



Kooweerup  
Regional Health  
Service  
Annual Report  
2022-23

**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 2023.

A handwritten signature in black ink, appearing to read 'P. Nolan', written in a cursive style.

Patrick Nolan, Chair  
Kooweerup Regional Health Service  
26 September 2023

# Chief Executive and Chair Report

## Year in review

The past 12 months have continued to see ongoing challenge as the health sector moves from active response to the ongoing COVID-19 pandemic towards "COVID normal". This time has also been one of celebration as Kooweerup Regional Health Service celebrates 100 years.

Adapting to a post COVID-19 world, the sector has retained a focus on reducing and managing exposures and outbreaks while minimising impact on patients and residents and their families; reconnecting with community; and resuming our full range of services.

After 12 months of planning, in May 2023 we took great pleasure in celebrating our 100-year anniversary with current staff, volunteers, residents and clients as well as our broader community including many with strong connections to KRHS. Our 100 Year Ambassadors provided amazing insights into the KRHS journey over the 100 years from its early beginnings as a Bush Nursing Hospital through various changes to name and services to the diverse health service it is today. It was truly gratifying to hear the consistent theme in all of the recollections and reflections of the deep and enduring partnership between KRHS and our community.

In May 2023 we welcomed a team of Assessors from the Aged Care Quality and Safety Commission who completed a site visit for re-accreditation against the Aged Care Quality Standards. We are very pleased to report that both Killara Hostel and Westernport Nursing Home were awarded three years full accreditation with both facilities meeting all 8 Standards. Congratulations to all of the staff and volunteers involved in providing safe, high quality service and acknowledgment to our residents and families with whom we work in partnership to ensure we maintain our high standards.

On behalf of the KRHS Board and Executive we would like to acknowledge and sincerely thank all of the KRHS team. Our team has continued to demonstrate their unwavering commitment to providing safe, high quality care and to partnering with consumers in all aspects of care. Through the continued challenges of COVID-19 and of constant changes across the health and aged care sectors staff have stepped up time and again to support each other, our consumers and the community we serve.

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. These programs are back in full swing and we thank you for the invaluable contribution you make to KRHS.

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

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 and Ageing
- 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 (Gippsland Health Service Partnership) and Sub-Regional (South Gippsland Coast Partnership) health service colleagues in particular Latrobe Regional Health (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, Country Women's Association (CWA)
- our primary care partners including Enliven, Women's Health in the South East (WHISE), Gippsland Public Health Unit, South East Public Health Unit, South Coast Prevention Team
- HUSH Foundation and Gathering of Kindness
- local businesses.

We would like to acknowledge and thank our three retiring Board Directors - Brent Kimpton (3 years); Laurie Warfe (6 years) and Tania Hansen (9 years). We thank them for their expertise and contribution over their terms. We welcomed new Board Director Sally Martin in July 2022. We also acknowledge the retirement of Margaret Bakonyi, Deputy Director of Nursing after 16 years of dedicated service to KRHS.

KRHS continued to deliver on the key strategic goals from its 2022-2025 Strategic Plan. Below are some of our key achievements:

## **Laying and building on the foundations for growth**

- 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.
- 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.
- 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.
- Upgrading of equipment across bed based and community services with the support of State and Commonwealth grants and fundraising to ensure equipment is contemporary and fit for purpose.
- Enhancing infrastructure and completing refurbishments through successful grants and capital investment to ensure reliable and contemporary facilities which meet the changing community needs.
- Re-establishing the KRHS Environment and Sustainability Committee to support our Sustainability Plan with an immediate focus on quick wins such as reducing paper usage and managing waste streams.

## **Engaging deeply with our community**

- 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 re-establishing the Peoples Advocate Liaison Service (PALS).
- Commissioning a digital art piece from local Bunurong business for use in the KRHS Centenary celebrations
- Sitting on Health Issues Centre and Safer Care Victoria's Partnering in Healthcare Outcomes Summit Working Party, inclusive of KRHS consumer representative, and presenting as part of the Summit.
- Reinvigorating a range of consumer feedback mechanisms to support our commitment to obtaining and using consumer feedback to improve service provision.
- Continuing participation 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 via the Care Opinion website.
- Implementing the KRHS Health Promotion Plan with a focus on Healthy Eating, Active Living and Harm reduction from Tobacco and e cigarettes.

## **Building strong partnerships to deliver integrated care**

- Participating actively with the Gippsland Health Service Partnership across a range of initiatives including Pandemic response, Better at Home, Cancer, Residential in Reach, Mental Health reform.
- Playing a key role in the South Gippsland Coast Partnership through participation in initiatives including Pandemic response, Better at Home, Geriatric Evaluation and Management (GEM) at Home, Inclusion and Diversity Framework, Palliative Care, Mental Health, Workforce Planning.
- Working in partnership with Monash Health to deliver the Strengthening Hospital Response to Family Violence initiative.
- Engaging with the Cardinia Shire Municipal Emergency Response Management Committee around multi-agency planning and response to emergencies that may occur within Cardinia Shire.
- Partnering with Enliven to assist and support local Culturally and Linguistically Diverse (CALD) and other vulnerable communities to access appropriate COVID-19 resources.

## High quality, safe and adaptable care that creates better consumer outcomes

- Maintaining accreditation against the National Safety and Quality Health Services Standards and the Aged Care Quality Standards.
- Supporting the next generation of clinicians through our nursing and allied health undergraduate placements and Nurse Graduate programs.
- Maintaining a robust and evidence based Respiratory Outbreak Management Plan.
- Maintaining focus on prevention of hospital acquired conditions and adverse events through a robust quality and clinical governance framework.
- Reviewing and enhancing staffing profiles within residential aged care to support safe, high quality care and meet aged care reform requirements.
- Reviewing and enhancing the residential care allied health program to ensure a focus on wellness and reablement in line with aged care reforms.

## Empowering and Enabling our Team

- Undertaking initiatives aimed at supporting and caring for our teams through the support of the Victorian Department of Health and Safer Care Victoria's Healthcare Worker Wellbeing Programs.
- Re-establishing the KRHS Staff Health and Wellbeing Committee to implement the People Matter Action Plan and other key health and wellbeing initiatives.
- Engaging in Leadership Development focused on establishing a psychologically safe workplace including Executive and two cohorts of existing and emerging leaders.
- Maintaining a Respiratory Protection Program involving individual fit testing of masks to better protect staff from COVID-19.

## Expectations for the future

The year ahead provides great opportunity to consolidate progress to date and to further implement the 2022–2025 KRHS Strategic Plan. This plan will continue to provide direction for the health service as we navigate the ongoing changes and challenges in the health and aged care sectors.

The year ahead will see KRHS strengthening existing and developing new partnerships which support our vision and strategic priorities. We will maintain a focus on expanding community based services and providing care in the home through Home Care Packages, Commonwealth community aged programs and Better at Home programs. We will continue to implement the aged care reforms ensuring safe, high quality care in partnership with our consumers.

KRHS remains 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  
26 September 2023



Noni Bourke, Chief Executive Officer  
Kooweerup Regional Health Service  
26 September 2023

# 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 Minister for Health:

### Minister for Health

From 1 July 2022 to 30 June 2023:

The Hon Mary-Anne Thomas

### Minister for Disability, Ageing and Carers

From 1 July 2022 to 5 December 2022:

The Hon Colin Brooks

From 5 December 2022 to 30 June 2023:

The Hon. Lizzie Blandthorn



## Our Services

### Residential Aged Care

Low care hostel

High care nursing home

Dementia specific care

### Respite Care

### Transitional Care Program

### 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

Geriatric Evaluation and Management (GEM) at Home

Hospital in the Home

Home Care Packages

Occupational Therapy

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 Appointment and Appraisal Committee.



**Kushal Shah, DEPUTY CHAIR (13 December 2022 to 30 June 2023)**

**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.



**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 and Community Advisory 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.



### **Tania Hansen DEPUTY CHAIR (1 July to 13 December 2022)**

**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. Tania is currently a member of the Community Advisory Committee.



### **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 Audit, Risk and Finance Committee and the Appointment and Appraisal 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 Appointment and Appraisal 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.



