

HEYWOOD
Rural Health



2022/2023
Annual Report

Acknowledgement

Heywood Rural Health respectfully acknowledges the traditional owners of the land, the Gunditjmara People. We pay our respects to Elders past, present and emerging leaders.



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Heywood Rural Health comprises of acute services, residential aged care, primary and community health, including a GP Medical clinic and pathology services.

The Health Service is incorporated under the *Health Services Act 1988* and operates under the provisions of the Act.

Annual Report 2022/2023

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Introduction

It is with great pleasure, on behalf of Heywood Rural Health Board Directors, employees, volunteers and consumers we present the 2022-2023 Annual Report of Heywood Rural Health prepared in accordance with the *Financial Management Act 1994*.

Our Vision

Heywood Rural Health is committed to the health and wellbeing of our community.

Our Purpose

To achieve better health outcomes, improved client experiences, greater equity and sustainability across the lifespan.

Our Principles of Care

Our commitment to a healthy Heywood means we will deliver a high quality and safe experience for every person, every time.

Our Values

Respect

- ▶ We make mutual respect the basis of all interactions.
- ▶ We respect diversity and respect the dignity of each person.
- ▶ We embrace the differences in people and perspectives.

Responsiveness

- ▶ We take actions and opportunities to create results.
- ▶ We provide services that are person centred and focused on outcomes.
- ▶ We keep our commitments and promises.

Care

- ▶ We care about the people and the community in within which we work and live.
- ▶ We care about our colleagues and ourselves.
- ▶ We support people to develop and build on their strengths.

Integrity

- ▶ We uphold our professional ethics at all times.
- ▶ We are honest and fulfil our commitments.
- ▶ We are accountable for our actions.



Board Chair and Chief

Executive Officer's Report

From the Board Chair

As Chair of Heywood Rural Health this financial year, I proudly acknowledge that Heywood Rural Health is located on the Gunditjmara Lands of the Eastern Maar Nation and in doing so, I acknowledge Elders past, present and emerging Gunditjmara leaders within our community, which we value sincerely.

Joining Heywood Rural Health in 2019, I am privileged to serve on the Board and for the past year as Chairperson with Directors who are skilled and dedicated to ensuring ongoing improvement to ensure the highest quality and safe care for residents, patients, clients, their families and carers. We are a small rural Health Service providing acute care, residential aged care, home care and a range of community and primary services.

Heywood Rural Health has achieved significant milestones during this year, including achieving accreditation in aged care, acute and the Australian General Practice Accreditation (medical clinic)

The CEO report provides specific detail of milestones met by the organisation, achieved by the collective and professional efforts by the dedicated staff, volunteers and leadership of Heywood Rural Health. This year, the People Matter Survey demonstrated our staff are committed to their roles, continued professional development and are engaged with creating a healthy workplace.

Heywood Rural Health has continued to deliver on objectives within the Heywood Rural Health Strategic Plan - Supporting the Community 2022 – 2026, available at: <https://heywoodruralhealth.vic.gov.au/download/hrh-2022-2026-strategic-plan>

Our key strategic priorities are:

1. Improved health outcomes for the community;
2. Engaged, skilled and valued workforce;
3. Integrated services and value; and
4. Effectiveness and efficiency underpinned by our values of *Respect, Responsiveness, Care and Integrity*.

The Board of Directors, as the governing body ensure compliance with legislative, regulatory and relevant national standards, participation in board meetings and board committees, and collaboration with key stakeholders, partner agencies and funding bodies, including the Victorian Department of Health and the Aged Care Quality & Safety Commission.

Finally, thank you to current and past Board Directors, outgoing Deputy Chair, Lauren Easson, Chairs and Deputy Chairs of the various Board Committees, CEO Leigh Parker, the Senior Executive Team and Executive Assistants, along with our deep gratitude to the valued and very hard-working staff and volunteers at Heywood Rural Health.

The staff and consumers of Heywood Rural Health are our priority, along with ensuring all of our services are provided in a culturally secure and safe environment. We understand the importance of consumer involvement in all aspects of planning and service delivery. We encourage ongoing feedback to help us improve and be responsive to the needs of our community.



Karyn Cook
Chair
Board of Directors

30 June 2023



Photo from left: Karyn Cook (Board Chair) and Aunty Janice Lovett. The Board are grateful for all the culture and guidance support Aunty Janice has provided over the past 12 months.



Photo from left: Launch of the 2022-2026 Strategic plan, pictured with Board Directors Max Oberlander, Caryn Lyszczarz, Cathryn Patterson, Karyn Cook (Chair), Jill Warne and Tony Oxford

Board Chair and Chief

Executive Officer's Report

From the Chief Executive Officer

Taking a few moments to reflect on the previous financial year, highlights the significant achievements of 2022-23 for Heywood Rural Health (HRH), one of the smallest rural Health Services in Victoria.

Strategic Activity: Care

The Health Service commenced the year with its first COVID-19 outbreak within the residential aged care facility. Despite our preparedness, the outbreak had a significant impact on our services within the organisation needing to "pivot" and focus on containing the outbreak and then returning to a business as usual (BAU) state.

The entire resources of the organisation were tasked with combatting the outbreak and within three weeks the outbreak was declared closed. A further outbreak occurred within the residential aged care facility in May 2023 resulting in a similar response. However, the second outbreak took a significant toll on our clinical workforce, ultimately resulting in seven nurses from ASPEN arriving to provide workforce support over a seven-day period. Staff were extremely grateful for the resources provided by ASPEN, and funded by the Commonwealth Government, at a time of greatest need.

During the year the Health Service underwent three accreditation assessments that focused on residential aged care, acute care services (Hospital and Urgent Care Centre) and the general practice medical clinic.

It is pleasing to report that all three assessments resulted in the awarding of three years of accreditation for each of these services. Heywood Rural Health has one remaining accreditation assessment for Home Care Packages and District Nursing Services that is yet to be completed.

The Health Service receives revenue from the Commonwealth for Residential Aged Care and Home Care Packages, both of which are subject to significant reform following recommendations of the Royal Commission into Aged Care Quality and Safety.

Rollout of these reforms commenced in earnest in 2022-23 with several key initiatives introduced such as the transition from ACFI to AN-ACC funding system, introduction of Star Ratings and the reporting of each agency's performance regarding "care minutes", with meeting of care minutes obligations mandatory from 1 October 2023.

One of the outstanding success stories in terms of service delivery growth has been the continued growth of Home Care Packages. Pleasingly, the Health Service is cementing its name as a provider of choice with regard to Home Care Packages, with a further 28% increase in package numbers recorded since last year.

The Health Service farewelled Dr. Erin Gordon in September 2022 after 3 years of loyal and dedicated service to Heywood Rural Health and the local community; simultaneously Dr. Gopi Patel increased her practice to four days a week for which we are extremely grateful.

Strategic Activity: Community

Heywood Rural Health continues its strong and proud tradition of holding a culturally significant awareness event during NAIDOC week. Once again, the Health Service conducted a Welcome to Country performed by Aunty Janice and granddaughter Rhani, raising of the flags and the local Indigenous Koondoom Yarkeen Karweeyn aboriginal dance group performed an impressive range of local dances with explanations of each dance provided to the gathered crowd.

