Kooweerup
REGIONAL HEALTH SERVICE

Annual Report
2021–22

Kooweerup Regional Health Service acknowledges the Traditional Owners and Custodians of the Land – the Bunurong people – and we pay our respects to them, their culture and their elders past, present and future.

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Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Kooweerup Regional Health Service for the year ending 30 June 2022.

Patrick Nolan, Chair
Kooweerup Regional Health Service
28 September 2022

Chief Executive and Chair Report

Year in review

The past 12 months have again challenged us globally, in Australia, across Victoria and locally as we continue to respond to the ongoing COVID-19 Pandemic. This year has seen the changing face of the Pandemic as COVID-19 vaccines became available, treatments were developed and our understanding of the virus saw different approaches to minimising and, where possible, preventing transmission.

In addition to the Pandemic we have seen an increasing number of unpredictable global events, whether political, economic or weather related. In Australia there have been increasing numbers of severe weather events, which have occurred at the same time as the Pandemic, so increasing the severity of impact on many aspects of our lives.

Despite these ongoing challenges, which impact all of us, it is with great pride that we have watched the KRHS team continue to demonstrate their unwavering commitment to providing safe, high quality, person-centred care, and to a continued deep partnership with our community.

Our KRHS team has provided an ongoing outstanding pandemic response exhibiting professionalism, expertise, flexibility and agility whether it be testing the community, supporting vaccination programs, providing COVID-19 information and education, or closer to home, in responding to outbreaks within our residential aged care services. The teams have adapted how they provide services, embracing the use of technology and supporting consumers along the way.

The support of our community has been extraordinary. We are truly fortunate to be supported by our dedicated team of volunteers across programs such as aged care support, gardening, L2P, administration and, of course, our Community Advisory Committee, Ladies Auxiliary and the Men's Shed. It has been wonderful to see these programs resume with many familiar faces returning as well as a couple of new ones. Thank you for the invaluable contribution you make to KRHS.

On behalf of the KRHS Board and Executive we would like to acknowledge and sincerely thank all of our KRHS team for their ongoing commitment and unwavering focus on providing safe, high quality care in partnership with our consumers. Despite the challenges facing our staff individually and across the sector they have continued to demonstrate a dedication and commitment that brings to life our Values of Accountability, Integrity, Respect and Individual Care, Professionalism and Partnerships.

We are truly grateful for the continued support of our local General Practitioners who provide high quality, compassionate care to our patients and residents and we acknowledge and appreciate the excellent services provided by:

- Blackfish Medical Clinic
- Kooweerup Medical Clinic
- Know Medical Centre

We recognise the vital role of partnerships in achieving our objectives and acknowledge the many partners who have worked with us through the year including:

- the Victorian Government Department of Health (DH)
- the Commonwealth Department of Health
- other Federal and State government agencies including the Victorian Health Building Authority
- our local Federal and State members
- our Metropolitan health service colleagues
- our Regional and Sub-Regional health service colleagues in particular Latrobe Regional Hospital (LRH), South Gippsland Hospital (SGH), Gippsland Southern Health Service (GSHS) and Bass Coast Health (BCH)
- Cardinia Shire Council
- our community organisations such as Men's Shed, Lions, Rotary, Turning Point, CWA
- our primary care partners including Enliven and South Coast Primary Care Partnership
- local businesses.

While the Pandemic Response captured much attention, KRHS continued to deliver on the key strategic goals for the organisation in 2021–22. Our key focus was to recognise and respond to the changing needs of our community especially in such demanding times. Below are some of our key achievements against our strategic goals in 2021–22:

Responsive, targeted and safe adaptive services

- Maintaining a proactive and responsive Pandemic Response inclusive of testing, vaccination programs, enhanced infection prevention and control practices, community education and awareness, collaboration and consultation all aimed at keeping our consumers, staff and community safe.
- Enhancing the KRHS Home Care Program which provides support to clients living independently within their own homes to ensure it is meeting client needs.
- Reviewing and enhancing services provided under the Commonwealth Home Support Program (CHSP) to ensure services meet community need and are accessible.
- Reviewing and expanding Allied Health services to meet ongoing demand within residential aged care, medical and community settings including individual and group based programs.
- Investing in technology and training to better support high quality and efficient service provision with a focus on supporting care in the home through programs such as Telehealth and Better at Home.
- Enhancing infrastructure through successful grants and capital investment to ensure reliable and contemporary facilities which meet the changing community needs.
- Reviewing and expanding our Youth Programs in collaboration with young people and other key partners such as education providers to ensure services remain contemporary and relevant.
- Ongoing growth of the Early Parenting Program supporting families with young babies through our Day Stay and Lactation Support services.
- Assisting residents to maintain physical function through the Commonwealth Department of Health funded Allied Health in Residential Aged Care program providing additional exercise programs to residential aged care facilities impacted by COVID-19.
- Enhancing telehealth and communication options for residents through the purchase of specialist equipment under the Victorian Department of Health funded Enhancing Public Sector Residential Aged Care Services (PSRACS) Telehealth and Resident Communication grants program.
- Working in partnership with Monash Health to deliver the Strengthening Hospital Response to Family Violence initiative.

Working with community members who are well informed and share responsibility for their health

- Partnering with Enliven to support the Pandemic Response for vulnerable communities through initiatives such as pop up clinics, distribution of Rapid Antigen Test (RAT) kits, transportation to vaccination clinics, testing at home dissemination of translated material.
- Developing and submitting the KRHS Gender Equality Action Plan 2022 – 2025.
- Launching of the Circle of Friends – Cook, Connect, Community cookbook.
- Supporting the implementation of the Local Food Box project offering high- quality seasonal produce sourced from local farmers using sustainable practices and providing an affordable option for families.
- Establishing the Men's Shed Café to provide affordable and tasty meals to staff, residents, patients and community members.
- Expanding the Koowee Connect newsletter readership; providing KRHS updates as well as key health and wellbeing messaging to the community.
- Reinvigorating our volunteer program and welcoming volunteers back on site.
- Engaging with the Cardinia Shire Municipal Emergency Response Management Committee around multi-agency planning and response to emergencies that may occur within Cardinia Shire.
- Showcasing KRHS Men's Shed, community members and staff involvement in the Food from Home (Backyard Harvest) initiative which was a finalist in the Victorian Health Promotion Awards.
- Continuing the work of the South Gippsland Coast Disability Action Plan.
- Enhancing community health literacy by providing key health and wellness messaging through social media, our website and newsletter.

High quality, safe, sustainable and relevant healthcare

- Maintaining accreditation against the National Safety and Quality Health Services Standards and the Aged Care Quality Standards.
- Completing the development of a new KRHS Strategic Plan for the next three years.
- Participating in the Victorian Agency for Health Information (VAHI) funded Small Rural Health Services Care Opinion pilot providing consumers and the community with the opportunity to provide real time feedback to KRHS on all aspects of our service.
- Supporting the next generation of clinicians through our nursing undergraduate placements and Nurse Graduate programs.
- Participating in the Barring Djinang Internship Program which provides Aboriginal and/or Torres Strait Islander university students with paid work experience in the Victorian public sector through an Allied Health internship.
- Maintaining a Respiratory Protection Program involving individual fit testing of masks to better protect staff from COVID-19.
- Undertaking initiatives aimed at supporting and caring for our teams funded through the Victorian Department of Health BeWell BeSafe – Healthcare Worker Wellbeing Program including the development of additional outdoor areas, environmental enhancements and investment in leadership development.
- Engaging in Leadership Development focused on establishing a psychologically safe workplace with an initial program involving 17 senior leaders.

KRHS is a service for people provided by people

We always remember that the services of KRHS are focussed on improving the lives of people in our community, and that the services are provided by people with the physical infrastructure being merely a tool. KRHS has faced challenges, like all health services, over the last year in ensuring it has a full complement of dedicated staff. KRHS has been fortunate to have the depth of quality and dedication in its staff. It has needed to also call on the services of short-term contractors as a 'surge workforce' in much larger numbers than would have been expected just 12 months ago. The service will continue to invest in its staff to develop their ability to serve our community. Over the last year we have seen changes to the Executive and Board. We were pleased to welcome Steven Doyle as the new Director of Nursing and Ragul Karun into the role of Chief Financial Officer. We have had a change in Board Chair, as Marie Ritchie has stepped down after four years as Chair. We wish to thank Marie for her stewardship over such a long tenure. We also thank Sam Afra and Synnove Frydenlund who have stepped down as Directors and we acknowledge their contribution over their terms. We also recognise the contributions of Peter Doughty and Marlene Dalziel, who stepped down after a number of years of service as independent members of our Audit, Finance and Risk Committee.

Expectations for the future

The year ahead is full of promise as we launch the 2022–2025 KRHS Strategic Plan. This plan has been developed in collaboration with our community, staff and key partners, and identifies our highest priorities from a ten-year vision. The plan has developed a strategy for the next three years which is fully cognisant of the challenges and opportunities that may face KRHS and the State and Federal governments in the ever-changing health sector landscape.

The year ahead will see us maintain a strong focus on partnership and engagement both locally and across our region. This will support us in the continued growth of our services, particularly community based programs providing care in the home. We will continue to provide high quality residential aged care services ensuring our care is always planned and delivered in partnership with our consumers and their loved ones. There are many opportunities to work closely with our Regional and Subregional colleagues as part of the Health Services Partnership providing local services that are coordinated, efficient and responsive. KRHS is committed to playing its part in addressing the health impacts of climate change and will continue to have an active role in sustainability initiatives both within the health service and the broader community.

Patrick Nolan, Chair
Kooweerup Regional Health Service
28 September 2022

Noni Bourke, Chief Executive Officer
Kooweerup Regional Health Service
28 September 2022

About KRHS

Our Vision

A healthier community.

Our Values

- **Accountability** – taking responsibility for our actions and delivering the highest standard of care.
- **Integrity** – our actions reflect our values.
- **Respect and Individual Care** – we treat our consumers with compassion and empathy and strive to place the consumer at the centre of care.
- **Professionalism** – we aim to achieve the highest standards of evidence-based care and to deliver the best outcomes for consumers.
- **Partnerships** – through the development of partnerships between ourselves, the community and government we will ensure opportunities for our community are maximised.