### **Sally Martin**

**PGDip ManipPhy, PGDipBusMgmt, PGDipHealthSci (Leadership and Management) and GAICD**

Sally has worked in the health sector since 1990 as a physiotherapist and operational, clinical leader in New Zealand and Australia. She has worked in private practice and public health services and in rural and metro settings. She has also worked in various roles as a physiotherapist, leading Allied Health Technical and Scientific professions, Community, Older Person's and Rehabilitation, outpatients, radiology, pharmacy and pathology services. Her most recent roles focused on Clinical Governance, Improvement, Patient Experience, Accreditation, Patient Safety and Clinical Risk, Innovation and Learning. This is Sally's first appointment as a Board Director. Sally was appointed to the Board in July 2022. Sally is a member 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.



### **Margaret Bakonyi – Deputy Director of Nursing (Retired December 2022)**

**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, FCPA, CGMA, BSc, GAICD, MBA**

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:** Trudy Ararat (Board Director)

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

Kushal Shah (Board Director)

Beverley Walsh (Board Director)

Trudy Ararat (Board Director)

Brent Kimpton (Board Director) – 13 December 2022 to 30 June 2023

Jason Noronho (Independent Member)

Paul Curtin (Independent Member) – 1 July 2022 to 30 June 2023

### 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

### Appointment and Appraisal Committee

**Chairperson:** Patrick Nolan

The Appointment and Appraisal 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 2022–23:

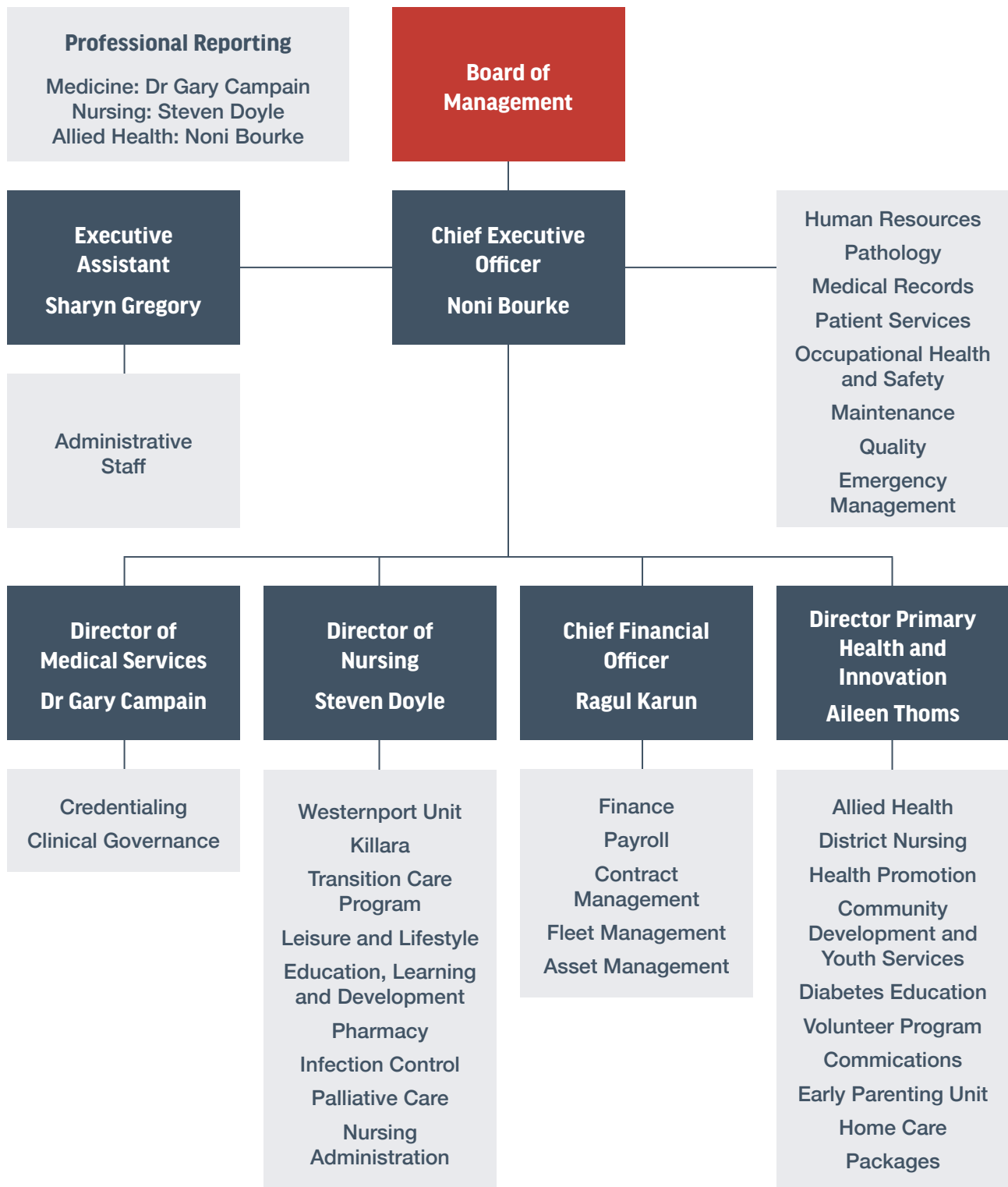
<b>Retirements</b>
Brent Kimpton – 1 July 2020 to 30 June 2023
Tania Hansen – 1 July 2014 to 30 June 2023
Laurie Warfe – 1 July 2017 to 30 June 2023
<b>Re-Appointments</b>
Marie Ritchie – 1 July 2022 to 30 June 2025
Beverley Walsh – 1 July 2022 to 30 June 2025
<b>Appointments</b>
Sally Martin – 1 July 2022 to 30 June 2025

## Board Membership and Meeting Attendance

The table below provides information on board membership and meeting attendance for 2022–23.

Board Member	Board of Directors	Audit, Risk and Finance Committee	Quality, Safety and Clinical Governance	Community Advisory Committee
Trudy Ararat	67%	100%		
Tania Hansen	88%			25%
Brent Kimpton	88%	75%		
Rachael McGann	67%		50%	50%
Sally Martin	100%		75%	
Patrick Nolan	78%		75%	
Marie Ritchie	100%		100%	
Kushal Shah	100%	75%		
Beverley Walsh	100%	75%		
Laurie Warfe	88%		100%	

## KRHS Organisation Chart





# Our Workforce

## Workforce data

Workforce data for 2022–23 is provided in **Table 1** below.

**Table 1: Workforce Data**

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2022	2023	2022	2023
Nursing	55.9	55.3	52.58	55.8
Administration and Clerical	14.46	15.5	14.42	15.7
Medical Support	0	0	0	0
Hotel and Allied Services	46.67	58.0	50.87	53.9
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	7.68	6.8	8.16	5.9

## 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 Safety Statistics	2022–23	2021–22	2020–21
The number of reported hazards/incidents for the year per 100 FTE	51	51	50
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0	3.17	1.53
The average cost per WorkCover claim for the year	\$21,564	\$18,690	\$14,252

## Occupational violence

Occupational violence statistics for 2022–23 are provided in **Table 3** below.

**Table 3: Occupational Violence Statistics**

Occupational violence statistics	2022–23
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	36
Number of occupational violence incidents reported per 100 FTE	27
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 2022–23.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Statement of Priorities

## Strategic Priorities

Objective	Achievement
<b>Keep people healthy and safe in the community:</b>	
<b>Maintain COVID-19 readiness</b> <ul style="list-style-type: none"> <li>• Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</li> </ul>	<b>Achieved</b> – 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 throughout the Pandemic. The plan has been reviewed and enhanced based on lessons from outbreak management and in line with evolving guidelines. With the support of GPHU and our GPs 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.
<b>Care closer to home:</b>	
<b>Delivering more care in the home or virtually</b> <ul style="list-style-type: none"> <li>• Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.</li> </ul>	<b>Achieved</b> – KRHS has engaged with a range of Better at Home initiatives within the Regional and Subregional partnerships including COVID Positive Pathway, Geriatric Evaluation and Management (GEM) at Home and enhanced telehealth programs.
<b>Keep improving care:</b>	
<b>Improve quality and safety of care</b> <ul style="list-style-type: none"> <li>• Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.</li> </ul>	<b>Achieved</b> – KRHS has a robust Quality and Clinical Governance Framework aligned with the Victorian Framework. KRHS has well established links with SCV and engages proactively with relevant forums and resources. KRHS has a well established monitoring program for early identification of and response to adverse events and unfavourable trends in key performance indicators.
<b>Plan update to nutrition and food quality standards</b> <ul style="list-style-type: none"> <li>• Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.</li> </ul>	<b>Achieved</b> – KRHS has commenced gap analysis against the standard and an action plan to implement the standard by December 2023.
<b>Climate Change Commitments</b> <ul style="list-style-type: none"> <li>• Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.</li> </ul>	<b>Achieved</b> – KRHS monitors performance via Environmental Data Management System (EDMS) reports and acts to improve performance where appropriate. Local Environmental Sustainability Committee allows for focus on local initiatives and increased awareness among staff and the community. KRHS has been a long standing member of the Global Green and Healthy Hospitals along with the Climate and Health Alliance (CAHA).
<b>Asset Maintenance and Management</b> <ul style="list-style-type: none"> <li>• Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</li> </ul>	<b>Partially Achieved</b> – KRHS continues to review and enhance asset management systems within the health service to ensure efficient and effective systems are in place.