The Health Service had commissioned local Indigenous artist Tom Day to prepare some artwork for permanent display within the recently named Moorayt room. An electronic unveiling took place during the NAIDOC week celebrations with the painting now installed and on permanent display. The artwork is an important recognition of the local First Nations heritage and connection with the land on which we work and live.

Strategic Activity: Workforce

I take a great deal of pride and pleasure in reporting that throughout the year our People and Culture Department has continued to provide quality services to Heywood Rural Health. Despite ongoing difficulties in recruiting personnel, as presently being experienced by all Health Services, we have been able to provide a full suite of People & Culture services. In doing this, we have also maintained the high standard of service to our patients, residents, staff, volunteers and others, thereby making a significant contribution to positively supporting all the services provided by our organisation.

An important feature of our support has been the offer/provision of onsite, free accommodation provided to staff who attend Heywood Rural Health to work, but due to distance, find it impracticable to return to their normal place of residence, at the completion of their shift. Similarly, we have continued to provide ongoing support to the Quality Team in preparing for our Aged Care and Acute/ Urgent Care accreditations and have been positive in maintaining staff morale and wellbeing through our Workplace Coach, Lauren Newman.

Without doubt one of the most significant challenges has been maintaining a sufficient nursing and allied health workforce. Limited access to workforce puts further strain on employees that have worked longer and harder than ever before to ensure that the delivery of quality care to residents, patients, consumers and clients is not compromised.

Heywood Rural Health, like every other Health Service continues its recruitment efforts to bolster the number of nurses we have available for rosters. Heywood Rural Health continued to supplement rostering gaps with the engagement of nurses from various workforce agencies, the cost of which is not immaterial. Heywood Rural Health expended \$297,542 on agency nurses during the 2022-23 financial year.

The Health Service ran several worker health and wellbeing initiatives again during the year with input and guidance from Workplace Coach, Lauren Newman. Initiatives such as “R U Ok” day, “Soup for the Soul” and #Friends are For – annual Christmas Food Donation amongst the various initiatives used to increase worker health and wellbeing.

To compliment these important initiatives, Heywood Rural Health purchased and installed several outdoor tables and chairs including the outdoor “pod” to encourage staff to consider having breaks outside in fresh air and sunshine or conducting the odd meeting outdoors. The pod has been well utilised for these types of activities.

During the year the Commission for Gender Equality in the Public Sector endorsed the first ever Heywood Rural Health Gender Equality Action Plan (GEAP) and its publication on the HRH website. Our GEAP can be found at <https://heywoodruralhealth.vic.gov.au/about-us/compliance-documents>. The Health Service now has a significant amount of work to accomplish to progress the actions contained within our plan.



Photo from left: Acute Accreditation certificate pictured with Leigh Parker - CEO, Marg McPherson - Clinical Educator, Oren Benbow - Environmental services, Amy Johnston - NUM, Di Stingel & Ali Shaw - Registered nurses, Leigh Beddows - Support Services manager, Taneha Benson - Director Clinical Services.

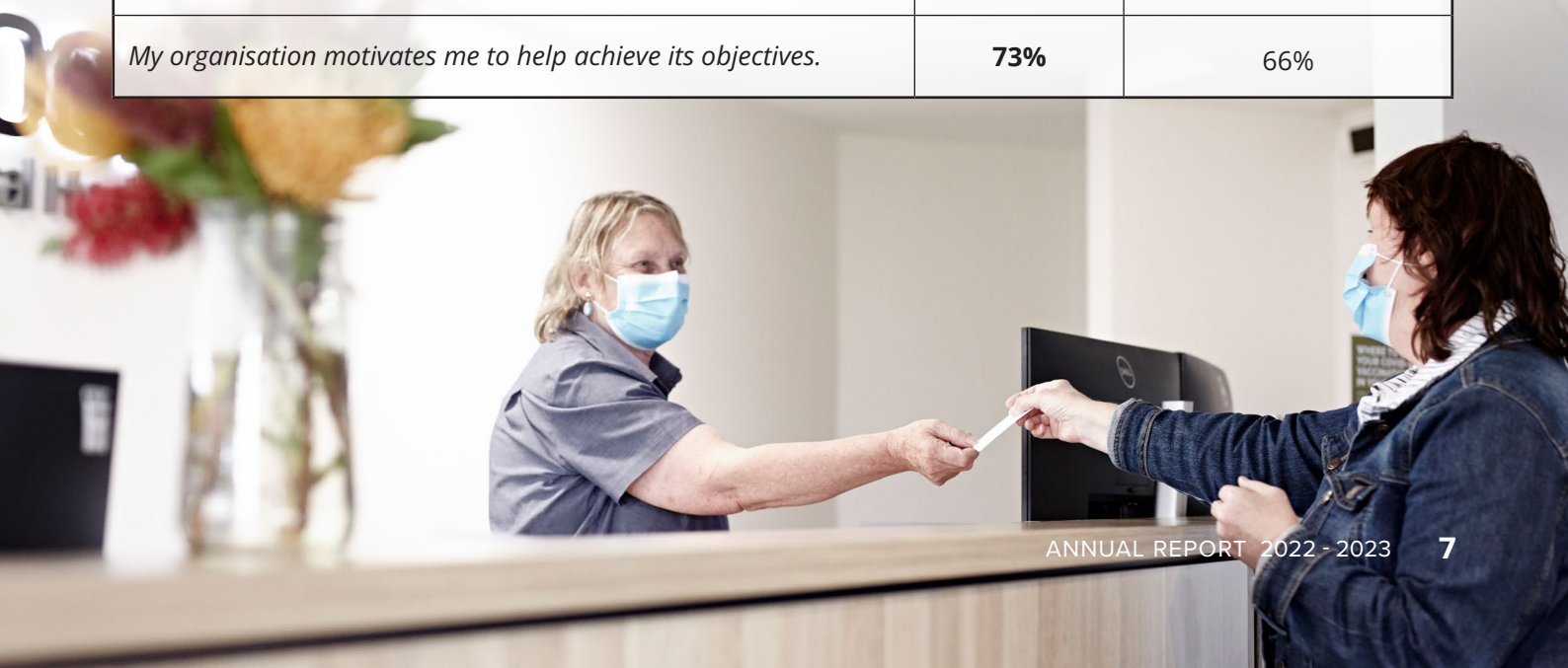
Heywood Rural Health again participated in the People Matter Survey conducted by the Victorian Public Sector Commission with 66% of staff completing the survey, up from 54% last year. The overall results point to another year of improvement, noting that there are a couple of areas that should be focussed on over the next twelve months.

Pleasingly Heywood Rural Health achieved the following within its results:

- 2 survey responses were the highest or equal to the highest result in our comparator group.
- 16 responses were within the top 5% of our comparator group.
- 31 responses were within the top 10% of our comparator group.

