operating Expenditure Commitments	**-**	**141**
Total Commitments for Expenditure (inclusive of GST)	**-**	**141**
Less GST recoverable from the Australian Tax Office	**-**	**(13)**
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	**-**	**128**

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

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.

Rural Northwest Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Rural Northwest Health to purchase these assets. These leases have an average life of between 1 and 3 years with renewal terms included in the contracts. Renewals are at the option of Rural Northwest Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 6.4: Non-cash financing and investing activities

	Total 2020 $'000	Total 2019 $'000
Acquisition of plant and equipment by means of Finance Leases	474	-
Total Non-Cash Financing and Investing Activities	**474**	**-**

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 Contingent Assets and Contingent Liabilities

Note 7.1 (a): 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. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*

(a) Categorisation of financial instruments

Total 2020	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets Cash and Cash Equivalents	6.2	19,052	-	19,052
Receivables - Trade Debtors	5.1	180	-	180
Other Receivables	5.1	311	-	311
Total Financial Assets [i]		**19,543**	**-**	**19,543**
Financial Liabilities				
Payables	5.2	-	1,231	1,231
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	5.3	-	38	38
Total Financial Liabilities [i]		**-**	**9,728**	**9,728**

Note 7.1 (a): Financial Instruments

(a) Categorisation of financial instruments

Total 2019	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets Cash and Cash Equivalents	6.2	21,841	-	21,841
Receivables - Trade Debtors	5.1	210	-	210
Other Receivables	5.1	313	-	313
Total Financial Assets [i]		**22,364**	**-**	**22,364**
Financial Liabilities				
Payables	5.2	-	1,583	1,583
Borrowings	6.1	-	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	10,262	10,262
Other Financial Liabilities - Patient monies held in trust	5.3	-	168	168
Other Financial Liabilities	5.3	-	41	41
Total Financial Liabilities [i]		**-**	**12,054**	**12,054**

i The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables.

Financial assets at amortised cost

Financial assets are measured at amortised costs 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 to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Rural Northwest Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables).

Note 7.1 (a): Financial Instruments (Continued)

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Health Service's own credit risk. In this case, the portion of the change attributable to changes in Rural Northwest Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Rural Northwest Health recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Rural Northwest Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

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: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Rural Northwest Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1 (b): Payables and Borrowings Maturity Analysis

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

Maturity analysis of Financial Liabilities as at 30 June

2020	Note	Carrying Amount $'000	Nominal Amount $'000	Maturity Dates: Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000	Over 5 years $'000
Financial Liabilities at amortised cost								
Payables	**5.2**	1,231	1,231	1,018	213	-	-	-
Borrowings	**6.1**	619	619	-	-	196	423	-
Other Financial Liabilities - Refundable Accommodation Deposits Other	**5.3**	7,657	7,657	-	-	7,657	-	-
Financial Liabilities - Patient monies held in trust	**5.3**	184	184	-	184	-	-	-
Other Financial Liabilities	**5.3**	38	38	-	-	38	-	-
Total Financial Liabilities		**9,729**	**9,729**	**1,018**	**397**	**7,891**	**423**	**-**
2019								
Financial Liabilities at amortised cost								
Payables	**5.2**	1,583	1,583	1,377	206	-	-	-
Other Financial Liabilities - Refundable Accommodation Deposits Other	**5.3**	10,262	10,262	-	-	10,262	-	-
Financial Liabilities - Patient monies held in trust	**5.3**	168	168	-	168	-	-	-
Other Financial Liabilities	**5.3**	41	41	-	-	41	-	-
Total Financial Liabilities		**12,054**	**12,054**	**1,377**	**374**	**10,303**	**-**	**-**

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable)

Note 7.1 (c) Contractual receivables at amortised cost

30-Jun-19	Note		$ Current	$ Less than 1 month	$ 1–3 months	$ 3 months –1 year	$ 1–5 years	$ Total
Expected loss rate			0.0%	0.0%	0.0%	0.0%	100.0%	
Gross carrying amount of contractual receivables ($'000s)	5.1	523	347	154	8	0	14	**523**
Loss allowance			-	-	-	-	**14**	**14**

30-Jun-20			$ Current	$ Less than 1 month	$ 1–3 months	$ 3 months –1 year	$ 1–5 years	$ Total
Expected loss rate			0.0%	0.0%	0.0%	0.0%	100.0%	
Gross carrying amount of contractual receivables	5.1	494	491	0	0	0	3	**494**
Loss allowance			-	-	-	-	**3**	**3**

Impairment of financial assets under AASB 9 *Financial Instruments*
Rural Northwest Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Subject to AASB 9 *Financial Instruments,* impairment assessment includes the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments* . Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments* . While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments* , any identified impairment loss would be immaterial.