Objective	Achievement
<b>Improve Aboriginal health and wellbeing:</b>	
<b>Improve Aboriginal cultural safety</b> <ul style="list-style-type: none"> <li>• Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.</li> <li>• Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.</li> <li>• Implement strategies and processes to actively increase Aboriginal employment.</li> <li>• Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.</li> <li>• Develop discharge plans for every Aboriginal patient.</li> </ul>	<p><b>Achieved</b> – KRHS continues to work towards implementing its Aboriginal Torres Strait Islander Strategy including working in partnership within the subregion where appropriate. KRHS partners with the Bunurong Land Council.</p> <p>Our staff have participated in education and training including recognition of significant events and dates such as NAIDOC Week.</p> <p>KRHS has engaged with a local Aboriginal Torres Strait Islander business to commission a digital art piece which was used in celebration of KRHS 100 years in May 2023.</p>
<b>Moving from competition to collaboration:</b>	
<b>Foster and develop local partnerships</b> <ul style="list-style-type: none"> <li>• Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).</li> <li>• Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.</li> </ul>	<p><b>Achieved</b> – 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.</p>
<b>A stronger workforce:</b>	
<b>Improve workforce wellbeing</b> <ul style="list-style-type: none"> <li>• Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.</li> <li>• Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.</li> <li>• Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.</li> </ul>	<p><b>Achieved</b> – KRHS has continued a focus on staff education and training re OVA in the context of recognition and management of responsive behaviours associated with dementia/delirium.</p> <p>KRHS has continued to work with Monash Health in implementing deliverables under the SHRFV initiative with a focus on staff education and training and ensuring appropriate systems in place to support organisational response to FV.</p> <p>The KRHS Health and Wellbeing Committee provides oversight of a range of activities aimed at supporting the wellbeing of healthcare workers including implementation of strategies arising from the People Matter Survey. KRHS has partnered with the SCV Healthcare Worker Wellbeing Centre and organisations such as the HUSH Foundation / Gathering of Kindness.</p>

## Part B: Performance Priorities

### High quality and safe care

Key performance measure	Target	Result
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	88%
Percentage of healthcare workers immunised for influenza	92%	99%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	*

\* **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
<b>Organisational culture</b>		
People Matter Survey – percentage of staff with an overall positive response to safety culture survey questions	62%	76%

### Effective financial management

Key performance measure	Target	Result
Operating result (\$m)	\$0.00	\$0.45
Average number of days to pay trade creditors	60 days	46
Average number of days to receive patient fee debtors	60 days	15 days
Adjusted current asset ratio (ACAR) (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	1.43
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not achieved
Actual number of days available cash, measured on the last day of each month.	14 days	61 days

## Part C: Activity

Funding type	Activity
<b>Small Rural</b>	
Small Rural Primary Health and HACC	963
Small Rural Residential Care	21,208

# Summary of Financial Results

## Operating Result for the Year Ending 30 June 2023

Table 4: Financial Information

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
<b>OPERATING RESULT*</b>	<b>445</b>	<b>0</b>	<b>316</b>	<b>352</b>	<b>660</b>
Total revenue	20,382	18,084	18,286	15,894	14,601
Total expenses	20,278	18,531	18,022	15,745	13,941
<b>Net result from transactions</b>	<b>104</b>	<b>(447)</b>	<b>264</b>	<b>149</b>	<b>660</b>
Total other economic flows	3	236	(45)	(100)	(268)
<b>Net result</b>	<b>107</b>	<b>(211)</b>	<b>219</b>	<b>49</b>	<b>392</b>
Total assets	36,318	35,059	34,230	31,185	29,907
Total liabilities	14,792	14,833	15,335	12,944	11,717
<b>Net assets/Total equity</b>	<b>21,526</b>	<b>20,226</b>	<b>18,895</b>	<b>18,241</b>	<b>18,191</b>

\* 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

	2022-23 (\$000)
<b>Operating result</b>	<b>445</b>
Capital purpose income	591
Specific income	0
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	206
State supply items consumed up to 30 June 2023	(179)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(42)
Depreciation and amortisation	(917)
Impairment of non-financial assets	0
Finance costs (other)	0
<b>Net result from transactions</b>	<b>104</b>

## **Significant Changes in Financial Position During the Year**

There are no significant changes in the financial position with KRHS posting a \$445K surplus Operating result with continued Department of Health support. 2022–23 has seen some challenges with persisting impacts of the COVID-19 pandemic.

## **Operational and Budgetary Objectives**

Kooweerup Regional Health Service met the Statement of Priorities (SOP) financial target. The favourable variance to revenue budget was made possible with better than anticipated residential aged care revenue.

## **Events Subsequent to Balance Date**

There are no post balance sheet events, that could materially affect the true and fair view of 2022–23 financial statements.

# Consultancies

## Details of consultancies (under \$10,000)

In 2022–23, there was 1 consultancy where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022–23 in relation to these consultancies is \$2,889.68 (excl. GST).

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

In 2022–23, there was 1 consultancy where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022–23 in relation to these consultancies is \$12,576.60 (excl. GST).

**Table 7: Consultancies over \$10,000**

Consultant	Purpose of Consultancy	Start date	End date	Total approved Project (ex GST)	Expenditure 2022–23 (ex GST)	Future Expenditure (ex GST)
Harcourt Aged Care Advisors	Aged Care advisory	July 2022	July 2022	12,576.60	12,576.60	0



# Information and Communication Technology Expenditure

The total ICT expenditure incurred during 2022–23 is \$1,654,568 (a+b+c) (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)
\$1,632,118	\$22,450	\$0	\$22,450

# 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 2022–23, 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 2022–23 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. KRHS has continued progress against its GEAP under the governance of the Gender Equality Steering Committee. Initial focus has been on increasing staff awareness of the principles underpinning the Gender Equality Act and implications for the health service, its staff and community. We want everyone who lives, works and spends time at Kooweerup Regional Health Service – regardless of their gender identity – to be treated with respect and fairness, to feel and be safe, and to have equal access to opportunities for holistic care and support, growth and development. Key staff have engaged with communities of practice through the Victorian Health Organisations Gender Equality Network (VHOGEN) as well as key partners within the sector to support implementation.

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

The Government acknowledges that regional small and medium enterprises such as Kooweerup Regional Health Service play a critical role in the sustainability of regional economies and communities. In applying the Social Procurement Framework, government departments and agencies are encouraged to consider how they can use place-based approaches to address entrenched disadvantage and support regional small and medium enterprises.

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 table below summarises the environmental performance of KRHS for 2022–23 compared to previous years.

**Table 9: Environment impacts and energy usage**

Item	2022–23	2021–22	2020–21
<b>Energy use</b>			
Electricity (MWh)	673.64	635.02	636.95
Liquefied Petroleum Gas (kL)	NA	NA	NA
<b>Carbon emissions (thousand tonnes of CO2e)</b>			
Electricity	0.6	0.6	0.6
Liquefied Petroleum Gas	NA	NA	NA
Total emissions	0.6	0.6	0.6
<b>Water use (millions litres)</b>			
Potable Water	6.9	6.8	6.8
<b>Factors influencing environmental impacts</b>			
Floor area (m <sup>2</sup> )	5,775	5,775	5,775
Separations	98	122	127
In-Patient Bed Days	674	1034	1075
Aged Care Bed Nights	21,279	18,799	21,293

## Social Procurement Framework

SPF Objective	SPF Outcome	
Opportunities for Victorian Aboriginal people	Purchasing from Victorian Aboriginal businesses	In 2022-23 KRHS engaged with Kaptify, a Bunurong business, to deliver a piece of art that expresses country as the interconnected whole ecologies of thriving spirit and story for use in digital medium and specifically for publications associated with our 100-year celebrations.