Relevant Ministers

We are a public health service established under the *Health Services Act 1988* (Vic). The responsible Minister is the Minster for Health:

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP

Minister for Health

Minister for Ambulance Services

From 27 June 2022 to 30 June 2022

The Hon Mary Anne Thomas MP

Minister for Health

Minister for Ambulance Services

Our Services

Residential Aged Care

Low care hostel

High care nursing home

Dementia specific care

Respite Care

Transitional Care

Acute Care

Palliative care

Post-operative care

Medical care

Early Parenting Unit

Primary and Community Care Programs and Services

Children, Youth and Families

Diabetes Education

Dietetics

District Nursing

Domiciliary Care

Hospital in the Home

Home Care Packages

Occupational Therapy

Podiatry

Post-Acute Care

Physiotherapy

Social Work

Volunteer Programs:

Gardening Group

Ladies Auxiliary

Men's Shed

Residential Aged Care Support

L2P Learner Driver Mentor Driver Program

Ready2Go Community Support

KRHS Board and Executive

Board Members

Patrick Nolan, CHAIR

BA, BBus. (Banking & Fin.), Grad. Dip Bus (Acc.), SF FIN, GAICD

Patrick is a successful finance executive with specialist skills in financial analysis, financial markets, corporate and structured debt, and investments. He has had an extensive institutional banking and corporate treasury career spanning more than 30 years. Patrick has been a Non-Executive Director of both 'for purpose' and commercial entities for over ten years. He currently holds roles as Non-Executive Director (TruePillars RE Ltd), as an Investment Committee member (Thorne Harbour Health) and a Teaching Associate, Monash University, Dept. of Banking & Finance. Patrick has been a frequent visitor to the Kooweerup region over the last 20 years. Patrick joined the KRHS Board in July 2019. Patrick was appointed Chair in December 2021 and is a member of the Quality, Safety and Clinical Governance Committee and the Remuneration Committee.

Sam Afra, DEPUTY CHAIR

JP, MAICD

Sam studied law with major banking and finance in Beirut, working in the banking sector. He migrated to Australia in 1984. A community advocate committed to social justice and diversity, Sam has been involved in delivering services to the community for over thirty years in various capacities such as a Director, Chairperson, Board member, Advisor, Consultant, Mediator, volunteer, paid and unpaid staff. He is recognised for his work with culturally and linguistically diverse communities to achieve government policy changes to improve migrants and refugees' way of life. Sam is currently self-employed as a Consultant/Director, primarily in the community engagement /cultural diversity space and sits on a number of government and non-government Boards as a Director. Sam is a Justice of the Peace, a member of the Australian Institute of Company Directors, Chair of the Ethnic Communities Council of the South East (ECCOSE), former Chair of the Ethnic Communities Council of Victoria (ECCV) and the Hon Secretary of the Federation of the Ethnic Communities' Councils of Australia (FECCA). Sam joined KRHS Board in July 2019. Sam is a member of the Community Advisory Committee.

Marie Ritchie

GradCert BA (Entrepreneurship and Business Administration, Swinburne)
MAICD, HonMem PDL (Pharmaceutical Defence Limited)

Marie has worked in the Health Profession since 1994, she was CEO at Pharmaceutical Defence Limited and Australian Pharmaceutical Publishing Co from 2009 – 2016. Her primary skill set combines Governance, Compliance and Risk. She is passionate about improving health services in the rural region. She regards culture and diversity as a strong focus for any Board of Directors. She is excited by new innovations and highly values respectfulness at Board, Management and Staff level. She is currently a director on the Victorian Pharmacy Authority and The Dolphin Research Institute. Marie joined the KRHS Board in July 2016. She was elected Chair in 2017 and served in this role until December 2021. Marie is currently a member of the Quality, Safety and Clinical Governance Committee.

Beverley Walsh

B.Bus., Grad. Mgt. Cert., FCPA

Beverley has more than 20 years' experience in the Aged Care Sector through roles including General Manager Finance and Administration and Chief Executive Officer. Beverley also has experience in banking and local government. Beverley contributes significantly to the community through her voluntary roles as President, Treasurer and Secretary across a range of community organisations. Beverley joined the KRHS Board in July 2016. Beverley is currently a member of the Audit, Risk and Finance Committee.

Trudy Ararat

LLB (Hons), Grad Cert Legal Skills, BN (Post graduate), RN, FGIA, MAICD

Trudy is an experienced lawyer, specialising in health and insurance law, litigation and commercial law. As Chief Legal Officer of Peninsula Health, Trudy has executive responsibility for legal services, compliance, enterprise risk management and corporate governance. Trudy commenced her career as a registered nurse and is passionate about ensuring the community has access to safe and quality healthcare services. Trudy joined the KRHS Board in July 2020. Trudy is Chair of the Audit, Risk and Finance Committee.

Synnove Frydenlund

LLB(Hons), BSocWk

Synnove is an experienced lawyer with expertise in health law and regulation, risk management and compliance. She is a former social worker with a breadth of experience across community services, policy and public sector funding. Synnove is a committed volunteer with more than 20 years of providing professional crisis intervention support services and free legal advice at a community legal centre. Synnove was appointed to the KRHS Board in 2019 and is a member of the Audit, Risk and Finance Committee.

Tania Hansen

BBehavSc(Psych), BA(Linguistics), GAICD, CertGovPrac+RiskMgt, Cert III + IV Finance and Banking

Tania has been involved in the retail banking industry for more than 25 years with St George Bank and Bendigo Bank. Her time with Our Community Company Ltd, a Community Bank Company, was as a Director and Executive Officer. Tania is currently employed by Bendigo Bank as a Community Business Manager. Through director development and governance education, Tania assists Community Bank Companies in areas such corporate governance, strategic planning, community engagement and capacity building. Tania was born at Kooweerup Hospital (as it was known then) and has remained living in proximity of Kooweerup since. Tania was appointed to the KRHS Board in July 2014.

Brent Kimpton

BCompSysEng(Hons), MBA, MIEAust

Brent is an experienced Information Technology Strategist, Architect and Leader with a demonstrated history in large corporate environments. Brent is currently the Head of IT Strategy and Architecture at Linfox Australia having joined the team in 2016. Prior to joining Linfox, Brent spent seven years at Coles Supermarkets in various roles across IT. Brent also served 7 years in the Australian Army Reserves. This is Brent's first board appointment. Brent was appointed to the KRHS Board in July 2020 and is a member of the Remuneration Committee.

Rachael McGann

BBus (Human Resources), Post Grad Diploma Industrial Relations

Rachael is an executive level, Human Resources (HR) professional with many years' experience within a range of major national and multi-national organisations, across a broad variety of industries. For many years, Rachael held international HR roles and for more than 10 years has worked as an independent Consultant, advising major public and private sector organisations (including in the Health Sector), on a range of complex HR and Industrial Relations (IR) issues. An experienced Board member with Degree and Post Graduate qualifications in HR & IR, Rachael is also a member of the Australian Institute of Company Directors. Living in Nar Nar Goon North, Rachael has lived in the area for more than 20 years. Rachael joined the KRHS Board in July 2017. Rachael is a member of the Quality, Safety and Clinical Governance Committee, Remuneration Committee, and Community Advisory Committee.

Kushal Shah

CA, LL.B, M.Com, Certified Internal Auditor (CIA) and an Executive MBA from the Melbourne Business School

Kushal is a strategic leader in Risk Management, Governance, Compliance and Internal Audit with more than 20 years of professional experience gained in Australia, the UK, China, India and New Zealand. Kushal's experience consists of senior leadership roles leading 'in-house' Risk and Governance functions at large and multinational organisations, senior leadership roles at the 'Big4' global consulting firms, and through independent Board and Audit & Risk Committee roles. He has developed deep industry understanding and nuanced insights in diverse industries like healthcare (public and private health), emergency services, public sector, technology, education, energy, banking, manufacturing and retail. Kushal joined KRHS Board in July 2018. Kushal is a member of the Audit, Risk and Finance Committee.

Dr Laurie Warfe

OAM MB BS DRANZCOG FRACGP MHlth&MedLaw FACLM GAICD

Dr Warfe has been in full-time clinical general practice for more than 30 years, in both suburban and rural settings. He has extensive professional experience and has held appointments in the fields of defence health, medical regulation, public health service provision and general practice education and accreditation. Dr Warfe has completed a Masters of Health and Medical Law and is a Fellow of the Australasian College of Legal Medicine. He currently actively participates in medico-legal panel and tribunal work and has an on-going interest in evolving health law and bioethics. Laurie joined the KRHS Board in July 2017. Laurie is a Chair of the Quality, Safety and Clinical Governance Committee.

KRHS Executive

Noni Bourke – Chief Executive Officer

BAppSc (Speech Pathology), Grad Cert Gerontology, Grad Cert Health Professional Education, Dip Project Management, Masters Health Services Management

Noni has more than 30 years' experience in public health, working initially as a Speech Pathologist and then within quality, safety and risk across acute, sub-acute, aged care and community health services. She has worked in clinical and leadership roles in metropolitan, rural and remote health services including an Executive role at Bass Coast Health. Noni has a deep commitment to partnering with consumers in all aspects of care and sees the growth and development of individual staff and teams as a key factor in providing safe, high quality care. Noni commenced as CEO with KRHS in January 2021.

Steven Doyle – Director of Nursing

Registered Nurse, Bachelor of Nursing, Grad Dip Advanced Nursing Leaderships and Management

Steven has over 25 years of experience in the healthcare industry with the last three and a half years as a Director of Nursing in Regional Health. Steven has experience in a variety of settings including acute, subacute, emergency, leadership and management in both metropolitan Melbourne and regional Victoria. Steven has a strong passion for supporting consumers, developing staff and leading change. Steven commenced his role in March 2022.

Note: David Ramsay, Director of Nursing until 12 November 2021

Margaret Bakonyi – Deputy Director of Nursing

Registered Nurse, Bachelor of Nursing, Grad Cert Palliative Care

Margaret has more than 40 years' experience working in both the public health and private sector, with the last 25 years focused on the aged care industry in a management capacity. She commenced working at KRHS as a nurse unit manager in 2006, working across both the acute and the aged care areas. Her passion is in aged care and she enjoys working with the external community, to support the aged care person and their family and carers transition smoothly through home care, respite into the permanent aged care environment at a time of their choice.

Aileen Thoms – Director Primary Health & Innovation

Master of Health Promotion, Grad Cert Health Education/Health Promotion, Emergency Nursing certificate, Cert 1V TAE, Diploma Life Sciences/Nursing, Registered General and Registered Psychiatric Nurse.

Aileen has more than 35 years' experience in public health with a background in acute, sub-acute and community health including a range of leadership roles. Aileen has built strong partnerships with community and other agencies to strengthen collaboration and achieve positive health outcomes. Aileen has a special interest in how the determinants of health affect the liveability of the environments in which we live and the impacts on those who have the poorest health outcomes. Aileen has been with KRHS for 13 years having commenced as Health Promotion Manager and now leads a dynamic team through her role as Primary Health and Innovation Director.

Ragul Karun – Chief Financial Officer (CFO)

FCMA, CGMA, BSc, FCPA

Ragul has nearly 20 years of financial management experience both at strategic and operational levels. Ragul started his career as accounts trainee with KPMG, progressed to management roles in multinational companies Shell and Aviva before moving into the Victorian public health system. Ragul has held previous positions at Melbourne Health, Mercy Health and was most recently part of the executive team as CFO at Swan Hill District Health. Ragul has extensive skills and experience in strategic financial management, business improvement planning, people development, budgeting and forecasting, performance reporting and business analytics. Ragul is passionate about consumer engagement and consumer centred care as much as finances. Ragul joined KRHS in June 2021.

