RURAL northwest HEALTH
centred on you

Annual Report
2021-2022

Centred on you

This Report

Covers the period 1 July 2021 to 30 June 2022

- 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 30 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

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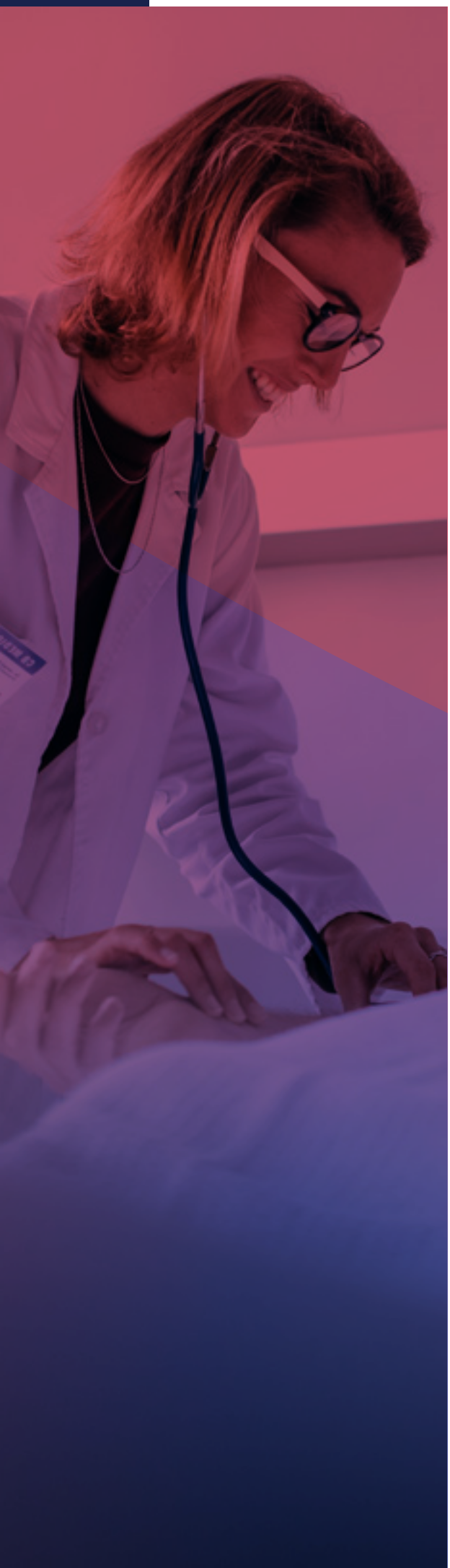
Rural Northwest Health acknowledges the traditional custodians of the land, the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk peoples, on which our campuses are situated. We pay our respects to Elders, past, present and emerging and strive to provide the best possible health outcomes for all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

We also welcome all people to work, volunteer and access services from us, regardless of their age, ethnicity, culture, gender, sexuality, ability or religion.

Annual Report 2021-2022

Rural Northwest Health



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. This is reflected by our logo whereby the carer reaches out to embrace our communities over the broad horizon.

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

The Responsible Minister is the Minister for Health

Minister for Health

1 July 2021 to 27 June 2022
The Hon. Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

27 June 2022 to 30 June 2022
The Hon. Mary-Anne Thomas MP
Minister for Health
Minister for Ambulance Services

Other Relevant Ministers

Minister for Mental Health

1 July 2021 to 27 June 2022
The Hon. James Merlino MP
Minister for Mental Health

27 June 2022 to 30 June 2022
The Hon. Gabrielle Williams MP
Minister for Mental Health
Minister for Treaty and First Persons

Minister for Disability, Ageing and Carers

1 July 2021 to 11 October 2021
The Hon. Luke Donnellan MP
Minister for Disability, Ageing and Carers
Minister for Child Protection

11 October 2021 to 6 December 2021
The Hon. James Merlino MP
Minister for Disability, Ageing and Carers

6 December 2021 to 27 June 2022
The Hon. Anthony Carbines MP
Minister for Disability, Ageing and Carers
Minister for Child Protection and Family Service

27 June 2022 to 30 June 2022
The Hon. Colin Brooks MP
Minister for Disability, Ageing and Carers
Minister for Child Protection and Family Services

A Message from our Board Chairperson

It is my pleasure to present the annual report for 2021–22 covering a year that has continued to be impacted by COVID. During this time Rural Northwest Health (RNH) has continued to provide high level care to the people of Warracknabeal, Beulah and Hopetoun and the communities of Yarriambiack Shire. While we have three campuses a lot of our care takes place beyond the walls of RNH in the homes, community centres, main streets and community gardens provided by our dedicated team of staff in community health, allied health, and aged care support. This interaction with our community represents Rural Northwest Health's "Landscape of Care," with the aim of providing the best care and promoting health and wellbeing for community members.

RNH services a community across the Wimmera and Southern Mallee areas that stretches over 6000km^2 almost two thirds the size of greater Melbourne. With a staff of nearly 300, care is provided to meet community needs with a focus on primary care, acute care, and aged care across the region. Wellbeing coordinators work to provide a touch point between consumers and the health service to help deliver the most appropriate service for their needs, with additional focus on cancer, cardiac and dementia wellbeing targeting ongoing local health priorities.

The board appreciates the hard work of the leadership team at RNH and the significant contribution made by those in leadership roles at RNH. Jodie Cranham continued her acting CEO role until Ishbell Reid was appointed CEO in September 2021. Ishbell resigned in June 2022 and Jo Martin was appointed acting CEO. Despite these changes, quality of care has been strongly maintained. Julia Hausler retired from the Board at the end of June 2022 after 6 years of service including four and a half as board chair, her skills and experience will be sorely missed. La Vergne Lehmann was appointed to the board in June 2022 with her term commencing on July 1st, 2022. La Vergne was a member of the Wimmera Healthcare Group board and has considerable board experience particularly in community stakeholder management and also in finance, audit, and risk.

Our COVID Response

Our team has shown great resilience throughout the COVID pandemic. The RNH community was largely spared direct exposure to COVID until September 2021, when cases were reported in Warracknabeal. Significant planning had been undertaken during the previous year with health services across the Grampians Region and also with the support of the Public Health Unit. RNH staff have provided COVID testing at various stages as required during the pandemic and have introduced new care models to support community members in their homes.

In March 2022, we had our first COVID outbreak in aged care with positive test results in our Wattle unit. Our Outbreak Management and COVID response plans were implemented, and patients triaged on the basis of symptoms. Full protective equipment was worn, where appropriate, and staff teams were divided to ensure minimal risk of cross infection between the different operational units. Antivirals were prescribed where clinically indicated, and our local GPs provided excellent support. Overall, 12 patients were positive, two required symptomatic treatment and the outbreak was declared over within three weeks, a great result for our patients. This reflects the dedication of our entire team to provide not only the best clinical care, but also our cleaning and catering team members who were integral in achieving this result.

Our Focus on Care

RNH has been lucky to have the support of local GPs during the last 12 months, particularly long serving doctors Ahmad Rahim in Hopetoun, Donald Liu at Yarriambiack Medical Clinic and Franklin Butuyuyu at Wheatfields Family Medical both in Warracknabeal. Three other GPs have undergone training and credentialing at RNH during the last 12-24 months. Having at least six GPs in our community stands RNH in good stead as a provider of clinical services when considered against a background of national GP shortages particularly in regional and rural areas across Australia.

Similarly, RNH has a strong allied health team, including several young graduates, across the following disciplines: exercise physiology, physiotherapy, occupational therapy, dietetics, social work, podiatry, and speech pathology. Our radiology department has just commissioned a new X-Ray machine, in April 2022, which was a significant upgrade and will soon have a new ultrasound machine to provide state of the art service to our community.

Consumer Engagement

The strategic vision of RNH to promote wellness, enhance health, and support healthy ageing. Consumer engagement is a key component in measuring our performance, receiving feedback, and providing a basis for co-designing new models for service delivery. During COVID some consumer engagement strategies, such as feedback lunches, were put on hold; but our Hopetoun-Beulah and Warracknabeal Reference Groups continued to meet online. By March 2022, face to face meetings with consumers, carers, family members, and other community stakeholders returned. Feedback is highly appreciated by both RNH management and the board and is integral to providing continuous quality improvement at RNH.

Staff and Wellbeing

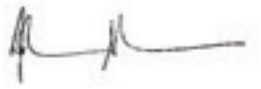
Last year was the second year of COVID impact which has affected staffing across Australia, with many people leaving the health care workforce or taking a well-earned sabbatical to recover from the rigours of service delivery during the pandemic. Closed borders have also meant that it has been difficult to recruit international staff to fill vacancies. These national and international factors have impacted RNH, and our staff have gone above and beyond what is normally required to provide quality clinical care across community health, acute and aged care. Both management and the board appreciate the enormous effort that has been made during this unprecedented time in health care by all our team members at RNH.

Our Infrastructure

Infrastructure upgrades were completed at Warracknabeal, particularly in the kitchen and aged care facilities with funding provided by the Regional Health Infrastructure Fund (RHIF). X-Ray department has also received replacements of equipment thanks to the Medical Equipment Replacement Program. There is an ongoing challenge to continue to upgrade or replace infrastructure to ensure it is fit for purpose, and we thank our building and maintenance team for their hard work during these demanding times.

Our Partnerships

As a small health service RNH values its partnerships both locally and beyond. Key local partnerships are with the Yarriambiack Shire Council, particularly in community care, Woodbine Disability Services especially with our Yarriyak Café social enterprise, and our research partners principally, Swinburne, La Trobe, and Deakin Universities. We have also valued the support of other health services through regional partnerships and our colleagues at the Department of Health throughout the last year, who have provided advice and support during the pandemic. A new and unique partner has been the Australian Defence Force whose personnel have been made available to help manage COVID preparedness at RNH. However, our most important partnership is with our hard-working team and the community we all care for, and I would like to thank them for their ongoing support during this challenging time.



Dr John Aitken

Board Chairperson
Rural Northwest Health

In accordance with the Financial Management Act 1994 I am pleased to present the annual report of Operations for Rural Northwest Health for the year ending 30 June 2022.

Genevieve O'Sullivan

1 September 2022

Our Strategic Direction

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

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

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

OUR VISION

Strong, healthy, vibrant rural communities.