Kooweerup Regional Health Service is committed to engaging Social Procurement Suppliers and will review the requirements of the Social Procurement Framework in future years to consider the social impacts of purchases through their procurement processes.

# 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  
26 September 2023

## 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  
26 September 2023

## 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  
26 September 2023

## **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  
26 September 2023

## **Compliance with Health Share Victoria (HSV) Purchasing Policies**

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



Noni Bourke  
Chief Executive Officer  
Kooweerup Regional Health Service  
26 September 2023

# 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 Service;
- 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, services provided, 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.

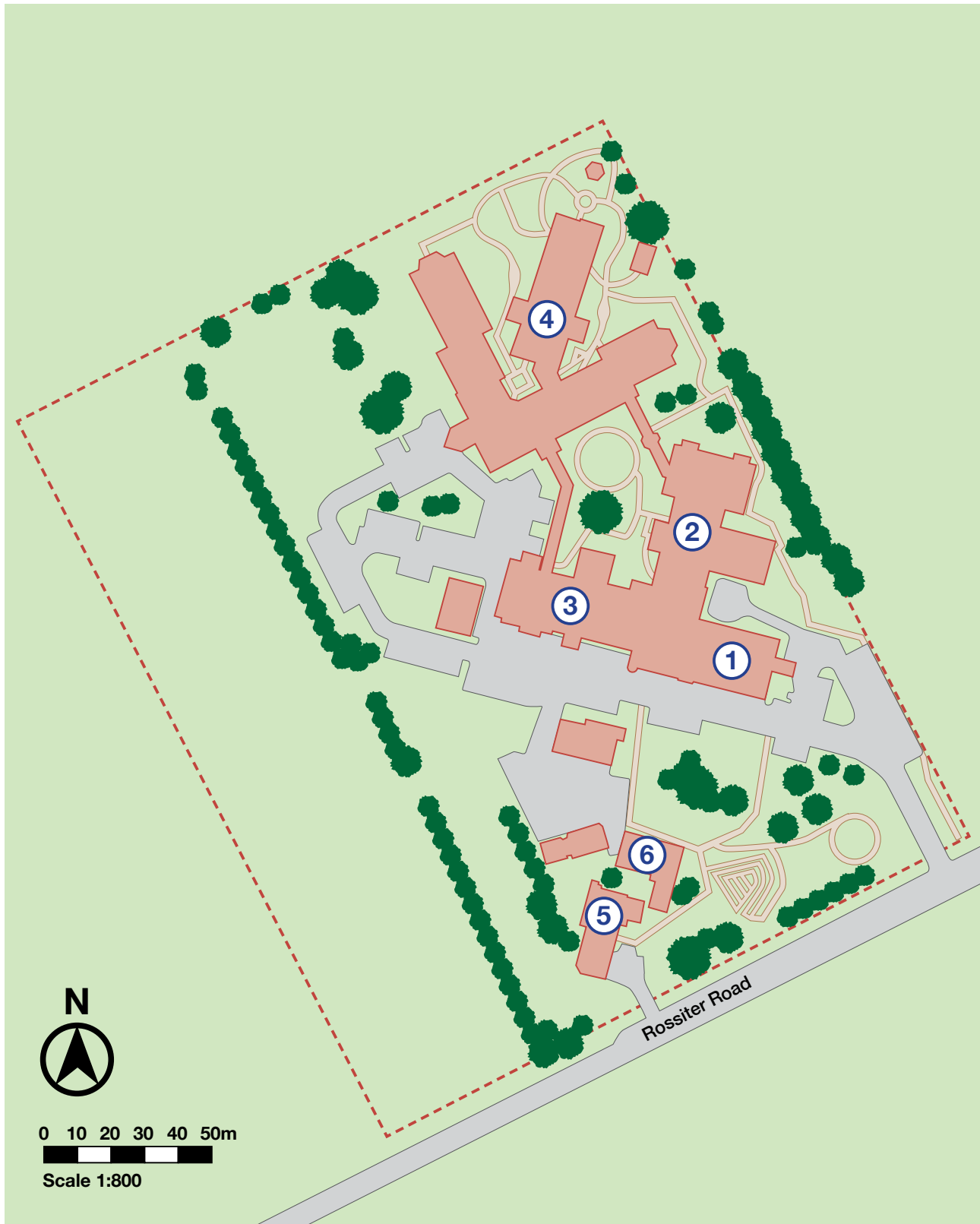
Legislation	Requirement	Page Reference
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	8
FRD 22	Purpose, functions, powers and duties	8
FRD 22	Nature and range of services provided	9
FRD 22	Activities, programs and achievements for the reporting period	5
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<b>Management and structure</b>		
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FRD 22	Workforce data/ employment and conduct principles	17
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<b>Financial information</b>		
FRD 22	Summary of the financial results for the year	22
FRD 22	Significant changes in financial position during the year	23
FRD 22	Operational and budgetary objectives and performance against objectives	23
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FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	26
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	26
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FRD 22	Additional information available on request	31
<b>Other relevant reporting directives</b>		
FRD 24	Environmental data reporting	27
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SD 5.1.4	Financial Management Compliance attestation	29
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Legislation	Requirement	Page Reference
<b>Attestations</b>		
	Attestation on Data Integrity	29
	Attestation on managing Conflicts of Interest	29
	Attestation on Integrity, fraud and corruption	30
	Compliance with HealthShare Victoria (HSV) Purchasing Policies	30
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2022–23	19
	Occupational Violence reporting	18
	<i>Gender Equality Act 2020</i>	27
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	26
	Reporting of compliance regarding Car Parking Fees (if applicable)	N/A

# KRHS Site Map

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



# Financial Statements – Financial Year Ending 30 June 2023

## 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 2023 and the financial position of Kooweerup Regional Health Service at 30 June 2023.

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

We authorise the attached financial statements for issue on 26 September 2023.

### Board Member



Patrick Nolan  
Chair  
Kooweerup  
26 September 2023

### Accountable Officer



Noni Bourke  
Chief Executive Officer  
Kooweerup  
26 September 2023

### Chief Finance and Accounting Officer



Ragulan Karunanantham  
Chief Finance and Accounting Officer  
Kooweerup  
26 September 2023

# Independent Auditor's Report 2022–23



## Independent Auditor's Report

### To the Board of Kooweerup Regional Health Service

<b>Opinion</b>	<p>I have audited the financial report of Kooweerup Regional Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2023</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**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.

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MELBOURNE  
6 October 2023



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 2023

		2023	2022
	Note	\$'000	\$'000
<b>Revenue and income from transactions</b>			
Operating activities	2.1	18,774	17,067
Non-operating activities	2.1	502	54
Share of revenue from joint operations	8.7	1,106	963
<b>Total revenue and income from transactions</b>		<b>20,382</b>	<b>18,084</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(15,195)	(13,669)
Supplies and consumables	3.1	(903)	(929)
Finance costs	3.1	(59)	(44)
Depreciation and amortisation	3.1	(917)	(977)
Other administrative expenses	3.1	(1,318)	(1,353)
Other operating expenses	3.1	(950)	(507)
Other non-operating expenses	3.1	(42)	(13)
Share of expenditure from joint operations	8.7	(894)	(1,039)
<b>Total Expenses from transactions</b>		<b>(20,278)</b>	<b>(18,531)</b>
<b>Net result from transactions - net operating balance</b>		<b>104</b>	<b>(447)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.2	-	28
Other gain/(loss) from other economic flows	3.2	3	208
<b>Total other economic flows included in net result</b>		<b>3</b>	<b>236</b>
<b>Net result for the year</b>		<b>107</b>	<b>(211)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.3	1,193	1,542
<b>Total other comprehensive income</b>		<b>1,193</b>	<b>1,542</b>
<b>Comprehensive result for the year</b>		<b>1,300</b>	<b>1,331</b>