Board Committees

Audit, Risk and Finance Committee

Chairperson: Peter Doughty – 1 July to 8 December 2021
Trudy Ararat – 9 December 2021 to 30 June 2022

The Finance, Audit and Risk Committee is a sub-committee of the Board responsible for oversight, advice and recommendations to the Board regarding:

- financial management, including asset management
- risk management, including compliance management; and
- internal and external audit.

Members

Patrick Nolan (Board Director) – 1 July to 4 December 2021
Kushal Shah (Board Director)
Beverley Walsh (Board Director)
Peter Doughty (Independent Member) – 1 July to 8 December 2021
Marlene Dalziel (Independent Member) – 1 July 2021 to 30 June 2022
Jason Noronho (Independent Member)
Trudy Ararat (Board Director) – 9 December 2021 to 30 June 2022
Synnove Frydenlund (Board Director) – 14 December 2021 to 30 June 2022

Quality, Safety and Clinical Governance Committee

Chairperson: Laurie Warfe

The Quality, Safety and Clinical Governance Committee is a sub-committee of the Board responsible for implementation of a strong quality and clinical governance framework, encompassing the domains of quality and safety:

- Leadership and culture
- Consumer partnerships
- Workforce
- Risk management
- Clinical Practice

Remuneration Committee

Chairperson: Marie Ritchie – 1 July to 14 December 2021
Patrick Nolan – 15 December 2021 to 30 June 2022

The Remuneration Committee is a sub-committee of the Board responsible for facilitating the remuneration and performance processes for the Chief Executive Officer.

Community Advisory Committee

Chairperson: Geoff Stokes

The primary role of the Community Advisory Committee is to bring the voice of consumers, carers and community members into KRHS' decision-making processes, ensuring their involvement in planning, design, delivery and evaluation of healthcare at individual level, as well as program, department and health service level.

Retirement, Re-Appointments, and Appointments to the Board of Directors

The following occurred in 2021–22:

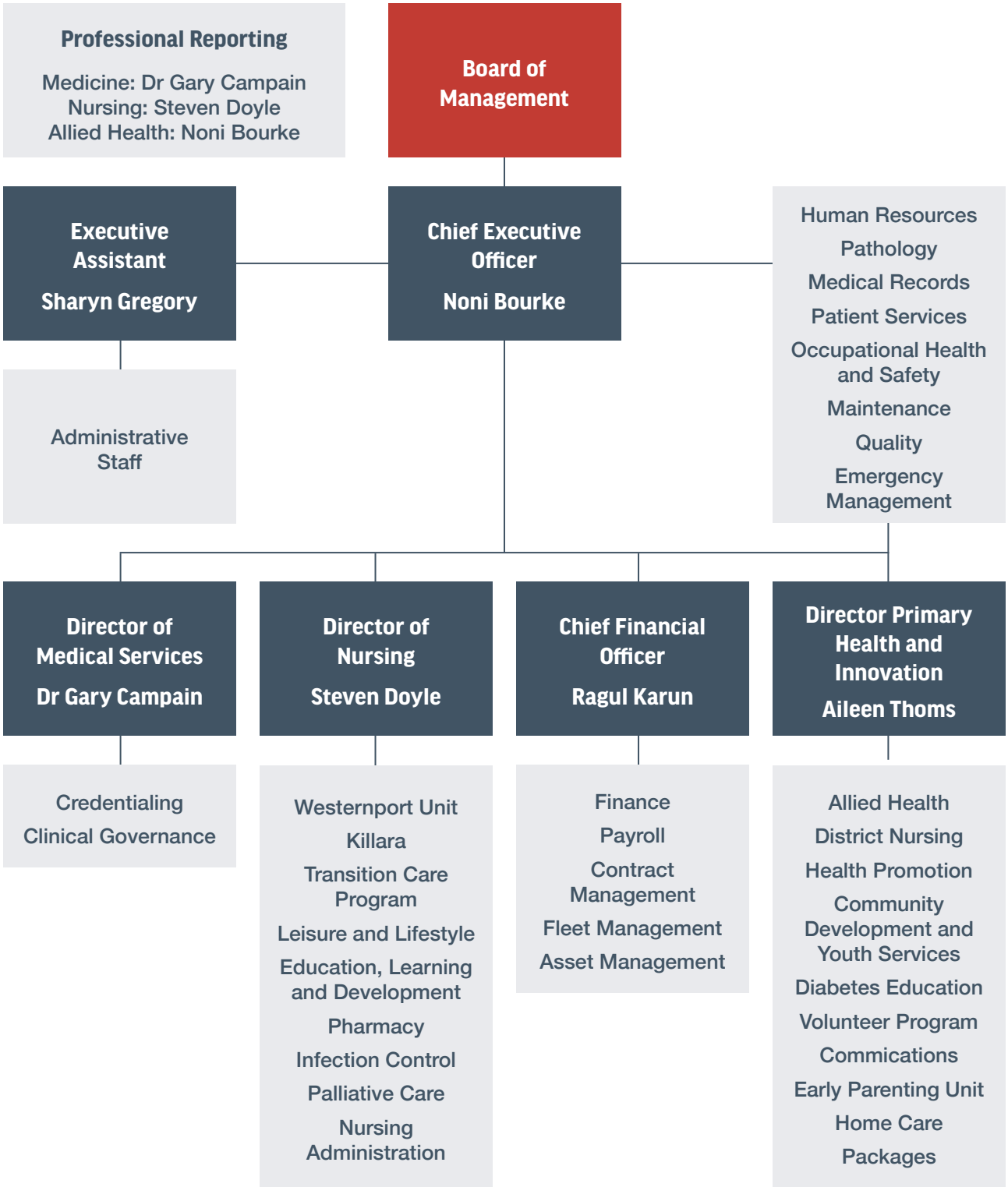
Retirements
Sam Afra – 1st July 2019 to 30th June 2022
Synnove Frydenlund – 1st July 2019 to 30th June 2022
Re-Appointments
None
Appointments
None

Board Membership and Meeting Attendance

The table below provides information on board membership and meeting attendance for 2021–22.

Board Member	Board of Directors	Audit, Risk and Finance Committee	Quality, Safety and Clinical Governance	Community Advisory Committee
Sam Afra	100%			70%
Trudy Ararat	90%	100%		
Synnove Frydenlund	90%	50%		
Tania Hansen	80%			
Brent Kimpton	100%			
Rachael McGann	100%		100%	70%
Patrick Nolan	100%	100%	100%	
Marie Ritchie	100%		100%	
Kushal Shah	100%	100%		
Beverley Walsh	90%	100%		
Laurie Warfe	80%		100%	

KRHS Organisation Chart



Our Workforce

Workforce data

Workforce data for 2021–22 is provided in **Table 1** below.

Table 1: Workforce Data

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2021	2022	2021	2022
Nursing	48.17	55.9	52.73	52.58
Administration and Clerical	12.29	14.36	12.51	14.32
Medical Support	0	0	0	0
Hotel and Allied Services	47.51	46.67	54.15	50.87
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	9.6	7.68	10.12	8.16

** Employees have been correctly classified in workforce data collections.*

Employment and Conduct Principles

Kooweerup Regional Health Service is an equal opportunity employer and treats all staff and potential employees on their merits and without consideration of race, gender, age, marital status, religion or any other factor that is unlawfully discriminatory. KRHS is committed to providing a workplace that is free of discrimination and bullying. Any form of unlawful discrimination or bullying is not tolerated, and appropriate action will be taken where behaviours do not align with KRHS' values. We are committed to the employment principles outlined in the Victorian Government's Public Administration Act 2004, enshrining the core and enduring public sector values of responsiveness, integrity, impartiality, accountability, respect, support for human rights and leadership.

Occupational Health and Safety

Occupational health and safety data is provided in **Table 2** below.

Table 2: Occupational Health and Safety Data

Occupational Health and SafetyStatistics	2021–22	2020–21	2019–20
The number of reported hazards/incidents for the year per 100 FTE	51	50	43
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	3.17	1.53	3.10
The average cost per WorkCover claim for the year ('000)	$18,690	$14,252	$13,461

Occupational violence

Occupational violence statistics for 2021–22 are provided in **Table 3** below.

Table 3: Occupational Violence Statistics

Occupational violence statistics	2021–22
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	51
Number of occupational violence incidents reported per 100 FTE	40.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Definitions of occupational violence

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

Statement of Priorities

Strategic Priorities

Objective	Achievement
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing to testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program roll-out, ensuring your local community's confidence in the program.	**Achieved** – KRHS has maintained robust COVID-19 readiness and response in close liaison with the Gippsland Public Health Unit (GPHU). We have a comprehensive outbreak management plan in place which was tested and found to be highly effective in 2021 and 2022. The plan has been reviewed and enhanced based on lessons from outbreak management and in line with evolving guidelines. Our staff have participated in asymptomatic testing and our pop up testing clinic provided local testing for our community. With the support of GPHU we have facilitated COVID-19 vaccination for our residents, staff and volunteers. KRHS has played an important role in providing key messaging for our community on COVID-19 updates, staying safe and the importance of testing and vaccination.
Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.	**Achieved** – KRHS is actively engaged with the Gippsland Health Partnership and the South Gippsland Coast Partnership and has participated fully in the development and implementation of initiatives including Better at Home, Telehealth, Mental Health Strategy, Workforce Strategy and COVID-19 Response.
Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with your Health Service Partnership to implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.	**Achieved** – KRHS maintained close contact with consumers in our community identified as vulnerable throughout the pandemic and especially during periods of reduced service due to lockdowns or outbreaks. We utilised alternate ways to provide services eg phone, telehealth and engaged additional staff to ensure consumers were able to access services once available again. We worked in partnership with the South Gippsland Coast Partnership and the Gippsland Health Service Partnership to develop and implement the Better at Home initiative with a focus on support of COVID-19 Positive Pathways.
Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of system approach as an active participant in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards.	**Achieved** – KRHS has worked with the South Gippsland Coast Partnership and Gippsland Health Service Partnership to develop and implement sub-regional and regional Mental Health Plans including service mapping and prioritisation in line with the mental health system reforms.
Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.	**Achieved** – KRHS has a comprehensive Diversity and Inclusion Strategy incorporating an Aboriginal and Torres Strait Islander Health and Wellbeing Plan. Our staff have participated in education and training including recognition of significant events and dates such as NAIDOC Week. We participated in the Barring Djinang Internship Program through an Allied Health internship.