A summary of several noteworthy responses is detailed as follows:

Questions	HRH 2022	Comparator Group (Other similar Health Services) 2022 (Average)
<i>I understand how my job helps my organisation achieve its goals.</i>	96%	92%
<i>I can use my skills and knowledge in my job.</i>	95%	91%
<i>I understand how the Charter of Human Rights and Responsibilities applies to my work.</i>	94%	87%
<i>I clearly understand what I am expected to do in this job.</i>	94%	89%
<i>I get a sense of accomplishment from my work.</i>	92%	87%
<i>I achieve something important through my work.</i>	92%	87%
<i>I can be myself at work.</i>	86%	81%
<i>I feel as if I belong to this organisation.</i>	83%	74%
<i>I am proud to tell others I work for my organisation.</i>	83%	76%
<i>My organisation inspires me to do the best in my job.</i>	78%	68%
<i>I would recommend my organisation as a good place to work.</i>	74%	69%
<i>My organisation motivates me to help achieve its objectives.</i>	73%	66%



Heywood Rural Health has continued to record year on year improvements since 2017 when Heywood Rural Health recorded results at the bottom of the comparator group for most survey questions.

A workforce culture that on balance is happy, healthy and enjoys work, assisting in our desire to become recognised as a Healthcare Employer of Choice.

With this goal in mind, Lauren Newman, our Workplace Coach, has continued to provide counselling, training, education, morale and well-being services to staff; her never-ending energy and desire to enhance the quality of services to our consumers, staff and others is to be commended. During 2022–2023 Lauren has continued to focus on mentoring staff, occupational violence and aggression in the workplace, bullying/harassment, staff well-being/morale, and family violence. Lauren's initiatives and resourcefulness have provided Heywood Rural Health with the resources and training needed to address work-related stress, workload, calling out poor performance and bullying/harassment.

Our Volunteer Co-Ordinator & Volunteers

Throughout the year, and in between COVID restrictions, our devoted volunteers have continued to provide a range of services to Heywood Rural Health. Our volunteers have been supported by our Volunteer Co-Ordinator, Teisha Davis. Thank you, Teisha, for your wonderful contribution in supporting our volunteers.

Occupational Health and Safety (OH&S)

The OH&S Committee met regularly throughout the year; the employment of a dedicated OH&S Co-Ordinator and Support Person throughout the year, has resulted in a beneficial impact for Heywood Rural Health.

Industrial Relations

Pleasingly, there were no industrial disputes or industrial unrest throughout the 2022–2023 year.

Our Administrative & Payroll People

This year has again been particularly busy for Erin Wilson, our People & Culture Facilitator. Erin has continuously gone above and beyond in maintaining staff recruiting quotas, the rollout of Microsoft 365, the fine-tuning of our staff compulsory/mandatory training modules, as well as the refinement of our online staff development days. Erin's tireless advice/support to the Leadership Team and others, her friendly and caring disposition, and her loyalty to Heywood Rural Health epitomises the high standard of our workforce, and acts as an exemplar to others.

Samantha Cottingham, our Payroll Manager, has provided a quality payroll service to our staff. Sam has continued to ensure our payroll service both meets the expectations of all stakeholders, and adheres to the requirements of numerous Enterprise Agreements. Sam continues to be a most valued member of the People & Culture Team, and has been ably supported throughout the year by our dedicated team of Bronwyn Duncan and Julie Frost; I thank the payroll team for their invaluable contribution to this vital service.

During the year we said goodbye to 16 staff across a variety of roles and we welcomed 24 new staff to the organisation.

Collaborations

Heywood Rural Health continues to enjoy a strong relationship with the local community and other key stakeholder individuals, groups and organisations.

In particular, the bond with the Heywood Men's Shed is as strong as ever and we have mutual respect for each organisation's strengths and abilities. Heywood Rural Health has been more than willing to provide guest speakers for the various health forums conducted at the Men's Shed throughout the year, and in return the Men's shed provide many volunteers and voluntary services, for which we are very appreciative.

The year has also seen Heywood Rural Health make inroads in improving its connections with neighbouring Health Services such as Winda Mara Aboriginal Corporation, Dartmoor Bush Nursing Centre and Portland District Health. Similarly, the Health Service is appreciative of its connection to other important health and well-being agencies such as Ambulance Victoria, United Way Glenelg, Heywood Lions Club and Glenelg Vintage Machinery Club.

Sustainability

The 2022-23 year was challenging from a financial perspective. Despite the challenges the Health Service recorded a small surplus of \$15,000, with this result underpinned by financial support by the Department of Health in recognition of costs associated with delivering health care during a pandemic and post-pandemic world. The use of agency staff and the two COVID-19 outbreaks contributed significantly to the overall financial performance of the Health Service.

Despite this, the Health Service has recorded its fourth successive operating surplus demonstrating strong financial management and oversight.

The Health Service continues to maintain a strong balance sheet because of a focus on financial governance and stewardship overseen by the Board Finance, Risk and Audit Committee. Our disciplined approach to cash flow management has seen total cash and cash equivalents increase during the financial year from \$9.174M to \$10,985M including \$6,758M in monies held in trust.

As reported last year, our strong cash position has enabled the Health Service to consider various asset investments that align with our Strategic Plan. During the year the Board agreed to self-fund several asset purchases including:

- Heating, Ventilation & Cooling replacement/ upgrade to the Community Health Hub and the Administration Services Building to the value of \$152,018
- New roof safety system to the value of \$34,325
- New kitchen equipment and minor building works to the value of \$71,500

In addition to these new initiatives, the Board also agreed to contribute \$200,000 towards the upgrading of resident rooms within the residential aged care facility, increasing total refurbishment funds to \$748,000.

These Board endorsement investments were on top of other Board funded activities including the development of the first ever Master Plan prepared by Billard Leece Partnership (\$146,375) and the 2022-2026 Strategic plan prepared by Claire Edwards of TAG Health (\$15,300).

The Health Service continues to work with contractors to complete infrastructure replacement and refurbishment works that commenced in the previous year, and despite our best efforts will remain active until completion in the 2023-24 financial year.

These important projects have been impacted by a lack of available trades, materials and labour because of the COVID-19 pandemic. At year end, the ICT refresh and Public Sector Residential Aged Care Services (PSRAC) redevelopment projects remain under active management with expected completion in the latter half of 2023.

Notwithstanding project delays, the Health Service was successful in its submission for two further Rural Health Infrastructure Fund (RHIF) submissions for the upgrading of electrical switchboard infrastructure and the upgrading of fire detection and occupant warning systems across the entire site. An amount of \$811,000 was allocated by the Department of Health / Victorian Health Building Authority (VHBA)

to complete these works which will address priority recommendations outlined in the Norman Disney & Young (NDY) five-year fire re-audit report released in May 2022.

I take this opportunity to specifically acknowledge the support of the Department of Health and VHBA for Heywood Rural Health, as we seek to address long outstanding building and infrastructure deficiencies and replacement of end-of-life equipment.

Acknowledgements

I would like to express my thanks and gratitude to Heywood Rural Health staff, General Practitioners, Volunteers, Project Managers and Contractors that have contributed to another busy but successful year at the Health Service.

Likewise, there are several key stakeholders that contribute to the success of the Health Service including the Heywood Men's Shed, Western Victorian Primary Health Network and surrounding health agencies, Dartmoor Bush Nursing Centre, Portland District Health, Western District Health Services, Moyne Health Services and South West Healthcare. Heywood Rural Health is fortunate to belong to a collegiate and strong network of like-minded publicly funded Health Services.