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

**Kooweerup Regional Health Service**  
**Balance Sheet**  
**As at 30 June 2023**

		2023	2022
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	6.2	17,395	16,632
Receivables and contract assets	5.1	589	714
Inventories	4.5	141	112
Prepaid expenses		240	186
<b>Total current assets</b>		<b>18,365</b>	<b>17,644</b>
<b>Non-current assets</b>			
Receivables and contract assets	5.1	653	631
Property, plant and equipment	4.1 (a)	17,228	16,716
Right of use assets	4.2 (a)	72	68
<b>Total non-current assets</b>		<b>17,953</b>	<b>17,415</b>
<b>Total assets</b>		<b>36,318</b>	<b>35,059</b>
<b>Current liabilities</b>			
Payables and contract liabilities	5.2	734	1,834
Borrowings	6.1	61	107
Employee benefits	3.3	3,385	2,963
Other liabilities	5.3	10,093	9,498
<b>Total current liabilities</b>		<b>14,273</b>	<b>14,402</b>
<b>Non-current liabilities</b>			
Borrowings	6.1	35	47
Employee benefits	3.3	484	384
<b>Total non-current liabilities</b>		<b>519</b>	<b>431</b>
<b>Total liabilities</b>		<b>14,792</b>	<b>14,833</b>
<b>Net assets</b>		<b>21,526</b>	<b>20,226</b>
<b>Equity</b>			
Property, plant and equipment revaluation surplus	4.3	12,982	11,789
Contributed capital	SCE	4,715	4,715
Accumulated surplus/(deficit)	SCE	3,829	3,722
<b>Total equity</b>		<b>21,526</b>	<b>20,226</b>

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 2023**

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus	Total
	\$'000	\$'000	\$'000	\$'000
<b>Total</b>	<b>10,247</b>	<b>4,715</b>	<b>3,933</b>	<b>18,895</b>
<b>Balance at 30 June 2021</b>	-	-	(211)	(211)
Net result for the year	1,542	-	-	1,542
Other comprehensive income for the year				
<b>Balance at 30 June 2022</b>	<b>11,789</b>	<b>4,715</b>	<b>3,722</b>	<b>20,226</b>
Net result for the year	-	-	107	107
Other comprehensive income for the year	1,193	-	-	1,193
<b>Balance at 30 June 2023</b>	<b>12,982</b>	<b>4,715</b>	<b>3,829</b>	<b>21,526</b>

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 2023**

		2023	2022
	Note	\$'000	\$'000
<b>Cash Flows from operating activities</b>			
Operating grants from government - State		8,363	6,561
Operating grants from government - Commonwealth		5,587	4,125
Capital grants from government - State		184	79
Capital grants from government - Commonwealth		407	402
Patient fees received		2,817	2,861
GST received from ATO		(16)	(25)
Interest and investment income received		502	54
Commercial Income Received		46	39
Other receipts		2,410	694
<b>Total receipts</b>		<b>20,300</b>	<b>14,790</b>
Employee expenses paid		(14,659)	(13,154)
Payments for supplies and consumables		(1,870)	(640)
Payments for medical indemnity insurance		(18)	(17)
Payments for repairs and maintenance		(737)	(300)
Finance Costs		(59)	(44)
Other payments		(2,501)	(543)
<b>Total payments</b>		<b>(19,844)</b>	<b>(14,698)</b>
<b>Net cash flows from operating activities</b>	8.1	<b>456</b>	<b>92</b>
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment		(240)	(97)
Capital donations and bequests received		10	4
Proceeds from disposal of property, plant and equipment		-	28
<b>Net cash flows (used in)/from investing activities</b>		<b>(230)</b>	<b>(65)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(58)	(201)
Receipt of accommodation deposits		1,550	2,424
Repayment of accommodation deposits		(955)	(2,500)
<b>Net cash flows (used in)/from financing activities</b>		<b>537</b>	<b>(277)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>763</b>	<b>(250)</b>
Cash and cash equivalents at beginning of year		16,632	16,882
<b>Cash and cash equivalents at end of year</b>	6.2	<b>17,395</b>	<b>16,632</b>

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 2023**

## Note 1: Basis of preparation

### Structure

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

## 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 2023. 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.

Kooweerup Regional Health Service  
Notes to the Financial Statements  
For the Financial Year Ended 30 June 2023

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 26th September 2023.

***Note 1.2 Impact of COVID-19 pandemic***

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

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 Health, this includes:

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

**Note 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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.1b: Contract assets
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 5.4: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

Kooweerup Regional Health Service  
Notes to the Financial Statements  
For the Financial Year Ended 30 June 2023

**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: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

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

**Note 1.7 Goods and Services Tax (GST)**

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

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

**Note 1.7 Goods and Services Tax (GST) (continued)**

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.

Kooweerup Regional Health Service's 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

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



## Key judgements and estimates

This section contains the following key judgements and estimates:

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

## Note 2.1 Revenue and income from transactions

	2023	2022
Note	\$'000	\$'000
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	-	5
Government grants (Commonwealth) - Operating	5,587	4,125
Patient and resident fees	2,756	2,721
Commercial activities <sup>1</sup>	46	39
<b>Total revenue from contracts with customers</b>	<b>8,389</b>	<b>6,890</b>
<b>Other sources of income</b>		
Government grants (State) - Operating	8,121	8,024
Government grants (State) - Capital	184	79
Government grants (Commonwealth) - Capital	407	402
Assets received free of charge or for nominal consideration	206	285
Other revenue from operating activities (including non-capital donations)	2,573	2,350
<b>Total other sources of income</b>	<b>11,491</b>	<b>11,140</b>
<b>Total revenue and income from operating activities</b>	<b>19,880</b>	<b>18,030</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Other interest	502	54
<b>Total other sources of income</b>	<b>502</b>	<b>54</b>
<b>Total income from non-operating activities</b>	<b>502</b>	<b>54</b>
<b>Total revenue and income from transactions</b>	<b>20,382</b>	<b>18,084</b>

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

	2023 \$'000	2022 \$'000
Kooweerup Regional Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	8,343	6,851
Over time	46	39
<b>Total revenue from contracts with customers</b>	<b>8,389</b>	<b>6,890</b>

Note 2.1

### 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 a point in time or over time as and 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.

## Note 2.1 Revenue and income from transactions (continued)

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	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.

### 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.

## How we recognise revenue and income from non-operating activities

### Interest Income

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

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

	2023 \$'000	2022 \$'000
Cash donations and gifts	10	4
Personal protective equipment	196	281
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>206</b>	<b>285</b>

Note 2.1

### 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 of resources

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

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of 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 (2022: \$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 services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Kooweerup Regional Health Service applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>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.</p> <p>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.</p>
Measuring employee benefit liabilities	<p>Kooweerup Regional Health Service applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul> <p>All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

Note	2023 \$'000	2022 \$'000
Salaries and wages	13,194	12,032
On-costs	1,271	1,079
Agency expenses	450	300
Fee for service medical officer expenses	20	34
Workcover premium	260	224
<b>Total employee expenses</b>	<b>15,195</b>	<b>13,669</b>
Drug supplies	25	37
Medical and surgical supplies (including Prostheses)	297	356
Other supplies and consumables	581	536
<b>Total supplies and consumables</b>	<b>903</b>	<b>929</b>
Finance costs	59	44
<b>Total finance costs</b>	<b>59</b>	<b>44</b>
Other administrative expenses	2,212	2,392
<b>Total other administrative expenses</b>	<b>2,212</b>	<b>2,392</b>
Fuel, light, power and water	195	190
Repairs and maintenance	700	267
Maintenance contracts	37	33
Medical indemnity insurance	18	17
<b>Total other operating expenses</b>	<b>950</b>	<b>507</b>
<b>Total operating expense</b>	<b>19,319</b>	<b>17,541</b>
Depreciation and amortisation	917	977
<b>Total depreciation and amortisation</b>	<b>917</b>	<b>977</b>
Bad and doubtful debt expense	42	13
<b>Total other non-operating expenses</b>	<b>42</b>	<b>13</b>
<b>Total non-operating expense</b>	<b>959</b>	<b>990</b>
<b>Total expenses from transactions</b>	<b>20,278</b>	<b>18,531</b>



## 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

Net gain/(loss) on disposal of property plant and equipment

**Total net gain/(loss) on non financial assets**

Net gain/(loss) arising from revaluation of long service liability

**Total other gains/(losses) from other economic flows**

**Total gains/(losses) from other economic flows**

<b>2023</b>	<b>2022</b>
<b>\$'000</b>	<b>\$'000</b>
-	28
-	<b>28</b>
3	208
<b>3</b>	<b>208</b>
<b>3</b>	<b>236</b>