OUR MISSION

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

WHAT DEFINES US

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

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

Strategic Focus Areas

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

2021-22 Strategic Plan Progress

Our Care

Safe Healthcare

Rural Northwest Health achieved accreditation through both the National Safety and Quality Health Service (NSQHS) Standards and the Aged Care Quality Standards (for Yarriambiack Lodge). The NSQHS 2nd edition introduced new actions in relation to mental health and cognitive impairment, health literacy, end-of-life care and Aboriginal and Torres Strait Islander health. RNH was compliant with all new actions.

Our Hopetoun campus has undergone two 'mock' accreditation reviews in preparation for accreditation under the Aged Care Quality Standards later this year. As a result of these reviews, a number of improvements have been implemented.

A new clinical case review procedure has been developed and implemented, and a clinical review form was also developed which clinical team members can highlight cases of interest to be reviewed. This has led to some quality improvements within the acute unit.

A new consumer feedback system called, 'Care Opinion' was implemented — an independent site where anyone can share their stories about their experience of care, giving service users, their families and carers the opportunity to publish their personal experiences, good or bad, of the care system. It enables the feedback author to see how RNH responds to comments about our services and to share stories told on Care Opinion with staff to demonstrate the impact their actions and attitudes — both good and bad — have on consumers. The system also has an extensive reporting functionality to identify thematic organisational issues, inform best practice and improve service delivery. A new Risk Management Framework and Risk Appetite statement were also developed and implemented.

Quality Healthcare

RNH received a grant from the Nurses Board of Victoria Legacy Limited (NBVLL) to implement a pain management program focusing on improving pain management for older people receiving care and support services in residential aged care, acute care, and community care services. A Pain Management Nurse was appointed to support ongoing pain management education and training and the ongoing introduction of PainChek®(pain management assessment tool) into clinical practice. This project has provided an opportunity for RNH team members to improve their knowledge and the way in which they care for our residents. The residents have benefited from earlier recognition of behaviours of unmet needs and improved pain management.

A Consumer Engagement and Clinical Governance Framework were developed in 2021/22.

RNH made an investment in ipads and smart phones to facilitate access to clinical documentation in Residential Aged care.

The appointment of a new Quality and Risk Manager was employed to drive a culture of continuous quality improvement, monitor risk management processes and ensure optimal consumer feedback and participation.

Implemented 'QPS Benchmarking'— a benchmarking program providing a comprehensive set of indicators aligned to healthcare Standards, which assists RNH to measure internal performance as well as compare results within the healthcare industry. The data collection process is underpinned by standardised definitions, criteria, data collection tools and scorecards. Reports provided have been tabled at the RNH Clinical Governance Committee.

Implemented both Feedback and Risk Register modules via the Victorian Health Incident Management System (VHIMS). This has provided the opportunity for timely review and responses and has provided greater oversight from the Clinical Governance Committee.

The RNH Health promotion service is guided by the community health promotion guidelines (CHPG) developed in 2021 by the Victorian Department of Health. Using the desired outcomes from the CHPG, RNH health promotion team has developed a 5 year strategic plan in 2021 to be reviewed annually until EOY 2025. This plan focuses on positively influencing the lifestyle behaviours among the general population of Yarriambiack Shire; by systematically reorientating the community settings within Warracknabeal, Brim, Beulah and Hopetoun. The reorientation aims to create healthier environments with healthier choices in four priority areas: Healthy eating, Physical activity,Tobacco Harm reduction and Social connection.

- RNH Health Promotion have successfully implemented two parts of the 'Healthy choices: policy directive for Victorian public health services'. Through the Victorian Cancer Plan 2020–2024, the Department of Health have three mandates to be satisfied by public hospitals by 2023.
- Health promotion has collaborated with policy officers from the Health Eating Advisory Service to ensure Rural Northwest Health has all vending machines comply with the policy requirements.
- Health promotion has also completed a full assessment of all menu items available in the Yarriyak Café and worked with Woodbine staff to meet the requirements of the 'in-house' food outlet policy directive.
- Over the next 12 months, Health Promotion will work closely with management of environmental services to implement the final policy directive. This action will result in catering of food throughout the Rural Northwest Health Campuses to contain no 'Red classified foods' with the majority of options being 'Green classifications'.

The Health Promotion team have worked with Warracknabeal Primary School to create the 'Active Travel to School' initiative. The action aims to upskill teachers from the primary school in bike education to empower students to ride safely to school. The initiative is now progressing to provide several new bikes and scooters to the primary school for students to increase accessibility and physical activity.

RNH has managed two COVID-19 outbreaks within our aged care facilities. Both outbreaks were managed well with support from the Grampians Public Health Unit and the Commonwealth.

Independent review of RNH menu completed and a number of recommendations made.

Accessible Healthcare

RNH undertook Locality Planning through an external consultant, to support Board & Executive decision making. The final report delivered in May 2022 provides a number of service development strategies which will be considered moving into 22/23 financial year, to ensure RNH is delivering services to meet the needs of our communities.

Movement Disorder (MD) Nurse Pilot Project – RNH Movement Disorder Nurse currently has 17 active clients and continues providing services as far as Woomelang. A number of education sessions have been provided to clinical team members, Graduate nurse study days, including a carer education session. A movement disorder support group has been implemented, allowing opportunities for a monthly informal meeting with fellow community clients living with a movement disorder. New equipment has been purchased through the Pilot project, supporting clients with tremor. The MD nurse continues to participate in ongoing education with Fight Parkinson's. West Vic PHN have announced extension of the project until June 2024.

Our Team

Strong Culture

People Matter Survey – RNH continues to achieve a consistent positive result. Two of the top scoring results were " I understand how my job contributes to my organisation's purpose" (93%) and "I am able to work effectively with others outside my immediate workgroup "(92%)

RNH Be Well Be Safe Project provided leadership training for 50 team members, the enhancement of staff break out areas, a pampering gift package distributed to all staff and provision of some lunches, morning and afternoon teas to staff. Feedback from staff indicated an increase in staff morale and feeling valued

15 team members consisting of NUM's, team leaders and department managers recently completed a one-day Foundations in Leadership Course and feedback regarding the course content was very positive.

Developed a Gender Equality Action Plan – providing a commitment to ensuring staff regardless of their gender identity have access to equal pay, career development and opportunities and are treated with dignity, respect and fairness.

Skilled Team

Leadership training (Coaching and mentoring) provided to senior managers (Outcome from 2021 Cultural diagnosis report)

Graduate Nurse Program in place for RN and EEN graduates.

Developed a Workforce Plan for the next 4 years (2021 to 2025). This plan aligns closely with our Strategic Plan and documents strategies to maximise our existing strengths and to respond to the challenges ahead. The aim is to have the right people, in the right place, with the right capabilities, at the right time.

Effective Systems

Implemented Myaxis Employee Compliance program. This system has enabled RNH to ensure all staff have a valid visa to work in Australia, including a current AHPRA registration, WWC and police check. Automated daily syncs with VEVO and AHPRA ensures that registers are maintained and kept up-to-date, sending alerts when required. Our built-in training calendar with staff notifications and session planning gives managers the tools to schedule and record mandatory education and training requirements within minutes.

Knowing how you are doing boards (KHDB) were implemented in all clinical areas and designed to have a consistent look and focus. They communicate performance and improvement initiatives at a local level. The purpose of the KHWD board is to monitor local and organisational level performance to identify priority action areas for targeted improvement, celebrate achievements and as an avenue for open and transparent communication about how we are doing. All KHDB boards are in public facing areas, so our community are able to view. The three key areas are consumer safety, staff safety and satisfaction, consumer experience.

RNH have successfully met all Department of Health sustainability reporting targets for the 2021/22 financial year.

100% compliance with staff COVID 19 vaccination program (3 doses).

Our Partnerships

Broad Collaboration

MOU with Woomlelang Bush Nursing Centre reviewed. RNH continue to provide support through the RNH Clinical Advisory Committee.

Meetings held with Yarriambiack Shire Council, West Wimmera Health Health Services and Grampians Community Health in relation to the transition from Commonwealth Home Support

Packages (CHSP) to the Support at Home Program.

Meaningful Engagement

Rural Northwest Health consumer reference groups continued to meet throughout 2021-22, providing a valuable connection with consumer needs, perspectives and reviewing key quality data.

Consumer engagement framework / policy developed with collaboration from the RNH consumer reference groups.

Increased awareness of RNH services through the use of facebook and an updated website

Research project –Implementing VR (Virtual Reality) into aged care and documenting the experience with creative arts methods. RNH commenced a collaborative research project with LaTrobe University and Benetas to implement a Virtual Reality activity program into aged care.

About Us

History

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

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

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

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

Our Services

Acute Care

- Acute Medical
- Palliative Care
- Urgent Care
- Pathology Services
- Pharmacy

Aged Care

Warracknabeal and Hopetoun campuses provide aged care services including:

- High and Low Care Accommodation
- Memory Support (Warracknabeal)
- Lifestyle Program
- Respite Care
- Cognitive Rehabilitative Therapist

