



RURAL*northwest***HEALTH**

centred on you

Annual Report

2022–2023

Centred on you



This Report

Covers the period 1 July 2022 to 30 June 2023

- 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



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 2022–2023

Rural Northwest Health

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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 delivering residential care, acute care, urgent care, community health and most recently in-home community care (including home care, personal care, respite care & meals on wheels).

Rural Northwest Health provides responsive quality care and community services by empowering a vibrant and committed group of staff and volunteers who collaboratively operate within the expansive 600km² catchment area encompassing the Warracknabeal, Beulah and Hopetoun campuses, all situated within the Yarriambiack Shire. Services are also provided in the community at local halls, parks and in the homes of community members.

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 sub-regional service providers to support community members to access high quality and safe care as close to home as possible. Key partners include the Grampians Health Service Partnership and Grampians Public Health Unit, West Vic Primary Health Network, Grampians Health, Woodbine, Yarriambiack Shire, Ambulance Victoria, local general practitioners, Royal Flying Doctor Service and the Department of Health.

The Responsible Minister is the Minister for Health

Minister for Health

The Hon Mary-Anne Thomas

From 1 July 2022 to 30 June 2023

Other Ministers

Minister for Disability, Ageing and Carers

The Hon. Colin Brooks

From 1 July 2022 to 5 December 2022

The Hon. Lizzie Blandthorn

From 5 December 2022 to 30 June 2023 Minister for Mental Health

Minister for Mental Health

The Hon. Gabrielle Williams

From 1 July 2022 to 30 June 2023

Minister for Ambulance Services

The Hon Mary-Anne Thomas

From 1 July 2022 to 5 December 2022

The Hon. Gabrielle Williams

From 5 December 2022 to 30 June 2023



A message from our Board Chairperson and Chief Executive Officer

It is our pleasure to provide the Rural Northwest Health annual report for the 2022–2023 financial year on behalf of the board and executive. The year has been turbulent with many challenges to be addressed but also highlights to celebrate.

Our Care

RNH is fortunate to have a team of approximately 280 staff dedicated to the delivery of best care that is safe and of high quality. It is at the forefront of everything we do.

COVID forced lockdowns in Warracknabeal in July/August 2022 and then in Hopetoun in May/June 2023. On both occasions Grampians Public Health Unit were engaged to support the outbreaks, and on both occasions they commended the team on the systems, processes and care shown to residents to control these outbreaks. Regular communication with families and key contacts during this time was paramount as was guaranteeing every possible measure was taken to ensure residents physical health, but equally important, wellbeing was maintained.

RNH have a small but highly engaged community health team consisting of exercise physiology, social work, speech pathology, occupational therapy, physiotherapy, and a health promotion team delivering services within the health service but mostly out to the community. Growth in community health services is a strategic focus for RNH but attracting staff remains a huge challenge.

In June 2023 it was our great pleasure to launch the new ultrasound and x-ray equipment at RNH. It is state of the art and demonstrates how local infrastructure combined with well managed service delivery contracts and telehealth can ensure those who live in rural communities receive the equivalent service of those in metropolitan and regional settings without having to travel hundreds of kilometres.

RNH made the difficult decision in March 2023 to divert its urgent care services in Hopetoun. This decision was made due to critical workforce levels and to ensure the continuation of safe and quality care of residents and the community. There is no doubt this situation has had a significant impact on the entire team and the community; however, the Board and Executive are committed to lifting the diversion as soon as this can occur in a safe and sustainable manner.

On 2 June 2023, the Yarriambiack Shire made the decision to transition from the delivery of community care services. RNH promptly engaged the services of Kathy Day, Commonwealth Home Support Program (CHSP) Transition Manager, and on Saturday 1 July 2023, community care in the Yarriambiack catchment commenced through Rural Northwest Health.

During the year we hosted several visitors to RNH, MPs and Department of Health representatives, as well as the feedback received from family members, and overwhelmingly we hear how wonderful our facilities are but mostly the exemplary care of staff. Our goal is always to ensure anyone who visits RNH whether on the ward or walking through the corridors feel welcome.

Our Team

The Rural Northwest Health team have been incredible and demonstrated on many occasions how they rise to the occasion when challenged. COVID, workforce challenges and CEO/Executive changes are just some examples of when this resilience and dedication was demonstrated by the team.

During the 2022–2023 financial year, Wendy James as Executive Manager Clinical Services retired after 6 years with RNH, and Dr Ian Graham resigned from his position of Director Medical Services in August 2022. Dr Sophie Ping commenced a short-term contract as Director of Medical Services in September 2022 following Ian's resignation. We thank Wendy, Ian and Sophie for their significant contribution to clinical care.

RNH are extremely fortunate to have the services of six locally practicing general practitioners, almost all of whom support RNH as visiting medical officers. RNH recognises and values the medical support they offer the health service and the community.

In late January 2023, RNH hosted the Betty Richardson award and staff years of service awards. Betty was a senior nurse at RNH for many years, recognised for her consumer focus, passion for quality care, being a team player, humility, flexibility, reliability and "get on with it" attitude. These values were recognised by the two winners; Narelle Gunn, Enrolled Nurse in aged care and Dharen Elliott from Environmental Services. Also awarded on the night was the Leo Casey scholarship that supports team members to undertake further learning opportunities, with Katrina Fallon announced as the deserving recipient of the scholarship for 2022.

Workforce challenges felt across the globe in health have not escaped Rural Northwest Health and specifically clinical staff in Hopetoun and community health across all campuses. Several initiatives have been introduced to address workforce shortages but most significantly RNH engaged a local Horsham company Latitude Recruitment to lead RNH recruitment. Whilst nursing and allied health clinicians continue to be difficult to attract, significant gains have been made in roles that provide vital support to clinical care, specifically in the quality, environmental and finance teams.

Valuable support and important members of the RNH team are our volunteers. These include our meals on wheels drivers, consumer reference group members and our auxiliaries. We can't thank our volunteers enough for their enormous contribution. The time and resources they dedicate for the betterment of our community is inspiring.

Our Partnerships

Together as CEO and Board Chair, we have met and continue to meet with key stakeholders in our region but also in the sector. RNH enjoy a fantastic partnership with Yarriambiack Shire. It is recognised that working together we can achieve so much more particularly with regard to tackling workforce shortages. We meet regularly, discuss key priorities and work together whether that be accommodation, local events or sharing resources/expertise.

Together we have met with State and Commonwealth MPs to share the challenges rural health services experience but at the same time present alternative service delivery models, advocate for service efficiencies, and ensure appropriate infrastructure is in place.

As a new CEO and member of the community, there has been many meetings with local Lions club, Rotary, neighbourhood house and the Auxiliaries just over the last 6 months. Other key partnerships include Woodbine, Wimmera Southern Mallee Development, Grampians Health Service Partnership, Grampians Public Health Unit and particularly our neighbouring health services East Wimmera Health Service and West Wimmera Health Service.

We would like to acknowledge and thank all our partners and additionally our community, the Department of Health, the Victorian Government and the Federal Government for supporting us in the delivery of health services.

Leadership and Governance

In June 2022 Ishbell Reid resigned from Rural Northwest Health as CEO. Fortunately, whilst CEO recruitment was underway, Jo Martin and then Jodie Cranham returned as Interim CEO, providing stability and familiarity for the team. Thank you to partners By Five at Wimmera Southern Mallee Development and Grampians Health for supporting these interim CEO appointments.

After an extensive recruitment process on the 30 January 2023, Rural Northwest Health welcomed new CEO Jenni Masters. Jenni came to RNH from New Zealand with an extensive curriculum vitae of leadership and senior management experience. On her second day Jenni was introduced to the wider RNH community at the AGM and that evening at the Betty Richardson awards. At this early stage it was apparent how Jenni would quickly engage herself within RNH and the community.

In August 2022 and May 2023, the Board and Executive met to discuss the strategic direction of RNH recognising the increasing challenges with regard to workforce, growing accreditation requirements and health outcomes of rural and remote communities. Growth in community health services and now community care was considered paramount as were the exploration of alternative service delivery models.

As of 30 June 2022 we bid farewell to board directors David Kranz and Michael Brown after three years of service and providing outstanding contributions to Rural Northwest Health. Both Michael and David have been instrumental in guiding the organisation through a difficult period for the health sector, whilst ensuring RNH remain focused on future growth and transformation. We thank them for their valuable service.

RNH have been successful attracting Chris Downes as new board director from 1 July 2023. Chris was born in Warracknabeal and raised on the family farm at Areegra completing his primary and secondary schooling locally before departing for university. A science graduate with a Master of Business Administration, Chris has worked in the healthcare and pharmaceutical sector for almost 20 years across several increasingly senior commercial roles in Australia and the UK.

The Board and Executive have valued this opportunity to reflect on the previous financial year however our focus is firmly on the future as we endeavour to achieve the RNH vision of strong, healthy and vibrant rural communities. There is already so much on the horizon including refreshed consumer engagement, strengthening of our GP and RNH partnership, growth of our community care and community health services, and infrastructure projects.



A stylized, handwritten signature of Genevieve O'Sullivan in black ink.

Genevieve O'Sullivan

Board Chairperson
Rural Northwest Health



A stylized, handwritten signature of Jenni Masters in black ink.

Jenni Masters

Chief Executive Officer
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 2023.

A stylized, handwritten signature of Genevieve O'Sullivan in black ink.

Genevieve O'Sullivan

29 August 2023

Our Strategic Direction

The Rural Northwest Health 2020–25 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.

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

Three focus areas define where we are directing 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 an employer of choice. Our partnerships will see us collaborate within and beyond our sector for greater collective impact and to influence a better healthcare system for all.

2022–23 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.