Part B: Performance Priorities

High quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	90%
Percentage of healthcare workers immunised for influenza	92%	87%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	Full Compliance*

* ***Note****: Less than 10 responses were received for the reporting period due to the relative size of the health service.*

Strong governance, leadership and culture

Key performance measure	Target	Result
Organisational culture		
People Matter Survey – percentage of staff with an overall positive response to safety culture survey questions	62%	65%

Effective financial management

Key performance measure	Target	Result
Operating result ($m)	$0.00	$0.00
Average number of days to pay trade creditors	60 days	37 days
Average number of days to receive patient fee debtors	60 days	28 days
Adjusted current asset ratio (ACAR)	0.7 or 3% improvement from health service base target	1.35
Actual number of days available cash, measured on the last day of each month.	14 days	52 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	Not Achieved

Part C: Activity

Funding type	Activity
Small Rural	
Small Rural Acute	167
Primary Health and HACC	968
Small Rural Residential Care	20,598

Summary of Financial Results

Operating Result for the Year Ending 30 June 2022

Table 4: Financial Information

	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
OPERATING RESULT*	**0**	**316**	**352**	**660**	**(190)**
Total revenue	18,084	18,286	15,894	14,601	13,071
Total expenses	18,531	18,022	15,745	13,941	13,053
Net result from transactions	**(447)**	**264**	**149**	**660**	**18**
Total other economic flows	236	(45)	(100)	(268)	72
Net result	**(211)**	**219**	**49**	**392**	**190**
Total assets	35,059	34,230	31,185	29,907	26,999
Total liabilities	14,833	15,335	12,944	11,717	10,188
Net assets/Total equity	**20,226**	**18,895**	**18,241**	**18,191**	**16,811**

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

Reconciliation between the Net result from transactions to the Statement of Priorities Operating Result

Table 5: Reconciliation of Net Result from Transactions and Operating Result

	2021–22 ($000)
Operating result	**0**
Capital purpose income	481
Specific income	0
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	281
State supply items consumed up to 30 June 2022	(219)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(13)
Depreciation and amortisation	(977)
Impairment of non-financial assets	0
Finance costs (other)	0
Net result from transactions	**(447)**

Significant Changes in Financial Position During the Year

There are no significant changes in the financial position with KRHS posting a break-even Operating result with continued Department of Health support. 2021–22 has been a challenging year with persisting impacts of the COVID-19 pandemic.

Operational and Budgetary Objectives

End of financial year operating result is break even in line with the target. COVID-19 pandemic response has impacted both personnel and supplies cost with overrun on the expense budget fully funded by the Department of Health. Residential Aged Care and Home Care Program have been primary drivers of the favourable variance to revenue budget.

Events Subsequent to Balance Date

There are no post balance sheet events, that could materially affect the true and fair view of 2021–22 financial statements.

Consultancies

Details of consultancies (under $10,000)

In 2021–22, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2021–22 in relation to these consultancies is $17,550 (excl. GST).

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

In 2021–22, there were two consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2021–22 in relation to these consultancies is $34,367 (excl. GST).

Table 7: Consultancies over $10,000

Consultant	Purpose of Consultancy	Start date	End date	Total approved Project (ex GST)	Expenditure 2021–22 (ex GST)	Future Expenditure (ex GST)
Mills Oakley Lawyers	General Employment advice	Nov-21	Nov-21	$22,445.00	$22,445.00	$0
Synchronicity Consulting PTY LTD	Strategic Planning Project	May-21	Sep-21	$29,806.00	$11,922.00	$0

Information and Communication Technology Expenditure

The total ICT expenditure incurred during 2021–22 is $1,854,831 (a+b+c) million (excluding GST) with the details shown below:

Table 8: ICT expenditure

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure		
Total (ex GST) (c)	Total = Operational expenditure and Capital expenditure (ex GST) (a) + (b)	Operational expenditure (ex GST) (a)	Capital expenditure (ex GST) (b)
$1,783,538	$71,293	$0	$71,293

Disclosures

Freedom of Information Act 1982

In accordance with the *Freedom of Information Act 1982*, the public can request access to documents held at KRHS via a written application directly to KRHS's Principal Freedom of Information (FOI) Officer. A valid request must clearly identify what types of documents are being sought and to whom the information is to be released. The valid request must also be accompanied by an application fee. KRHS are required to respond to the applicant within 30 days of receiving a valid request.

Requests are to be addressed to:

Principal FOI Officer
Kooweerup Regional Health Service
PO Box 53
Kooweerup, Vic. 3981

KRHS's Principal Officer is the Chief Executive Officer.

An application fee of $29.60 applies and other charges may be incurred associated with collating the information levied strictly in accordance with the Freedom of Information (Access Charges) Regulation 2004.

During 2021–22, KRHS received zero requests.

Building Act 1993

KRHS is subject to, and complies with, the *Building Act 1993* under the guidelines for publicly owned buildings issued by the Minister for Finance (1994) in all redevelopment and maintenance matters. The site undertakes all relevant assessments and audits as required by the Department of Health.

Public Interest Disclosure Act 2012

KRHS is subject to, and complies with, the *Public Interest Disclosure Act 2012* (updated 2020–2021) that replaced the former *Whistleblowers Protection Act 2001*. The Public Interest Disclosure Act 2012 came into effect with a purpose to facilitate disclosures of improper conduct by public officers, public bodies and to provide the appropriate level of protection for people who make disclosures without fear of reprisal.

Statement on National Competition Policy

KRHS is subject to and complies with the National Competition Policy. All procurement activities are undertaken in an open and fair manner and these principles are embedded in KRHS's Procurement Policy.

Carers Recognition Act 2012

In accordance with the *Carers Recognition Act 2012*, KRHS takes all practical measures to ensure that employees and volunteers respect and recognise carers, support them as individuals; recognise their efforts and dedication; take into account their views and cultural identity; recognise their social wellbeing; and provide due consideration of the effect of being a carer on matters of employment and education.

Safe Patient Care Act 2015

KRHS is subject to the *Safe Patient Care Act 2015* and has no matters to report in relation to its obligations under Section 40 of the Act.

Local Jobs First Act 2003

In 2021–22 there were no contracts requiring disclosure under the Local Jobs First Policy.

Gender Equality Act 2020

The KRHS Gender Equality Action Plan (GEAP) 2022–2025 was submitted to the Commission for Gender Equality in the Public Sector in June 2022.

The GEAP encompasses three Strategic Objectives:

- Inclusive leadership; ensure leaders hold themselves and others to account and demonstrate gender equitable and inclusive behaviours
- Inclusive workplace: normalise respectful workplace and shift gender stereotyping and access to flexibility
- Inclusive culture: our people feel welcome, can participate; gender equality is embedded in all we do.

Environmental performance

KRHS maintains a commitment to minimising environmental impact in all areas of service provision. KRHS has an Environmental Sustainability Policy and Plan and is pleased to demonstrate a continuing trend of improved performance against key metrics. The tables below summarise the environmental performance of KRHS for 2021–22 compared to previous years.

Table 9: Expenditure

	2019–20 (,000)	2020–21 (,000)	2021–22 (,000)
Electricity	$83	$101	$97
Natural Gas	$40	$42	$50
Potable Water	$64	$39	$40

Table 10: Total stationary energy purchased by energy type (GJ)

	2019–20	2020–21	2021–22
Electricity	1,761	1,717	1,681
Natural Gas	3,407	2,375	3,209

Table 11: Total embedded stationary energy generated by energy type (GJ)

	2019–20	2020–21	2021–22
Solar Power	567	576	604

Table 12: Water Consumption (kL)

	2019–20	2020–21	2021–22
Potable Water	8,752	6828	6,923

Table 13: Normalised greenhouse gas emissions

	2019–20	2020–21	2021–22
Emissions per unit of floor space (kgCO2e/m2)	116.78	102.15	102.25
Emissions per unit of Separations (kgCO2e/Separations)	6,812.44	4,645.09	4,840.12
Emissions per unit of bed-day (LOS + Aged Care OBD) (kgCO2e/OBD)	30.51	26.39	29.43

LOS – Length of Stay *OBD – Occupied Bed Day*

Attestations and Declarations

Financial Management Compliance Attestation

I, Patrick Nolan, on behalf of the Responsible Body, certify that the Kooweerup Regional Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Patrick Nolan
Chair, Board of Directors
Kooweerup Regional Health Service
28 September 2022

Data Integrity Declaration

I, Noni Bourke, certify that Kooweerup Regional Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Kooweerup Regional Health Service has critically reviewed these controls and processes during the year.

Noni Bourke
Chief Executive Officer
Kooweerup Regional Health Service
28 September 2022

Conflict of Interest Declaration

I, Noni Bourke, certify that Kooweerup Regional Health Service 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 Kooweerup Regional Health Service 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.

Noni Bourke
Chief Executive Officer
Kooweerup Regional Health Service
28 September 2022

Integrity, Fraud and Corruption Declaration

I, Noni Bourke, certify that Kooweerup Regional Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Kooweerup Regional Health Service during the year.

Noni Bourke
Chief Executive Officer
Kooweerup Regional Health Service
28 September 2022

Additional Information Available on Request

Details in respect of the items listed below have been retained by the health service 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 in a statutory authority or subsidiary;
- Details of publications produced by the Health Service 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 Serv ice;
- Details of major research and development activities undertaken by the Health Service;
- 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;
- 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, servicesprovided, and expenditure committed for each engagement.