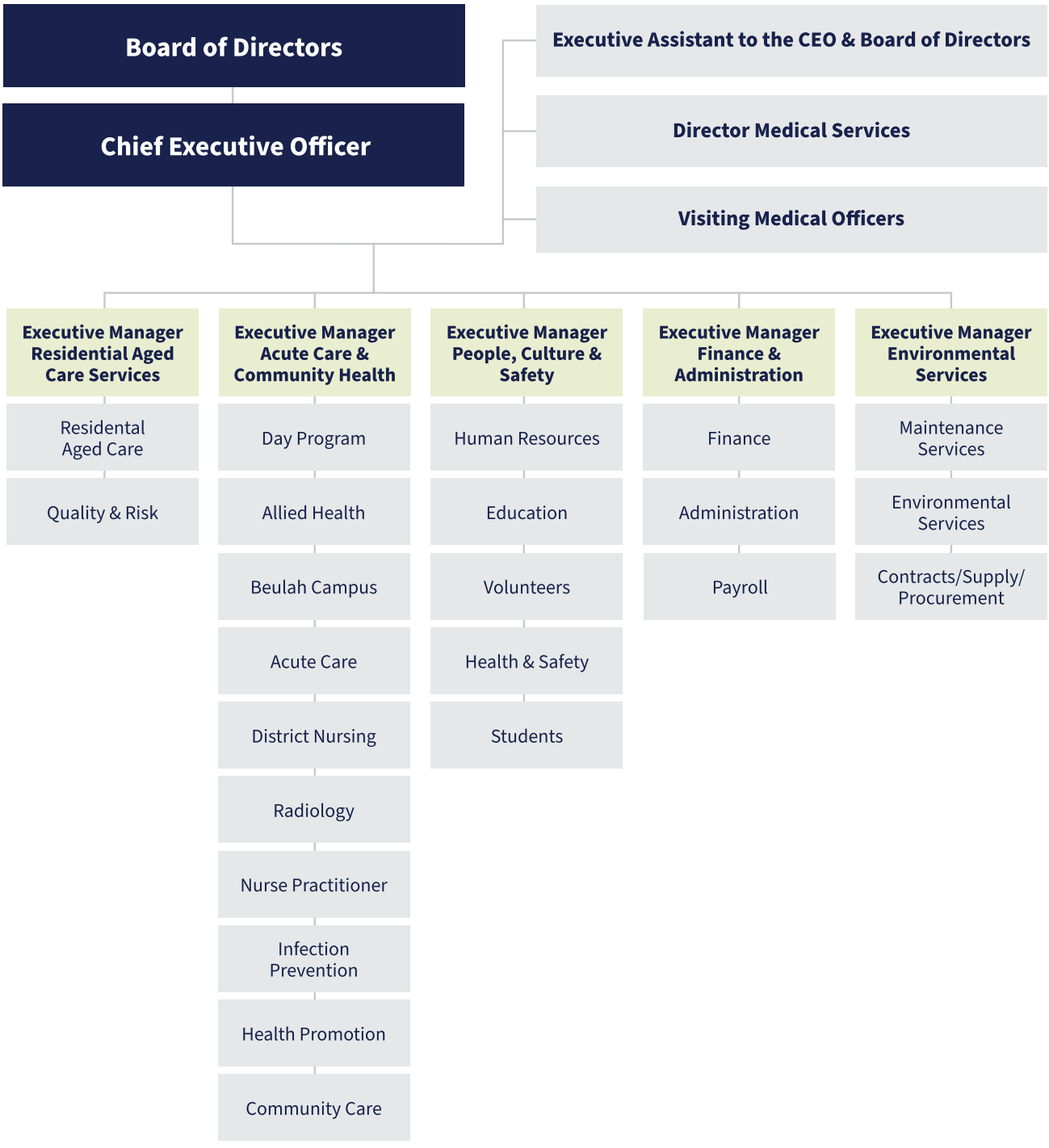
After Hours

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.

Community Health

- Podiatry & Foot Care
- Social Work / Counselling
- Exercise Groups
- Dementia Support
- X-Ray & Ultrasound
- Physiotherapy
- Occupational Therapy
- Diabetes Education
- Rehabilitation Groups
- Cancer Support
- 24 Hour Blood Pressure & Heart Monitoring
- Speech Pathology
- Dietetics
- Asthma Education
- Continence
- Community Nursing / District Nursing
- Memory Support
- Movement Disorder
- Pain Management
- Massage Therapy
- Midwifery / Domiciliary Service

Organisational Structure Chart



Board of Directors

John Aitken

Deputy Chairperson
First appointed
1 July 2018

Michael Brown

First appointed
1 July 2020

Julia Hausler

Chairperson
First appointed
1 July 2018

Zivit Inbar

First appointed
1 July 2020

Amanda Kenny

First appointed
7 March 2017

David Kranz

First appointed
1 July 2020

Veena Mishra

First appointed
1 July 2020

Genevieve O'Sullivan

First appointed
1 July 2018

Katharine Turkuile

First appointed
1 July 2021

Board Committees

Finance Audit & Compliance Committee (FACC)

Board representatives:

Michael Brown (Chair), David Kranz, Veena Mishra and Genevieve O'Sullivan

Governance Committee

Board representatives:

John Aitken (Chair), Genevieve O'Sullivan, Amanda Kenny, Michael Brown and Zivit Inbar

Clinical Governance Committee

Board representatives:

Amanda Kenny, (Chair), Ian Graham, Director of Medical Services, Katharine Terkuile, and Veena Mishra

People, Culture & Safety Committee

Board representatives:

Genevieve O'Sullivan (Chair), Zivit Inbar, Katharine Terkuile and David Kranz

Hopetoun Beulah Reference Group (HBRG)

Board representative:

Julia Hausler (Chair)

Warracknabeal Reference Group (WRG)

Board representatives:

John Aitken (Chair)

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 organization 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.

	June Current Month FTE		Average Monthly FTE	
Hospitals Labour Category	**2021**	**2022**	**2021**	**2022**
Nursing	84.5	62.05	84.14	73.48
Admin /Clerical	26.61	20.65	26.17	25.92
Medical Support	0	0	0	0
Hotel & Allied Services	67.48	53.36	71.33	58.48
Medical Officers	0	0	0	0
Hospital Med Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	17.16	12.23	17.31	13.84

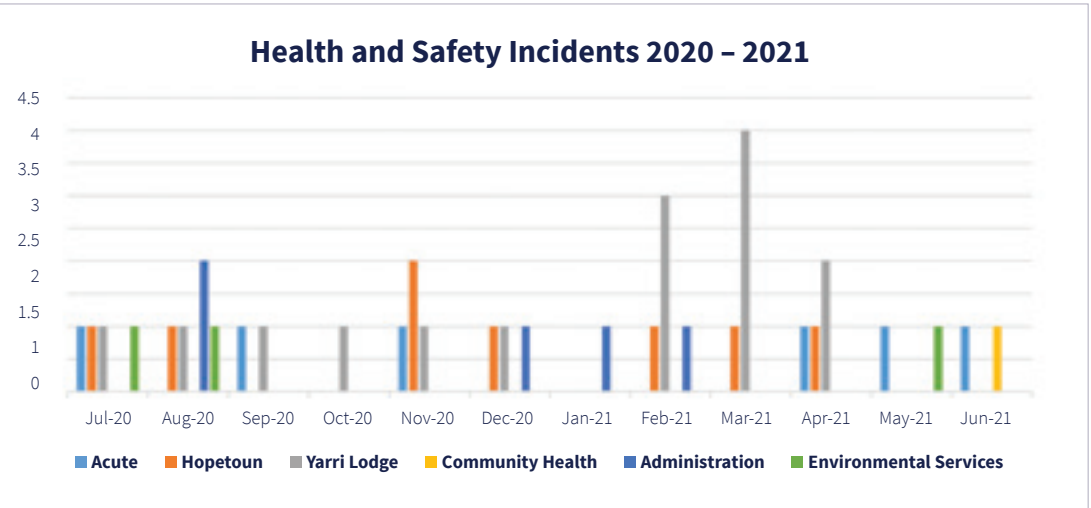
Occupational Health and Safety

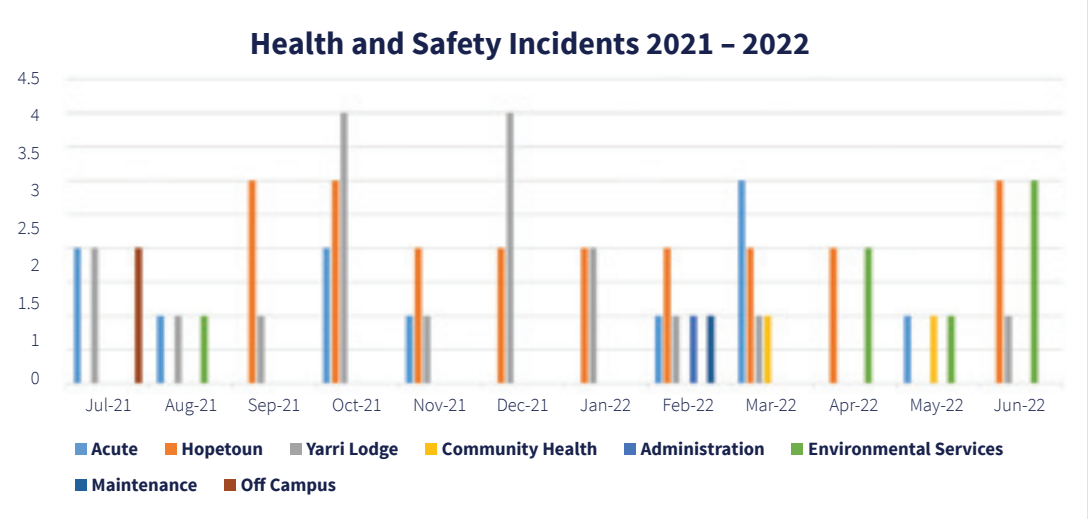
Rural Northwest Health is responsible for the health and safety of all team members in the work place. To fulfil this responsibility we have a duty to maintain a working environment that is safe and without risks to residents, clients, visitors and our team members' health.

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

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

Health and Safety Incidents	
Year 2020 to 2021	38
Year 2021 to 2022	108





Definitions of Occupational Violence

- Occupational violence — any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident — an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted Workcover claims — accepted Workcover claims that were lodged in 2021–22.
- Lost time — is defined as greater than one day.
- Injury, illness or condition — this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Violence Statistics	
Workcover accepted claims with an occupational violence cause per 100 FTE	0.203440587
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	2.54300734
Number of occupational violence incidents reported	26
Number of occupational violence incidents reported per 100 FTE	5.289455267
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	12%

Environmental Performance

Rural Northwest Health is committed to sustainability and to continually improving our environmental performance. In order to improve on our environmental performance we constantly monitor activities such as electricity, gas and water usage while also implementing initiatives that provide an opportunity to decrease our energy usage.