The Health Service also receives strong support from the local community including both in-kind and financial donations. We are a stronger Health Service because of this support from members of the community that really cherish Heywood Rural Health.

Before closing I would like to also thank Karyn Cook for her leadership and support as Board Chair over the past twelve months. Similarly, the Board has contributed their collective knowledge and expertise to ensure that Heywood Rural Health achieves its goals and aspirations whilst providing quality and safe contemporary care to the Heywood and district community.



Leigh Parker
Chief Executive Officer

30 June 2023

Performance at a glance

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
Operating Result*	15	36	14	5	43
Total Revenue	12,701	11,088	10,500	9,915	9,226
Total Expenses	(12,848)	(11,396)	(10,934)	(10,262)	(9,729)
Net Result from transactions	(147)	(308)	(434)	(347)	(505)
Total other economic flows	(79)	(35)	75	(45)	(60)
Net Result	(226)	(343)	(359)	(392)	(563)
Total Assets	27,329	26,101	21,860	21,449	22,352
Total Liabilities	10,389	8,935	6,701	5,931	6,424
Net Assets / Total Equity	16,940	17,166	15,159	15,518	15,928

* The Operating result is the result for which the Health Service is monitored in its Statement of Priorities

Reconciliation of Net Result from Transactions and Operating Result	2022-23 (\$000)
Net operating result *	15
Capital purpose income	1,179
Specific expenses	-
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	50
State supply items consumed up to 30 June 2023	(50)
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for capital purpose	(118)
Depreciation and amortisation	(1,208)
Impairment of non-financial assets	-
Finance costs (other)	(15)
Net result from transactions	(147)

* The net operating result is the result which the Health Service is monitored against in its Statement of Priorities.

RESPONSIBLE BODIES DECLARATION

In accordance with the *Financial Management Act 1994* we are pleased to present the Report of Operations for Heywood Rural Health for the year ending 30th June 2023.



Anthony Oxford
Chair Board of Directors

30 August 2023



Leigh Parker
Chief Executive Officer

30 August 2023

Board of Directors



BOARD CHAIR

Karyn Cook

Appointed: 1st July 2019

Term Expires: 30th June 2025

Committees:

Finance, Risk & Audit
Clinical Governance
(Chair & member until Dec 2022)
People, Performance
& Remuneration (Chair)



DIRECTOR - DEPUTY CHAIR

Lauren Easson

Appointed: 1st July 2020

Term Expires: 30th June 2023

Committees:

Finance, Risk & Audit (Chair)
People, Performance
& Remuneration
Asset Management & Planning (Chair)



DIRECTOR

Cathryn Patterson

Appointed: 1st July 2016

Term Expires: 30th June 2025

Committees:

Consumer Advisory
Asset Management & Planning



DIRECTOR

Anthony Oxford

Appointed: 1st July 2018

Term Expires: 30th June 2024

Committees:

Clinical Governance
(Chair as of March 2023)
People, Performance &
Remuneration



DIRECTOR

Max Oberlander

Appointed: 1st July 2018

Term Expires: 30th June 2024

Committees:

Consumer Advisory (Chair)



DIRECTOR

Courtney Hoggan

Appointed: 1st July 2020

Term Expires: 30th June 2023

Committees:

Clinical Governance
Consumer Advisory (Deputy Chair)



DIRECTOR

Jill Warne

Appointed: 1st July 2021

Term Expires: 30th June 2024

Committees:

Clinical Governance (Deputy Chair)
Asset Management & Planning
(Member until Dec 2022)



DIRECTOR

Caryn Lyszczarz

Appointed: 1st July 2022

Term Expires: 30th June 2025

Committees:

Clinical Governance
Asset Management & Planning
(Deputy Chair)



DIRECTOR

Jennifer Tod

Appointed: 1st July 2022

Term Expires: 30th June 2025

Committees:

Finance, Risk & Audit
(Deputy Chair)

Board of Directors cont.

BOARD OF DIRECTORS MEETING ATTENDANCE 2022-2023

Karyn Cook	10/10	Courtney Hoggan	8/10
Lauren Easson	7/10	Jill Warne	9/10
Cathryn Patterson	9/10	Caryn Lyszczarz	10/10
Anthony Oxford	10/10	Jennifer Tod	9/10
Max Oberlander	8/10		

The Board of Heywood Rural Health is responsible for governance and legislative compliance and works within the framework of the Health Services Act 1988 to establish policies and deliver, within its financial limitations, a strategic direction for the management of Heywood Rural Health. Members of the Board of Directors are appointed by the Governor-in-Council on the recommendation of the Minister for Health. The usual term of office is three years, with members able to seek re-appointment.

To ensure the Board maintains its ability to undertake its role, Board Directors participate in ongoing education programs. During the year to improve governance performance, Board Directors participated in a self-assessment process to gauge their knowledge and understanding of governance matters, and the maturity of governance systems and processes using the program; Governance Evaluator.

Pecuniary and Conflict of Interest

At the commencement of each Board meeting, Directors are asked to declare pecuniary and conflict of interest. There were three standing pecuniary interests declared at each Board meeting, all of which had management plans in place.

Board Meetings

The Department of Health requires Board Directors to attend 75% of Board meetings during the reporting period.

The Board of Directors holds its business meeting on the fourth Tuesday of each calendar month and is supported by a number of Principal Committees.

Finance Risk & Audit Committee

This committee oversees the development and monitoring of the organisation's annual strategic financial plan and risk management systems. The purpose of Finance, Risk & Audit Committee is to assist the Board in the effective discharge of its responsibilities for financial reporting, risk management, internal controls and compliance with statutory requirements. The Finance Committee does not relieve any Board Directors of their responsibilities for these matters.

The Finance, Risk & Audit committee meets on the fourth Tuesday bi-monthly.



Clinical Governance Committee

The Clinical Governance Committee's primary function is to assist the Board of Directors to ensure high standard of quality health care, continuous improvement of service, and an environment that supports clinical excellence across Heywood Rural Health.

The Committee has a Governance role centred on improvement strategy and ensuring that this is translated into effective organisational practice in relation to safe and high quality healthcare.

The Clinical Governance Committee specifically reviews, monitors and evaluates the effectiveness of initiatives around the following domains within the Clinical Governance Framework:

- Risk Management;
- Clinical Practice;
- Partnering with Consumers

The committee is responsible for ensuring the organisation provides effective clinical governance.

The Clinical Governance committee meets on the third Friday bi-monthly.

People, Performance & Remuneration Committee

The purpose of this Committee is to assist the Board in the effective discharge of its responsibilities for overseeing:

- The appointment of a Chief Executive Officer;
- Setting and reviewing Executive remuneration;
- Monitoring and performance of organisational culture, health and wellbeing; and
- Board appointment recommendations to the Minister for Health.

The People, Performance & Remuneration Committee meets on a quarterly basis or as needs basis.