Disclosure Index

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

Legislation	Requirement	Page Reference
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	8
FRD 22	Purpose, functions, powers and duties	8
FRD 22	Nature and range of services provided	9
FRD 22	Activities, programs and achievements for the reporting period	5
FRD 22	Significant changes in key initiatives and expectations for the future	7
Management and structure		
FRD 22	Organisational structure	16
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	21
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FRD 22	Details of consultancies under $10,000	23
FRD 22	Details of consultancies over $10,000	23
FRD 22	Disclosure of ICT expenditure	24
Legislation		
FRD 22	Application and operation of *Freedom of Information Act 1982*	25
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	25
FRD 22	Application and operation of the *Public Interest Disclosure Act* (updated 2020–2021)	25
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Legislation	Requirement	Page Reference
Other relevant reporting directives		
FRD 25	*Local Jobs First Act* disclosures	25
SD 5.1.4	Financial Management Compliance attestation	27
SD 5.2.3	Declaration in report of operations	32
Attestations		
Attestation on Data Integrity		27
Attestation on managing Conflicts of Interest		27
Attestation on Integrity, fraud and corruption		27
Other reporting requirements		
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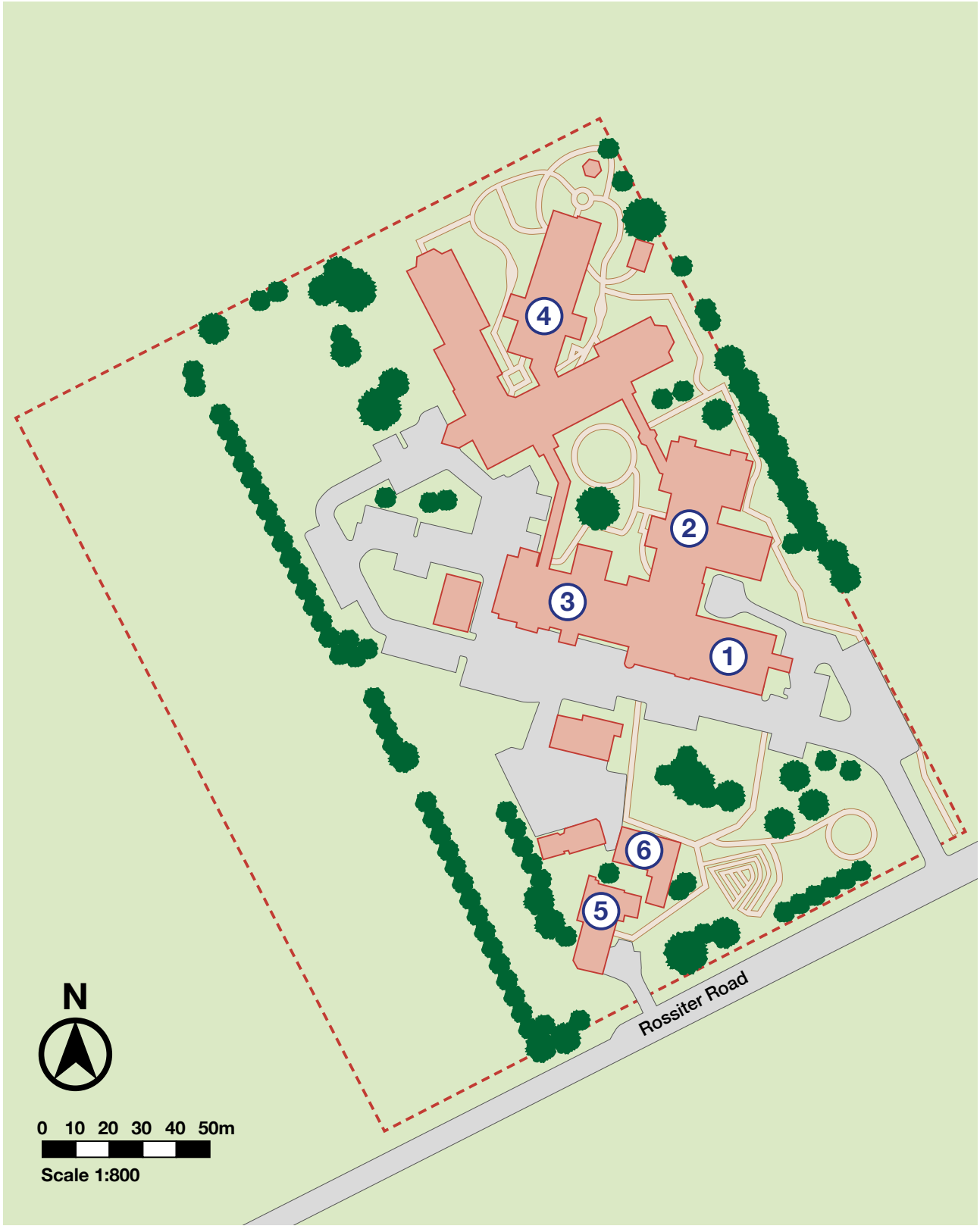
Reporting obligations under the *Safe Patient Care Act 2015*		25
Reporting of compliance regarding Car Parking Fees (if applicable)		N/A

KRHS Site Map

1. Reception/Administration
2. Westernport Unit
3. Early Parenting Unit
4. Killara Hostel
5. Hewitt Eco House
6. Men's Shed



Financial Statements – Financial Year Ending 30 June 2022

Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Kooweerup Regional Health Service at 30 June 2022.

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

We authorise the attached financial statements for issue on 28 September 2022.

Board Member

Patrick Nolan
Chair
Kooweerup
28 September 2022

Accountable Officer

Noni Bourke
Chief Executive Officer
Kooweerup
28 September 2022

Chief Finance and Accounting Officer

Ragulan Karunanantham
Chief Finance and Accounting Officer
Kooweerup
28 September 2022

Independent Auditor's Report 2021

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Kooweerup Regional Health Service

Opinion	I have audited the financial report of Kooweerup Regional Health Service (the health service) which comprises the: • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
25 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Start of Financial Statements

Kooweerup Regional Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Revenue and income from transactions			
Operating activities	2.1	18,030	18,237
Non-operating activities	2.1	54	49
Total revenue and income from transactions		**18,084**	**18,286**
Expenses from transactions			
Employee expenses	3.1	(13,669)	(13,645)
Supplies and consumables	3.1	(929)	(935)
Finance costs	3.1	(44)	(12)
Depreciation and amortisation	3.1	(977)	(979)
Other administrative expenses	3.1	(2,392)	(1,907)
Other operating expenses	3.1, 4.2	(507)	(530)
Other non-operating expenses	3.1	(13)	(14)
Total Expenses from transactions		**(18,531)**	**(18,022)**
Net result from transactions - net operating balance		**(447)**	**264**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	28	(6)
Other gain/(loss) from other economic flows	3.2	208	(39)
Total other economic flows included in net result		**236**	**(45)**
Net result for the year		**(211)**	**219**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	**1,542**	**434**
Total other comprehensive income		**1,542**	**434**
Comprehensive result for the year		**1,331**	**653**

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

Kooweerup Regional Health Service
Balance Sheet
As at 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Current assets			
Cash and cash equivalents	6.2	16,632	16,882
Receivables and contract assets	5.1	714	719
Inventories	4.5	112	50
Prepaid expenses		186	283
Total current assets		**17,644**	**17,934**
Non-current assets			
Receivables and contract assets	5.1	631	303
Property, plant and equipment	4.1 (a)	16,716	15,903
Right of use assets	4.2 (a)	68	90
Total non-current assets		**17,415**	**16,296**
Total assets		**35,059**	**34,230**
Current liabilities			
Payables and contract liabilities	5.2	1,834	1,604
Borrowings	6.1	107	155
Employee benefits	3.3	2,963	2,689
Other liabilities	5.3	9,498	10,411
Total current liabilities		**14,402**	**14,859**
Non-current liabilities			
Borrowings	6.1	47	71
Employee benefits	3.3	384	405
Total non-current liabilities		**431**	**476**
Total liabilities		**14,833**	**15,335**
Net assets		**20,226**	**18,895**
Equity			
Property, plant and equipment revaluation surplus	4.3	11,789	10,247
Contributed capital	SCE	4,715	4,715
Accumulated surplus/(deficit)	SCE	3,722	3,933
Total equity		**20,226**	**18,895**

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

Kooweerup Regional Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Contributed Capital $'000	Accumulated Surplus $'000	Total $'000
Balance at 30 June 2020		**9,813**	**4,715**	**3,714**	**18,242**
Net result for the year		-	-	219	219
Other comprehensive income for the year		434	-	-	434
Balance at 30 June 2021		**10,247**	**4,715**	**3,933**	**18,895**
Net result for the year		-	-	(211)	(211)
Other comprehensive income for the year		1,542	-	-	1,542
Balance at 30 June 2022		**11,789**	**4,715**	**3,722**	**20,226**

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

Kooweerup Regional Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Cash Flows from operating activities			
Operating grants from government - State		6,561	8,688
Operating grants from government - Commonwealth		4,125	4,403
Capital grants from government - State		79	288
Capital grants from government - Commonwealth		402	466
Patient fees received		2,861	2,312
GST received from ATO		(25)	(4)
Interest and investment income received		54	49
Commercial Income Received		39	39
Other receipts		694	1,964
Total receipts		**14,790**	**18,205**
Employee expenses paid		(13,154)	(12,922)
Payments for supplies and consumables		(640)	(680)
Payments for medical indemnity insurance		(17)	(15)
Payments for repairs and maintenance		(300)	(329)
Finance Costs		(44)	(12)
Other payments		(543)	(1,392)
Total payments		**(14,698)**	**(15,350)**
Net cash flows from operating activities	8.1	**92**	**2,855**
Cash Flows from investing activities			
Purchase of property, plant and equipment		(97)	(150)
Capital donations and bequests received		4	4
Other capital receipts		-	238
Proceeds from disposal of property, plant and equipment		28	23
Net cash flows (used in)/from investing activities		**(65)**	**115**
Cash flows from financing activities			
Repayment of borrowings		(201)	(209)
Receipt of accommodation deposits		2,424	2,639
Repayment of accommodation deposits		(2,500)	(2,500)
Net cash flows used in financing activities		**(277)**	**(70)**
Net (decrease)/increase in cash and cash equivalents held		**(250)**	**2,900**
Cash and cash equivalents at beginning of year		16,882	13,982
Cash and cash equivalents at end of year	6.2	**16,632**	**16,882**

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

Notes to the Financial Statements

Kooweerup Regional Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

Structure

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Kooweerup Regional Health Service for the year ended 30 June 2022. The report provides users with information about Kooweerup Regional Health Service'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.

Kooweerup Regional Health Service 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 Kooweerup Regional Health Service and its controlled entities on 28th September 2022.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 as state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

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

In response to the ongoing COVID-19 pandemic, Kooweerup Regional Health Service has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

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

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

Note 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 Kooweerup Regional Health Service's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Kooweerup Regional Health Service has the following joint arrangements:

- Gippsland Health Alliance (GHA)

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 Kooweerup Regional Health Service and their potential impact when adopted in future periods is outlined below:

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

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting Entity
The financial statements include all the controlled activities of Kooweerup Regional Health Service.

Its principal address is:
Rossiter Road
Kooweerup, Victoria 3981

A description of the nature of Kooweerup Regional Health Service'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

Kooweerup Regional Health Service's overall objective is to provide quality health service and to be a leading regional healthcare provider delivering timely, accessible, integrated and responsive services to the Gippsland community. Kooweerup Regional Health Service is predominantly funded by grant funding for the provision of outputs. Kooweerup Regional Health Service 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

For the year ended 30 June 2022, the COVID-19 pandemic has impacted Kooweerup Regional Health Service's ability to satisfy its performance obligations contained within its contracts with customers. Kooweerup Regional Health Service received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.
This resulted in approximately $482k being recognised as income for the year ended 30 June 2022 (2021: $815k) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Kooweerup Regional Health Service's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	Total 2022 $'000	Total 2021 $'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	5	10
Government grants (Commonwealth) - Operating	4,125	4,403
Patient and resident fees	2,721	2,403
Commercial activities [1]	39	39
Total revenue from contracts with customers	**6,890**	**6,855**
Other sources of income		
Government grants (State) - Operating	8,024	7,708
Government grants (State) - Capital	79	288
Government grants (Commonwealth) - Capital	402	466
Other capital purpose income	-	238
Assets received free of charge or for nominal consideration	285	192
Other revenue from operating activities (including non-capital donations)	2,350	2,490
Total other sources of income	**11,140**	**11,382**
Total revenue and income from operating activities	**18,030**	**18,237**
Non-operating activities		
Income from other sources		
Other interest	54	49
Total other sources of income	**54**	**49**
Total income from non-operating activities	**54**	**49**
Total revenue and income from transactions	**18,084**	**18,286**

1. Commercial activities represent business activities which Kooweerup Regional Health Service enter into to support their operations.