Quality Healthcare

Rural Northwest Health was successful in obtaining a grant for \$50,000 from the Grampians Integrated Cancer Service to improve cancer awareness, detection and support options in the Shire of Yarriambiack. This will contribute to raising awareness of the disease in the region where cancer diagnoses are more prevalent than in highly populated areas. Research has shown that in less accessible and underserved communities, higher levels of older persons and agriculture workers are factors contributing to the disparity in cancer incidence between rural and metropolitan areas. Raising awareness is a key strategy towards improving the degree of screening and early detection. This will be the core message of the project.

The service improvement, early detection and support project will involve a series of public information sessions across the Yarriambiack Shire with a spotlight on breast, prostate, melanoma and bowel cancers. Causes of cancer, such as the surge in vaping amongst school-age children, will remain a separate focus of the Health Promotion team at Rural Northwest Health.

The last 12 months in Allied Health have seen many challenging times, with an Australia-wide shortage of clinicians. There have been and continue to be many vacant positions within the team. Rural Northwest Health continues to work behind the scenes to recruit quality staff and continue to build our team. Many staff also took some well-deserved leave, with multiple clinicians working in sole roles. Some services were limited, or locum clinicians were brought in to continue to offer services. Despite these challenges, the Allied Health team have continued to deliver high-quality care. Processes have been developed to adapt and utilise the skill of allied health assistants, foot care nurses and our wellbeing team to ensure the community are being cared for. These staffing challenges have seen many staff members take on tasks outside of their regular roles, and without these team members stepping up, funding requirements would not have been met, and services would have been severely impacted.

Early in 2023, RNH submitted a tender for the new PHN Chronic Conditions program, joining a partnership with four other health services. This tender was successful and works are currently being undertaken to ensure a smooth transition to the new program in 2024. The allied health team continue to build their skills, encouraging and supporting clinicians to undergo further study, and embed this quality care into the services offered at Rural Northwest Health.

Accessible Healthcare

The Movement Disorder Nurse program is now in its third year of four. This year has been busy providing specialist nursing care to over 25 patients, in many care settings — most of them at home — keeping them out of hospital or a drastically reduced length of stay if required.

The MD Nurse continues to provide education to our local team at RNH, and to external aged care facilities about neurodegenerative movement disorders. Topics have included the management of Parkinson's disease medications, atypical Parkinson's disease management and guiding allied health to Parkinson's specific clinical practice guidelines. Our Movement Disorder Nurse has developed a procedure pertaining to Device Assisted Therapies for Parkinson's disease, to ensure safe medication management of these devices which ultimately leads to better patient safety and improved patient care.

Earlier this year, RNH hosted a local Hub for the Australasian Neuroscience Nurses Association (ANNA) Parkinson's Education Day where we had attendees from Grampians Health Horsham, Grampians Community Health Stawell and local team members.

Our Movement Disorder Nurse has commenced postgraduate studies, commencing a Graduate Certificate in Neuroscience Nursing through UTAS. Our nurse will also be presenting at the ANNA Annual Conference in October 2023 on Multiple System Atrophy and the importance of a multidisciplinary team approach to care.

Our Team

Skilled Team

The Rural Northwest Health Graduate Nurse Program remains flexible to accommodate the needs of our graduate nurses, enabling two new graduates to commence midyear to join the two graduates who commenced in early 2023. This flexibility has also seen our graduate nurses benefit from clinical experience at neighbouring health services where they are exposed to higher acuity care and surgical nursing.

Our two graduate Enrolled Nurses returned to Rural Northwest Health in 2023 after completing undergraduate clinical placements with us in the previous year. This highly desired outcome reflects very positively on the quality of the learning experience provided at Rural Northwest Health and is a credit to our teams who share their expertise to support new students and graduates.



Effective Systems

The Working With Children (WWC) and CrimCheck, automated daily syncs with The Victorian Energy Collaboration and Australian Health Practitioner Regulation 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 KHDB 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 of consumer experience.

RNH have successfully met all Department of Health sustainability reporting targets for the 2022/23 financial year.

100% compliance with staff COVID 19 vaccination program.



Our Partnerships

Broad Collaboration

The MOU between RNH and Woomelang Bush Nursing Centre was reviewed. RNH continue to provide support through the RNH Clinical Advisory Committee.

Meetings were 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 support the 'At Home Program'.

Meaningful Engagement

Rural Northwest Health consumer reference groups continued to meet throughout 2022, providing a valuable connection with consumer needs, perspectives and reviewing key quality data.

Increased awareness of RNH services through the use of social media, local newspapers and RNH website.

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

Genevieve O’Sullivan

Chairperson
First appointed
1 July 2018

Zivit Inbar

First appointed
1 July 2020

Veena Mishra

First appointed
1 July 2020

John Aitken

Deputy Chairperson
First appointed
1 July 2018

Amanda Kenny

First appointed
7 March 2017

Katharine Turkuile

First appointed
1 July 2021

Michael Brown

First appointed
1 July 2020

David Kranz

First appointed
1 July 2020

La Vergne Lehmann

First appointed
1 July 2022

Board Committees

Finance Audit & Compliance Committee (FACC)

Board representatives:

Michael Brown (Chair),
David Kranz, Veena Mishra
and La Vergne Lehmann

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),
Katharine Terkuile, and
Veena Mishra

People, Culture & Safety Committee

Board representatives:

Zivit Inbar (Chair), Katharine
Terkuile and David Kranz

Hopetoun Beulah Reference Group (HBRG)

Board representative:

John Aitken (Chair)

Warracknabeal Reference Group (WRG)

Board representatives:

David Kranz (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 organisation and will comply with all legislated requirements and reflect a fair and open process with an appointment made on merit. Rural Northwest Health is an equal opportunity employer.

| Hospitals Labour Category | June Current Month FTE | | Average Monthly FTE | |
|---------------------------------|------------------------|-------|---------------------|-------|
| | 2022 | 2023 | 2022 | 2023 |
| Nursing | 62.05 | 53.40 | 73.48 | 60.57 |
| Admin /Clerical | 20.65 | 33.82 | 25.92 | 29.87 |
| Medical Support | 0 | 0 | 0 | 0 |
| Hotel & Allied Services | 53.36 | 66.07 | 58.48 | 67.93 |
| Medical Officers | 0 | 0 | 0 | 0 |
| Hospital Med Officers | 0 | 0 | 0 | 0 |
| Sessional Clinicians | 0 | 0 | 0 | 0 |
| Ancillary Staff (Allied Health) | 12.23 | 6.08 | 13.84 | 7.04 |

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 2021 to 2022 | 108 |
| Year 2022 to 2023 | 56 |

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 2022–23.
- 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 |
| Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 0 |
| Number of occupational violence incidents reported | 12 |
| Number of occupational violence incidents reported per 100 FTE | 0.09 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 8% |

Environmental Performance

Rural Northwest Health is committed to sustainability and to continually improving our environmental performance. In order to improve on our environmental performance, we constantly monitor activities such as electricity, gas and water usage while also implementing initiatives that provide an opportunity to decrease our energy usage. Team members across the three campuses are encouraged to conserve energy use where possible, reduce the amount of paper-based documents and recycle access points are easily accessible for everyone.

| Environmental Performance | 2018–19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 |
|--|---------|---------|---------|---------|---------|
| Environmental Impacts and Energy Usage | | | | | |
| Energy Use | | | | | |
| Electricity (MWh) | 1615 | 1591 | 1563 | 1625 | 1513 |
| Liquefied Petroleum Gas (kL) | 105 | 105 | 99 | 115 | 102 |
| Carbon Emissions (thousand tonnes of CO₂e) | | | | | |
| Electricity | 2 | 2 | 2 | 1.48 | 1.29 |
| Liquefied Petroleum Gas | 0 | 0 | 0 | 0.18 | 0.16 |
| Total Emissions | 2 | 2 | 2 | 1.66 | 1.44 |
| Water Use (millions litres) | | | | | |
| Potable Water | 19 | 19 | 20 | 16.9 | 12.48 |
| Factors Influencing Environmental Impacts | | | | | |
| Floor Area (m ²) | 16,565 | 16,565 | 16,565 | 16,565 | 16,565 |
| Separations | 547 | 557 | 581 | 422 | 347 |
| In-Patient Bed Days | 3,782 | 3811 | 3621 | 3040 | 3753 |
| Aged Care Bed Nights | 29,727 | 29,151 | 26,909 | 27,056 | 24,365 |

| Benchmarks 2022–23 All Facilities | Average For Peer Group | Our Value | % Above / Below Average | % Above / Below Average | % Above / Below Average |
|---|---------------------------------------|----------------------|--|--|--|
| Carbon Emissions | | | | | |
| CO ₂ e(t) per m ² | 0.13 | 0.12 | -24.54% | -13.76% | -7.13% |
| CO ₂ e(t) per OBD | 0.06 | 0.07 | 9.18% | 9.18% | 9.18% |
| CO ₂ e(t) per Seps | 0.88 | 3.44 | 262.35% | 244.23% | 291.18% |
| Water Use | | | | | |
| kL per m ² | | | | | -16% |
| kL per OBD | | | | | 7.39% |
| kL per Seps | | | | | 259.70% |
| Expenditure Rates | | | | | |
| Total utility spend (\$/m ²) | 37 | 26.67038656 | -36.60% | -18.79% | -27.92% |
| Elec(\$/kWh) | 0 | 0.195138686 | 100.00% | 100.00% | 100.00% |
| Potable Water(\$/kL) | 2 | 1.808797524 | -18.14% | -12.40% | -9.56% |
| LPG(\$/kL) | 607 | 663.4770787 | -6.48% | 3.40% | 9.30% |
| Additional Measures (not included in benchmarking chart) | | | | | |
| Total utility spend (\$/Separations) | | 1,046.89 | 692.67 | 1046.89 | 1141.8 |
| Total utility spend (\$/In-Patient Bed Days) | | 145.32 | 111.14 | 145.32 | 105.57 |
| Total utility spend (\$/Aged Care Bed Nights) | | 16.33 | 14.58 | 16.33 | 16.26 |

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

Rural Northwest Health contributed to the Department of Health Operational Plan 2022–2023 through the following strategic priorities:

Keep People Healthy and Safe in the Community

Maintain COVID-19 readiness

Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.