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

Environmental Performance	2017-18	2018-19	2019-20	2020-21	2021-22
Environmental Impacts and Energy Usage					
Energy Use					
Electricity (MWh)	1650	1615	1591	1563	1625
Liquefied Petroleum Gas (kL)	111	105	105	99	115
Carbon Emissions (thousand tonnes of CO2e)					
Electricity	2	2	2	2	1.48
Liquefied Petroleum Gas	0	0	0	0	0.18
Total Emissions	2	2	2	2	1.66
Water Use (millions litres)					
Potable Water	16	19	19	20	16.9
Factors Influencing Environmental Impacts					
Floor Area (m2)	16,694	16,565	16,565	16,565	16,565
Separations	567	547	557	581	422
In-Patient Bed Days	3,674	3,782	3811	3621	3040
Aged Care Bed Nights	30,171	29,727	29,151	26,909	27,056

Benchmarks 2021-22 All Facilities	Average For Peer Group	Our Value	% Above / Below Average	% Above / Below Average	% Above / Below Average
Carbon Emissions					
CO2e(t) per m2	0.14	0.12	-36.44%	-24.54%	-13.76%
CO2e(t) per OBD	0.06	0.07	-22.34%	9.18%	9.18%
CO2e(t) per Seps	1	3.44	224.61%	262.35%	244.23%
Water Use					
kL per OBD	1.43	1.21	-14%	-13%	-16%
kL per Seps	0.61	0.66	8.71%	16.98%	7.39%
kL per Seps	9.89	34.42	346.64%	304.51%	248.06%
Expenditure Rates					
Total utility spend ($/m2)	39	31.6706063	-37.14%	-36.60%	-18.79%
Elec($/kWh)	0	0.195345528	100.00%	100.00%	100.00%
Potable Water($/kL)	2	1.752092246	-29.65%	-18.14%	-12.40%
LPG($/kL)	683	706.1883019	-7.37%	-6.48%	3.40%
Additional Measures (not included in benchmarking chart)					
Total utility spend ($/Separations)		1,046.89	785	692.67	1046.89
Total utility spend ($/In-Patient Bed Days)		145.32	114.75	111.14	145.32
Total utility spend ($/Aged Care Bed Nights)		16.33	15.02	14.58	16.33

General Notes

- 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.
- 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.
- Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
- Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

Statement of Priorities

In 2021-2022, Rural Northwest Health assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Priority One

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

Our health service has been a proactive supporter of the Department of Health's COVID-19 vaccine immunisation program. The vaccination program has been widely promoted within the organisation to all staff and to our community through regular posts on our external social media and website platforms.

Our health service has also conducted several asymptomatic COVID-19 testing sessions for our staff and a number of pop up testing clinics and drive-through for the community in response to regional outbreaks.

RNH managed two COVID-19 outbreaks within our Residential Aged Care facility. Both outbreaks were managed well with support from both the Grampians Public Health Unit and the Australian Government Department of Health and Aged Care.

Priority Two

Actively collaborate on the development and delivery of priorities within the Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivery against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*.

Our health service continued to work closely with our neighbouring health service partners as an active participant of the Grampians and Wimmera Mallee alliances. The primary focus on improving the effectiveness of health service delivery in our region and promoting positive health change initiatives.

RNH actively partnered with health services across the region in the development of a new e-learning platform, responding to the family violence multi-agency risk assessment and Gender Equity Compliance Action Plan.

Priority Three

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with the Health Service Partnership to: implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.

Our health service has been actively providing in-home support to vulnerable Victorians through district nursing care, allied health, telehealth services and social support groups. New service models were implemented to ensure that vulnerable and isolated community members received care and/or social support.

Our health service continues to strengthen the planning and implementation of both a Better@Home model of care for RNH, and remain prepared for changes to service provision under the move from Commonwealth Home Support Program (CHSP) to Support at Home Program effective July 2024.

Specific Local Projects — Telehealth

Our health service continues to actively partner with West Vic Primary Healthcare Network (WVPHN) in the successful delivery of Community Health programs, namely the Chronic Conditions Model of Care, a program focused on providing consumer centred care for those living with one or more chronic conditions by providing accessible and appropriate care.

Priority Four

Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in the Health Service Partnership and through the Partnership's engagement with Regional Mental Health and Wellbeing Boards.

Our health service is working in partnership with the Royal Flying Doctors Service and Grampians Community Health to provide mental health services to our community, through well-established referral pathways

Worker Wellbeing

Rural Northwest Health has supported the wellbeing of staff across all campuses through wellbeing initiatives, supported by the Victorian Government's *Be Well. Be Safe* program.

The program has enabled RNH to purchase 3 massage chairs for all campuses so staff can relax in during their break times.

RNH also put on several morning and afternoon teas and luncheons at all campuses throughout April and May. All staff were treated to a pampering pack to promote wellness/well-being in June.

Key 2021-2022 Health Service Performance Priorities

High Quality and Safe Care

Key Performance Measure	Target	Outcome
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	85%	93%
Percentage of healthcare workers immunised for influenza	92%	95%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	*NA
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	*NA
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	*NA

* Less than 42 responses were received for the period due to the relative size of the health service

Strong Governance, Leadership and Culture

Key Performance Measure	Target	Outcome
Organisational Culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	67%

Effective Financial Management

Key Performance Measure	Target	Outcome
Operating result ($m)	$0.00	$1.09
Average number of days to receive patient fees (Debtors)	60 days	12.5 days
Adjusted current asset ration	0.7 improvement from health service base target	1.39
Actual days available cash, measured on the last day of the month	14 days	
Variance between forecast and actual net result from transactions for the current financial year anding 30 June 2022	Variance < $250 000	$943,000

Funding Type	Activity	
Small Rural		
Small Rural Acute	27	NWAU (TAC and DVA)
Small Rural Primary Health and HACC	7,192	Service Hours
Small Rural Residential Care	48,172	Beddays

Legislative Compliance

Freedom of Information (FOI)

Rural Northwest Health has received seven requests for information under the Freedom of Information Act (1982) during the 2021–22 financial year, an increase of two from the previous financial year.

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

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

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

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

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

The following fees apply:

- Application fee — $30.10 (non-refundable unless the fee is waived)
- Search fee — $21.70 per hour or part thereof
- Photocopying — 20 cents per black and white A4 page.

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

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

Building Act 1993

All building works comply with the Building Act 1993.

Public Interest Disclosure Act 2021

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

National Competition Policy

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

Carers Recognition Act 2012

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

Local Jobs Act 2003

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

Gender Equality Act 2020

RNH welcomed the introduction of the new *Gender Equality Act 2020 (Vic)*, which commenced on 31 March 2021. It is an important reform driver requiring the Victorian public sector, local councils and universities to take positive action towards achieving workplace gender equality.

Rural Northwest Health is performing well in the positive representation of women across all levels within the workforce with 80% of our workforce women (as at 30 June 2021).

To further advance gender and intersectional equality, Rural Northwest Health has developed a Gender Equality Action plan 2021–2025. The Gender Equality Action Plan was developed through consultation with our team who all had opportunities to provide their views and contribute to the content of the Gender Equality Action Plan.

The Gender Equality Action Plan is a living document, supported by strong governance and will be updated against evolving needs.

Rural Northwest Health is committed to continuing our work to ensure positive outcomes for our team members, our clients and our communities. This work will also enable us to deliver on wider *Victorian Public Sector initiatives including Safe and Strong – A Victorian Gender Equality Strategy, Free from Violence: Second Action Plan 2022–2025, State Disability Plan 2022–2026 and Pride in our future: Victoria's LGBTIQ+ strategy 2022–2032.*

Safe Patient Care Act 2015

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

Additional Information Available on Request

Consistent with FRD 22 (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):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the health service;
- Details of any major external reviews carried out on the health service;
- 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;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- 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;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- 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;
- 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;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Consultancy Disclosures

Details of Consultancies (under $10,000)

In 2021/22 RNH engaged 0 consultants where the total fees payable were less than $10,000.

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

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (Ex GST)	Expenditure 2011–2022
Health Generation	Complaince Remediation	14-Jun-21	23-Jul-21	$57,809	—
Aspex Consulting Pty Ltd	Development of Strategic Clinical Services Plan	19-Oct-21		$19,258	$19,258
Aspex Consulting Pty Ltd	Development of Strategic Clinical Services Plan	21-Jan-22		$19,258	$19,258
Aspex Consulting Pty Ltd	Development of Strategic Clinical Services Plan	21-Feb-22		$23,110	$19,258
HR Legal	Professional fees	11-Mar-22	14-Apr-22	$30,458	$30,458
HR Legal	Professional fees	14-Apr-22	20-May-22	$30,000	
Sentius Group	Professional fees	1-Apr-22	31-Oct-22		$52,691
Aspex Consulting Pty Ltd	Development of Strategic Clinical Services Plan	2-May-22		$15,406	

Data Integrity Declaration

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

Jodie Cranham
Accountable Officer
Warracknabeal
08 November 2022

Integrity, Fraud and Corruption Declaration

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

Jodie Cranham
Accountable Officer
Warracknabeal
08 November 2022

Conflict of Interest Declaration

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

Jodie Cranham
Accountable Officer
Warracknabeal
08 November 2022

Financial Management Compliance Attestation

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

Genevieve O'Sullivan
Responsible Officer
Warracknabeal
08 November 2022

Disclosure Index

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

Legislation Requirement — Page Reference

Charter and Purpose

Management and Structure

Financial Information

Legislation

Other Relevant Reporting Directives

Attestations

Other Reporting Requirements

Financial

Financial Overview

Financial Overview Rural Northwest Health is delighted to report a net surplus operating result of $1,089,000 and an entity deficit from transactions of $3,293,000 after capital depreciation for the year ending 30 June 2022.

Finance Summary 5 Years 2017/18 – 2021/22	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Operating Result	1,09	253	94	794	2,099
Total Revenue	25,952	25,873	25,303	23,934	23,254
Total Expenses	(29,245)	(29,403)	(28,814)	(25,264)	(23,353)
Net Result from Operations	(3,293)	(3,530)	(3,511)	(1,330)	(99)
Total Other Economic Flows	118	209	320	121	131
Net Result	(3,175)	(3,321)	(3,191)	(1,209)	32
Changes in Property, Plant and Equipment Revaluation Surplus	11,840				
Total Assets	91,526	82,628	83,458	88,860	61,128
Total Liabilities	16,784	16,551	14,209	16,108	12,955
Net Assets	74,742	66,077	69,249	72,572	48,173

Reconciliation of Net Result from Translations and Operating Result	2021/22 $'000
Net Operating Result	1,09
Capital Purpose Income	262
Specific Income COVID 19 State Supply Arrangements — Assets received free of charge	288
State Supply Items Consumed up to 30 June 2022	(288)
Assets Provided Free of Charge	
Assets received Free of Charge	
Expenditure for Capital Purpose	(867)
Depreciation	(3,779)
Impairment of Non Financial Assets	2
Finance Costs	
Net Result from Transactions	(3,293)

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 2022 • 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 2022 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.
Other Information	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.
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.

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
22 November 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Financial Statements

Financial Year ended 30 June 2022

Board Director'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 2022 and the financial position of Rural Northwest Health at 30 June 2022.

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 25th October 2022.