Note 2.1 Revenue and income from transactions (continued)

Note 2.1(a): Timing of revenue from contracts with customers

	Total 2022 $'000	Total 2021 $'000
Kooweerup Regional Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	6,851	6,816
Over time	39	39
Total revenue from contracts with customers	**6,890**	**6,855**

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Kooweerup Regional Health Service 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, 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.

In contracts with customers, the ‘customer’ is typically a funding body, who is the party that promises funding in exchange for Kooweerup Regional Health Service’s goods or services. Kooweerup Regional Health Services funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of Kooweerup Regional Health Service's revenue streams, with information detailed below relating to Kooweerup Regional Health Service's signficant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Commonwealth Aged Care	The Australian Government subsidises a large portion of the costs of running approved residential aged care homes. The amount of subsidy paid is based on the facilities assessments of the residents ongoing care needs and is known as ACFI - Aged Care Funding Instrument. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point in time when the service is provided within the residential aged care facility.

Note 2.1 Revenue and income from transactions (continued)

Capital grants
Where Kooweerup Regional Health Service 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 Kooweerup Regional Health Service'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 rental of consulting rooms and property. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

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

	Total 2022 $'000	Total 2021 $'000
Cash donations and gifts	4	4
Personal protective equipment	281	188
Total fair value of assets and services received free of charge or for nominal consideration	**285**	**192**

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 Kooweerup Regional Health Service 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 Kooweerup Regional Health Service 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.

Contributions
Kooweerup Regional Health Service may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Kooweerup Regional Health Service obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Kooweerup Regional Health Service recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Kooweerup Regional Health Service recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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 Kooweerup Regional Health Service as a capital contribution transfer.

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

Voluntary Services
Kooweerup Regional Health Service 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. No value has been recorded in the financial statements in the current financial year (2021: $Nil).
Kooweerup Regional Health Service 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 Kooweerup Regional Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Kooweerup Regional Health Service 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 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 which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- Establish facilities within Kooweerup Regional Health Service for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employment costs and additional equipment purchases.
- Implement COVID safe practices throughout Kooweerup Regional Health Service, including increased cleaning, increased security and consumption of personal protective equipment.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 3.1 Expenses from transactions

	Note	Total 2022 $'000	Total 2021 $'000
Salaries and wages		12,032	12,248
On-costs		1,079	999
Agency expenses		300	177
Fee for service medical officer expenses		34	31
Workcover premium		224	190
Total employee expenses		**13,669**	**13,645**
Drug supplies		37	15
Medical and surgical supplies (including Prostheses)		356	333
Diagnostic and radiology supplies		-	98
Other supplies and consumables		536	489
Total supplies and consumables		**929**	**935**
Finance costs		44	12
Total finance costs		**44**	**12**
Other administrative expenses		2,392	1,907
Total other administrative expenses		**2,392**	**1,907**
Fuel, light, power and water		190	186
Repairs and maintenance		267	291
Maintenance contracts		33	38
Medical indemnity insurance		17	15
Total other operating expenses		**507**	**530**
Total operating expense		**17,541**	**17,029**
Depreciation and amortisation	4.2	977	979
Total depreciation and amortisation		**977**	**979**
Bad and doubtful debt expense		13	14
Total other non-operating expenses		**13**	**14**
Total non-operating expense		**990**	**993**
Total expenses from transactions		**18,531**	**18,022**

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

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

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

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

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

Other operating expenses
Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

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

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

Note 3.2 Other economic flows included in net result

	Total 2022 $'000	Total 2021 $'000
Net gain/(loss) on disposal of property plant and equipment	28	(6)
Total net gain/(loss) on non-financial assets	**28**	**(6)**
Net gain/(loss) on disposal of financial instruments	-	-
Total net gain/(loss) on financial instruments	**-**	**-**
		-
Net gain/(loss) arising from revaluation of long service liability	208	(39)
Total other gains/(losses) from other economic flows	**208**	**(39)**
Total gains/(losses) from other economic flows	**236**	**(45)**

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 and inflation rates.

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Note 3.3 Employee benefits in the balance sheet

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	14	-
	14	**-**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	920	709
Unconditional and expected to be settled wholly after 12 months [ii]	155	119
	1,075	**828**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	119	236
Unconditional and expected to be settled wholly after 12 months [ii]	1,461	1,205
	1,580	**1,441**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	132	238
Unconditional and expected to be settled after 12 months [ii]	162	182
	294	**420**
Total current employee benefits and related on-costs	**2,963**	**2,689**
Non-current provisions and related on-costs		
Conditional long service leave	348	360
Provisions related to employee benefit on-costs	36	45
Total non-current employee benefits and related on-costs	**384**	**405**
Total employee benefits and related on-costs	**3,347**	**3,094**

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

Note 3.3 (a) Employee benefits and related on-costs

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	14	-
Unconditional annual leave entitlements	1,211	1,072
Unconditional long service leave entitlements	1,738	1,617
Total current employee benefits and related on-costs	**2,963**	**2,689**
Conditional long service leave entitlements	384	405
Total non-current employee benefits and related on-costs	**384**	**405**
Total employee benefits and related on-costs	**3,347**	**3,094**
Carrying amount at start of year	3,094	2,376
Additional provisions recognised	1,295	1,509
Amounts incurred during the year	(1,042)	(791)
Carrying amount at end of year	**3,347**	**3,094**

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
Liabilities for annual leave are recognised in the provision for employee benefits as 'current liabilities' because Kooweerup Regional Health Service 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 Kooweerup Regional Health Service expects to wholly settle within 12 months or
- Present value – if Kooweerup Regional Health Service does not expect to wholly settle within 12 months.

Note 3.3 (a) Employee benefits and related on-costs

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

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

The components of this current LSL liability are measured at:

- Nominal value – if Kooweerup Regional Health Service expects to wholly settle within 12 months or
- Present value – if Kooweerup Regional Health Service does not expect to wholly settle within 12 months.

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total 2022 $'000	Total 2021 $'000	Total 2022 $'000	Total 2021 $'000
Defined benefit plans:[i]				
First State Super	5	4	-	-
Defined contribution plans:				
First State Super	640	638	-	-
Hesta	168	225	-	-
Other	266	132	-	-
Total	**1,079**	**999**	**-**	**-**

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

How we recognise superannuation
Employees of Kooweerup Regional Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans
The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Kooweerup Regional Health Service to the superannuation plans in respect of the services of current Kooweerup Regional Health Service's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Kooweerup Regional Health Service does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Kooweerup Regional Health Service.

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

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

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

Note 4: Key assets to support service delivery

Kooweerup Regional Health Service 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 Kooweerup Regional Health Service 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 and amortisation
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 and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Land at fair value - Crown	2,429	1,797
Land at fair value - Freehold	3,496	2,586
Total land at fair value	**5,925**	**4,383**
Buildings at fair value	11,417	11,417
Less accumulated depreciation	(1,806)	(1,203)
Total buildings at fair value	**9,611**	**10,214**
Total land and buildings	**15,536**	**14,597**
Plant and equipment at fair value	2,924	2,878
Less accumulated depreciation	(2,183)	(2,044)
Total plant and equipment at fair value	**741**	**834**
Motor vehicles at fair value	200	200
Less accumulated depreciation	(195)	(182)
Total motor vehicles at fair value	**5**	**18**
Medical equipment at fair value	326	324
Less accumulated depreciation	(294)	(284)
Total medical equipment at fair value	**32**	**40**
Computer equipment at fair value	953	888
Less accumulated depreciation	(757)	(711)
Total computer equipment at fair value	**196**	**177**
Furniture and fittings at fair value	1,874	1,822
Less accumulated depreciation	(1,668)	(1,585)
Total furniture and fittings at fair value	**206**	**237**
Total plant, equipment, furniture, fittings and vehicles at fair value	**1,180**	**1,306**
Total property, plant and equipment	**16,716**	**15,903**

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

	Note	Land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Medical Equipment $'000	Computers & Communication Equipment $'000	Furniture & Fittings $'000	Total $'000
Balance at 1 July 2020		**3,949**	**10,817**	**852**	**37**	**35**	**142**	**328**	**16,160**
Additions		-	1	118	-	15	91	6	231
Disposals		-	-	(16)	-	-	-	-	(16)
Revaluation increments		434	-	-	-	-	-	-	434
Depreciation	4.4	-	(604)	(120)	(19)	(10)	(56)	(97)	(906)
Balance at 30 June 2021	4.1 (a)	**4,383**	**10,214**	**834**	**18**	**40**	**177**	**237**	**15,903**
Additions		-	-	46	-	2	84	65	197
Revaluation increments		1,542	-	-	-	-	-	-	1,542
Depreciation	4.4	-	(603)	(139)	(13)	(10)	(65)	(96)	(926)
Balance at 30 June 2022	4.1 (a)	**5,925**	**9,611**	**741**	**5**	**32**	**196**	**206**	**16,716**

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

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Kooweerup Regional Health Service 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.

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.
The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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.

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

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, Kooweerup Regional Health Service 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%, Kooweerup Regional Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

- increase in fair value of freehod land of 60% ($1,542,000)
- buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2022.

As the cumulative movement was less than 10% buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2022.