Our Health Service experienced two COVID-19 outbreaks, in Yarriambiack Lodge in July 2022 and Hopetoun in May/June 2023, with both outbreaks being managed with support from Grampians Public Health Unit to ensure compliance with policies and procedures.

Rural Northwest Health has maintained robust COVID-19 readiness, working closely with GPHU and Grampians HSP health services to align to the Health Service Winter Responses framework. Our COVID-19 readiness has been adapted over the year to ensure effective response to the changes in demand, pandemic orders and up-to-date evidence.

Rural Northwest Health has been a proactive supporter of COVID-19 immunisation, promoting widely within the organisation to all residents, staff and to our community through regular posts on our external social media platforms.

We continue to review our current COVID-19 guidelines with evidence-based practice. Rural Northwest Health has maintained a high vaccination rate not just for COVID-19 but also for flu vaccination. We have one of the highest flu vaccination rates within the region. Our infection prevention and control team led by Maree Bell (Infection Control Nurse) has been instrumental in ensuring that Rural Northwest Health is able to maintain a high quality of infection prevention and control practices.

Care Closer to Home

Delivering more care in the home or virtually

Increase the provision of home-based or virtual care, where appropriate and preferred by the patient, including via the Better at Home program.

Our Health Service prepared for the transfer of Commonwealth Home Services Program (CHSP) in-home services from Yarriambiack Shire on 1 July 2023. Once implemented, our team are keen to work with the community to understand how this service can further evolve and best meet their needs.

Rural Northwest Health is an active partner in the successful Wimmera Grampians tender for West Vic Primary Healthcare Network (WVPHN) 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. Our partners in this successful tender are West Wimmera Health Service, East Wimmera Health Service, Grampians Health Stawell and Edenhope campuses.

RNH has worked together with the Hopetoun community to use the Virtual Victorian Emergency Department at home to access care for non-life-threatening emergencies. The community can connect virtually to emergency doctors and nurses who provide medical advice via video.

Keep Improving Care

Improve quality and safety of care

Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.

Our health service has been working in areas of clinical improvement to deliver safe and best care. We have worked together with our Visiting Medical Officers and GPs to develop and refine health pathways and how best to optimise the use of the resources available without compromising clinical care and health outcomes for the community.

Rural Northwest Health continues to work collaboratively with the other health services within our region to ensure that care is delivered at the right place and at the right time. We continue to participate in the projects led by the Grampians Region Health Service Partnership.

Plan update to nutrition and food quality standards

Develop a plan to implement nutrition and quality of food standards in 2022–2023, implemented by December of 2023.

Nutrition and quality food standards at Rural Northwest Health are a key component of quality care. Access to nutritious foods is essential for supporting healthy ageing, health, and wellbeing. These Standards include a greater focus on the needs of the aged care resident and acute patient, that considers cultural diversity, variety, modern diets, and the continuous quality improvement processes. We strive to prevent malnutrition through the 'Food First' approach. Rural Northwest Health is in the process of implementing a menu management system that will oversee all aspects of our food production capabilities. The system will improve our processes in planning menus right through to the resident receiving food at the dining table. The menu management system will assist in making changes according to our residents' requests and feedback, quick, safe, and reliable. It will also make assessing nutrition and quality from a dietitian and speech pathologies perspective easier as more reliable information can be obtained quickly. At Rural Northwest Health all menus and food service systems will undergo a process of Continuous Quality Improvement to ensure high-quality food and fluids that are nutritionally adequate, safe, and appropriate for the health service population.

Climate Change Commitments

Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.

Rural Northwest Health is committed to sustainability and to continually improving our environmental performance. 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. In November 2022 a Sustainable & Resilient RHN working group was set up to improve the way RNH considers environmental sustainability. As part of this initiative, we introduced biodegradable and well-labelled eco-friendly bins across all our campuses. This move was designed to reduce our carbon footprint, promote recycling and preserve our natural resources, and contribute to the Victorian Government's target of achieving net zero carbon emissions by 2050.

Asset Maintenance and Management

Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.

The Asset Management Plan (AMP) has been developed in December 2022 and outlines the ongoing functional maintenance required for the Rural Northwest Health (RNH) property assets, the opportunities for replacement and end of life assets and the development of the financial investment required to ensure continuous operation of assets whilst achieving the future strategic direction of RNH. A key component of this AMP is the inclusion of the requirements from the Victorian Department of Finance and Treasury, to align with the Asset Management Accountability Framework (AMAF). This Asset Management Plan is the operational plan for the activities and actions over the short term to deliver the objectives of the RNH Asset Management documents and aligns to the operational requirements of an Asset Management Strategy under the AMAF.

Improve Aboriginal Health and Wellbeing

Improve Aboriginal cultural safety

- **Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.**
- **Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.**
- **Implement strategies and processes to actively increase Aboriginal employment.**
- **Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.**
- **Develop discharge plans for every Aboriginal patient.**

Rural Northwest Health has made significant strides in the past year towards improving the health and well-being of Aboriginal and Torres Strait Islander communities, with a specific focus on aligning our efforts with the National Safety and Quality Health Service Standards. We have successfully implemented six critical Aboriginal and Torres Strait Islander Actions designed to address the unique healthcare needs of these communities. These actions range from conducting a comprehensive needs assessment for specialised healthcare programs to setting up meticulous safety and quality priorities that are regularly monitored for effectiveness. Additionally, we have launched cultural competency training across all levels of our staff to ensure that our services are not only technically proficient but also culturally sensitive and respectful.

One of the standout features of our approach has been the creation of a welcoming environment that honours the cultural beliefs and practices of Aboriginal and Torres Strait Islander communities. This environmental transformation aims to provide a comforting healthcare experience and to facilitate the ease of interaction between healthcare providers and patients. Alongside this, we have streamlined processes for identification, asking all consumers to voluntarily identify if they are of Aboriginal and/or Torres Strait Islander origin. Such identification processes are vital for the tailoring of healthcare services and for ensuring that culturally appropriate care is delivered efficiently and effectively.

Addressing the health disparities between Aboriginal and Torres Strait Islander and non-indigenous Australians requires the collective responsibility of every individual involved in healthcare provision. We believe that the foundation for equitable, safe, and high-quality healthcare lies in the commitment to these standards by everyone at Rural Northwest Health. The organisation is committed to sustained efforts in research, targeted community outreach programs, and advanced cultural competency training modules.

These are aligned with our future goals to continue to adapt and meet the healthcare needs of Aboriginal and Torres Strait Islander communities.

As we move forward, we are optimistic that these comprehensive measures will serve to reduce the existing health disparities significantly. Our future goals include continuous improvements based on research and feedback, greater community engagement, and the roll-out of even more targeted healthcare programs. Rural Northwest Health acknowledges and appreciates the collaboration and trust of our healthcare teams, community partners, and most importantly, the Aboriginal and Torres Strait Islander communities themselves, as we work together to build a healthier future.

Moving from Competition to Collaboration

Foster and develop local partnerships

- **Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).**
- **Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.**

Rural Northwest Health has been an active member of the Grampians Region Health Service Partnership (GRHSP) and has been involved in all Health Service Partnership workplan projects. Rural Northwest Health has contributed to a regional response to multiple local priorities, included but not limited to clinical governance improvements, obstetric support for regional GPOs and regional midwifery services, development of and provision of ongoing support of the Grampians Region Learning Management System (LMS), the development of the Electronic Medical Record business case, and engages with the region to respond quickly to changing needs including cross-sector collaboration regarding the coming changes to Aged Care in the Home and Community support packages.

Rural Northwest Health has collaborated with GRHSP services to address the strategic system priorities. Development of a COVID Positive Pathways model that is providing support for the region from four COVID Hubs. This agreed model is supported by Rural Northwest Health through development of a steering/governance committee as well as a COVID Monitor user working group.

Rural Northwest Health has contributed to the guidance of the elective surgery reform project through participation on the GRHSP Elective Surgery Reform Steering Committee and is working in collaboration with the Better @ Home teams on the delivery of a surgery school to better prepare patients for their surgical journey. The regional Better @ Home Steering Committee has been formed with an agreed term of reference to govern discussion and program decisions that impact across the region and deliver program changes that benefit all.

Rural Northwest Health has actively contributed to the development of four key strategic pillars that support the GRHSP strategic priority areas. The GRHSP will focus on addressing over the coming years priority areas including workforce, quality and safety, corporate services and systems improvement. Identified areas for improvement involve strategies such as workforce retention and wellbeing, a regional approach to aged care in response to the aged care reforms, a potential regional approach to payroll and HR systems, and a regional approach to at-home support. Each member of the GRHSP is actively contributing to the development of responses to these areas.

A Stronger Workforce

Improve workforce wellbeing

- **Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022–2023.**
- **Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.**
- **Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.**

Rural Northwest Health updated its process for investigation of occupational violence and aggression incidents in line with the training being developed for the Grampians region LMS.

Strengthening Hospital Responses to family violence is mandatory through the Grampians Region LMS. Rural Northwest Health monitors compliance through the regional platform and worked with staff to ensure this is completed.

Rural Northwest health has supported the wellbeing of our staff across all campuses through wellbeing initiatives. These include restarting free fruit on Friday, taking time to celebrate important days (International professional days, aged care worker day) and strengthening corporate orientation to include an afternoon tea meet and greet for all staff to attend.