Board Director

Genevieve O'Sullivan

Board Chairperson
Rural Northwest Health
25 October 2022

Accountable Officer

Jodie Cranham

Acting Chief Executive Officer
Rural Northwest Health
25 October 2022

Chief Finance & Accounting Officer

Hendrik Barnard

Chief Finance & Accounting Officer
Rural Northwest Health
25 October 2022

Rural Northwest Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Revenue and income from transactions			
Operating activities		25,870	25,791
Non-operating activities	2.1	82	82
Total revenue and income from transactions	2.1	**25,952**	**25,873**
Expenses from transactions			
Employee expenses	3.1	(19,713)	(20,283)
Supplies and consumables	3.1	(2,059)	(1,962)
Finance costs	3.1	(41)	(29)
Depreciation	3.1	(3,779)	(3,709)
Other administrative expenses	3.1	(2,621)	(2,419)
Other operating expenses	3.1	(1,023)	(1,000)
Other non-operating expenses	3.1	(9)	(1)
Total expenses from transactions		**(29,245)**	**(29,403)**
Net result from transactions — net operating balance		**(3,293)**	**(3,530)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	21	38
Net gain/(loss) on financial instruments	3.2	2	(4)
Other gain/(loss) from other economic flows	3.2	95	175
Total other economic flows included in net result		**118**	**209**
Net result for the year		**(3,175)**	**(3,321)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	11,840	—
Total other comprehensive income		**11,840**	—
Comprehensive result for the year		**8,665**	**(3,321)**

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

Rural Northwest Health
Balance Sheet
As at 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Current assets			
Cash and cash equivalents	6.2	20,717	20,951
Receivables and contract assets	5.1	714	560
Inventories	4.5	21	32
Prepaid expenses		215	211
Total current assets		**21,667**	**21,754**
Non-current assets			
Receivables and contract assets	5.1	637	580
Property, plant and equipment	4.1 (a)	68,895	59,809
Right of use assets	4.2 (a)	327	485
Total non-current assets		**69,859**	**60,874**
Total assets		**91,526**	**82,628**
Current liabilities			
Payables and contract liabilities	5.2	1,945	2,296
Borrowings	6.1	316	218
Employee benefits	3.3	4,259	3,886
Other liabilities	5.3	9,941	9,224
Total current liabilities		**16,461**	**15,624**
Non-current liabilities			
Borrowings	6.1	117	415
Employee benefits	3.3	206	512
Total non-current liabilities		**323**	**927**
Total liabilities		**16,784**	**16,551**
Net assets		**74,742**	**66,077**
Equity			
Property, plant and equipment revaluation surplus	4.3	50,116	38,276
Restricted specific purpose reserve	SCE	113	113
Contributed capital	SCE	29,139	29,139
Accumulated surplus/(deficit)	SCE	(4,626)	(1,451)
Total equity		**74,742**	**66,077**

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 2022

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus/ (Deficits) $'000	Total $'000
Balance at 30 June 2020		**38,127**	**113**	**29,139**	**1,870**	**69,249**
Net result for the year		—	—	—	(3,321)	(3,321)
Other comprehensive income for the year		149	—	—	—	149
Balance at 30 June 2021		**38,276**	**113**	**29,139**	**(1,451)**	**66,077**
Net result for the year		—	—	—	(3,175)	(3,175)
Other comprehensive income for the year	4.3	11,840	—	—	—	11,840
Balance at 30 June 2022		**50,116**	**113**	**29,139**	**(4,626)**	**74,742**

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

Rural Northwest Health
Cash Flow Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Cash flows from operating activities			
Operating grants from government		21,239	21,900
Capital grants from government — State		262	39
Patient fees received		2,701	2,562
Donations and bequests received		—	1
GST received from ATO		2	16
Interest and investment income received		82	82
Commercial income received		258	284
Other receipts		833	925
Total receipts		**25,377**	**25,809**
Employee expenses paid		(19,503)	(20,100)
Payments for supplies and consumables		(2,175)	(1,053)
Payments for medical indemnity insurance		(93)	(96)
Payments for repairs and maintenance		(323)	(464)
Finance Costs		(41)	(29)
Cash outflow for leases		(1)	(15)
Other payments		(3,222)	(2,925)
Total payments		**(25,358)**	**(24,682)**
Net cash flows from operating activities	8.1	**19**	**1,127**
Cash flows from investing activities			
Purchase of property, plant and equipment		(867)	(586)
Other capital receipts		47	—
Proceeds from disposal of property, plant and equipment		21	170
Net cash flows used in investing activities		**(799)**	**(416)**
Cash flows from financing activities			
Repayment of borrowings		(200)	(234)
Receipt of accommodation deposits		746	3,310
Repayment of accommodation deposits		—	(1,888)
Net cash flows from/(used in) financing activities		**546**	**1,188**
Net increase/(decrease) in cash and cash equivalents held		**(234)**	**1,899**
Cash and cash equivalents at beginning of year		20,951	19,052
Cash and cash equivalents at end of year	6.2	**20,717**	**20,951**

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

Note 1: Basis of Preparation

Structure

These financial statements represent the audited general purpose financial statements for Rural Northwest Health for the year ended 30 June 2022. The report provides users with information about Rural Northwest Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of Preparation of the Financial Statements

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

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

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

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

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

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

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Rural Northwest Health on 25th October 2022.

Note 1.2: Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 as state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency has been extended until 12 October 2022.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Rural Northwest Health has:

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

Where financial impacts of the pandemic are material to Rural Northwest Health, they are disclosed in the explanatory notes. For Rural Northwest Health, this includes:

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

Note 1.3: Abbreviations and Terminology Used in the Financial Statements

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

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

Note 1.4: Joint Arrangements

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

Rural Northwest Health has the following joint arrangements:

- Grampians Rural Health Alliance — Joint Operation.

Details of the joint arrangements are set out in Note 8.7.

Note 1.5: Key Accounting Estimates and Judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6: Accounting Standards Issued But Not Yet Effective

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

Standard	Adoption Date	Impact
AASB 17: Insurance Contracts	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact
AASB 2020–1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022	Adoption of this standard is not expected to have a material impact
AASB 2020–3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	Reporting periods on or after 1 January 2022	Adoption of this standard is not expected to have a material impact
AASB 2021–2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact
AASB 2021–6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact
AASB 2021–7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting Entity

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

Its principal address is:

Dimboola Road
Warracknabeal
Victoria 3393

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

Note 2: Funding Delivery of our Services

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

Structure

Telling the COVID-19 story

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

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

Note 2.1: Revenue and Income From Transactions

	Total 2022 $'000	Total 2021 $'000
Operating activities **Revenue from contracts with customers**		
Government grants (State) — Operating	143	71
Government grants (Commonwealth) — Operating	7,299	7,805
Patient and resident fees	2,740	2,605
Commercial activities[1]	258	284
Total revenue from contracts with customers	**10,440**	**10,765**
Other sources of income		
Government grants (State) — Operating	13,845	13,895
Government grants (State) — Capital	262	39
Other capital purpose income	47	—
Assets received free of charge or for nominal consideration	288	119
Other revenue from operating activities (including non-capital donations)	988	973
Total other sources of income	**15,430**	**15,026**
Total revenue and income from operating activities	**25,870**	**25,791**
Non-operating activities **Income from other sources**		
Other interest	82	82
Total other sources of income	82	82
Total income from non-operating activities	**82**	**82**
Total revenue and income from transactions	**25,952**	**25,873**

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

Note 2.1 (a): Timing of Revenue From Contracts With Customers

	Total 2022 $'000	Total 2021 $'000
Rural Northwest Health disaggregates revenue by the timing of revenue recognition		
Goods and services transferred to customers:		
At a point in time	10,182	10,481
Over time	258	284
Total revenue from contracts with customers	**10,440**	**10,765**

How We Recognise Revenue and Income From Transactions

Government Operating Grants

To recognise revenue, Rural Northwest Health assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

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

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

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG). WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training. Services not transitioning at this time include mental health and small rural services.
Commonwealth Residential Aged Care Grants	Funding is provided for the provision of care for aged care residents within facilities at Rural Northwest Health. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point in time when the service is provided within the residential aged care facility.

Capital Grants

Where Rural Northwest Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Rural Northwest Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and Resident Fees

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

Commercial Activities

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

Note 2.2: Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration

	Total 2022 $'000	Total 2021 $'000
Cash donations and gifts	—	1
Personal protective equipment	288	118
Total fair value of assets and services received free of charge or for nominal consideration	**288**	**119**

How We Recognise the Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration

Donations and Bequests

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

Personal Protective Equipment

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

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

Voluntary Services

Rural Northwest Health receives volunteer services from members of the community in the following areas:

- The RNH auxiliary provides fundraising and promotional opportunities. Residential aged care volunteers assist with transportation to appointments, social interaction and lifestyle activities.

Rural Northwest Health recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Rural Northwest Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Note 2.3: Other Income

	Total 2022 $'000	Total 2021 $'000
Interest	82	82
Total other income	**82**	**82**

How We Recognise Other Income

Interest Income

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

Note 3: The Cost of Delivering Our Services

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

Structure

Telling the COVID-19 Story

Where There is a Material Impact

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID- 19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Rural Northwest Health applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Rural Northwest Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Rural Northwest Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	Rural Northwest Health applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from Transactions

	Note	Total 2022 $'000	Total 2021 $'000
Salaries and wages		16,635	17,713
On-costs		1,569	1,569
Agency expenses		916	456
Fee for service medical officer expenses		290	339
Workcover premium		303	206
Total employee expenses		**19,713**	**20,283**
Drug supplies		152	133
Medical and surgical supplies		676	590
Diagnostic and radiology supplies		196	242
Other supplies and consumables		1,035	997
Total supplies and consumables		**2,059**	**1,962**
Finance costs		41	29
Total finance costs		**41**	**29**
Other administrative expenses		2,621	2,419
Total other administrative expenses		**2,621**	**2,419**
Fuel, light, power and water		420	425
Repairs and maintenance		245	374
Maintenance contracts		78	90
Medical indemnity insurance		93	96
Expenses related to leases of low value assets		1	15
Total other operating expenses		**1,023**	**1,000**
Total operating expense		**25,457**	**25,693**
Depreciation	4.4	3,779	3,709
Total depreciation and amortisation		**3,779**	**3,709**
Bad and doubtful debt expense		9	1
Total other non-operating expenses		**9**	**1**
Total non-operating expense		**3,788**	**3,710**
Total expenses from transactions		**29,245**	**29,403**

How We Recognise Expenses From Transactions

Expense Recognition

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

Employee Expenses

Employee expenses include:

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

Supplies and Consumables

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

Finance Costs

Finance costs include:

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

Other Operating Expenses

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

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

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

Non-operating Expenses

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

Note 3.2: Other Economic Flows Included in Net Result

	Total 2022 $'000	Total 2021 $'000
Net gain/(loss) on disposal of property plant and equipment	21	38
Total net gain/(loss) on non-financial assets	**21**	**38**
Allowance for impairment losses of contractual receivables	(2)	(4)
Other gains/(losses) from other economic flows	4	—
Total net gain/(loss) on financial instruments	**2**	**(4)**
Net gain/(loss) arising from revaluation of long service liability	95	175
Total other gains/(losses) from other economic flows	**95**	**175**
Total gains/(losses) from other economic flows	**118**	**209**

How We Recognise Other Economic Flows

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

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

Net Gain/(Loss) on Non-financial Assets

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

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

Net Gain/(Loss) on Financial Instruments

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

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

Note 3.3: Employee Benefits in the Balance Sheet

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	45	45
	45	**45**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	1,298	1,230
Unconditional and expected to be settled wholly after 12 months [ii]	155	188
	1,453	**1,418**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	349	179
Unconditional and expected to be settled wholly after 12 months [ii]	1,908	1,852
	2,257	**2,031**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	216	163
Unconditional and expected to be settled after 12 months [ii]	288	230
	504	**393**
Total current employee benefits and related on-costs	**4,259**	**3,886**
Non-current provisions and related on-costs		
Conditional long service leave [i]	180	460
Provisions related to employee benefit on-costs [ii]	26	52
Total non-current employee benefits and related on-costs	206	512
Total employee benefits and related on-costs	**4,465**	**4,398**

[i] The amounts disclosed are nominal amounts.