#### 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

	2023 \$'000	2022 \$'000
<b>Current employee benefits and related on-costs</b>		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	25	14
	<b>25</b>	<b>14</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	1,159	920
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	185	155
	<b>1,344</b>	<b>1,075</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	171	119
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	1,438	1,461
	<b>1,609</b>	<b>1,580</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	176	132
Unconditional and expected to be settled after 12 months <sup>ii</sup>	231	162
	<b>407</b>	<b>294</b>
<b>Total current employee benefits and related on-costs</b>	<b>3,385</b>	<b>2,963</b>
<b>Non-current provisions and related on-costs</b>		
Conditional long service leave	423	348
Provisions related to employee benefit on-costs	61	36
<b>Total non-current employee benefits and related on-costs</b>	<b>484</b>	<b>384</b>
<b>Total employee benefits and related on-costs</b>	<b>3,869</b>	<b>3,347</b>

<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

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

	2023 \$'000	2022 \$'000
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	25	14
Unconditional annual leave entitlements	1,521	1,211
Unconditional long service leave entitlements	1,839	1,738
<b>Total current employee benefits and related on-costs</b>	<b>3,385</b>	<b>2,963</b>
Conditional long service leave entitlements	484	384
<b>Total non-current employee benefits and related on-costs</b>	<b>484</b>	<b>384</b>
<b>Total employee benefits and related on-costs</b>	<b>3,869</b>	<b>3,347</b>
<b>Carrying amount at start of year</b>	<b>3,347</b>	<b>3,094</b>
Additional provisions recognised	1,781	1,295
Amounts incurred during the year	(1,259)	(1,042)
<b>Carrying amount at end of year</b>	<b>3,869</b>	<b>3,347</b>

#### 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Defined benefit plans:<sup>i</sup></b>				
First State Super	2	5	-	-
<b>Defined contribution plans:</b>				
First State Super	701	640	-	-
Hesta	361	168	-	-
Other	207	266	-	-
<b>Total</b>	<b>1,271</b>	<b>1,079</b>	<b>-</b>	<b>-</b>

<sup>i</sup> 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

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

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by 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	<p>Kooweerup Regional Health Service obtains independent valuations for its non-current assets at least once every five years.</p> <p>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.</p> <p>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.</p>
Estimating useful life and residual value of property, plant and equipment	<p>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.</p> <p>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.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Kooweerup Regional Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, 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.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ 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</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>



**Note 4.1 (a) Gross carrying amount and accumulated depreciation**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Land at fair value - Crown	2,429	2,429
Land at fair value - Freehold	3,496	3,496
<b>Total land at fair value</b>	<b>5,925</b>	<b>5,925</b>
Buildings at fair value	10,219	11,417
Less accumulated depreciation	-	(1,806)
<b>Total buildings at fair value</b>	<b>10,219</b>	<b>9,611</b>
<b>Total land and buildings</b>	<b>16,144</b>	<b>15,536</b>
Plant and equipment at fair value	3,020	2,924
Less accumulated depreciation	(2,309)	(2,183)
<b>Total plant and equipment at fair value</b>	<b>711</b>	<b>741</b>
Motor vehicles at fair value	200	200
Less accumulated depreciation	(198)	(195)
<b>Total motor vehicles at fair value</b>	<b>2</b>	<b>5</b>
Medical equipment at fair value	352	326
Less accumulated depreciation	(303)	(294)
<b>Total medical equipment at fair value</b>	<b>49</b>	<b>32</b>
Computer and communication equipment at fair value	959	953
Less accumulated depreciation	(802)	(757)
<b>Total computer equipment at fair value</b>	<b>157</b>	<b>196</b>
Furniture and fittings at fair value	1,864	1,874
Less accumulated depreciation	(1,699)	(1,668)
<b>Total furniture and fittings at fair value</b>	<b>165</b>	<b>206</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>1,084</b>	<b>1,180</b>
<b>Total property, plant and equipment</b>	<b>17,228</b>	<b>16,716</b>

**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
<b>Balance at 1 July 2021</b>		<b>4,383</b>	<b>10,214</b>	<b>834</b>	<b>18</b>	<b>40</b>	<b>177</b>	<b>237</b>	<b>15,903</b>		
Additions		-	-	46	-	2	84	65	197		
Disposals		-	-	-	-	-	-	-	-		
Revaluation increments		1,542	-	-	-	-	-	-	1,542		
Depreciation	4.4	-	(603)	(139)	(13)	(10)	(65)	(96)	(926)		
<b>Balance at 30 June 2022</b>	<b>4.1 (a)</b>	<b>5,925</b>	<b>9,611</b>	<b>741</b>	<b>5</b>	<b>32</b>	<b>196</b>	<b>206</b>	<b>16,716</b>		
Additions		-	87	96	-	26	6	-	215		
Disposals		-	-	-	-	-	-	(10)	(10)		
Revaluation increments	4.3	-	1,193	-	-	-	-	-	1,193		
Depreciation	4.4	-	(672)	(126)	(3)	(9)	(45)	(31)	(886)		
<b>Balance at 30 June 2023</b>	<b>4.1 (a)</b>	<b>5,925</b>	<b>10,219</b>	<b>711</b>	<b>2</b>	<b>49</b>	<b>157</b>	<b>165</b>	<b>17,228</b>		

#### **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. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- increase in fair value of freehold land of 0% (\$0)
- increase in fair value of buildings of 13% (\$1,193,000).

As the cumulative movement was greater than 10% buildings since the last revaluation a managerial revaluation adjustment was required as at 30 June 2023.

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

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

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

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

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

**Note 4.2 Right-of-use assets**

**Note 4.2(a) Gross carrying amount and accumulated depreciation**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Right of use equipment and vehicles at fair value	169	134
Less accumulated depreciation	(97)	(66)
<b>Total right of use equipment and vehicles at fair value</b>	<b>72</b>	<b>68</b>
<b>Total right of use assets</b>	<b>72</b>	<b>68</b>

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

	Note	Right-of-use - PE, FF&V \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		<b>91</b>	<b>91</b>
Additions		28	28
Depreciation	4.4	(51)	(51)
<b>Balance at 30 June 2022</b>	<b>4.2(a)</b>	<b>68</b>	<b>68</b>
Additions		35	35
Depreciation	4.4	(31)	(31)
<b>Balance at 30 June 2023</b>	<b>4.2(a)</b>	<b>72</b>	<b>72</b>

### 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

	2023	2022
Note	\$'000	\$'000
Balance at the beginning of the reporting period	11,789	10,247
<b>Revaluation increment</b>		
- Land	4.1 (b) -	1,542
- Buildings	4.1 (b) 1,193	-
<b>Balance at the end of the Reporting Period*</b>	<b>12,982</b>	<b>11,789</b>
<b>* Represented by:</b>		
- Land	5,595	5,595
- Buildings	7,387	6,194
	<b>12,982</b>	<b>11,789</b>

## Note 4.4 Depreciation and amortisation

### Depreciation

Buildings
Plant and equipment
Motor vehicles
Medical equipment
Computer equipment
Furniture and fittings
<b>Total depreciation - property, plant and equipment</b>

2023 \$'000	2022 \$'000
672	603
126	139
3	13
9	10
45	65
31	96
<b>886</b>	<b>926</b>
31	51
<b>31</b>	<b>51</b>
<b>917</b>	<b>977</b>

### Right-of-use assets

Right of use - plant, equipment, furniture, fittings and motor vehicles

### Total depreciation - right-of-use assets

### Total depreciation and amortisation

### 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.

### Buildings

- Structure shell building fabric
- Site engineering services and central plant

### Central Plant

- Fit out
- Trunk reticulated building system

### Plant and equipment

- Medical equipment
- Computers and communication
- Furniture and fitting
- Motor vehicles
- Leased Equipment

2023	2022
20 Years	20 Years
7 to 19 years	7 to 19 years
7 to 30 years	7 to 30 years
11 to 40 years	11 to 40 years
10 to 20 years	10 to 20 years
10 years	10 years
3 to 10 years	3 to 10 years
10 years	10 years
5 to 10 years	5 to 10 years
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

	2023 \$'000	2022 \$'000
Medical and surgical consumables at cost	16	16
Pharmacy supplies at cost	4	4
General stores at cost	121	92
<b>Total inventories</b>	<b>141</b>	<b>112</b>