Key 2022–2023 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 | 92.7% | 95% |
| Percentage of healthcare workers immunised for influenza (2022) | 95% | 97% |
| Patient Experience | | |
| Percentage of patients who reported positive experiences of their hospital stay – Quarter 1 | 95% | *N/A due to low numbers |
| Percentage of patients who reported positive experiences of their hospital stay – Quarter 2 | 95% | *N/A due to low numbers |
| Percentage of patients who reported positive experiences of their hospital stay – Quarter 3 | 95% | *N/A due to low numbers |

*Less than 10 surveys received

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% | 56% |

Effective Financial Management

| Key Performance Measure | Target | Outcome |
|--|---|-------------------------------|
| Operating result (\$m) | \$0.00 | \$.02 |
| Average number of days to pay trade creditors | 60 days | 45 days |
| Average number of days to receive patient fee debtors | 60 days | 25 days |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 1.25 |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June | Variance ≤ \$250,000 | target +/-0.25 Result 1.39 |
| Actual number of days available cash, measured on the last day of each month | 14 days | 25 days |
| Funding Type | | |
| Small Rural Acute (This is related to acute funding received additional to block funding – DVA) | | \$0 |
| Small Rural Primary Health and HACC (Contact hours for Assessment, Occupational Therapy, Planned Activity Group, Podiatry, Allied Health, Counselling funded through Community or HACC) | | \$2,885 |
| Small Rural Residential Care (Beddays) | | \$3,640 |

Legislative Compliance

Freedom of Information (FOI)

Rural Northwest Health has received eight requests for information under the Freedom of Information Act (1982) during the 2022–23 financial year, an increase of one from the previous financial year.

Of the eight requests received, all cases were personal request, with all cases being granted in full with nil instances of no documentation/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 — \$30.60 (non-refundable unless the fee is waived)
- Search fee — \$23.85 per hour for the search of documents and/or extraction of information from a database
- 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

In line with our steadfast commitment to creating a diverse and equitable workplace, Rural Northwest Health (RNH) wholeheartedly welcomed the Gender Equality Act 2020, which took effect on March 31, 2021. As of June 2022, women constitute 80.7% of our workforce, reflecting a slight decrease from 83.0% in 2018. To enrich our cultural diversity, 64.4% of our staff are Australian residents, while the remaining 35.6% come from a variety of international backgrounds. To further cement our dedication to gender and intersectional equality, RNH has developed a robust Gender Equality Action Plan for the years 2021–2025. This plan was meticulously crafted through inclusive consultations with our team members, ensuring that a multitude of perspectives were considered. In alignment with the Victorian Government's commitment to 'Closing the Gap' by 2031, RNH is also focused on enhancing participation of Aboriginal and Torres Strait Islander individuals in the Victorian public sector workforce.

The Gender Equality Action Plan is more than a static document; it's a dynamic blueprint designed to adapt to the changing needs and emerging challenges we may encounter. Governed by rigorous frameworks, this plan complements our internal goals while harmonizing with larger Victorian Public Sector initiatives, such as *"Safe and Strong — A Victorian Gender Equality Strategy," "Free from Violence: Second Action Plan 2022–2025,"* the *"State Disability Plan 2022–2026,"* and *"Pride in our Future: Victoria's LGBTIQ+ Strategy 2022–2032."*

Our unwavering commitment to diversity and inclusion aims to yield positive outcomes for our staff, clients, and the communities we serve. By doing so, RNH aspires to set industry standards for what equitable healthcare provision should embody, both now and in the future.

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 5:21) 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 2022/23 RNH engaged 10 consultants where the total fees payable were less than \$10,000 per consultant, totalling \$70,312.

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

| Consultant | Purpose of Consultancy | Start Date | End Date | Total Approved Project Fee (Ex GST) | Expenditure 2022–2023 |
|-----------------------------|------------------------|------------|-----------|-------------------------------------|-----------------------|
| Health Generation | Compliance Remediation | 14-Apr-23 | 23-Jun-23 | \$133,365 | \$146,701 |
| HR Legal | Professional fees | 25-Jul-22 | 21-Jun-23 | \$53,016 | \$58,318 |
| Connected Medical Solutions | Professional fees | 11-Nov-22 | 30-Jun-23 | \$22,918 | \$25,209 |
| Sentius Group | Professional fees | 30-Jun-22 | 29-Jun-23 | \$228,498 | \$251,348 |
| HLB Mann Judd | Professional fees | 28-Feb-23 | 31-Mar-23 | \$14,345 | \$15,779 |

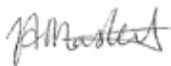
Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2022-2023 is \$1,430,266 (excluding GST) with the details shown below:

| Business as Usual (BAU) ICT expenditure | Non-Business as Usual (non-BAU) ICT expenditure | | |
|---|---|---|-------------------------------------|
| Total (excluding GST) | Total=Operational expenditure and Capital Expenditure (excluding GST) | Operational expenditure (excluding GST) | Capital expenditure (excluding GST) |
| \$1,398,319 | \$31,947 | \$0.00 | \$31,947 |

Data Integrity Declaration

I, Jenni Masters, 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.



Jenni Masters

Accountable Officer
Warracknabeal
29 August 2023

Integrity, Fraud and Corruption Declaration

I, Jenni Masters, 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.



Jenni Masters

Accountable Officer
Warracknabeal
29 August 2023

Conflict of Interest Declaration

I, Jenni Masters, 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.



Jenni Masters

Accountable Officer
Warracknabeal
29 August 2023

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
29 August 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Jenni Masters, certify that Rural Northwest Health has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Jenni Masters

Accountable Officer
Warracknabeal
29 August 2023

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 |
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| FRD 22 Purpose, functions, powers and duties | 6–9 |
| FRD 22 Nature and range of services provided | 14 |
| FRD 22 Activities, programs and achievements for the reporting period | 6–9 |
| FRD 22 Significant changes in key initiatives and expectations for the future | 10–13 |
| Management and Structure | |
| FRD 22 Organisational structure | 15 |
| FRD 22 Workforce data/ employment and conduct principles | 17 |
| FRD 22 Occupational Health and Safety | 17 |
| Financial Information | |
| FRD 22 Summary of the financial results for the year | 33 |
| FRD 22 Significant changes in financial position during the year | 33 |
| FRD 22 Operational and budgetary objectives and performance against objectives | 33 |
| FRD 22 Details of consultancies under \$10,000 | 29 |
| FRD 22 Details of consultancies over \$10,000 | 29 |
| FRD 22 ICT Expenditure | 29 |
| Legislation | |
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| FRD 22 Compliance with building and maintenance provisions of Building Act 1993 | 26 |
| FRD 22 Application and operation of Public Interest Disclosure Act 2012 | 26 |
| FRD 22 Statement on National Competition Policy | 27 |
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| Other Relevant Reporting Directives | |
| FRD 25 Local Jobs First Act 2003 disclosures | 27 |
| SD 5.1.4 Financial Management Compliance attestation | 30 |
| SD 5.2.3 Declaration in report of operations | 9 |
| Attestations | |
| Attestation on Data Integrity | 30 |
| Attestation on managing Conflicts of Interest | 30 |
| Attestation on Integrity, fraud and corruption | 30 |
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| Other Reporting Requirements | |
| Reporting of outcomes from Statement of Priorities 2022–2023 | 25 |
| Occupational Violence reporting | 18 |
| Gender Equality Act 2020 | 27 |
| Reporting obligations under the Safe Patient Care Act 2015 | 27 |



Financial

Financial Overview

Rural Northwest Health reports a net surplus result of \$20,000, and an entity deficit from transactions of \$3,658,000 after capital depreciation for the year ending 30 June 2023.

| Finance Summary 5 Years 2018/19 – 2022/23 | 2023 \$'000 | 2022 \$'000 | 2021 \$'000 | 2020 \$'000 | 2019 \$'000 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Operating Result | 20 | 1,089 | 253 | 94 | 794 |
| Total Revenue | 27,538 | 25,952 | 25,873 | 25,303 | 23,934 |
| Total Expenses | (31,196) | (29,245) | (29,403) | (28,814) | (25,264) |
| Net Result from Operations | (3,658) | (3,293) | (3,530) | (3,511) | (1,330) |
| Total Other Economic Flows | 15 | 118 | 209 | 320 | 121 |
| Net Result | (3,643) | (3,175) | (3,321) | (3,191) | (1,209) |
| Changes in Property, Plant and Equipment Revaluation Surplus | — | 11,840 | | | |
| Total Assets | 84,659 | 91,526 | 82,628 | 83,458 | 88,860 |
| Total Liabilities | 13,560 | 16,784 | 16,551 | 14,209 | 16,108 |
| Net Assets | 71,099 | 74,742 | 66,077 | 69,249 | 72,752 |

| Reconciliation of Net Result from Translations and Operating Result | 2022/23 \$'000 |
|---|---------------------------|
| Net Operating Result | 20 |
| Capital Purpose Income | 267 |
| Specific Income COVID 19 State Supply Arrangements — Assets received free of charge | 305 |
| State Supply Items Consumed up to 30 June 2023 | (185) |
| Assets Provided Free of Charge | 0 |
| Assets received Free of Charge | 0 |
| Expenditure for Capital Purpose | (549) |
| Depreciation | (3,510) |
| Impairment of Non Financial Assets | 0 |
| Finance Costs | (6) |
| Net Result from Transactions | (3,658) |

*Operational and budgetary objectives and performance against objectives - please refer to SoP KPI results on page 25.



Independent Auditor's Report

To the Board of Rural Northwest Health

| | |
|--|--|
| Opinion | <p>I have audited the financial report of Rural Northwest Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • 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. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>APES 110 Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p> |

**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
6 November 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Financial Statements

Financial Year ended 30 June 2023

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 2023 and the financial position of Rural Northwest Health at 30 June 2023.