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

Note 3.3 (a): Employee Benefits and Related On-Costs

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	51	49
Unconditional annual leave entitlements	1,635	1,577
Unconditional long service leave entitlements	2,573	2,260
Total current employee benefits and related on-costs	**4,259**	**3,886**
Conditional long service leave entitlements	206	512
Total non-current employee benefits and related on-costs	**206**	**512**
Total employee benefits and related on-costs	**4,465**	**4,398**
Carrying amount at start of year	4,398	4,290
Additional provisions recognised	1,814	1,597
Amounts incurred during the year	(1,747)	(1,489)
Carrying amount at end of year	**4,465**	**4,398**

How We Recognise Employee Benefits

Employee Benefit Recognition

Employee benefits are accrued for 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Annual Leave and Accrued Days Off

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

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

Provision for On-Costs Related to Employee Benefits

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
Defined contribution plans	**Total 2022 $'000**	**Total 2021 $'000**	**Total 2022 $'000**	**Total 2021 $'000**
First State Super	913	944	120	168
Hesta	374	416	25	47
Other Funds	282	209	17	13
Total	**1,569**	**1,569**	**162**	**228**

How We Recognise Superannuation

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

Defined Contribution Superannuation Plans

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

Contributions to defined contribution superannuation plans are expensed when incurred.

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

Note 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

Telling the COVID-19 Story

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Rural Northwest Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Rural Northwest Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Identifying indicators of impairment	At the end of each year, Rural Northwest Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1 (a): Gross Carrying Amount and Accumulated Depreciation

	Total 2022 $'000	Total 2021 $'000
Land at fair value — Freehold	1,242	1,037
Total land at fair value	**1,242**	**1,037**
Buildings at fair value	63,805	62,491
Less accumulated depreciation	—	(6,528)
Total buildings at fair value	**63,805**	**55,963**
Property improvements at fair value	1,278	918
Less accumulated depreciation	—	(149)
Total property improvements at fair value	**1,278**	**769**
Works in progress at cost	**522**	**408**
Total land and buildings	**66,847**	**58,177**
Plant and equipment at fair value	2,118	1,953
Less accumulated depreciation	(1,440)	(1,193)
Total plant and equipment at fair value	**678**	**760**
Motor vehicles at fair value	225	225
Less accumulated depreciation	(216)	(195)
Total motor vehicles at fair value	**9**	**30**
Medical equipment at fair value	1,648	1,097
Less accumulated depreciation	(828)	(727)
Total medical equipment at fair value	**820**	**370**
Computer equipment at fair value	895	783
Less accumulated depreciation	(647)	(569)
Total computer equipment at fair value	**248**	**214**
Furniture and fittings at fair value	626	547
Less accumulated depreciation	(333)	(289)
Total furniture and fittings at fair value	**293**	**258**
Total plant, equipment, furniture, fittings and vehicles at fair value	**2,048**	**1,632**
Total property, plant and equipment	**68,895**	**59,809**

Note 4.1 (b): Reconciliations of the Carrying Amounts of Each Class of Asset

Total	Note	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Medical equipment $'000	Computer equipment $'000	Furniture & fittings $'000	Total $'000
Balance at 1 July 2020		**888**	**60,343**	**618**	**48**	**333**	**186**	**263**	**62,679**
Additions		—	135	224	—	107	91	30	587
Revaluation increments/ (decrements)		149	—	—	—	—	—	—	149
Depreciation	4.2	—	(3,338)	(82)	(18)	(70)	(63)	(35)	(3,606)
Balance at 30 June 2021	4.1 (a)	**1,037**	**57,140**	**760**	**30**	**370**	**214**	**258**	**59,809**
Additions		—	169	18	—	551	112	78	928
Revaluation increments/ (decrements)		205	11,635	—	—	—	—	—	11,840
Depreciation	4.2	—	(3,339)	(100)	(21)	(101)	(78)	(43)	(3,682)
Balance at 30 June 2022	4.1 (a)	**1,242**	**65,605**	**678**	**9**	**820**	**248**	**293**	**68,895**

Land and Buildings Carried at Valuation

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

The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

How We Recognise Property, Plant and Equipment

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

Initial Recognition

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

Subsequent Measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

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

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

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

An independent valuation of Rural Northwest Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- Increase in fair value of land of 19.79% ($205,234)
- Increase in fair value of buildings of 21.05% ($11,634,985).

As the cumulative movement was greater than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was required as at 30 June 2022.

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

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

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

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

Note 4.2: Right-Of-Use Assets

Note 4.2 (a): Gross Carrying Amount and Accumulated Depreciation

	Total 2022 $'000	Total 2021 $'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	478	610
Less accumulated depreciation	(151)	(125)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**327**	**485**
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**327**	**485**

Note 4.2 (b): Reconciliations of the Carrying Amounts of Each Class of Asset

	Note	Right-of-use: PE, FF&V $'000	Total $'000
Balance at 1 July 2020		**472**	**472**
Additions		249	249
Disposals		(133)	(133)
Depreciation	4.4	(103)	(103)
Balance at 30 June 2021	4.2 (a)	**485**	**485**
Additions		96	96
Depreciation	4.4	(97)	(97)
Balance at 30 June 2022	4.2 (a)	**484**	**484**

How We Recognise Right-Of-Use Assets

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

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

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

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	3 years

Initial Recognition

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

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

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

Subsequent Measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.3: Revaluation Surplus

	Note	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the reporting period		38,276	38,127
Revaluation increment			
– Land	4.1 (b)	205	149
– Buildings	4.2 (b)	11,635	—
Balance at the end of the Reporting Period*		**50,116**	**38,276**
*** Represented by:**			
– Land		1,057	852
– Buildings		49,059	37,424
		50,116	**38,276**

Note 4.4: Depreciation

	Total 2022 $'000	Total 2021 $'000
Depreciation		
Buildings	3,265	3,263
Land Improvements	74	75
Plant and equipment	100	82
Motor vehicles	21	18
Medical equipment	101	70
Computer equipment	78	63
Furniture and fittings	43	35
Total depreciation — property, plant and equipment	**3,682**	**3,606**
Right-of-use assets		
Right of use — motor vehicles	97	103
Total depreciation — right-of-use assets	**97**	**103**
Total depreciation	**3,779**	**3,709**

How We Recognise Depreciation

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

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

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

	2022	2021
Buildings		
– Structure shell building fabric	10 to 47 years	10 to 47 years
– Site engineering services and central plant	5 to 37 years	5 to 37 years
Central Plant		
– Fit Out	5 to 22 years	5 to 22 years
– Trunk reticulated building system	5 to 27 years	5 to 27 years
Plant and equipment	1 to 20 years	1 to 20 years
Medical equipment	3 to 20 years	3 to 20 years
Computers and communication	1 to 10 years	1 to 10 years
Furniture and fittings	1 to 20 years	1 to 20 years
Motor Vehicles	6 to 8 years	6 to 8 years
Land Improvements	6 years	6 years

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

Note 4.5: Inventories

	Total 2022 $'000	Total 2021 $'000
Pharmacy supplies at cost	—	12
General stores at cost	21	20
Total inventories	**21**	**32**

How We Recognise Inventories

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

Note 4.6: Impairment of Assets

How We Recognise Impairment

At the end of each reporting period, Rural Northwest Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Rural Northwest Health which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Rural Northwest Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Rural Northwest Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Rural Northwest Health did not record any impairment losses for the year ended 30 June 2022.

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

Telling the COVID-19 Story

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

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

Note 5.1: Receivables and Contract Assets

	Note	Total 2022 $'000	Total 2021 $'000
Current receivables and contract assets			
Contractual			
Trade receivables		158	135
Patient fees		153	114
Allowance for impairment losses — Patient fees		(13)	(4)
Accrued revenue		352	250
Amounts receivable from governments and agencies		9	8
Total contractual receivables and contract assets		**659**	**503**
Statutory			
GST receivable		55	57
Total statutory receivables		**55**	**57**
Total current receivables and contract assets		**714**	**560**
Non-current receivables and contract assets			
Contractual			
Long service leave — Department of Health		637	580
Total contractual receivables and contract assets		**637**	**580**
Total non-current receivables and contract assets		**637**	**580**
Total receivables and contract assets		**1,351**	**1,140**

(i) Financial assets classified as receivables and contract assets (Note 7.1 (a))

Total receivables and contract assets		1,351	1,140
Provision for impairment		13	4
GST receivable		(55)	(57)
Total financial assets	7.1 (a)	**1,309**	**1,087**

Note 5.1 (a): Movement in the Allowance for Impairment Losses of Contractual Receivables

	Total 2022	Total 2021
Balance at the beginning of the year	(4)	(3)
Increase in allowance	(18)	(2)
Amounts written off during the year	9	1
Balance at the end of the year	**(13)**	**(4)**

How We Recognise Receivables

Receivables consist of:

- **Contractual Receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory Receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment Losses of Contractual Receivables

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

Note 5.2: Payables and Contract Liabilities

	Note	Total 2022 $'000	Total 2021 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		173	534
Accrued salaries and wages		175	135
Accrued expenses		1,170	1,109
Deferred capital grant income	5.2 (a)	—	262
Contract liabilities	5.2(b)	8	—
Inter hospital creditors		6	101
Amounts payable to governments and agencies		397	143
Total contractual payables and contract liabilities		**1,929**	**2,284**
Statutory			
Australian Taxation Office		16	12
Total statutory payables		**16**	**12**
Total current payables and contract liabilities		**1,945**	**2,296**
Total payables and contract liabilities		**1,945**	**2,296**

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1 (a))

Total payables and contract liabilities		1,945	2,296
Deferred grant income		—	(262)
Contract liabilities		(8)	—
Total financial liabilities	7.1 (a)	**1,937**	**2,034**

How We Recognise Payables and Contract Liabilities

Payables consist of:

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

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

Note 5.2 (a): Deferred Grant Income

	Total 2022 $'000	Total 2021 $'000
Opening balance of deferred grant income	262	132
Grant consideration for capital works received during the year	—	169
Deferred grant revenue recognised as revenue due to completion of capital works	(262)	(39)
Closing balance of deferred grant income	**—**	**262**

How We Recognise Deferred Capital Grant Revenue

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

Note 5.2 (a): Contract Liabilities

	Total 2022 $'000	Total 2021 $'000
Opening balance of contract liabilities	—	—
Payments received for performance obligations not yet fulfilled	8	—
Total contract liabilities	**8**	**—**
*** Represented by:**		
– Current contract liabilities	8	—
	8	**—**

How We Recognise Contract Liabilities

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity Analysis of Payables

Please refer to Note 7.2 (b) for the ageing analysis of payables.