Contractual receivables at amortised cost
The Health Service applies AASB 9 *Financial Instruments* 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. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Note 7.1 (c) Contractual receivables at amortised cost (Continued)

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020 $	2019 $
Balance at beginning of the year ($'000s)		**14**	**14**
Opening retained earnings adjustment on adoption of AASB 9		-	-
Opening Loss Allowance	5.1	**14**	**14**
Modification of contractual cash flows on financial assets		-	-
Increase in provision recognised in the net result	3.1	(11)	-
Reversal of provision of receivables written off during the year as uncollectible		-	-
Reversal of unused provision recognised in the net result		-	-
Balance at end of the year	5.1	**3**	**14**

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables and debt investments at amortised cost

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

The Health Service also has investments in: Centralised Banking System (CBS).

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, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent assets or contingent liabilities for Rural Northwest Health at the date of this report.

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 Executive Officers
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 Economic Dependency
8.9 Changes in accounting policy and revision of estimates
8.10 AASBs Issued that are not yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Note		Total 2020 $'000	Total 2019 $'000
Net Result for the Year		**OS**	(3,191)	(1,209)
Non-Cash Movements:				
Depreciation		4.2	3,825	2,232
Provision for Doubtful Debts		5.1 (a)	(11)	-
Share of net results in associates			-	16
Movements included in Investing and Financing Activities:				
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		3.2	(16)	(1)
Movements in Assets and Liabilities:				
Change in Operating Assets and Liabilities				
(Increase)/Decrease in Receivables		5.1	(272)	303
(Increase)/Decrease in Prepayments			(33)	6
Increase/(Decrease) in Payables		5.2	(341)	329
Increase/(Decrease) in Other Liabilities		5.3	13	-
(Increase)/Decrease in Inventories		4.3	(8)	14
(Increase)/Decrease in Employee Benefits		3.3	283	445
NET CASH INFLOW FROM OPERATING ACTIVITIES			**250**	**2,135**

Note 8.2: Responsible Persons

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

	Period
Responsible Ministers:	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability,	01/07/2019 - 30/06/2020
Governing Boards	
Julia Hausler	01/07/2019 - 30/06/2020
Janette McCabe	01/07/2019 - 30/06/2020
Carolyn Morcom	01/07/2019 - 30/06/2020
Amanda Kenny	01/07/2019 - 30/06/2020
John Aitken	01/07/2019 - 30/06/2020
Glenda Hewitt	01/07/2019 - 31/08/2019
Genevieve O'Sullivan	01/07/2019 - 30/06/2020
Hugh Molenaar	01/07/2019 - 30/06/2020
Accountable Officers	
Kevin Mills (Chief Executive Officer)	01/07/2019 - 30/06/2020

Remuneration of Responsible Persons

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

Income Band	**Total 2020 No.**	**Total 2019 No.**
$0 - $9,999	8	10
$130,000 - $139,999	-	1
$220,000 - $229,999	1	-
Total Numbers	**9**	**11**

	2020 $'000	**2019 $'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$249**	**$159**

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 Accountable Officers, 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.

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	**Total Remuneration**	
	2020 $'000	**2019 $'000**
Short-term Benefits	535	658
Post-employment Benefits	47	56
Other Long-term Benefits	13	13
Total Remuneration [i]	**595**	**727**
Total Number of Executives	4	7
Total Annualised Employee Equivalent [ii]	3.75	6.75

[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.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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 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.

Termination Benefits

Termination of employment payments, such as severance packages.

Other Factors

During the 2019 Financial year 3 staff that worked in executive roles that worked in different areas of RNH resigned. This resulted in a re-alignment of executive roles that resulted in a drop of AEE from 6.75 in 2019 to 3.75 in 2020.

Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Grampians Rural Health Alliance; and
- All hospitals 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 Health Service and its controlled entities, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Directors of the Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Rural Northwest Health	Julia Hausler	Chair of the Board
Rural Northwest Health	Janette McCabe	Board Member
Rural Northwest Health	Amanda Kenny	Board Member
Rural Northwest Health	John Aitken	Board Member
Rural Northwest Health	Glenda Hewitt	Board Member
Rural Northwest Health	Genevieve O'Sullivan	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	Dalton Burns	Executive Manager Corporate Services
Rural Northwest Health	Wendy James	Executive Manager Clinical Services Executive
Rural Northwest Health	Kaye Knight	Manager People & Culture Executive Manager
Rural Northwest Health	Joanne Martin	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 2020 $'000	Total 2019 $'000
Compensation - KMPs		
Short-term Employee Benefits [i]	762	803
Post-employment Benefits Other	65	66
Long-term Benefits	17	17
Total [ii]	**844**	**886**

[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 and Human Services of $12.96M (2019: $12.12M) and indirect contributions of $(0.250M) (2019: $0.239M). Balances recallable at year end are $(0.050M) (2019 $0.047M).