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 31st October 2023.

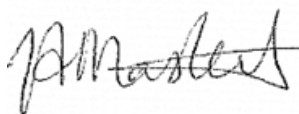
Board Director



Genevieve O'Sullivan

Board Chair
Rural Northwest Health
06 November 2023

Accountable Officer



Jenni Masters

Chief Executive Officer
Rural Northwest Health
06 November 2023

Chief Finance & Accounting Officer



Hendrik Barnard

Chief Finance & Accounting Officer
Rural Northwest Health
06 November 2023

Rural Northwest Health Comprehensive Operating Statement For the Financial Year Ended 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|----------------------|----------------------|
| Revenue and income from transactions | | | |
| Operating activities | | 26,983 | 25,870 |
| Non-operating activities | 2.1 | 555 | 82 |
| Total revenue and income from transactions | 2.1 | 27,538 | 25,952 |
| Expenses from transactions | | | |
| Employee expenses | 3.1 | (21,359) | (19,713) |
| Supplies and consumables | 3.1 | (2,090) | (2,059) |
| Finance costs | 3.1 | (61) | (41) |
| Depreciation | 3.1 | (3,510) | (3,779) |
| Other administrative expenses | 3.1 | (2,629) | (2,621) |
| Other operating expenses | 3.1 | (1,524) | (1,023) |
| Other non-operating expenses | 3.1 | (23) | (9) |
| Total expenses from transactions | | (31,196) | (29,245) |
| Net result from transactions — net operating balance | | (3,658) | (3,293) |
| Other economic flows included in net result | | | |
| Net gain/(loss) on sale of non-financial assets | 3.2 | 48 | 21 |
| Net gain/(loss) on financial instruments | 3.2 | (4) | 2 |
| Other gain/(loss) from other economic flows | 3.2 | (29) | 95 |
| Total other economic flows included in net result | | 15 | 118 |
| Net result for the year | | (3,643) | (3,175) |
| 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 | | (3,643) | 8,665 |

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

Rural Northwest Health Balance Sheet As at 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|---|---------|----------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | 6.2 | 16,046 | 20,717 |
| Receivables and contract assets | 5.1 | 1,378 | 714 |
| Inventories | 4.5 | 25 | 21 |
| Prepaid expenses | | 75 | 215 |
| Total current assets | | 17,524 | 21,667 |
| Non-current assets | | | |
| Receivables and contract assets | 5.1 | 731 | 637 |
| Property, plant and equipment | 4.1 (a) | 66,056 | 68,895 |
| Right of use assets | 4.2 (a) | 348 | 327 |
| Total non-current assets | | 67,135 | 69,859 |
| Total assets | | 84,659 | 91,526 |
| Current liabilities | | | |
| Payables and contract liabilities | 5.2 | 1,757 | 1,945 |
| Borrowings | 6.1 | 191 | 316 |
| Employee benefits | 3.3 | 4,587 | 4,259 |
| Other liabilities | 5.3 | 6,618 | 9,941 |
| Total current liabilities | | 13,153 | 16,461 |
| Non-current liabilities | | | |
| Borrowings | 6.1 | 226 | 117 |
| Employee benefits | 3.3 | 181 | 206 |
| Total non-current liabilities | | 407 | 323 |
| Total liabilities | | 13,560 | 16,784 |
| Net assets | | 71,099 | 74,742 |
| Equity | | | |
| Property, plant and equipment revaluation surplus | 4.3 | 50,116 | 50,116 |
| Restricted specific purpose reserve | SCE | 113 | 113 |
| Contributed capital | SCE | 29,139 | 29,139 |
| Accumulated surplus/(deficit) | SCE | (8,269) | (4,626) |
| Total equity | | 71,099 | 74,742 |

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 2023

| 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 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 | | 11,840 | — | — | — | 11,840 |
| Balance at 30 June 2022 | | 50,116 | 113 | 29,139 | (4,626) | 74,742 |
| Net result for the year | | — | — | — | (3,643) | (3,643) |
| Balance at 30 June 2023 | | 50,116 | 113 | 29,139 | (8,269) | 71,099 |

This statement should be read in conjunction with the accompanying notes to the financial statements from pages 41–111.

Rural Northwest Health Cash Flow Statement For the Financial Year Ended 30 June 2023

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Operating grants from government | | 23,368 | 21,239 |
| Capital grants from government — State | | 260 | 262 |
| Patient fees received | | 2,345 | 2,701 |
| GST received from ATO | | (26) | 2 |
| Interest and investment income received | | 555 | 82 |
| Commercial income received | | 191 | 258 |
| Other receipts | | (131) | 833 |
| Total receipts | | 26,562 | 25,377 |
| Employee expenses paid | | (20,922) | (19,503) |
| Payments for supplies and consumables | | (2,272) | (2,175) |
| Payments for medical indemnity insurance | | (181) | (93) |
| Payments for repairs and maintenance | | (417) | (323) |
| Finance costs | | (61) | (41) |
| Cash outflow for leases | | — | (1) |
| Other payments | | (3,428) | (3,222) |
| Total payments | | (27,281) | (25,358) |
| Net cash flows from operating activities | 8.1 | (719) | 19 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (692) | (867) |
| Other capital receipts | | 7 | 47 |
| Proceeds from disposal of property, plant and equipment | | 48 | 21 |
| Net cash flows used in investing activities | | (637) | (799) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (16) | (200) |
| (Repayment) / Receipt of accommodation deposits | | (3,299) | 746 |
| Net cash flows from/(used in) financing activities | | (3,315) | 546 |
| Net increase/(decrease) in cash and cash equivalents held | | (4,671) | (234) |
| Cash and cash equivalents at beginning of year | | 20,717 | 20,951 |
| Cash and cash equivalents at end of year | 6.2 | 16,046 | 20,717 |

This statement should be read in conjunction with the accompanying notes to the financial statements from pages 41–111.

Note 1: Basis of Preparation

Structure

- 1.1** Basis of preparation of the financial statements
- 1.2** Impact of COVID-19 pandemic
- 1.3** Abbreviations and terminology used in the financial statements
- 1.4** Joint arrangements
- 1.5** Key accounting estimates and judgements
- 1.6** Accounting standards issued but not yet effective
- 1.7** Goods and Services Tax (GST)
- 1.8** Reporting entity

These financial statements represent the audited general purpose financial statements for Rural Northwest Health for the year ended 30 June 2023. 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 31st October 2023.

Note 1.2: Impact of COVID-19 Pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

In the current reporting period, financial impacts of the pandemic were not material to Rural Northwest Health.

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 beginning 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 beginning on or after 1 January 2023 | Adoption of this standard is not expected to have a material impact |
| AASB 2022-5: Amendments to Australian Accounting Standards — Lease Liability in a Sale and Leaseback | Reporting periods beginning on or after 1 January 2024 | Adoption of this standard is not expected to have a material impact |
| AASB 2022-6: Amendments to Australian Accounting Standards — Non-Current Liabilities with Covenants | Reporting periods beginning on or after 1 January 2023 | Adoption of this standard is not expected to have a material impact |
| AASB 2022-8: Amendments to Australian Accounting Standards — Insurance Contracts: Consequential Amendments | Reporting periods beginning on or after 1 January 2023 | Adoption of this standard is not expected to have a material impact |
| AASB 2022-9: Amendments to Australian Accounting Standards — Insurance Contracts in the Public Sector | Reporting periods beginning on or after 1 January 2026 | Adoption of this standard is not expected to have a material impact |
| AASB 2022-10: Amendments to Australian Accounting Standards — Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities | Reporting periods beginning on or after 1 January 2024 | 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, assets and liabilities 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.

Rural Northwest Health's principal address is:

Dimboola Road
Warracknabeal
Victoria 3393

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

Note 2: Funding Delivery of our Services

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

Structure

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

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|--|
| Identifying performance obligations | <p>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.</p> <p>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.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p> |
| Determining timing of revenue recognition | <p>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.</p> |
| Determining time of capital grant income recognition | <p>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.</p> |
| Assets and services received free of charge or for nominal consideration | <p>Rural Northwest Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.</p> |

Note 2.1: Revenue and Income From Transactions

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Operating activities | | |
| Revenue from contracts with customers | | |
| Government grants (State) — Operating | 46 | 143 |
| Government grants (Commonwealth) — Operating | 7,420 | 7,299 |
| Patient and resident fees | 2,358 | 2,740 |
| Commercial activities ¹ | 191 | 258 |
| Total revenue from contracts with customers | 10,015 | 10,440 |
| Other sources of income | | |
| Government grants (State) — Operating | 15,856 | 13,845 |
| Government grants (State) — Capital | 260 | 262 |
| Other capital purpose income | 7 | 47 |
| Assets received free of charge or for nominal consideration | 305 | 288 |
| Other revenue from operating activities (including non-capital donations) | 540 | 988 |
| Total other sources of income | 16,968 | 15,430 |
| Total revenue and income from operating activities | 26,983 | 25,870 |
| Non-operating activities | | |
| Income from other sources | | |
| Other interest | 555 | 82 |
| Total other sources of income | 555 | 82 |
| Total income from non-operating activities | 555 | 82 |
| Total revenue and income from transactions | 27,538 | 25,952 |

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 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------|----------------------|
| Rural Northwest Health disaggregates revenue by the timing of revenue recognition | | |
| Goods and services transferred to customers: | | |
| At a point in time | 9,824 | 10,182 |
| Over time | 191 | 258 |
| Total revenue from contracts with customers | 10,015 | 10,440 |

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 National Weighted Activity Unit (NWAU) | <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p> |
| Commonwealth Residential Aged Care Grants | <p>Funding is provided for the provision of care for aged care residents within facilities at Rural Northwest Health.</p> <p>The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers.</p> <p>Revenue is recognised at the point in time when the service is provided within the residential aged care facility.</p> |

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 Yarriambiack Medical Clinic, 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 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Personal protective equipment | 305 | 288 |
| Total fair value of assets and services received free of charge or for nominal consideration | 305 | 228 |

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.