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

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

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

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

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

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	134	177
Less accumulated depreciation	(66)	(87)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**68**	**90**
Total right of use assets	**68**	**90**

Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use - PE, FF&V $'000	Total $'000
Balance at 1 July 2020		**128**	**128**
Additions		36	36
Depreciation	4.4	(73)	(73)
Balance at 30 June 2021	4.2(a)	**91**	**91**
Additions		28	28
Depreciation	4.4	(51)	(51)
Balance at 30 June 2022	4.2(a)	**68**	**68**

How we recognise right-of-use assets

Where Kooweerup Regional Health Service 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. Kooweerup Regional Health Service 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 to 5 years

Initial recognition

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

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

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

Subsequent measurement

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

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

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

Note 4.3 Revaluation surplus

	Note	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the reporting period		10,247	9,813
Revaluation increment			
- Land	4.1 (b)	1,542	434
Balance at the end of the Reporting Period*		**11,789**	**10,247**
*** Represented by:**			
- Land		5,595	4,053
- Buildings		6,194	6,194
		11,789	**10,247**

Note 4.4 Depreciation and amortisation

	Total 2022 $'000	Total 2021 $'000
Depreciation		
Buildings	603	604
Plant and equipment	139	120
Motor vehicles	13	19
Medical equipment	10	10
Computer equipment	65	56
Furniture and fittings	96	97
Total depreciation - property, plant and equipment	**926**	**906**
Right-of-use assets		
Right of use - plant, equipment, furniture, fittings and motor vehicles	51	73
Total depreciation - right-of-use assets	**51**	**73**
Total depreciation and amortisation	**977**	**979**

How we recognise depreciation

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

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

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

	2022	2021
Buildings		
- Structure shell building fabric	7 to 30 Years	7 to 30 Years
- Site engineering services and central plant	7 to 19 years	7 to 19 years
Central Plant		
- Fit out	7 to 30 years	7 to 30 years
- Trunk reticulated building system	11 to 40 years	11 to 40 years
Plant and equipment	10 to 20 years	10 to 20 years
Medical equipment	7 to 10 years	7 to 10 years
Computers and communication	3 to 10 years	3 to 10 years
Furniture and fitting	10 years	10 years
Motor vehicles	5 to 10 years	5 to 10 years
Leased Equipment	2 to 10 years	2 to 10 years

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

Note 4.5 Inventories

	Total 2022 $'000	Total 2021 $'000
Medical and surgical consumables at cost	16	16
Pharmacy supplies at cost	4	4
General stores at cost	92	30
Total inventories	**112**	**50**

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, Kooweerup Regional Health Service 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 Kooweerup Regional Health Service 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, Kooweerup Regional Health Service 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, Kooweerup Regional Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Kooweerup Regional Health Service did not record any impairment losses for the year ended 30 June 2022.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Kooweerup Regional Health Service's operations.

Structure

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

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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	Kooweerup Regional Health Service 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 contract liabilities	Kooweerup Regional Health Service 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

	Notes	Total 2022 $'000	Total 2021 $'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		53	84
Trade receivables		170	132
Patient fees		142	282
Allowance for impairment losses - Patient Fees		(17)	(17)
Accrued revenue		3	-
Total contractual receivables		**351**	**481**
Statutory			
Accrued Revenue - Department of Health (Commonwealth)		36	227
Accrued Revenue - Department of Health		291	-
GST receivable		36	11
Total statutory receivables		**363**	**238**
Total current receivables and contract assets		**714**	**719**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		631	303
Total contractual receivables		**631**	**303**
Total non-current receivables and contract assets		**631**	**303**
Total receivables and contract assets		**1,345**	**1,022**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		1,345	1,022
Provision for impairment		17	17
GST receivable		(36)	(11)
Total financial assets	7.1(a)	**1,326**	**1,028**

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

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the year	17	17
Increase in allowance	-	-
Amounts written off during the year	(13)	(14)
Reversal of allowance written off during the year as uncollectable	13	14
Balance at the end of the year	**17**	**17**

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* .

Kooweerup Regional Health Service 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 Kooweerup Regional Health Service's contractual impairment losses.

Note 5.2 Payables and contract liabilities

	Note	Total 2022 $'000	Total 2021 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		164	129
Accrued salaries and wages		130	106
Accrued expenses		151	143
Contract liabilities	5.2(b)	180	47
Amounts payable to governments and agencies		1,173	1,173
Total contractual payables		**1,798**	**1,598**
Statutory			
Superannuation Obligations Payable		-	6
Australian Taxation Office		36	-
Total statutory payables		**36**	**6**
Total current payables and contract liabilities		**1,834**	**1,604**
Total payables and contract liabilities		**1,834**	**1,604**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		1,834	1,604
Contract liabilities		(180)	(47)
Superannuation Obligations Payable		-	(6)
Australian Taxation Office		(36)	-
Total financial liabilities	7.1(a)	**1,618**	**1,551**

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 the Kooweerup Regional Health Service 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) Contract liabilities

	Total 2022 $'000	Total 2021 $'000
Opening balance of contract liabilities	47	60
Grant consideration for sufficiently specific performance obligations received during the year	7,075	6,842
Revenue recognised for the completion of a performance obligation	(6,890)	(6,855)
Total contract liabilities	**232**	**47**
*** Represented by:**		
- Current contract liabilities	232	47
	232	**47**

How we recognise contract liabilities
Contract liabilities include consideration received in advance from customers in respect of activity based services. The balance of contract liabilities were lower than the previous reporting period due to reduced funding recalls implemented by the Department of Health.

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

	Notes	Total 2022 $'000	Total 2021 $'000
Current monies held it trust			
Patient monies		1	3
Refundable accommodation deposits		9,497	9,573
Other monies held in trust		-	835
Total current monies held in trust		**9,498**	**10,411**
Total other liabilities		**9,498**	**10,411**
*** Represented by:**			
- Cash assets	6.2	9,498	10,411
		9,498	**10,411**

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 Kooweerup Regional Health Service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure
6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

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

Note 6.1 Borrowings

	Note	Total 2022 $'000	Total 2021 $'000
Current borrowings			
Bank overdraft		7	5
Lease liability [(i)]	6.1 (a)	50	100
Advances from government (ii)		50	50
Total current borrowings		**107**	**155**
Non-current borrowings			
Lease liability [(i)]	6.1 (a)	47	22
Advances from government (ii)		-	49
Total non-current borrowings		**47**	**71**
Total borrowings		**154**	**226**

[i] Secured by the assets leased.

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

How we recognise borrowings

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements 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 the Kooweerup Regional Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent 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

Kooweerup Regional Health Service's lease liabilities are summarised below:

	Total 2022 $'000	Total 2021 $'000
Total undiscounted lease liabilities	102	124
Less unexpired finance expenses	(5)	(2)
Net lease liabilities	**97**	**122**

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

	Total 2022 $'000	Total 2021 $'000
Not longer than one year	47	100
Longer than one year but not longer than five years	55	24
Longer than five years	-	-
Minimum future lease liability	**102**	**124**
Less unexpired finance expenses	(5)	(2)
Present value of lease liability	**97**	**122**
*** Represented by:**		
- Current liabilities	50	100
- Non-current liabilities	47	22
	97	**122**

How we recognise lease liabilities
A lease is defined as a contract, or part of a contract, that conveys the right for Kooweerup Regional Health Service to use an asset for a period of time in exchange for payment.

To apply this definition, Kooweerup Regional Health Service 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 Kooweerup Regional Health Service and for which the supplier does not have substantive substitution rights
- Kooweerup Regional Health Service 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 Kooweerup Regional Health Service has the right to direct the use of the identified asset throughout the period of use and
- Kooweerup Regional Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Kooweerup Regional Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	3 to 5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

Note 6.1 (a) Lease liabilities

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than $10,000	Minor Equipment

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 Kooweerup Regional Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between [2%] 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.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $Nil.

Note 6.1 (a) Lease liabilities

Subsequent measurement

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

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

Note 6.2 Cash and Cash Equivalents

	Note	Total 2022 $'000	Total 2021 $'000
Cash on hand (excluding monies held in trust)		1	1
Cash at bank (excluding monies held in trust)		610	623
Cash at bank - CBS (excluding monies held in trust)		6,523	5,847
Total cash held for operations		**7,134**	**6,471**
Cash at bank - CBS (monies held in trust)		9,498	10,411
Total cash held as monies in trust		**9,498**	**10,411**
Total cash and cash equivalents	7.1 (a)	**16,632**	**16,882**

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

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

Note 6.4 Non-cash financing and investing activities

	Total 2022 $'000	Total 2021 $'000
Assumption of liabilities		
Acquisition of plant and equipment by means of Leases		
- Vehicles	-	36
Total non-cash financing and investing activities	**-**	**36**

Note 7: Risks, contingencies and valuation uncertainties

Kooweerup Regional Health Service 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	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Kooweerup Regional Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Kooweerup Regional Health Service uses a range of valuation techniques to estimate fair value, which include the following: ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Kooweerup Regional Health Service'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 Kooweerup Regional Health Service's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Kooweerup Regional Health Service 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. Kooweerup Regional Health Service categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Kooweerup Regional Health Service 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 Kooweerup Regional Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2022	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	16,632	-	16,632
Receivables and contract assets	5.1	1,326	-	1,326
Total Financial Assets [i]		**17,958**	**-**	**17,958**
Financial Liabilities				
Payables	5.2	-	1,618	1,618
Borrowings	6.1	-	154	154
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	9,497	9,497
Other Financial Liabilities - Other monies held in trust	5.3	-	1	1
Total Financial Liabilities [i]		**-**	**11,270**	**11,270**

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	16,882	-	16,882
Receivables and contract assets	5.1	1,028	-	1,028
Total Financial Assets [i]		**17,910**	**-**	**17,910**
Financial Liabilities				
Payables	5.2	-	1,551	1,551
Borrowings	6.1	-	226	226
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	9,573	9,573
Other Financial Liabilities - Other monies held in trust	5.3	-	838	838
Total Financial Liabilities [i]		**-**	**12,188**	**12,188**

[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 Kooweerup Regional Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Kooweerup Regional Health Service 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.

Note 7.1 (a) Categorisation of financial instruments

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 Kooweerup Regional Health Service 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.

Kooweerup Regional Health Service recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Note 7.1 (a) Categorisation of financial instruments

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.

Kooweerup Regional Health Service 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, Kooweerup Regional Health Service 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 Kooweerup Regional Health Service 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.

Note 7.1 (a) Categorisation of financial instruments

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
- Kooweerup Regional Health Service 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
- Kooweerup Regional Health Service 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 Kooweerup Regional Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Kooweerup Regional Health Service'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, Kooweerup Regional Health Service'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, Kooweerup Regional Health Service'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.

Kooweerup Regional Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. Kooweerup Regional Health Service manages these financial risks in accordance with its financial risk management policy.

Kooweerup Regional Health Service 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. Kooweerup Regional Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Kooweerup Regional Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Kooweerup Regional Health Service'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, Kooweerup Regional Health Service 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, Kooweerup Regional Health Service'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 Kooweerup Regional Health Service 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 Kooweerup Regional Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Kooweerup Regional Health Service's credit risk profile in 2021-22.

Note 7.2 (a) Credit risk (continued)

Impairment of financial assets under AASB 9

Kooweerup Regional Health Service 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

Kooweerup Regional Health Service 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. Kooweerup Regional Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Kooweerup Regional Health Service's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Kooweerup Regional Health Service determines the closing loss allowance at the end of the financial year as follows:

Contractual receivables at amortised cost

30 June 2022		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		3.0%	5.0%	5.0%	10.0%	20.0%	
Gross carrying amount of contractual receivables	5.1	317	1	9	10	31	**368**
Loss allowance		**(10)**	**(0)**	**(0)**	**(1)**	**(6)**	**(17)**

30 June 2021	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		2.0%	5.0%	5.0%	10.0%	20.0%	
Gross carrying amount of contractual receivables	5.1	447	1	9	10	31	**498**
Loss allowance		**(9)**	**(0)**	**(0)**	**(1)**	**(6)**	**(17)**

Note 7.2 (a) Credit risk (continued)

Statutory receivables and debt investments at amortised cost

Kooweerup Regional Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 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.