##### 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 2023.

## 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

	2023	2022
Notes	\$'000	\$'000
<b>Current receivables and contract assets</b>		
<b>Contractual</b>		
Inter hospital debtors	47	53
Trade receivables	120	170
Patient fees	81	142
Allowance for impairment losses - Patient Fees	5.1 (a) (48)	(17)
Accrued revenue	222	3
Accrued revenue - Department of Health (Commonwealth)	115	36
Accrued revenue - Department of Health	-	291
<b>Total contractual receivables</b>	<b>537</b>	<b>678</b>
<b>Statutory</b>		
GST receivable	52	36
<b>Total statutory receivables</b>	<b>52</b>	<b>36</b>
<b>Total current receivables and contract assets</b>	<b>589</b>	<b>714</b>
<b>Non-current receivables and contract assets</b>		
<b>Contractual</b>		
Long service leave - Department of Health	653	631
<b>Total contractual receivables</b>	<b>653</b>	<b>631</b>
<b>Total non-current receivables and contract assets</b>	<b>653</b>	<b>631</b>
<b>Total receivables and contract assets</b>	<b>1,242</b>	<b>1,345</b>
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	1,242	1,345
Provision for impairment	48	17
GST receivable	(52)	(36)
<b>Total financial assets</b>	<b>7.1(a) 1,238</b>	<b>1,326</b>

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

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	17	17
Increase in allowance	73	13
Amounts written off during the year	(42)	(13)
<b>Balance at the end of the year</b>	<b>48</b>	<b>17</b>

5.1

#### 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

		2023	2022
	Note	\$'000	\$'000
<b>Current payables and contract liabilities</b>			
<b>Contractual</b>			
Trade creditors		92	164
Accrued salaries and wages		177	130
Accrued expenses		233	151
Contract liabilities	5.2(b)	232	180
Amounts payable to governments and agencies		-	1,173
<b>Total contractual payables</b>		<b>734</b>	<b>1,798</b>
<b>Statutory</b>			
Australian Taxation Office		-	36
<b>Total statutory payables</b>		<b>-</b>	<b>36</b>
<b>Total current payables and contract liabilities</b>		<b>734</b>	<b>1,834</b>
<b>Total payables and contract liabilities</b>		<b>734</b>	<b>1,834</b>
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>			
Total payables and contract liabilities		734	1,834
Contract liabilities		(232)	(180)
Australian Taxation Office		-	(36)
<b>Total financial liabilities</b>	7.1(a)	<b>502</b>	<b>1,618</b>

### 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

	2023 \$'000	2022 \$'000
<b>Opening balance of contract liabilities</b>	180	47
Grant consideration for sufficiently specific performance obligations received during the year	8,441	7,023
Revenue recognised for the completion of a performance obligation	(8,389)	(6,890)
<b>Total contract liabilities</b>	<b>232</b>	<b>180</b>
<b>* Represented by:</b>		
- Current contract liabilities	232	180
	<b>232</b>	<b>180</b>

### 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 maturity analysis of payables.

### Note 5.3 Other liabilities

	2023	2022
Notes	\$'000	\$'000
<b>Current monies held in trust</b>		
Patient monies	1	1
Refundable accommodation deposits	10,092	9,497
<b>Total current monies held in trust</b>	<b>10,093</b>	<b>9,498</b>
<b>Total other liabilities</b>	<b>10,093</b>	<b>9,498</b>
<b>* Represented by:</b>		
- Cash assets	6.2 10,093	9,498
	<b>10,093</b>	<b>9,498</b>

#### 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***

### Telling the COVID-19 story

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

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Kooweerup Regional Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> <li>▪ has the right-to-use an identified asset</li> <li>▪ has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>▪ can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>Kooweerup Regional Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>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. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.27% and 2.28%.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Kooweerup Regional Health Service is reasonably certain to exercise such options.</p> <p>Kooweerup Regional Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>▪ 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.</li> <li>▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

		2023	2022
	Note	\$'000	\$'000
<b>Current borrowings</b>			
Bank overdraft		3	7
Lease liability <sup>(i)</sup>	6.1 (a)	58	50
Advances from government (ii)		-	50
<b>Total current borrowings</b>		<b>61</b>	<b>107</b>
<b>Non-current borrowings</b>			
Lease liability <sup>(i)</sup>	6.1 (a)	35	47
<b>Total non-current borrowings</b>		<b>35</b>	<b>47</b>
<b>Total borrowings</b>		<b>96</b>	<b>154</b>

<sup>i</sup> Secured by the assets leased.

<sup>ii</sup> These are secured loans which bear no interest.

### How we recognise borrowings

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

	2023 \$'000	2022 \$'000
Total undiscounted lease liabilities	94	102
Less unexpired finance expenses	(1)	(5)
<b>Net lease liabilities</b>	<b>93</b>	<b>97</b>

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

	2023 \$'000	2022 \$'000
Not longer than one year	58	50
Longer than one year but not longer than five years	36	52
Longer than five years	-	-
<b>Minimum future lease liability</b>	<b>94</b>	<b>102</b>
Less unexpired finance expenses	(1)	(5)
<b>Present value of lease liability</b>	<b>93</b>	<b>97</b>
<b>* Represented by:</b>		
- Current liabilities	58	50
- Non-current liabilities	35	47
	<b>93</b>	<b>97</b>

### 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 equipment 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 the 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

	2023	2022
Note	\$'000	\$'000
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	752	610
Cash at bank - CBS (excluding monies held in trust)	6,549	6,523
<b>Total cash held for operations</b>	<b>7,302</b>	<b>7,134</b>
Cash at bank - CBS (monies held in trust)	10,093	9,498
<b>Total cash held as monies in trust</b>	<b>10,093</b>	<b>9,498</b>
<b>Total cash and cash equivalents</b>	<b>17,395</b>	<b>16,632</b>

7.1 (a)

### 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 2023 (2022 \$Nil)

## 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	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, 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.</p>



## Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Kooweerup Regional Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul> <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

### 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

	Financial Assets at			Total
	Note	Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	
<b>Total</b>				
<b>30 June 2023</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	17,395	-	17,395
Receivables and contract assets	5.1	1,238	-	1,238
<b>Total Financial Assets<sup>i</sup></b>		<b>18,633</b>	<b>-</b>	<b>18,633</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	502	502
Borrowings	6.1	-	96	96
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	10,092	10,092
Other Financial Liabilities - Other monies held in trust	5.3	-	1	1
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>10,691</b>	<b>10,691</b>

## Note 7.1 (a) Categorisation of financial instruments

	Note	Financial Assets at			Total
		Amortised Cost	at Amortised Cost	\$'000	
<b>Total</b>		<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>
<b>30 June 2022</b>					
<b>Contractual Financial Assets</b>					
Cash and cash equivalents	6.2	16,632	-		16,632
Receivables and contract assets	5.1	1,326	-		1,326
<b>Total Financial Assets<sup>i</sup></b>		<b>17,958</b>	<b>-</b>		<b>17,958</b>
<b>Financial Liabilities</b>					
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
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>11,270</b>		<b>11,270</b>

<sup>i</sup> 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 2022-23.

**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 2023		Current	Less than 1 month	1–3 months	3 months–1 year	1–5 years	Total
<b>Expected loss rate</b>		5.0%	5.0%	10.0%	45.0%	70.0%	
Gross carrying amount of contractual receivables		419	1	9	10	31	470
<b>Loss allowance</b>		(21)	(0)	(1)	(5)	(22)	(48)
30 June 2022							
<b>Expected loss rate</b>		3.0%	5.0%	5.0%	10.0%	20.0%	
Gross carrying amount of contractual receivables		317	1	9	10	31	368
<b>Loss allowance</b>		(10)	(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	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023												
Payables	502	502	502	-	-	-	-	-	-	-	-	-
Borrowings	96	-	4	13	34	90	-	-	-	-	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	10,092	10,092	-	-	10,092	-	-	-	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	1	1	-	1	-	-	-	-	-	-	-	-
Total Financial Liabilities	10,691	10,595	506	14	10,126	90	-	-	-	-	-	-
		Maturity Dates										
Total	Carrying Amount	Nominal Amount	Less than 1 Month		1-3 Months		3 months - 1 Year		1-5 Years		Over 5 years	
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022												
Financial Liabilities at amortised cost												
Payables	1,618	1,618	1,618	-	-	-	-	-	-	-	-	-
Borrowings	154	-	7	21	55	144	-	-	-	-	-	-
Other Financial Liabilities - Refundable Accommodation Deposits	9,497	9,497	-	-	9,497	-	-	-	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	1	1	-	1	-	-	-	-	-	-	-	-
Total Financial Liabilities	11,270	11,116	1,625	22	9,552	144	-	-	-	-	-	-