Contribution of Resources

Rural Northwest Health may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Terang and Mortlake Health Service obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Rural Northwest Health as a capital contribution transfer.

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.

Non-cash contributions from the Department of Health

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

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

Note 2.3: Other Income

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---------------------------|----------------------|----------------------|
| Interest | 555 | 82 |
| Total other income | 555 | 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

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

Telling the COVID-19 Story

Expenses incurred to deliver our services increased during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|--|
| Classifying employee benefit liabilities | <p>Rural Northwest Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>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.</p> <p>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.</p> |
| Measuring employee benefit liabilities | <p>Rural Northwest Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>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.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> • An inflation rate of 4.35%, reflecting the future wage and salary levels • Durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86% • Discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p> |

Note 3.1: Expenses from Transactions

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|----------------------|----------------------|
| Salaries and wages | | 16,236 | 16,635 |
| On-costs | | 1,611 | 1,569 |
| Agency expenses | | 2,786 | 916 |
| Fee for service medical officer expenses | | 328 | 290 |
| Workcover premium | | 398 | 303 |
| Total employee expenses | | 21,359 | 19,713 |
| Drug supplies | | 178 | 152 |
| Medical and surgical supplies | | 633 | 676 |
| Diagnostic and radiology supplies | | 236 | 196 |
| Other supplies and consumables | | 1,043 | 1,035 |
| Total supplies and consumables | | 2,090 | 2,059 |
| Finance costs | | 61 | 41 |
| Total finance costs | | 61 | 41 |
| Other administrative expenses | | 2,629 | 2,621 |
| Total other administrative expenses | | 2,629 | 2,621 |
| Fuel, light, power and water | | 397 | 420 |
| Repairs and maintenance | | 299 | 245 |
| Maintenance contracts | | 118 | 78 |
| Medical indemnity insurance | | 181 | 93 |
| Expenses related to leases of low value assets | | — | 1 |
| Expenditure for capital purposes | | 529 | 186 |
| Total other operating expenses | | 1,524 | 1,023 |
| Total operating expense | | 27,663 | 25,457 |
| Depreciation | 4.4 | 3,510 | 3,779 |
| Total depreciation and amortisation | | 3,510 | 3,779 |
| Bad and doubtful debt expense | | 23 | 9 |
| Total other non-operating expenses | | 23 | 9 |
| Total non-operating expense | | 3,533 | 3,788 |
| Total expenses from transactions | | 31,196 | 29,245 |

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 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------|----------------------|
| Net gain/(loss) on disposal of property plant and equipment | 48 | 21 |
| Total net gain/(loss) on non-financial assets | 48 | 21 |
| Allowance for impairment losses of contractual receivables | (4) | (2) |
| Other gains/(losses) from other economic flows | — | 4 |
| Total net gain/(loss) on financial instruments | (4) | 2 |
| Net gain/(loss) arising from revaluation of long service liability | (29) | 95 |
| Total other gains/(losses) from other economic flows | (29) | 95 |
| Total gains/(losses) from other economic flows | 15 | 118 |

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 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Current employee benefits and related on-costs | | |
| Accrued days off | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 60 | 45 |
| | 60 | 45 |
| Annual leave | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 1,286 | 1,298 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | 256 | 155 |
| | 1,542 | 1,453 |
| Long service leave | | |
| Unconditional and expected to be settled wholly within 12 months ⁱ | 378 | 349 |
| Unconditional and expected to be settled wholly after 12 months ⁱⁱ | 2,064 | 1,908 |
| | 2,442 | 2,257 |
| Provisions related to employee benefit on-costs | | |
| Unconditional and expected to be settled within 12 months ⁱ | 222 | 216 |
| Unconditional and expected to be settled after 12 months ⁱⁱ | 321 | 288 |
| | 543 | 504 |
| Total current employee benefits and related on-costs | 4,587 | 4,259 |
| Non-current provisions and related on-costs | | |
| Conditional long service leave ⁱ | 158 | 180 |
| Provisions related to employee benefit on-costs ⁱⁱ | 23 | 26 |
| Total non-current employee benefits and related on-costs | 181 | 206 |
| Total employee benefits and related on-costs | 4,768 | 4,465 |

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 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Current employee benefits and related on-costs | | |
| Unconditional accrued days off | 68 | 51 |
| Unconditional annual leave entitlements | 1,735 | 1,635 |
| Unconditional long service leave entitlements | 2,784 | 2,573 |
| Total current employee benefits and related on-costs | 4,587 | 4,259 |
| Conditional long service leave entitlements | 181 | 206 |
| Total non-current employee benefits and related on-costs | 181 | 206 |
| Total employee benefits and related on-costs | 4,768 | 4,465 |
| Carrying amount at start of year | 4,465 | 4,398 |
| Additional provisions recognised | 1,907 | 1,814 |
| Amounts incurred during the year | (1,604) | (1,747) |
| Carrying amount at end of year | 4,768 | 4,465 |

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

| Defined contribution plans | Paid Contribution for the Year | | Contribution Outstanding at Year End | |
|----------------------------|--------------------------------|----------------------|--------------------------------------|----------------------|
| | Total 2023 \$'000 | Total 2022 \$'000 | Total 2023 \$'000 | Total 2022 \$'000 |
| First State Super | 1,013 | 913 | — | 120 |
| Hesta | 310 | 374 | — | 25 |
| Other Funds | 288 | 282 | — | 17 |
| Total | 1,611 | 1,569 | — | 162 |

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

Defined contribution (i.e. accumulation) superannuation plan expenditure 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

- 4.1** Property, plant & equipment
- 4.2** Right-of-use assets
- 4.3** Revaluation surplus
- 4.4** Depreciation
- 4.5** Inventories
- 4.6** Impairment of assets

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 | <p>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.</p> <p>Rural Northwest Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p> |
| Identifying indicators of impairment | <p>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.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • 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. <p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p> |

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Land at fair value — Freehold | 1,242 | 1,242 |
| Total land at fair value | 1,242 | 1,242 |
| Buildings at fair value | 63,805 | 63,805 |
| Less accumulated depreciation | (2,947) | — |
| Buildings at cost | 432 | — |
| Less accumulated depreciation | (106) | — |
| Total buildings at fair value | 61,184 | 63,805 |
| Property improvements at fair value | 1,278 | 1,278 |
| Less accumulated depreciation | — | — |
| Total property improvements at fair value | 1,278 | 1,278 |
| Works in progress at cost | 42 | 522 |
| Total land and buildings | 63,746 | 66,847 |
| Plant and equipment at fair value | 1,754 | 2,118 |
| Less accumulated depreciation | (1,111) | (1,440) |
| Total plant and equipment at fair value | 643 | 678 |
| Motor vehicles at fair value | 225 | 225 |
| Less accumulated depreciation | (222) | (216) |
| Total motor vehicles at fair value | 3 | 9 |
| Medical equipment at fair value | 2,051 | 1,648 |
| Less accumulated depreciation | (964) | (828) |
| Total medical equipment at fair value | 1,087 | 820 |
| Computer equipment at fair value | 930 | 895 |
| Less accumulated depreciation | (726) | (647) |
| Total computer equipment at fair value | 204 | 248 |
| Furniture and fittings at fair value | 758 | 626 |
| Less accumulated depreciation | (385) | (333) |
| Total furniture and fittings at fair value | 373 | 293 |
| Total plant, equipment, furniture, fittings and vehicles at fair value | 2,310 | 2,048 |
| Total property, plant and equipment | 66,056 | 68,895 |

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 2021 | | 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 |
| Additions | | — | 169 | 68 | — | 404 | 35 | 132 | 808 |
| Revaluation increments/ (decrements) | | — | (216) | — | — | — | — | — | (216) |
| Depreciation | 4.2 | — | (3,054) | (103) | (6) | (137) | (79) | (52) | (3,431) |
| Balance at 30 June 2023 | 4.1 (a) | 1,242 | 62,504 | 643 | 3 | 1,087 | 204 | 373 | 66,056 |

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. A managerial revaluation based on VGV indices was performed at 30 June 2022. The managerial assessment performed at 30 June 2023 indicated an overall:

- increase in fair value of land of 0% (\$0)
- increase in fair value of buildings of 7% (\$4,218,891)

As the cumulative movement was less than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2023.

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 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------|----------------------|
| Right of use plant, equipment, furniture, fittings and vehicles at fair value | 514 | 478 |
| Less accumulated depreciation | (166) | (151) |
| Total right of use plant, equipment, furniture, fittings and vehicles at fair value | 348 | 327 |
| Total right of use plant, equipment, furniture, fittings and vehicles at fair value | 348 | 327 |
| Total right of use assets | 348 | 327 |

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 2021 | | 485 | 485 |
| Additions / (Disposals) | | (61) | (61) |
| Depreciation | 4.4 | (97) | (97) |
| Balance at 30 June 2022 | 4.2 (a) | 327 | 327 |
| Additions / (Disposals) | | 100 | 100 |
| Depreciation | 4.4 | (79) | (79) |
| Balance at 30 June 2023 | 4.2 (a) | 348 | 348 |

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 2023 \$'000 | Total 2022 \$'000 |
|--|---------|----------------------|----------------------|
| Balance at the beginning of the reporting period | | 50,172 | 38,332 |
| Revaluation increment | | | |
| – Land | 4.1 (b) | — | 205 |
| – Buildings | 4.2 (b) | — | 11,635 |
| Balance at the end of the Reporting Period* | | 50,172 | 50,172 |
| * Represented by: | | | |
| – Land | | 1,057 | 1,057 |
| – Buildings | | 49,059 | 49,059 |
| | | 50,116 | 50,116 |

Note 4.4: Depreciation

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Depreciation | | |
| Buildings | 2,947 | 3,265 |
| Land Improvements | 107 | 74 |
| Plant and equipment | 103 | 100 |
| Motor vehicles | 6 | 21 |
| Medical equipment | 137 | 101 |
| Computer equipment | 79 | 78 |
| Furniture and fittings | 52 | 43 |
| Total depreciation — property, plant and equipment | 3,431 | 3,682 |
| Right-of-use assets | | |
| Right of use — motor vehicles | 79 | 97 |
| Total depreciation — right-of-use assets | 79 | 97 |
| Total depreciation | 3,510 | 3,779 |

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.

| | 2023 | 2022 |
|---|----------------|----------------|
| 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 2023 \$'000 | Total 2022 \$'000 |
|--------------------------|----------------------|----------------------|
| General stores at cost | 25 | 21 |
| Total inventories | 25 | 21 |

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 2023.