Kooweerup Regional Health Service 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 investments and other 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.

Kooweerup Regional Health Service'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 liquidation of investments and other financial assets.

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

Note 7.2 (b) Liquidity risk (continued)

Payables and borrowings maturity analysis

				Maturity Dates				
Total		**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 months - 1 Year**	**1-5 Years**	**Over 5 years**
30 June 2022	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	**5.2**	1,618	1,618	1,618	-	-	-	-
Borrowings	**6.1**	154	-	5	14	37	98	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	9,497	9,497	-	-	9,497	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	1	1	-	1	-	-	-
Total Financial Liabilities		**11,270**	**11,116**	**1,623**	**15**	**9,534**	**98**	**-**

				Maturity Dates				
Total		**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 Months**	**3 months - 1 Year**	**1-5 Years**	**Over 5 years**
30 June 2021	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
Payables	**5.2**	1,551	1,551	1,551	-	-	-	-
Borrowings	**6.1**	226	-	7	21	55	144	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	9,573	9,573	-	-	9,573	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	838	838	-	838	-	-	-
Total Financial Liabilities		**12,188**	**11,962**	**1,558**	**859**	**9,628**	**144**	**-**

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

Note 7.2 (c) Market risk

Kooweerup Regional Health Service's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions
Kooweerup Regional Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Kooweerup Regional Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 2.5% up or down

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Kooweerup Regional Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Kooweerup Regional Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk
All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Kooweerup Regional Health Service has minimal exposure to foreign currency risk.

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

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.

Kooweerup Regional Health Service 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.

Kooweerup Regional Health Service 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 Kooweerup Regional Health Service'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 (b) Fair value determination of non-financial physical assets

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Specialised land		5,925	-	-	5,925
Total land at fair value	4.1 (a)	**5,925**	**-**	**-**	**5,925**
Specialised buildings		9,611	-	-	9,611
Total buildings at fair value	4.1 (a)	**9,611**	**-**	**-**	**9,611**
		-			
Plant and equipment at fair value	4.1 (a)	741	-	-	741
Motor vehicles at fair value	4.1 (a)	5			5
Medical equipment at Fair Value	4.1 (a)	32	-	-	32
Computer equipment at fair value	4.1 (a)	196	-	-	196
Furniture and fittings at fair value	4.1 (a)	206	-	-	206
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,180**	**-**	**-**	**1,180**
Right of use assets at fair value	4.2 (a)	68	-	-	68
Total right-of-use assets at fair value		**68**	**-**	**-**	**68**
Total non-financial physical assets at fair value		**16,784**	**-**	**-**	**16,784**

	Note	Total carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Specialised land		4,383	-	-	4,383
Total land at fair value	4.1 (a)	**4,383**	**-**	**-**	**4,383**
Specialised buildings		10,214	-	-	10,214
Total buildings at fair value	4.1 (a)	**10,214**	**-**	**-**	**10,214**
Plant, equipment and vehicles at fair value	4.1 (a)	834	-	-	834
Motor vehicles at fair value	4.1 (a)	18			18
Medical equipment at Fair Value	4.1 (a)	40	-	-	40
Computer equipment at fair value	4.1 (a)	177	-	-	177
Furniture and fittings at fair value	4.1 (a)	237	-	-	237
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,306**	**-**	**-**	**1,306**
Right of use assets at fair value	4.2 (a)	90	-	-	90
Total right-of-use assets at fair value		**90**	**-**	**-**	**90**
Total non-financial physical assets at fair value		**15,993**	**-**	**-**	**15,993**

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

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Kooweerup Regional Health Service has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Non-specialised land, non-specialised buildings, investment properties and cultural assets

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

For non-specialised land and non-specialised buildings and investment properties, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Kooweerup Regional Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

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

Vehicles

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2022

7.4 (b): Reconciliation of level 3 fair value measurement

Total	Note	Land $'000	Buildings $'000	Plant and equipment $'000	Motor vehicles $'000	Medical equipment $'000	Computer equipment $'000	Furniture & fittings $'000
Balance at 1 July 2020		**3,949**	**10,817**	**852**	**37**	**35**	**142**	**328**
Additions/(Disposals)		-	1	102	-	15	91	6
- Depreciation and amortisation		-	(604)	(120)	(19)	(10)	(56)	(97)
- Revaluation		434	-	-	-	-	-	-
Balance at 30 June 2021	7.4 (a)	**4,383**	**10,214**	**834**	**18**	**40**	**177**	**237**
Additions/(Disposals)		-	-	46	-	2	84	65
- Depreciation and Amortisation		-	(603)	(139)	(13)	(10)	(65)	(96)
Items recognised in other comprehensive income								
- Revaluation		1,542	-	-	-	-	-	-
Balance at 30 June 2022	7.4 (a)	**5,925**	**9,611**	**741**	**5**	**32**	**196**	**206**

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

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

(i) A community service obligation (CSO) of 20% was applied to the Kooweerup Regional Health Service'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 and its impact on our economy and the health of our community.

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

	Note	Total 2022 $'000	Total 2021 $'000
Net result for the year		(211)	219
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	(28)	6
Depreciation and amortisation of non-current assets	4.4	977	979
Cash inflow from financing activities		(4)	(242)
Movements in Assets and Liabilities:			
(Increase) in receivables and contract assets		(323)	(345)
(Increase) in inventories		(62)	-
Decrease/(Increase) in prepaid expenses		97	(94)
Increase in payables and contract liabilities		230	1,271
Increase in employee benefits		253	718
(Decrease)/Increase in other liabilities		(837)	343
Net cash inflow from operating activities		**92**	**2,855**

Note 8.2 Responsible persons

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

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
Mr Patrick Nolan (Board Chair from Dec 2021)	1 Jul 2021 - 30 Jun 2022
Ms Marie Ritchie (Board Chair to Dec 2021)	1 Jul 2021 - 30 Jun 2022
Mrs Beverley Walsh	1 Jul 2021 - 30 Jun 2022
Mrs Tania Hansen	1 Jul 2021 - 30 Jun 2022
Mr Kushal Shah	1 Jul 2021 - 30 Jun 2022
Dr Laurie Warfe	1 Jul 2021 - 30 Jun 2022
Ms Rachael McGann	1 Jul 2021 - 30 Jun 2022
Mr Sam Afra	1 Jul 2021 - 30 Jun 2022
Ms Synnove Frydenlund	1 Jul 2021 - 30 Jun 2022
Mr Brent Kimpton	1 Jul 2021 - 30 Jun 2022
Ms Trudy Ararat	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
Ms Noni Bourke (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band	Total 2022 No	Total 2021 No
$0,000 - $9,999	11	12
$80,000 - $89,999	-	1
$140,000 - $149,999	-	1
$190,000 - $199,999	1	-
Total Numbers	**12**	**14**

	Total 2022 $'000	Total 2021 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$213**	**$264**

Amounts relating to the Governing Board Members and Accountable Officer of Kooweerup Regional Health Service's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's 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	**Total Remuneration**	
(including Key Management Personnel disclosed in Note 8.4)	**2022**	**2021**
	$'000	**$'000**
Short-term benefits	537	418
Post-employment benefits	5	36
Other long-term benefits	21	12
Total remuneration [i]	**563**	**466**
Total number of executives	5	4
Total annualised employee equivalent [ii]	3.0	3.0

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

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

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

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

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

Post-employment Benefits
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

Other factors
Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for their termination benefits category.

Note 8.4: Related Parties

Kooweerup Regional Health Service 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 Gippsland 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 Kooweerup Regional Health Service and its controlled entities, directly or indirectly.

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

KMPs	**Position Title**	
Mr Patrick Nolan	Board Chair	
Ms Marie Ritchie	Board Member	
Mrs Beverley Walsh	Board Member	
Mrs Tania Hansen	Board Member	
Mr Kushal Shah	Board Member	
Dr Laurie Warfe	Board Member	
Ms Rachael McGann	Board Member	
Mr Sam Afra	Board Member	
Ms Synnove Frydenlund	Board Member	
Mr Brent Kimpton	Board Member	
Ms Trudy Ararat	Board Member	
Ms Noni Bourke	Chief Executive Officer	
Mr David Ramsay	Director of Nursing	01/07/2021 to 26/11/2021
Mr Steven Doyle	Director of Nursing	15/03/2022 to 30/06/2022
Ms Aileen Thomas	Director Primary Health and	
Mr Alister Ferguson	Chief Finance Officer	01/07/2021 to 15/08/2021 - on leave
Mr Ragulan Karunanantham	Chief Finance Officer	

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.

	Total 2022 $'000	**Total 2021 $'000**
Compensation - KMPs		
Short-term Employee Benefits [i]	752	657
Post-employment Benefits	5	56
Other Long-term Benefits	19	18
Total [ii]	**776**	**731**

[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.

Note 8.4: Related Parties (continued)

Significant transactions with government related entities
Kooweerup Regional Health Service received funding from the Department of Health of $7.40m (2021: $9.16m) and indirect contributions of $0.38m (2021: $0.037m). Balances recallable as at 30 June 2022 are $0.00m (2021 $1.173m)

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

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

Note 8.5: Remuneration of Auditors

	Total 2022 $'000	Total 2021 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	38	38
Total remuneration of auditors	**38**	**38**

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 2022 %	Ownership Interest 2021 %
Gippsland Health Alliance	Provision of Information Technology Services	4.49	4.63

Kooweerup Regional Health Services interest in the above joint arrangement is detailed below. The amounts are included in the financial statements under their respective categories:

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	141	232
Receivables	111	38
Prepaid expenses	121	201
Total current assets	**373**	**471**
Non-current assets		
Property, plant and equipment	49	59
Total non-current assets	**49**	**59**
Total assets	**422**	**530**
Current liabilities		
Payables	50	60
Borrowings	10	9
Other Current Liabilities	-	7
Total current liabilities	**60**	**76**
Non-current liabilities		
Borrowings	20	23
Total non-current liabilities	**20**	**23**
Total liabilities	**80**	**99**
Net assets	**342**	**431**
Equity		
Accumulated surplus	342	431
Total equity	**342**	**431**

Note 8.7 Joint arrangements

Kooweerup Regional Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2022 $'000	2021 $'000
Revenue		
Revenue from Operating Activities	963	830
Total revenue	**963**	**830**
Expenses		
Other Expenses from Continuing Operations	1,020	846
Depreciation	19	16
Total expenses	**1,039**	**862**
Net result	**(76)**	**(32)**

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 Kooweerup Regional Health Service.

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

Note 8.9: Economic dependency

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