Consumer Advisory Committee

The aim of the Consumer Advisory Committee is to improve and enhance person and family driven care for all consumers, by involving consumers in activities at all levels throughout Heywood Rural Health. By working together, the Consumer Advisory Committee provides a mechanism for the consumer voice to be addressed in the spirit of partnership, with the overall goal of providing the best care possible.

The Consumer Advisory Committee meets on the second Monday bi-monthly.

Asset Management and Planning Committee

The Asset Management and Planning Committee reports to the Board to provide advice and recommendations and acts as the Project Control Group when capital building and infrastructure projects are underway.

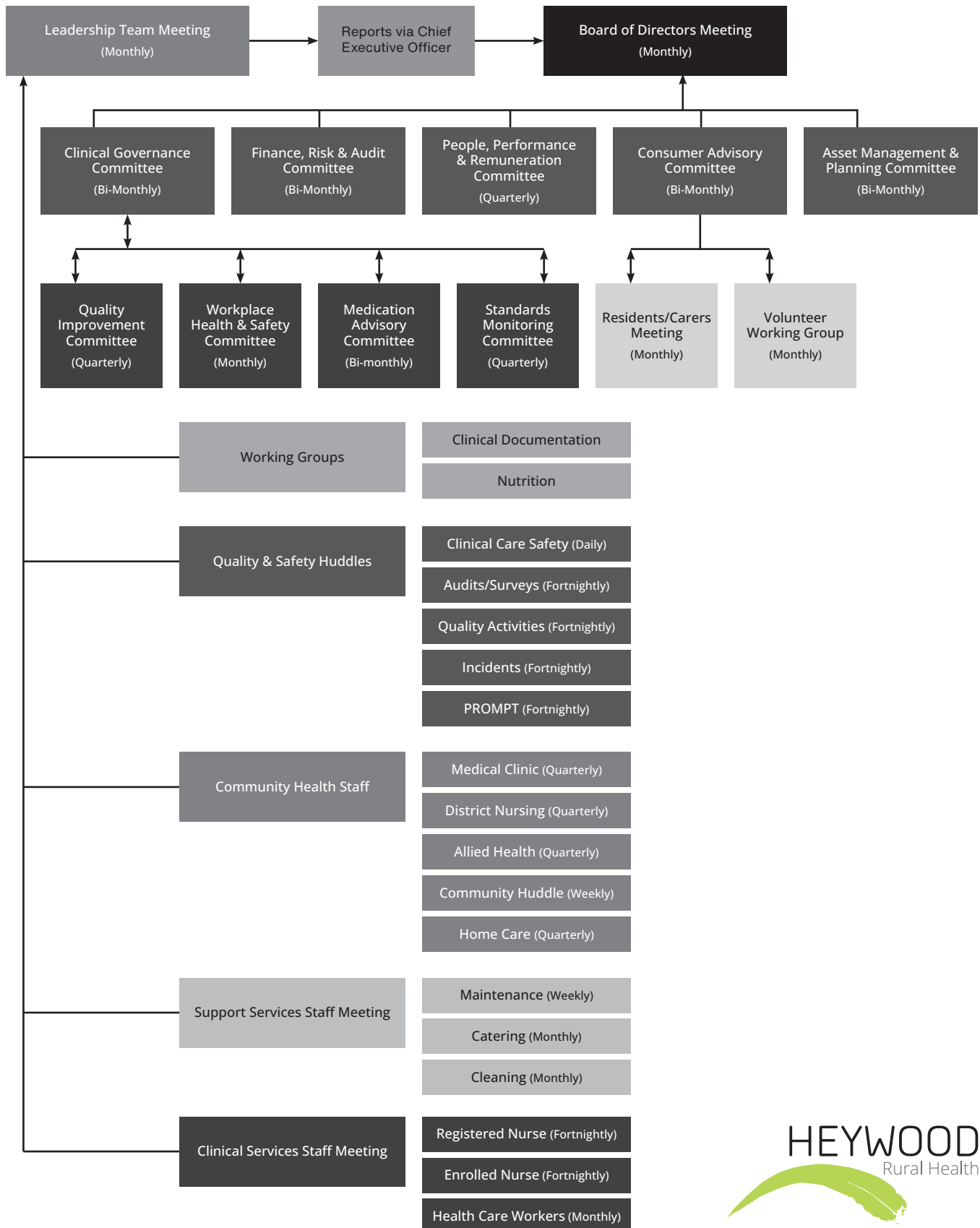
The Committee's primary objective is to assist the Board of Directors in corporate governance oversight of Heywood Rural Health's building and infrastructure program.

The committee meets on the third Friday bi-monthly.