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 2023 \$'000 | Total 2022 \$'000 |
|---|---------|----------------------|----------------------|
| Current receivables and contract assets | | | |
| Contractual | | | |
| Trade receivables | | 1,045 | 158 |
| Patient fees | | 166 | 153 |
| Allowance for impairment losses — Patient fees | | (35) | (13) |
| Accrued revenue | | 119 | 352 |
| Amounts receivable from governments and agencies | | 2 | 9 |
| Total contractual receivables and contract assets | | 1,297 | 659 |
| Statutory | | | |
| GST receivable | | 81 | 55 |
| Total statutory receivables | | 81 | 55 |
| Total current receivables and contract assets | | 1,378 | 714 |
| Non-current receivables and contract assets | | | |
| Contractual | | | |
| Long service leave — Department of Health | | 731 | 637 |
| Total contractual receivables and contract assets | | 731 | 637 |
| Total non-current receivables and contract assets | | 731 | 637 |
| Total receivables and contract assets | | 2,109 | 1,351 |
| (i) Financial assets classified as receivables and contract assets (Note 7.1 (a)) | | | |
| Total receivables and contract assets | | 2,109 | 1,351 |
| Provision for impairment | | 35 | 13 |
| GST receivable | | (81) | (55) |
| Total financial assets | 7.1 (a) | 2,063 | 1,309 |

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

| | Total 2023 | Total 2022 |
|---|-------------|-------------|
| Balance at the beginning of the year | (13) | (4) |
| Increase in allowance | (45) | (18) |
| Amounts written off during the year | 23 | 9 |
| Balance at the end of the year | (35) | (13) |

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 2023 \$'000 | Total 2022 \$'000 |
|--|---------|----------------------|----------------------|
| Current payables and contract liabilities | | | |
| Contractual | | | |
| Trade creditors | | 255 | 173 |
| Accrued salaries and wages | | 299 | 175 |
| Accrued expenses | | 624 | 1,170 |
| Deferred grant income | 5.2 (a) | 194 | — |
| Contract liabilities | 5.2 (b) | — | 8 |
| Inter hospital creditors | | 11 | 6 |
| Amounts payable to governments and agencies | | 321 | 397 |
| Total contractual payables and contract liabilities | | 1,704 | 1,929 |
| Statutory | | | |
| Australian Taxation Office | | 53 | 16 |
| Total statutory payables | | 53 | 16 |
| Total current payables and contract liabilities | | 1,757 | 1,945 |
| Total payables and contract liabilities | | 1,757 | 1,945 |

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

| | | | |
|---|---------|--------------|--------------|
| Total payables and contract liabilities | | 1,757 | 1,945 |
| Deferred grant income | | (194) | — |
| Contract liabilities | | — | (8) |
| Total financial liabilities | 7.1 (a) | 1,563 | 1,937 |

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 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------|----------------------|
| Opening balance of deferred grant income | — | — |
| Grant consideration for capital works received during the year | 194 | — |
| Closing balance of deferred grant income | 194 | — |

How We Recognise Deferred Capital Grant Revenue

Grant consideration was received from the Department of Health as part of the Regional Health Infrastructure Funding (RHIF) program. 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 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Opening balance of contract liabilities | 8 | — |
| Payments received for performance obligations not yet fulfilled | — | 8 |
| Revenue recognised for the completion of a performance obligation | (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 2023 \$'000 | Total 2022 \$'000 |
|---|------|----------------------|----------------------|
| Current monies held in trust | | | |
| Refundable accommodation deposits | | 6,526 | 9,825 |
| Patient monies held in trust | | 53 | 74 |
| Other | | 39 | 42 |
| Total current monies held in trust | | 6,618 | 9,941 |
| Total other liabilities | | 6,618 | 9,941 |
| * Represented by: | | | |
| – Cash assets | 6.2 | 6,618 | 9,941 |
| | | 6,618 | 9,941 |

How We Recognise Other Liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

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

Note 6: How We Finance Our Operations

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

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

Structure

- 6.1** Borrowings
- 6.2** Cash and cash equivalents

Telling the COVID-19 Story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVI-19 public health response during the year ended 30 June 2023.

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 | <p>Rural Northwest Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> • 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 | <p>Rural Northwest Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>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.</p> <p>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.</p> |
| Discount rate applied to future lease payments | <p>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.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.27% and 2.28%.</p> |
| Assessing the lease term | <p>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.</p> <p>Rural Northwest Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • 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 2023 \$'000 | Total 2022 \$'000 |
|--|---------|----------------------|----------------------|
| Current borrowings | | | |
| Lease liability ⁽ⁱ⁾ | 6.1 (a) | 155 | 280 |
| Advances from Government ⁽ⁱⁱ⁾ | | 36 | 36 |
| Total current borrowings | | 191 | 316 |
| Non-current borrowings | | | |
| Lease liability ⁽ⁱ⁾ | 6.1 (a) | 192 | 48 |
| Advances from Government ⁽ⁱⁱ⁾ | | 34 | 69 |
| Total non-current borrowings | | 226 | 117 |
| Total borrowings | | 417 | 433 |

ⁱ Secured by the assets leased.

ⁱⁱ These are unsecured loans which bear no interest.

How We Recognise Borrowings

Borrowings refer to interest 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 2023 \$'000 | Total 2022 \$'000 |
|--------------------------------------|----------------------|----------------------|
| Total undiscounted lease liabilities | 353 | 333 |
| Less unexpired finance expenses | (6) | (5) |
| Net lease liabilities | 347 | 328 |

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

| | Total 2023 \$'000 | Total 2022 \$'000 |
|---|----------------------|----------------------|
| Not longer than one year | 161 | 284 |
| Longer than one year but not longer than five years | 192 | 49 |
| Minimum future lease liability | 353 | 333 |
| Less unexpired finance expenses | (6) | (5) |
| Present value of lease liability | 347 | 328 |

*** Represented by:**

| | | |
|---------------------------|------------|------------|
| – Current liabilities | 155 | 280 |
| – Non-current liabilities | 192 | 48 |
| | 347 | 328 |

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 the substance of 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 2023 \$'000 | Total 2022 \$'000 |
|---|---------|----------------------|----------------------|
| Cash on hand (excluding monies held in trust) | | 2 | 2 |
| Cash at bank (excluding monies held in trust) | | 397 | 469 |
| Cash at bank — CBS (excluding monies held in trust) | | 9,029 | 10,305 |
| Total cash held for operations | | 9,428 | 10,776 |
| Cash at bank (monies held in trust) | | 193 | 560 |
| Cash at bank — CBS (monies held in trust) | | 6,425 | 9,381 |
| Total cash held as monies in trust | | 6,618 | 9,941 |
| Total cash and cash equivalents | 7.1 (a) | 16,046 | 20,717 |

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 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

- 7.1** Financial instruments
- 7.2** Financial risk management objectives and policies
- 7.3** Contingent assets and contingent liabilities
- 7.4** Fair value determination

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 | <p>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.</p> <p>In determining the highest and best use, Rural Northwest Health has assumed the current use is its highest and best use.</p> <p>Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> |
| Measuring fair value of non-financial assets | <p>Rural Northwest Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • 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 2023 | Note | Financial Assets at Amortised Cost \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total \$'000 |
|---|-------------|--|---|-------------------------|
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6.2 | 16,046 | — | 16,046 |
| Receivables and contract assets | 5.1 | 2,063 | — | 2,063 |
| Total Financial Assetsⁱ | | 18,109 | — | 18,109 |

| | | | | |
|---|-----|----------|--------------|--------------|
| Financial Liabilities | | | | |
| Payables | 5.2 | — | 1,563 | 1,563 |
| Borrowings | 6.1 | — | 417 | 417 |
| Other Financial Liabilities — Refundable accommodation deposits | 5.3 | — | 6,526 | 6,526 |
| Other Financial Liabilities — Patient monies held in trust | 5.3 | — | 53 | 53 |
| Other Financial Liabilities — Other | 5.3 | — | 39 | 39 |
| Total Financial Liabilitiesⁱ | | — | 8,598 | 8,598 |

| 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 Assetsⁱ | | 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 Liabilitiesⁱ | | — | 12,311 | 12,311 |

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 2022–23.