<sup>i</sup> 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 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Specialised land	5,925	-	-	5,925
<b>Total land at fair value</b>	<b>5,925</b>	<b>-</b>	<b>-</b>	<b>5,925</b>
Specialised buildings	10,219	-	-	10,219
<b>Total buildings at fair value</b>	<b>10,219</b>	<b>-</b>	<b>-</b>	<b>10,219</b>
	-			
Plant and equipment at fair value	711	-	-	711
Motor vehicles at fair value	2	-	-	2
Medical equipment at Fair Value	49	-	-	49
Computer equipment at fair value	157	-	-	157
Furniture and fittings at fair value	165	-	-	165
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>1,084</b>	<b>-</b>	<b>-</b>	<b>1,084</b>
Right of use assets at fair value	72	-	-	72
<b>Total right-of-use assets at fair value</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>72</b>
<b>Total non-financial physical assets at fair value</b>	<b>17,300</b>	<b>-</b>	<b>-</b>	<b>17,300</b>
Note	Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Specialised land	5,925	-	-	5,925
<b>Total land at fair value</b>	<b>5,925</b>	<b>-</b>	<b>-</b>	<b>5,925</b>
Specialised buildings	9,611	-	-	9,611
<b>Total buildings at fair value</b>	<b>9,611</b>	<b>-</b>	<b>-</b>	<b>9,611</b>
Plant, equipment and vehicles at fair value	741	-	-	741
Motor vehicles at fair value	5	-	-	5
Medical equipment at Fair Value	32	-	-	32
Computer equipment at fair value	196	-	-	196
Furniture and fittings at fair value	206	-	-	206
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>1,180</b>	<b>-</b>	<b>-</b>	<b>1,180</b>
Right of use assets at fair value	68	-	-	68
<b>Total right-of-use assets at fair value</b>	<b>68</b>	<b>-</b>	<b>-</b>	<b>68</b>
<b>Total non-financial physical assets at fair value</b>	<b>16,784</b>	<b>-</b>	<b>-</b>	<b>16,784</b>

<sup>i</sup> 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 2023.

### **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 2023.



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

Note	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture & fittings \$'000
<b>Total</b>							
<b>Balance at 1 July 2021</b>	4,383	10,214	834	18	40	177	237
Additions/(Disposals)	-	-	46	-	2	84	65
- Depreciation and amortisation	-	(603)	(139)	(13)	(10)	(65)	(96)
- Revaluation	1,542	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>5,925</b>	<b>9,611</b>	<b>741</b>	<b>5</b>	<b>32</b>	<b>196</b>	<b>206</b>
Additions/(Disposals)	-	87	96	-	26	6	(10)
- Depreciation and Amortisation	-	(672)	(126)	(3)	(9)	(45)	(31)
Items recognised in other comprehensive income	-	1,193	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
<b>Balance at 30 June 2023</b>	<b>5,925</b>	<b>10,219</b>	<b>711</b>	<b>2</b>	<b>49</b>	<b>157</b>	<b>165</b>

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 <sup>(i)</sup>
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**

		2023	2022
	Note	\$'000	\$'000
<b>Net result for the year</b>		107	(211)
<b>Non-cash movements:</b>			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	-	(28)
Depreciation and amortisation of non-current assets	4.4	917	977
Cash inflow from financing activities		(10)	(4)
Bad and doubtful debt expense	3.1	31	-
<b>Movements in Assets and Liabilities:</b>			
(Increase) in receivables and contract assets		72	(323)
(Increase) in inventories		(29)	(62)
Decrease/(Increase) in prepaid expenses		(54)	97
Increase in payables and contract liabilities		(1,100)	230
Increase in employee benefits		522	253
(Decrease)/Increase in other liabilities		-	(837)
<b>Net cash inflow from operating activities</b>		<b>456</b>	<b>92</b>

Kooweerup Regional Health Service  
Notes to the Financial Statements  
for the financial year ended 30 June 2023

## Note 8.2 Responsible persons

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

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

	Period
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
<b>Governing Boards</b>	
Mr Patrick Nolan (Board Chair from Dec 2022)	1 Jul 2022 - 30 Jun 2023
Ms Marie Ritchie (Board Chair to Dec 2022)	1 Jul 2022 - 30 Jun 2023
Mrs Beverley Walsh	1 Jul 2022 - 30 Jun 2023
Mrs Tania Hansen	1 Jul 2022 - 30 Jun 2023
Mr Kushal Shah	1 Jul 2022 - 30 Jun 2023
Dr Laurie Warfe	1 Jul 2022 - 30 Jun 2023
Ms Rachael McGann	1 Jul 2022 - 30 Jun 2023
Mr Brent Kimpton	1 Jul 2022 - 30 Jun 2023
Ms Trudy Ararat	1 Jul 2022 - 30 Jun 2023
Ms Sally Martin	1 Jul 2022 - 30 Jun 2023
<b>Accountable Officers</b>	
Ms Noni Bourke (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

## Note 8.2 Responsible persons (continued)

### Remuneration of Responsible Persons

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

Income Band	2023 No	2022 No
\$0,000 - \$9,999	10	11
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	1	-
<b>Total Numbers</b>	<b>11</b>	<b>12</b>
	2023 \$'000	2022 \$'000
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>\$228</b>	<b>\$213</b>

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

(including Key Management Personnel disclosed in Note 8.4)

Short-term benefits

Post-employment benefits

Other long-term benefits

**Total remuneration<sup>i</sup>**

Total number of executives

Total annualised employee equivalent<sup>ii</sup>

Total Remuneration	
2023	2022
\$'000	\$'000
429	537
4	5
14	21
<b>447</b>	<b>563</b>
3	5
3.0	3.0

<sup>i</sup> 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.

<sup>ii</sup> 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.

## 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 Brent Kimpton	Board Member
Ms Trudy Ararat	Board Member
Ms Sally Martin	Board Member
Ms Noni Bourke	Chief Executive Officer
Mr Steven Doyle	Director of Nursing
Ms Aileen Thomas	Director Primary Health and Innovation
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.

	2023 \$'000	2022 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	649	752
Post-employment Benefits	6	5
Other Long-term Benefits	20	19
<b>Total<sup>ii</sup></b>	<b>675</b>	<b>776</b>

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

<sup>ii</sup> 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 \$8.3m (2022: \$7.4m) and indirect contributions of \$0.11m (2022: \$0.38m). Balances recallable as at 30 June 2023 are \$0.00m (2022 \$0.00m).

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 2023 (2022: 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 2023 (2022: none).



#### Note 8.5: Remuneration of Auditors

**Victorian Auditor-General's Office**  
Audit of the financial statements  
**Total remuneration of auditors**

<b>2023</b>	<b>2022</b>
<b>\$'000</b>	<b>\$'000</b>
30	38
<b>30</b>	<b>38</b>

#### Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

## Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023	2022
		%	%
Gippsland Health Alliance	Provision of Information Technology Services	4.26	4.49

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:

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	417	141
Receivables	56	111
Prepaid expenses	147	121
<b>Total current assets</b>	<b>620</b>	<b>373</b>
<b>Non-current assets</b>		
Property, plant and equipment	32	49
<b>Total non-current assets</b>	<b>32</b>	<b>49</b>
<b>Total assets</b>	<b>652</b>	<b>422</b>
<b>Current liabilities</b>		
Payables	89	50
Borrowings	9	10
Other Current Liabilities	5	-
<b>Total current liabilities</b>	<b>103</b>	<b>60</b>
<b>Non-current liabilities</b>		
Borrowings	13	20
<b>Total non-current liabilities</b>	<b>13</b>	<b>20</b>
<b>Total liabilities</b>	<b>116</b>	<b>80</b>
<b>Net assets</b>	<b>536</b>	<b>342</b>
<b>Equity</b>		
Accumulated surplus	536	342
<b>Total equity</b>	<b>536</b>	<b>342</b>

## Note 8.7 Joint arrangements

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

	2023 \$'000	2022 \$'000
<b>Revenue</b>		
Revenue from Operating Activities	1,106	963
<b>Total revenue</b>	<b>1,106</b>	<b>963</b>
<b>Expenses</b>		
Other Expenses from Continuing Operations	876	1,020
Depreciation	18	19
<b>Total expenses</b>	<b>894</b>	<b>1,039</b>
<b>Net result</b>	<b>212</b>	<b>(76)</b>

### 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 believes the Department of Health will continue to support Kooweerup Regional Health Service.