Note 5.3: Other Liabilities

	Note	Total 2022 $'000	Total 2021 $'000
Current monies held it trust			
Refundable accommodation deposits		9,825	9,079
Patient monies held in trust		74	87
Other		42	58
Total current monies held in trust		**9,941**	**9,224**
Total other liabilities		**9,941**	**9,224**
*** Represented by:**			
– Cash assets	6.2	9,941	9,224
		9,941	**9,224**

How We Recognise Other Liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Rural Northwest Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997 .

Other monies are funds held by Rural Northwest Health for the use in local fundraising activities & scholarship opportunities for staff members for further professional development. Amounts are recorded at an amount equal to the proceeds when they are received.

Note 6: How We Finance Our Operations

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

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

Structure

Telling the COVID-19 Story

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

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

Note 6.1: Borrowings

	Note	Total 2022 $'000	Total 2021 $'000
Current borrowings			
Lease liability [i]	6.1 (a)	280	182
Advances from Government [ii]		36	36
Total current borrowings		**316**	**218**
Non-current borrowings			
Lease liability [i]	6.1 (a)	48	305
Advances from Government [ii]		69	110
Total non-current borrowings		**117**	**415**
Total borrowings		**433**	**633**

[i] Secured by the assets leased.

[ii] These are unsecured loans which bear no interest.

How We Recognise Borrowings

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

Initial Recognition

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

Subsequent Measurement

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

Maturity Analysis

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

Defaults and Breaches

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

Note 6.1 (a): Lease Liabilities

Rural Northwest Health's lease liabilities are summarised below:

	Total 2022 $'000	Total 2021 $'000
Total undiscounted lease liabilities	333	501
Less unexpired finance expenses	(5)	(14)
Net lease liabilities	**328**	**487**

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

	Total 2022 $'000	Total 2021 $'000
Not longer than one year	284	191
Longer than one year but not longer than five years	49	310
Minimum future lease liability	**333**	**501**
Less unexpired finance expenses	(5)	(14)
Present value of lease liability	**328**	**487**

*** Represented by:**		
– Current liabilities	280	182
– Non-current liabilities	48	305
	328	**487**

How We Recognise Lease Liabilities

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

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

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

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

Type of asset leased	Lease term
Leased motor vehicles	3 years

Separation of Lease and Non-Lease Components

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

Initial Measurement

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

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

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

Subsequent Measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Note 6.2: Cash and Cash Equivalents

	Note	Total 2022 $'000	Total 2021 $'000
Cash on hand (excluding monies held in trust)		2	3
Cash at bank (excluding monies held in trust)		469	928
Cash at bank — CBS (excluding monies held in trust)		10,305	10,796
Total cash held for operations		**10,776**	**11,727**
Cash at bank (monies held in trust)		560	108
Cash at bank — CBS (monies held in trust)		9,381	9,116
Total cash held as monies in trust		**9,941**	**9,224**
Total cash and cash equivalents	7.1 (a)	**20,717**	**20,951**

How We Recognise Cash and Cash Equivalents

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

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

Note 6.3: Commitments for Expenditure

There are no capital or operating requirements at 30 June 2022 (2021 $Nil)

	Total 2022 $'000	Total 2021 $'000
Capital expenditure commitments		
Less than one year	—	73
Total capital expenditure commitments	—	**73**
Total commitments for expenditure (exclusive of GST)	—	**73**
Less GST recoverable from Australian Tax Office	—	(7)
Total commitments for expenditure (exclusive of GST)	—	**66**

Expenditure Commitments

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

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Rural Northwest Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.
Measuring fair value of non-financial assets	Rural Northwest Health uses a range of valuation techniques to estimate fair value, which include the following: • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Rural Northwest Health's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Rural Northwest Health's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Rural Northwest Health does not this use approach to measure fair value. The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Rural Northwest Health does not categorise any fair values within this level • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Rural Northwest Health categorises non-specialised land and right-of-use concessionary land in this level • Level 3, where inputs are unobservable. Rural Northwest Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of- use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial Instruments

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

Note 7.1 (a): Categorisation of Financial Instruments

Total 30 June 2022	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	20,717	—	20,717
Receivables and contract assets	5.1	1,309	—	1,309
Total Financial Assets [i]		**22,026**	—	**22,026**
Financial Liabilities				
Payables	5.2	—	1,937	1,937
Borrowings	6.1	—	433	433
Other Financial Liabilities — Refundable accommodation deposits	5.3	—	9,825	9,825
Other Financial Liabilities — Patient monies held in trust	5.3	—	74	74
Other Financial Liabilities — Other	5.3	—	42	42
Total Financial Liabilities [i]		—	**12,311**	**12,311**

Total 30 June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	20,951	—	20,951
Receivables and contract assets	5.1	1,087	—	1,087
Total Financial Assets [i]		**22,038**	—	**22,038**
Financial Liabilities				
Payables	5.2	—	2,034	2,034
Borrowings	6.1	—	633	633
Other Financial Liabilities — Refundable accommodation deposits	5.3	—	9,079	9,079
Other Financial Liabilities — Patient monies held in trust	5.3	—	87	87
Other Financial Liabilities — Other	5.3	—	58	58
Total Financial Liabilities [i]		—	**11,891**	**11,891**

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

How We Categorise Financial Instruments

Categories of Financial Assets

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

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

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

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

Financial Assets at Amortised Cost

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

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

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

Rural Northwest Health recognises the following assets in this category:

- Cash and deposits
- Receivables (excluding statutory receivables).

Categories of Financial Liabilities

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

Financial Liabilities at Amortised Cost

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

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

Rural Northwest Health recognises the following liabilities in this category:

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

Offsetting Financial Instruments

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

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

Derecognition of Financial Assets

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

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

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

Derecognition of Financial Liabilities

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

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

Reclassification of Financial Instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Rural Northwest Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial Risk Management Objectives and Policies

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

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

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

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

Note 7.2 (a): Credit Risk

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

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

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

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Rural

Northwest Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Rural Northwest Health's credit risk profile in 2021–22.

Impairment of Financial Assets Under AASB 9

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

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

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

Contractual Receivables at Amortised Cost

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

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

Note 7.2 (a): Contractual Receivables at Amortised Cost

30 June 2022	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 $'000	5.1	659	0	0	637	13	1,309
Loss allowance		**—**	**—**	**—**	**—**	**(13)**	**(13)**

30 June 2021	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 $'000	5.1	503	0	0	580	4	1,087
Loss allowance		**—**	**—**	**—**	**—**	**(4)**	**(4)**

Note 7.2 (a): Credit Risk

Statutory Receivables and Debt Investments at Amortised Cost

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

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

Note 7.2 (b): Liquidity Risk

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

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

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

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

The following table discloses the contractual maturity analysis for Rural Northwest Health's financial liabilities.

For interest rates applicable to each class of liability refer to individual notes to the financial statements.

				Maturity Dates				
Total 30 June 2022	**Note**	**Carrying amount $'000**	**Nominal amount $'000**	**Less than 1 month $'000**	**1–3 months $'000**	**3 months – 1 year $'000**	**1–5 years $'000**	**Over 5 years $'000**
Financial Liabilities at amortised cost								
Payables	5.2	1,937	1,937	1,937	—	—	—	—
Borrowings	6.1	433	631	—	—	514	117	—
Other Financial Liabilities — Refundable Accommodation Deposits	5.3	9,825	9,825	—	—	9,825	—	—
Other Financial Liabilities — Patient monies held in trust	5.3	74	74	—	—	74	—	—
Other Financial Liabilities — Other	5.3	42	42	—	—	42	—	—
Total Financial Liabilities		**12,311**	**12,509**	**1,937**	—	**10,455**	**117**	—

				Maturity Dates				
Total 30 June 2021	**Note**	**Carrying amount $'000**	**Nominal amount $'000**	**Less than 1 month $'000**	**1–3 months $'000**	**3 months – 1 year $'000**	**1–5 years $'000**	**Over 5 years $'000**
Financial Liabilities at amortised cost								
Payables	5.2	2,034	1,930	1,930	—	—	—	—
Borrowings	6.1	633	633	—	—	218	415	—
Other Financial Liabilities — Refundable Accommodation Deposits	5.3	9,079	9,079	—	—	9,079	—	—
Other Financial Liabilities — Patient monies held in trust	5.3	87	87	—	—	87	—	—
Other Financial Liabilities — Other	5.3	58	58	—	—	58	—	—
Total Financial Liabilities		**11,891**	**11,787**	**1,930**	—	**9,442**	**415**	—

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

Note 7.3: Contingent Assets and Contingent Liabilities

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

Note 7.4: Fair Value Determination

How We Measure Fair Value

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets
- Investment properties.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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.

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. There have been no transfers between levels during the period.

Rural Northwest Health monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Rural Northwest Health's independent valuation agency for property, plant and equipment.

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.