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 2023 | 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 | 1,319 | 0 | 0 | 731 | 13 | 2,063 |
| Loss allowance | | — | — | — | — | (13) | (13) |

| 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) |

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 2023 | 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 | 1,563 | 1,563 | 1,563 | — | — | — | — |
| Borrowings | 6.1 | 417 | 378 | — | — | 152 | 226 | — |
| Other Financial Liabilities — Refundable Accommodation Deposits | 5.3 | 6,526 | 6,526 | — | — | 6,526 | — | — |
| Other Financial Liabilities — Patient monies held in trust | 5.3 | 53 | 53 | — | — | 53 | — | — |
| Other Financial Liabilities — Other | 5.3 | 39 | 39 | — | — | 39 | — | — |
| Total Financial Liabilities | | 8,598 | 8,559 | 1,563 | — | 6,770 | 226 | — |

| | | 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 | 433 | — | — | 316 | 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 | 12,311 | 1,937 | — | 10,257 | 117 | — |

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 | Fair value measurement at end of reporting period using: | | |
|---|---------|------------------------|--|--------------------------------|--------------------------------|
| | | 30 June 2023 \$'000 | 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 | | 1,385 | — | 1,385 | — |
| Specialised buildings | | 59,799 | — | — | 59,799 |
| Land improvements at fair value | | 1,278 | — | — | 1,278 |
| Total buildings at fair value | 4.1 (a) | 62,462 | — | 1,385 | 61,077 |
| Plant and equipment at fair value | 4.1 (a) | 643 | — | — | 643 |
| Motor vehicles at fair value | 4.1 (a) | 3 | — | — | 3 |
| Medical equipment at fair value | 4.1 (a) | 1,087 | — | — | 1,087 |
| Computer equipment at fair value | 4.1 (a) | 204 | — | — | 204 |
| Furniture and fittings at fair value | 4.1 (a) | 373 | — | — | 373 |
| Total plant, equipment, furniture, fittings and vehicles at fair value | | 2,310 | — | — | 2,310 |
| Right of use Motor vehicles | 4.2 (a) | 348 | — | — | 348 |
| Total right-of-use assets at fair value | | 348 | — | — | 348 |
| Total non-financial physical assets at fair value | | 66,362 | — | 1,860 | 64,502 |

| | Note | Total carrying amount | Fair value measurement at end of reporting period using: | | |
|---|---------|------------------------|--|--------------------------------|--------------------------------|
| | | 30 June 2022 \$'000 | 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 |

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 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 |
| Additions/(Disposals) | | — | 491 | 68 | 404 | - | 35 | 132 | 100 |
| Gains/(Losses) recognised in net result – Depreciation | | — | (3,054) | (103) | (137) | (6) | (79) | (52) | (79) |
| Items recognised in other comprehensive income – Revaluation | | — | — | — | — | — | — | — | — |
| Balance at 30 June 2023 | 7.4 (a) | 767 | 61,077 | 643 | 1,087 | 3 | 204 | 373 | 348 |

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

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

Telling the COVID-19 Story

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

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

| | Note | Total 2023 \$'000 | Total 2022 \$'000 |
|--|------|----------------------|----------------------|
| Net result for the year | | (3,643) | (3,175) |
| Non-cash movements: | | | |
| (Gain)/Loss on sale or disposal of non-financial assets | 3.2 | (48) | (21) |
| Depreciation and amortisation of non-current assets | 4.4 | 3,510 | 3,779 |
| Bad and doubtful debt expense | 3.1 | 23 | 9 |
| Other capital receipts | | (7) | (47) |
| Movements in Assets and Liabilities: | | | |
| (Increase)/Decrease in receivables and contract assets | | (780) | (220) |
| (Increase)/Decrease in inventories | | (4) | 11 |
| (Increase)/Decrease in prepaid expenses | | 136 | (4) |
| Increase/(Decrease) in payables and contract liabilities | | (98) | (359) |
| Increase/(Decrease) in employee benefits | | 303 | 67 |
| Increase/(Decrease) in other liabilities | | (112) | (21) |
| Net cash inflow/(outflow) from operating activities | | (720) | 19 |

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

| | Period |
|--|---------------------------|
| The Honourable Mary-Anne Thomas MP | |
| Minister for Health | 1 Jul 2022 – 30 Jun 2023 |
| Minister for Health Infrastructure | 5 Dec 2022 – 30 Jun 2023 |
| Minister for Medical Research | 5 Dec 2022 – 30 Jun 2023 |
| Former Minister for Ambulance Services | 1 Jul 2022 – 5 Dec 2022 |
| The Honourable Gabrielle Williams MP | |
| Minister for Mental Health | 1 Jul 2022 – 30 Jun 2023 |
| Minister for Ambulance Services | 5 Dec 2022 – 30 Jun 2023 |
| The Honourable Lizzy Blandthorn MP | |
| Minister for Disability, Ageing and Carers | 5 Dec 2022 – 30 Jun 2023 |
| The Honourable Colin Brooks MP | |
| Former Minister for Disability, Ageing and Carers | 1 Jul 2022 – 5 Dec 2022 |
| Governing Boards | |
| Genevieve O'Sullivan | 1 Jul 2022 – 30 Jun 2023 |
| John Aitken | 1 Jul 2022 – 30 Jun 2023 |
| Amanda Kenny | 1 Jul 2022 – 30 Jun 2023 |
| Zivit Inbar | 1 Jul 2022 – 30 Jun 2023 |
| Michael Brown | 1 Jul 2022 – 30 Jun 2023 |
| David Kranz | 1 Jul 2022 – 30 Jun 2023 |
| La Vergne Lehmann | 1 Jul 2022 – 30 Jun 2023 |
| Veena Mishra | 1 Jul 2022 – 30 Jun 2023 |
| Katharine Terkuile | 1 Jul 2022 – 30 Jun 2023 |
| Accountable Officers | |
| Jodie Cranham (Acting, contracted from Grampians Health) | 1 Jul 2022 – 29 Jan 2023 |
| Jenni Masters | 30 Jan 2023 – 30 Jun 2023 |

Fees paid to Grampians Health for the contracted CEO role was \$102,144.

Remuneration of Responsible Persons

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

| Income Band | Total 2023 No | Total 2022 No |
|-----------------------|---------------|---------------|
| \$0 – \$9,999 | 9 | 11 |
| \$70,000 – \$79,999 | 1 | — |
| \$260,000 – \$269,999 | — | 1 |
| Total Numbers | 10 | 12 |

| | Total 2023 \$'000 | Total 2022 \$'000 |
|--|----------------------|----------------------|
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | \$116 | \$293 |

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 2023 \$'000 | Total 2022 \$'000 |
|---|------------------------------|------------------------------|
| Short-term benefits | 654 | 649 |
| Post-employment benefits | 69 | 67 |
| Other long-term benefits | 17 | 19 |
| Total remunerationⁱ | 740 | 735 |
| | | |
| Total number of executives | 4 | 6 |
| Total annualised employee equivalent ⁱⁱ | 3.8 | 3.6 |

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 | Genevieve O'Sullivan | Board Chair |
| Rural Northwest Health | John Aitken | Board Member |
| Rural Northwest Health | Amanda Kenny | Board Member |
| Rural Northwest Health | Zivit Inbar | Board Member |
| Rural Northwest Health | Michael Brown | Board Member |
| Rural Northwest Health | David Kranz | Board Member |
| Rural Northwest Health | La Vergne Lehmann | Board Member |
| Rural Northwest Health | Veena Mishra | Board Member |
| Rural Northwest Health | Katharine Terkuile | Board Member |
| Rural Northwest Health | Jenni Masters | Chief Executive Officer |
| Rural Northwest Health | Jodie Cranham | Acting Chief Executive Officer |
| Rural Northwest Health | Hendrik Barnard | Executive Manager Finance & Administration |
| Rural Northwest Health | Wendy James | Executive Manager Clinical Services |
| Rural Northwest Health | Glenn Hynes | Executive Manager People & Culture |
| Rural Northwest Health | David Siddall | Executive Manager Environmental Services |

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 2023 \$'000 | Total 2022 \$'000 |
|---|------------------------------|------------------------------|
| Short-term Employee Benefits ⁱ | 759 | 851 |
| Post-employment Benefits | 76 | 82 |
| Other Long-term Benefits | 21 | 25 |
| Termination Benefits | — | 71 |
| Totalⁱⁱ | 856 | 1,029 |

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 \$15.90m (2022: \$13.98m) and indirect contributions of \$0.095m (2022: \$0.014m). Balances outstanding as at 30 June 2023 are \$0.00m (2022 \$0.40m). Balances recallable as at 30 June 2023 are \$0.32m (2022 \$0.00m).

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 2023 (2022: 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 2023 (2022: none).

Note 8.5: Remuneration of Auditors

| | Total 2023 \$'000 | Total 2022 \$'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

There are no events occurring after the Balance Sheet date.

Note 8.7: Joint Arrangements

| Principal Activity | | Ownership Interest | |
|---------------------------------|---------------------------------|--------------------|--------|
| | | 2023 % | 2022 % |
| Grampians Rural Health Alliance | Information Technology Services | 6.79 | 6.79 |

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:

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------|----------------|----------------|
| Current assets | | |
| Cash and cash equivalents | 131 | 174 |
| Receivables | 71 | 81 |
| Prepaid expenses | 11 | 56 |
| Total current assets | 213 | 311 |
| Non-current assets | | |
| Property, plant and equipment | 24 | 147 |
| Total non-current assets | 24 | 147 |
| Total assets | 237 | 458 |
| Current liabilities | | |
| Payables | 108 | 143 |
| Total current liabilities | 108 | 143 |
| Total liabilities | 108 | 143 |
| Net assets | 129 | 315 |
| Equity | | |
| Accumulated surplus | 129 | 315 |
| Total equity | 129 | 315 |

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:

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Revenue | | |
| Operating Activities | 301 | 584 |
| Capital Purpose Income | 3 | 10 |
| Total revenue | 304 | 594 |
| Expenses | | |
| Other Expenses from Continuing Operations | 277 | 559 |
| Capital Purpose Expenditure | 25 | 144 |
| Total expenses | 302 | 703 |
| Net result | 2 | (109) |

* 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 believes the Department of Health will continue to support 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.