Committee /

Meeting Structure



Leadership

Team



Leigh Parker
Chief Executive Officer



Glynis Dean
Director Clinical Services
Retired: 31 March 2023



Taneha Benson
Director Clinical Services
Commenced: 24 April 2023



Jennie Stinson
Finance Manager



Peter Davies
People and Culture Manager



Jacki Barnett
Senior Director Clinical &
Community Services



Katrina Perroud
Quality & Risk Manager



Rachael Moore
Innovation/Business
Manager



Leigh Beddows
Support Services Manager

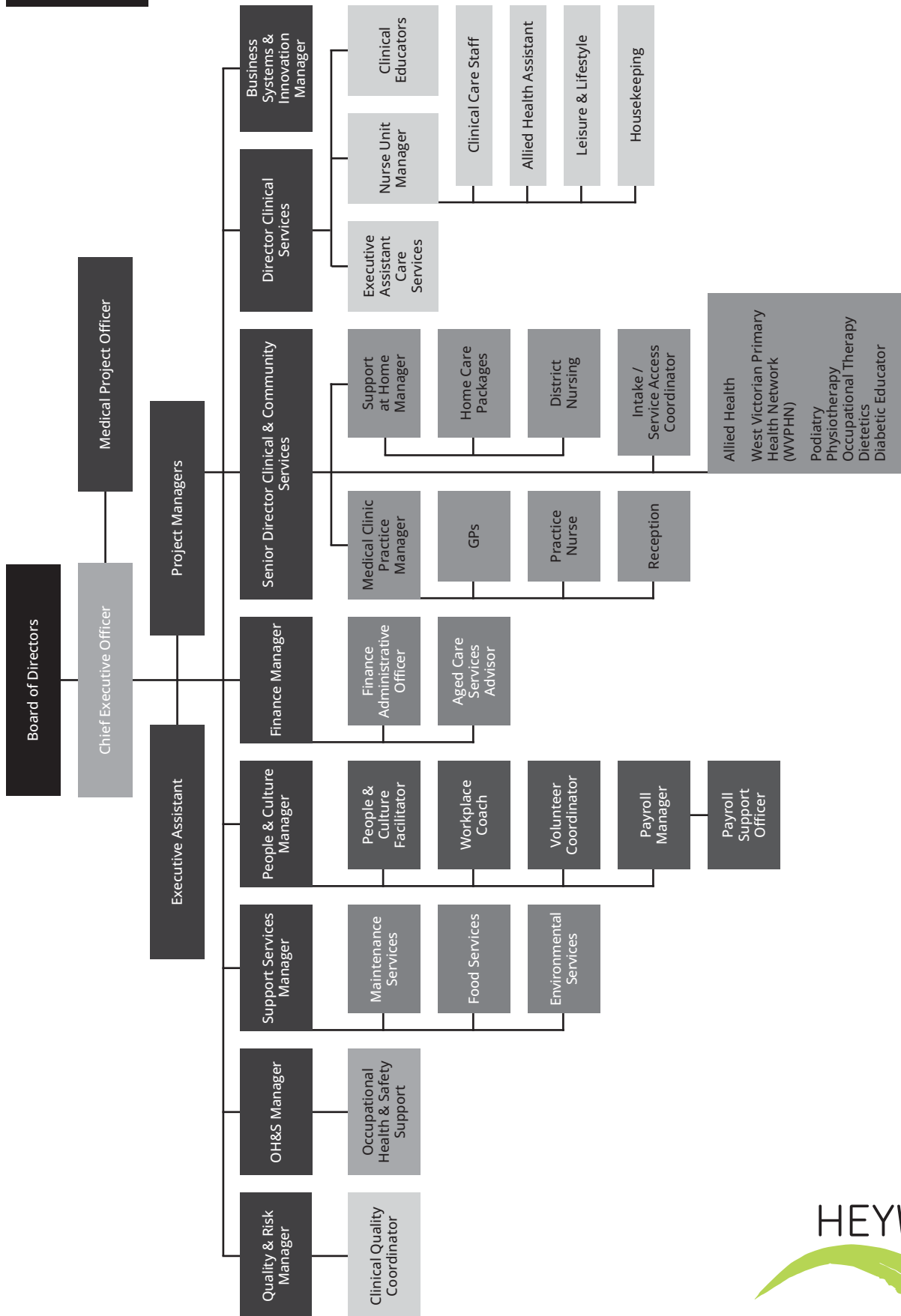


Lauren Newman
Workplace Coach



Organisational

Chart



Our

Services

As a rural Health Service, Heywood Rural Health is an important part of the fabric of our community. Our service catchment area is identified as Heywood and the surrounding district.

We have been providing health services from our site since 1957, when a six-bed hospital was established to provide invaluable quality health care. Our facility continues to expand its services to include additional residential aged care beds.

Heywood Rural Health provides an integrated Health Service which comprises low level acute beds, primary and community health programs and residential aged care services. The Health Service has 5 acute inpatient beds and 45 Aged Care beds, comprising a combination of high and low care. Heywood Rural Health also has a Community Health Hub, which includes a medical clinic, allied health and community nursing services, home care, pathology services and meals on wheels.

Heywood Rural Health is funded by the Victorian Department of Health under the Small Rural Health Services flexible funding model. In addition to funding received from the State, we receive funding from the Commonwealth Department of Social Services for Residential Aged Care and community based services.

Our Highlights

An operating surplus of \$15,000. This is the fourth successive operating surplus demonstrating strong financial management and oversight.

The Health Service underwent three accreditation assessments that focused on residential aged care, acute care services (hospital and urgent care centre) and the general practice medical clinic. All three assessments resulted in a three-year accreditation.

The delivery of Home Care Packages continues to grow, with the Health Service, cementing its name as a provider of choice with a further 28% increase in package numbers recorded since last year.

Created Heywood Rural Health's first Master Plan prepared and finalised by Billard Leece Partnership in consultation with the community, staff and key stakeholders.

Finalised the 2022-2026 Strategic Plan, prepared by Claire Edwards of TAG Health in consultation with the community, staff and key stakeholders.

Successful submission for two Rural Health Infrastructure Fund (RHIF) grants for upgrading the electrical switchboard infrastructure and the upgrading of fire detection and occupant warning systems across the entire site allocated by the Department of Health / Victorian Health Building Authority.

The Board agreed to self-fund a number of asset purchases including:

- Heating, Ventilation & Cooling replacement in the Community Health Hub and the admin services building \$152,018
- New roof safety system \$34,325
- New kitchen equipment and minor building works \$71,500

During the year the Commission for Gender Equality in the Public Sector endorsed the first Heywood Rural Health Gender Equality Action Plan (GEAP) and its publication on the HRH website.

Our Community

1,815 people live in Heywood, a rural town situated in the heart of Victoria's discovery coast, within the Glenelg Shire region and in close proximity to the larger communities of Portland, Warrnambool, Hamilton and Mount Gambier. Our population comprises 50.6% male and 49.4% female. 6.7% of our population are Aboriginal and/or Torres Strait Islander people. Our median age for the community is 48 years.

Our community consists of 457 families with an average of 1.8 children.

The Heywood area includes many nature reserves and State National Parks to explore. An important cultural element of the area is the Budj Bim National Heritage Landscape that includes both the Tyrendarra area and Mount Eccles Lake Condah area.

The most common ancestries in Heywood were Australian 40.3%, English 40.1%, Scottish 9.6%, Irish 9.1% and Australian Aboriginal 6.7%.

Cultural diversity statistics indicate 80.7% of people were born in Australia followed by England 2.4%, New Zealand 1.6%, Netherlands 0.9%, Philippines 0.6% and Scottish 0.2%.

Long term health conditions for the Heywood population consists of arthritis 13.8%, mental health (including depression or anxiety) 11.1%, asthma 8.5%, diabetes (excluding gestational diabetes) 7.7%, heart disease (including heart attack or angina) 5.5%, cancer (including remission) 4.0%, lung condition (including COPD or emphysema) 3.0%, stroke 1.5%, dementia (including Alzheimer's) 1.3%, kidney disease 1.1%.



All community data was obtained from the Australian Bureau of Statistics quick stat site: [2021 Heywood, Census All persons QuickStats](https://www.abs.gov.au/QuickStats) | Australian Bureau of Statistics ([abs.gov.au](https://www.abs.gov.au))

Donations

Every year as we look back with deep gratitude at the vision and generosity of our donors, without whom our work would not be possible. We value all our donors and we are very proud to recognise the diverse group of supporters who share our commitment and vision to work together for the health and wellbeing of our community.

Major Donations:

Uniting Church Op Shop
(purchase replacement washing machine)

In-Kind Support

United Way Glenelg
Trevor Saxon
Julia Street Creative Space

General Donations

Glenelg Vintage Machinery & Restoration Club
Heywood Hardware (T & K Gray)
J Hutchins
R Murrell
Tobin Brothers Funeral Services
S & I Tobin
P & S Kerr
B Koenig
M & B Garvey
J Frost

Workforce

Data

Industrial (Workforce) Key Performance Indicators

Labour Category: (FTE) Full Time Equivalent Staff (77.54)

Labour category	JUNE Current Month FTE		Average Monthly FTE	
	2022	2023	2022	2023
Nursing	21.61	25.43	22.45	22.64
Administration and Clerical	18.10	16.33	17.07	16.96
Hotel and Allied Services	36.00	39.65	33.98	36.87
Medical Officers	0.00	0.01	0.00	0.01
Ancillary Staff (Allied Health)	1.06	1.07	1.91	1.06

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	42	45	35
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	8	6	3
The average cost per WorkCover claim for the year ('000)	\$43,735	\$10,066	\$8,865

Occupational Violence

Heywood Rural Health is committed to addressing occupational violence incidences.