Note 7.4 (a): Fair Value Determination of Investments and Other Financial Assets

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-specialised land		475	—	475	—
Specialised land		767	—	—	767
Total land at fair value	4.1 (a)	**1,242**	—	**475**	**767**
Non-specialised buildings		1,443	—	1,443	—
Specialised buildings		62,362	—	—	62,362
Land Improvements at fair value		1,278	—	—	1,278
Total buildings at fair value	4.1 (a)	**65,083**	**—**	**1,443**	**63,640**
Plant and equipment at fair value	4.1 (a)	678	—	—	678
Motor vehicles at fair value	4.1 (a)	9	—	—	9
Medical equipment at fair value	4.1 (a)	820	—	—	820
Computer equipment at fair value	4.1 (a)	248	—	—	248
Furniture and fittings at fair value	4.1 (a)	293	—	—	293
Total plant, equipment, furniture, fittings and vehicles at fair value		**2,048**	**—**	**—**	**2,048**
Right of use Motor vehicles	4.2 (a)	327	—	—	327
Total right-of-use assets at fair value		**327**	**—**	**—**	**327**
Total non-financial physical assets at fair value		**68,700**	**—**	**1,918**	**66,782**

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-specialised land		397	—	397	—
Specialised land		640	—	—	640
Total land at fair value	4.1 (a)	**1,037**	**—**	**397**	**640**
Non-specialised buildings		1,257	—	1,257	—
Specialised buildings		54,651	—	—	54,651
Land Improvements at fair value		769	—	—	769
Total buildings at fair value	4.1 (a)	**56,677**	—	**1,257**	**55,420**
Plant and equipment at fair value	4.1 (a)	760	—	—	760
Motor vehicles at fair value	4.1 (a)	30	—	—	30
Medical equipment at fair value	4.1 (a)	370	—	—	370
Computer equipment at fair value	4.1 (a)	214	—	—	214
Furniture and fittings at fair value	4.1 (a)	258	—	—	258
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,632**	**—**	**—**	**1,632**
Right of use Motor vehicles	4.2 (a)	485	—	—	485
Total right-of-use assets at fair value		**485**	**—**	**—**	**485**
Total non-financial physical assets at fair value		**59,831**	**—**	**1,654**	**58,177**

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

Note 7.4 (b): Reconciliation of Level 3 Fair Value Measurement

Total	Note	Land $'000	Buildings $'000	Plant and equipment $'000	Medical equipment $'000	Motor vehicles $'000	Computer equipment $'000	Furniture & fittings $'000	ROU motor vehicles $'000
Balance at 1 July 2020		**577**	**58,757**	**618**	**333**	**48**	**186**	**263**	**472**
Additions/(Disposals)		—	—	224	107	—	91	30	116
Gains/(Losses) recognised in net result – Depreciation		—	(3,338)	(82)	(70)	(18)	(63)	(35)	(103)
Items recognised in other comprehensive income – Revaluation		63	—	—	—	—	—	—	—
Balance at 30 June 2021	7.4 (a)	**640**	**55,419**	**760**	**370**	**30**	**214**	**258**	**485**
Additions/(Disposals)		—	169	18	551	—	112	78	(61)
Gains/(Losses) recognised in net result – Depreciation		—	(3,339)	(100)	(101)	(21)	(78)	(43)	(97)
Items recognised in other comprehensive income – Revaluation		127	11,390	—	—	—	—	—	—
Balance at 30 June 2022	7.4 (a)	**767**	**63,640**	**678**	**820**	**9**	**248**	**293**	**327**

[i] Classified in accordance with the fair value hierarchy, refer Note 7.4

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments [(i)]
Specialised buildings	Depreciated replacement cost approach	– Cost per square metre – Useful life
Vehicles	Depreciated replacement cost approach	– Cost per unit – Useful life
Plant and equipment	Depreciated replacement cost approach	– Cost per unit – Useful life

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

Note 8: Other Disclosures

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

Structure

Telling the COVID-19 Story

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

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flows From Operating Activities

	Note	Total 2022 $'000	Total 2021 $'000
Net result for the year		(3,175)	(3,321)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	(21)	(38)
Depreciation and amortisation of non-current assets	4.4	3,779	3,709
Bad and doubtful debt expense	3.1	9	—
Other capital receipts		(47)	—
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(220)	(52)
(Increase)/Decrease in inventories		11	8
(Increase)/Decrease in prepaid expenses		(4)	(85)
Increase/(Decrease) in payables and contract liabilities		(359)	875
Increase/(Decrease) in employee benefits		67	108
Increase/(Decrease) in other liabilities		(21)	(77)
Net cash inflow/(outflow) from operating activities		**19**	**1,127**

Note 8.2: Responsible Persons

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

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 – 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 – 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 – 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 – 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 – 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 – 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 – 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 – 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 – 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 – 30 Jun 2022
Governing Boards	
Julia Hausler	1 Jul 2021 – 30 Jun 2022
Dr John Aitken	1 Jul 2021 – 30 Jun 2022
Genevieve O'Sullivan	1 Jul 2021 – 30 Jun 2022
Dr Amanda Kenny	1 Jul 2021 – 30 Jun 2022
David Kranz	1 Jul 2021 – 30 Jun 2022
Michael Brown	1 Jul 2021 – 30 Jun 2022
Dr Zivit Inbar	1 Jul 2021 – 30 Jun 2022
Veena Mishra	1 Jul 2021 – 30 Jun 2022
Katharine Terkuile	1 Jul 2021 – 30 Jun 2022
Accountable Officers	
Jodie Cranham (Acting, contracted from Grampians Health)	1 Jul 2021 – 19 Sep 2022
Ishbell Reid	20 Sep 2021 – 26 Jun 2022
Joanne Martin (Acting, contracted from Wimmera Development Association)	27 Jun 2022 – 30 Jun 2022

Fees paid to Grampians Health for the contracted CEO role was $66,148.

Fees relating to the contract CEO role from Wimmera Development Association will be payable in 2022–23.

Remuneration of Responsible Persons

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

Income Band	Total 2022 No	Total 2021 No
$0 – $9,999	11	13
$180,000 – $189,999	—	1
$260,000 – $269,999	1	—
Total Numbers	**12**	**14**

	Total 2022 $'000	Total 2021 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$293**	**$237**

Amounts relating to Responsible Ministers are reported within the States Annual Financial Report.

Note 8.3: Remuneration of Executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	**Total 2022 $'000**	**Total 2021 $'000**
Short-term benefits	649	584
Post-employment benefits	67	53
Other long-term benefits	19	13
Total remuneration [i]	**735**	**650**
Total number of executives	6	4
Total annualised employee equivalent [ii]	3.6	3.8

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Rural Northwest Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

[ii] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-Term Employee Benefits

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

Post-Employment Benefits

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

Other Long-Term Benefits

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

Note 8.4: Related Parties

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

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

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

Key Management Personnel

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

Entity	KMPs	Position Title
Rural Northwest Health	Dr John Aitken	Board Chair
Rural Northwest Health	Julia Hausler	Board Member
Rural Northwest Health	Genevieve O'Sullivan	Board Member
Rural Northwest Health	Dr Amanda Kenny	Board Member
Rural Northwest Health	David Kranz	Board Member
Rural Northwest Health	Michael Brown	Board Member
Rural Northwest Health	Dr Zivit Inbar	Board Member
Rural Northwest Health	Veena Mishra	Board Member
Rural Northwest Health	Katharine Terkuile	Board Member
Rural Northwest Health	Ishbell Reid	Chief Executive Officer
Rural Northwest Health	Joanne Martin	Acting Chief Executive Officer
Rural Northwest Health	Jodie Cranham	Acting Chief Executive Officer
Rural Northwest Health	Dalton Burns	Executive Manager Corporate Services
Rural Northwest Health	Wendy James	Executive Manager Clinical Services
Rural Northwest Health	Kaye Knight	Executive Manager People & Culture
Rural Northwest Health	Joanne Martin	Executive Manager Community Health
Rural Northwest Health	Keshia Roche	Executive Manager Community Health
Rural Northwest Health	Elysia Preston	Acting Executive Manager Community Health

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

Compensation — KMPs	Total 2022 $'000	Total 2021 $'000
Short-term Employee Benefits [i]	851	806
Post-employment Benefits	82	68
Other Long-term Benefits	25	13
Termination Benefits	71	—
Total [ii]	**1,029**	**887**

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

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

Significant Transactions With Government Related Entities

Rural Northwest Health received funding from the Department of Health of $13.98m (2021: $14.08m) and indirect contributions of $0.0142m (2021: $0.100m). Balances outstanding as at 30 June 2022 are $0.397m (2021 $0.143m).

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

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

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

Transactions With KMPs and Other Related Parties

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

Outside of normal citizen type transactions with Rural Northwest Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

There were no related party transactions required to be disclosed for Rural Northwest Health Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: none).

Note 8.5: Remuneration of Auditors

	Total 2022 $'000	Total 2021 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	26	26
Total remuneration of auditors	**26**	**26**

Note 8.6: Events Occurring After the Balance Sheet Date

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

Note 8.7: Joint Arrangements

		Ownership Interest	
Principal Activity		**2022 %**	**2021 %**
Grampians Rural Health Alliance	Information Technology Services	6.79	6.72

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

	2022 $'000	**2021 $'000**
Current assets		
Cash and cash equivalents	174	361
Receivables	81	68
Prepaid expenses	56	76
Total current assets	**311**	**505**
Non-current assets		
Property, plant and equipment	147	266
Total non-current assets	**147**	**266**
Total assets	**458**	**771**
Current liabilities		
Payables	143	351
Total current liabilities	**143**	**351**
Total liabilities	**143**	**351**
Net assets	**315**	**420**
Equity		
Accumulated surplus	315	420
Total equity	**315**	**420**

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

	2022 $'000	2021 $'000
Revenue		
Operating Activities	584	502
Capital Purpose Income	10	94
Total revenue	**594**	**596**
Expenses		
Other Expenses from Continuing Operations	559	496
Capital Purpose Expenditure	144	117
Total expenses	**703**	**613**
Revaluation of Long Service Leave	—	2
Net result	**(109)**	**(15)**

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

Contingent Liabilities and Capital Commitments

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

Note 8.8: Equity

Contributed Capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Rural Northwest Health.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital

Specific Restricted Purpose Reserves

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

Note 8.9: Economic Dependency

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

RURAL northwest HEALTH

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Rural Northwest Health acknowledges the traditional owners of the lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Japagulk people. We also welcome all people to work, volunteer and access services from us, regardless of their age, ethnicity, culture, gender, sexuality, ability or religion.