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing 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 the Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services 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 Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members and 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 2020.

There were no related party transactions required to be disclosed for the Rural Northwest Health of Directors, Chief Executive Officer and Executive Directors in 2020.

There were no other related party transactions required to be disclosed for the Rural Northwest Health Board of Directors in 2020.

Note 8.5: Remuneration of Auditors

	Total 2020 $'000	Total 2019 $'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	26	25
TOTAL RENUMERATION OF AUDITORS	**26**	**25**

Note 8.6: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Rural Northwest Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the
end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

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. The state of emergency in Victoria was extended on 13 September 2020 until
11 October 2020 and the state of disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Rural Northwest Health, the results of the operations or the state of affairs of Rural Northwest Health
in the future financial years.

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2020 %	Ownership Interest 2019 %
Grampians Rural Health Alliance		6.33	5.81

Rural Northwest Health's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2020 $'000 *	2019 $'000 *
CURRENT ASSETS		
Cash and Cash Equivalents Receivables	267	133
Prepayments	5	14
TOTAL CURRENT ASSETS	11	17
	283	**164**
NON-CURRENT ASSETS Property, Plant and Equipment **TOTAL NON-CURRENT ASSETS TOTAL ASSETS**	283	309
	283	**309**
CURRENT LIABILITIES Payables	**566**	**473**
TOTAL CURRENT LIABILITIES		
TOTAL LIABILITIES	131	47
	131	**47**
NET ASSETS		
	131	**47**
	435	**426**
EQUITY Accumulated Surpluses/(Deficits)		
TOTAL EQUITY	435	426
	435	**426**

Rural Northwest Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 $'000 *	2019 $'000 *
REVENUE		
Grants	446	364
Other Income	81	7
TOTAL REVENUE	**527**	**371**
EXPENSES		
Other Expenses from Continuing Operations	444	341
Depreciation	74	46
TOTAL EXPENSES	**518**	**387**
NET RESULT	**9**	**(16)**

* 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 jointly controlled operations at balance date.

Note 8.8: Economic Dependency

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

Note 8.9: Changes in accounting policy and revision of estimates

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 *Leases* on Rural Northwest Health's financial statements.

Rural Northwest Health has applied AASB 16 with a date of initial application of 1 July 2019. Rural Northwest Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Rural Northwest Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – '*Determining whether an arrangement contains a Lease*'. Under AASB 16, Rural Northwest
Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Rural Northwest Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, Rural Northwest Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Rural Northwest Health. Under AASB 16, Rural Northwest Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Rural Northwest Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using Rural Northwest Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Rural Northwest Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Impacts on financial statements

On transition to AASB 16, Rural Northwest Health recognised $321,475 of right-of-use assets and $322,638 of lease liabilities. When measuring lease liabilities, Rural Northwest Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.15%.

	1-Jul-19
Total Operating lease commitments disclosed at 30 June 2019	322,638
Discounted using the incremental borrowing rate at 1 July 2019	0
Finance lease liabilities as at 30 June 2019	322,638
Recognition exemption for:	
Short-term leases	0
Leases of low-value assets	0
Lease liabilities recognised at 1 July 2019	322,638

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Health Service has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Rural Northwest Health applied this standard retrospectively only to contracts that are not
'completed contracts' at the date of initial application. Rural Northwest Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors (Continued)

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Rural Northwest Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Rural Northwest Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income of Not-for-Profit Entities*; and
- AASB 16 Leases.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance sheet	*Notes*	*Before new accounting standards Opening 1 July 2019*	*Impact of new accounting standards - AASB 16, 15 & 1058*	*After new accounting standards Opening 1 July 2019*
		$'000	*$'000*	*$'000*
Property, Plant and Equipment		$65,907	-	$65,907
Total non-financial assets		-	-	-
Total Assets		$88,680	-	$88,680
Payables and Contract Liabilities	5.2	$12,101	$132	$12,233
Borrowings		-	-	-
Total Liabilities		$12,101	$132	$12,233
Accumulated surplus/(deficit)		$5,193	(132)	$5,061
Physical Revaluation Surplus		$38,127	(133)	$38,127
Other items in equity		$29,252	(134)	$29,252
Total Equity		$72,572	(132)	$72,440

Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Rural Northwest Health of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Rural Northwest Health has not and does not intend to adopt these standards early.

Standard/Interpretation	*Summary*	*Applicable for annual reporting periods beginning on*	*Impact on public sector entity financial statements*
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*

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