During the reporting period, there were 43 incidents with nil WorkCover accepted claims.

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	43
Number of occupational violence incidents reported per 100 FTE	55
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Life Governors

and Service Awards

A Life Governorship is the highest recognition Heywood Rural Health can bestow. Our recipients have provided significant contributions to the organisation over a prolonged period of time. Additionally, we thank all of our dedicated and valuable volunteers and staff for their many hours of work and support every year to our residents and community.

Life Governors

- Mr K.A. Carter *
- Mrs P Carter *
- Mr J Cunningham *
- Mrs J Evans *
- Mr E.E. Field *
- Mrs H Geier *
- Mrs M Handreck
- Mrs B Heeps
- Mr L.R. Holder
- Mr C Keating
- Mrs R Lane *
- Mr A Lynch *
- Mrs G Matthews *
- Mr M Oberlander
- Mrs M Parry *
- Mr C.E. Pevitt *
- Mrs J Polkinghorn *
- Mr J.V. Price
- Mr J.H. Quayle
- Mrs L.B. Quayle *
- Mrs E.J. Rundell *
- Mr P Saunders
- Mr V Sibley *

* Deceased

Distinguished Service Awards

We acknowledged a number of staff and community members for their outstanding and continued long services to our organisation.

CEO Recognition Award

- Amy Johnston
- Jan Davey
- Kylie Jenkins
- Julie Frost
- Harvey Alberts
- Peter Davies
- Erin Wilson

Staff Length of Service Awards

10 Years

- Kim Johnson
- Debra McLeod
- Karen Orchard
- Jeanette Hoggan

15 Years

- Kerry Finck
- Sharyn Dunn
- Raihi Ngawaka-Thomas
- Christine Rogers

20 years

- Mary Scott

25 Years

- Janine Vaughan

Staff Length of Service Awards cont.

35 Years



Rhonda Finch



Kerry Breen



New life governors, Phil Saunders and Max Oberlander.



Volunteers

Heywood Rural Health thanks all of our dedicated and valuable volunteers for the many hours of work and support every year.

We are always overwhelmed by the generosity and willingness of our volunteers to dedicate and commit themselves to our residents, consumers and the health service.

We truly are working together to achieve Our Vision *“Committed to the health and wellbeing of our community”*.

Joy Savill	53 years
Elaine Evans	48 years
Rhonda Barrand	34 years
Peter Barrand	34 years
Thelma Hoggan	33 years
Terry Sparrow	33 years
Denise Sparrow	33 years
Jeannie Crooks	29 years
Judith Doheguy	28 years
Max Oberlander	27 years
Ted Taylor	25 years
Janice Angelino	23 years
John Angelino	23 years
Norm Parry	23 years
Judith McKinnon	17 years
Keith McKinnon	17 years
Mary (Lou) Matthews	16 years
Jack Doeven	14 years
Lois Doeven	14 years
Christine Connelly	12 years
Stuart Wells	10 years
Deb Gill	9 years
Kathleen (Lesley) Hillier	9 years
Michael Hillier	9 years
Margaret Woodhouse	8 years
Warren Finck	7 years
Amanda Rapley	5 years
Cheryl Roberts	5 years
Sandra Crone	4 years
Rev Ross Stanford	4 years
Garry Butt	3 years
Shelley Quinn	1 year
Dianna Bishop	new
Teisha Davis	new
Sandra Treloar	new

Manner of

Establishment and

Responsible Ministers

External Auditors

Victorian Auditor General's Office (VAGO)

Internal Auditors

Moore Australia

Solicitors

Health Legal (Melbourne)

Bank

Bendigo Bank
Westpac Bank

Responsible Persons Disclosure

The responsible Minister is the Minister for Health

Minister for Health

1 July 2022 to 30 June 2023

The Hon. Mary-Anne Thomas MP

Minister for Ambulance

01 July 2022 to 05 December 2022

The Hon. Mary-Anne Thomas MP

05 December 2022 to 30 June 2023

The Hon. Gabrielle Williams MP

Minister for Mental Health

1 July 2022 to 30 June 2023

The Hon. Gabrielle Williams MP

Minister for Disability, Ageing and Carers

1 July 2022 to 05 December 2022

The Hon. Colin Brooks MP

05 December 2022 to 30 June 2023

The Hon Lizzie Blandthorn MP

Attestations

Financial Management Compliance attestation – SD 5.1.4

I, Anthony Oxford on behalf of the Responsible Body, certify that Heywood Rural Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Anthony Oxford
Board Chair
Heywood Rural Health

30 August 2023

Data Integrity Declaration

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



Leigh Parker
Accountable Officer
Heywood Rural Health

30 August 2023

Conflict of Interest Declaration

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



Leigh Parker
Accountable Officer
Heywood Rural Health

30 August 2023

Integrity, Fraud and Corruption Declaration

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



Leigh Parker
Accountable Officer
Heywood Rural Health

30 August 2023

Compliance

Information

Compliance with Health Share Victoria (HSV) Purchasing Policies

No compliance issues:

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

Freedom of Information Act 1982

The *Freedom of Information Act 1982* provides the right to obtain information held by Heywood Rural Health. The Chief Executive Officer manages any requests and reports annually to the Freedom of Information (FOI) section of the Department of Justice in respect of FOI requests received.

Consumers wishing to access documents should apply in writing to the FOI Officer at Heywood Rural Health.

In the year ended 30 June 2023, six (6) applications for access to documents under the *Freedom of Information Act 1982* were received and acceded to.

For further information on Freedom of Information please visit: <https://www.oaic.gov.au/freedom-of-information>

Building Act 1993

All building works have been designed in accordance with the Department of Health's Capital Development Guidelines and comply with the *Building Act 1993*, Building Regulations 2006 and Building Code of Australia, relevant at the time of works. All contractors are appropriately qualified. There are nil occupancy permits issued during the financial year. There was one Building Permit issued during the financial year.



Public Interest Disclosures Act 2012 (Vic)

The *Public Interest Disclosures Act 2012* enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. Heywood Rural Health complies with the requirements of the *Public Interest Disclosures Act 2012* and did not receive any disclosures in the 2022-23 financial year.

Statement of National Competition Policy

Heywood Rural Health complied with all government policies regarding competitive neutrality with respect to tender applications. All competitive neutrality requirements were met in accordance with Government costing policies for public hospitals.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* recognises, promotes and values the role of people in care relationships. Heywood Rural Health understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community.

Heywood Rural Health takes all practicable measures to ensure that its employees, agents and carers have awareness and understanding of the care relationship principles, and this is reflected in our commitment to a model of patient and family centred care and to involving carers in the development and delivery of our services.

Compliance

Information cont.

Environmental Performance

Heywood Rural Health remains committed to improving our environmental impact and strives to provide health care in an environmentally sound and sustainable manner. Our Leadership Team oversees environmental sustainability initiatives to ensure implementation of sound environmental practices in all areas of its operations.

From 1 July 2022, the updated Financial Reporting Direction 24: Reporting of environmental data by government entities (FRD 24) substantially increased environmental reporting requirements. All entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994* must meet FRD 24's environmental data reporting requirements.

To meet these goals, the Victorian Government reporting requirements were updated to:

- measure the effect of actions to reduce emissions and improve government entities' environmental performance and management.
- provide transparency on public sector year-on-year performance on environmental indicators in organisations.
- support implementation of the whole-of-Victorian-Government emissions reduction pledge.
- support the government's commitment of 100 per cent renewable electricity by 2025.
- identify and manage government exposure to climate-related risks.
- respond to public expectations and align with private sector leaders.
- move environmental reporting requirements to the whole-of-government financial management framework and bring all government entities into alignment.



FRD24 Public Environment Report – Heywood Rural Health Service

ELECTRICITY USE	2022/23	2021/22	2020/21
EL1 Total electricity consumption segmented by source [MWh]			
Purchased	240.35	243.37	260.52
Self-generated	57.10	58.22	60.16
EL1 Total electricity consumption [MWh]	297.45	301.59	320.69
EL2 On site-electricity generated [MWh] segmented by:			
Consumption behind-the-meter			
Solar Electricity	57.10	58.22	60.16
Total Consumption behind-the-meter [MWh]	57.10	58.22	60.16
Exports			
Solar Electricity	15.46	15.99	11.86
Total Electricity exported [MWh]	15.46	15.99	11.86
EL2 Total On site-electricity generated [MWh]	72.56	74.21	72.02
EL3 On-site installed generation capacity [kW converted to MW] segmented by:			
Diesel Generator	0.18	0.18	0.18
Solar System	0.09	0.09	0.09
EL3 Total On-site installed generation capacity [MW]	0.27	0.27	0.27
EL4 Total electricity offsets segmented by offset type [MWh]			
LGCs voluntarily retired on the entity's behalf	0.00	0.00	0.00
GreenPower	0.00	0.00	0.00
RPP (Renewable Power Percentage in the grid)	240.35	243.37	260.52
Certified climate active carbon neutral electricity purchased	0.00	0.00	0.00
EL4 Total electricity offsets [MWh]	240.35	243.37	260.52
STATIONARY ENERGY	2022/23	2021/22	2020/21
F1 Total fuels used in buildings and machinery segmented by fuel type [MJ]			
LPG	2,385,630.80	2,526,479.70	3,220,210.00
F1 Total fuels used in buildings [MJ]	2,385,630.80	2,526,479.70	3,220,210.00
F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]			
LPG	144.57	153.10	195.14
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	144.57	153.10	195.14

TRANSPORTATION ENERGY	2022/23	2021/22	2020/21
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]			
Non-executive fleet - Gasoline	92,928.70	-	-
Petrol	92,928.70	-	-
Total energy used in transportation (vehicle fleet) [MJ]	92,928.70	-	-
T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category	No:	%	
Passenger vehicles:			
• internal combustion Engines	6	100%	
• Petrol	6	100%	
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]			
Non-executive fleet - Gasoline	6.28	-	-
Petrol	6.28	-	-
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	6.28	-	-



TOTAL ENERGY USE	2022/23	2021/22	2020/21
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]			
Total energy usage from stationary fuels (F1) [MJ]	2,385,630.80	2,526,479.70	3,220,210.00
Total energy usage from transport (T1) [MJ]	92,928.70	-	-
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	2,478,559.50	2,526,479.70	3,220,210.00
E2 Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	1,070,827.44	1,085,709.37	1,154,468.30
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	368,231.49	372,458.04	394,129.33
Non-renewable (E1 + E2 - E3 Renewable)	3,181,155.45	3,239,731.04	3,980,548.97
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	240.13	254.54	304.52
Energy per unit of LOS [MJ/LOS]	10,505.95	20,293.20	40,884.84
Energy per unit of Separations [MJ/Separations]	172,822.91	225,761.82	486,075.37
Energy per unit of floor space [MJ/m ²]	703.82	735.53	890.79
SUSTAINABLE PROCUREMENT WATER USE	2022/23	2021/22	2020/21
W1 Total units of metered water consumed by water source (kl)			
Potable water [kL]	3,953.06	5,729.57	5,481.47
Total units of water consumed [kl]	3,953.06	5,729.57	5,481.47
W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of Aged Care OBD [kL/Aged Care OBD]	0.27	0.40	0.38
Water per unit of LOS [kL/LOS]	12.02	32.19	51.23
Water per unit of Separations [kL/Separations]	197.65	358.10	609.05
Water per unit of floor space [kL/m ²]	0.80	1.17	1.12

WASTE AND RECYCLING	2022/23	2021/22	2020/21
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste	8,522.88	31,530.24	
Offsite treatment			
Recycling/recovery (disposal)			
Cardboard	990.00	3,135.00	
Paper (confidential)	*	437.77	
Total units of waste disposed [kg]	9,512.88	35,103.01	
WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	89.59%	89.82%	
Offsite treatment			
Recycling/recovery (disposal)			
Cardboard	10.41%	8.93%	
Paper (confidential)	*	1.25%	
WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per PPT [(kg general waste)/PPT]	0.58	2.19	
Total waste recycled and reused per PPT [(kg recycled and reused)/PPT]	0.07	0.25	
WR4 Recycling rate [%]			
Weight of recyclable and organic materials [kg]	990.00	3,572.77	
Weight of total waste [kg]	9,512.88	35,103.01	
Recycling rate [%]	10.41%	10.18%	
WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	11.08	40.99	

* unable to obtain external data

GREENHOUSE GAS EMISSIONS	2022/23	2021/22	2020/21
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	149.88	152.09	193.86
Methane	0.48	0.51	0.64
Nitrous Oxide	0.50	0.51	0.64
Total	150.85	153.10	195.14
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	144.57	153.10	195.14
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	6.28		
Medical/Refrigerant gases			
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	150.85	153.10	195.14
G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	165.11	177.72	203.18
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	165.11	177.72	203.18
G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Waste emissions (WR5)	11.08	40.99	
Indirect emissions from Stationary Energy	69.46	28.51	35.04
Indirect emissions from Transport Energy	1.60		
Paper emissions	*		
Any other Scope 3 emissions	6.70	10.76	9.04
Total scope three greenhouse gas emissions [tonnes CO2e]	88.84	80.26	44.08
G(Opt) Net greenhouse gas emissions (tonnes CO2e)			
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]	404.80	411.09	442.40
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	0.00	0.00	0.00
Any Offsets purchased	0.00	0.00	0.00
Net greenhouse gas emissions [tonnes CO2e]	404.80	411.09	442.40

* unable to obtain external data

NORMALISATION FACTORS	2022/23	2021/22	2020/21
Aged Care OBD	14,394.00	14,191.00	14,366.00
ED Departures	0.00	0.00	0.00
FTE	73.00	73.00	73.00
LOS	329.00	178.00	107.00
OBD	14,723.00	14,369.00	14,473.00
PPT	14,743.00	14,385.00	14,482.00
Separations	20.00	16.00	9.00
TotalAreaM2	4,911.00	4,911.00	4,911.00

The environmental data presented in this report covers Heywood Rural Health as a single entity which is located in the Glenelg Shire Council.

Best efforts have been made to collect environmental data for activities that are relevant to Heywood Rural Health.

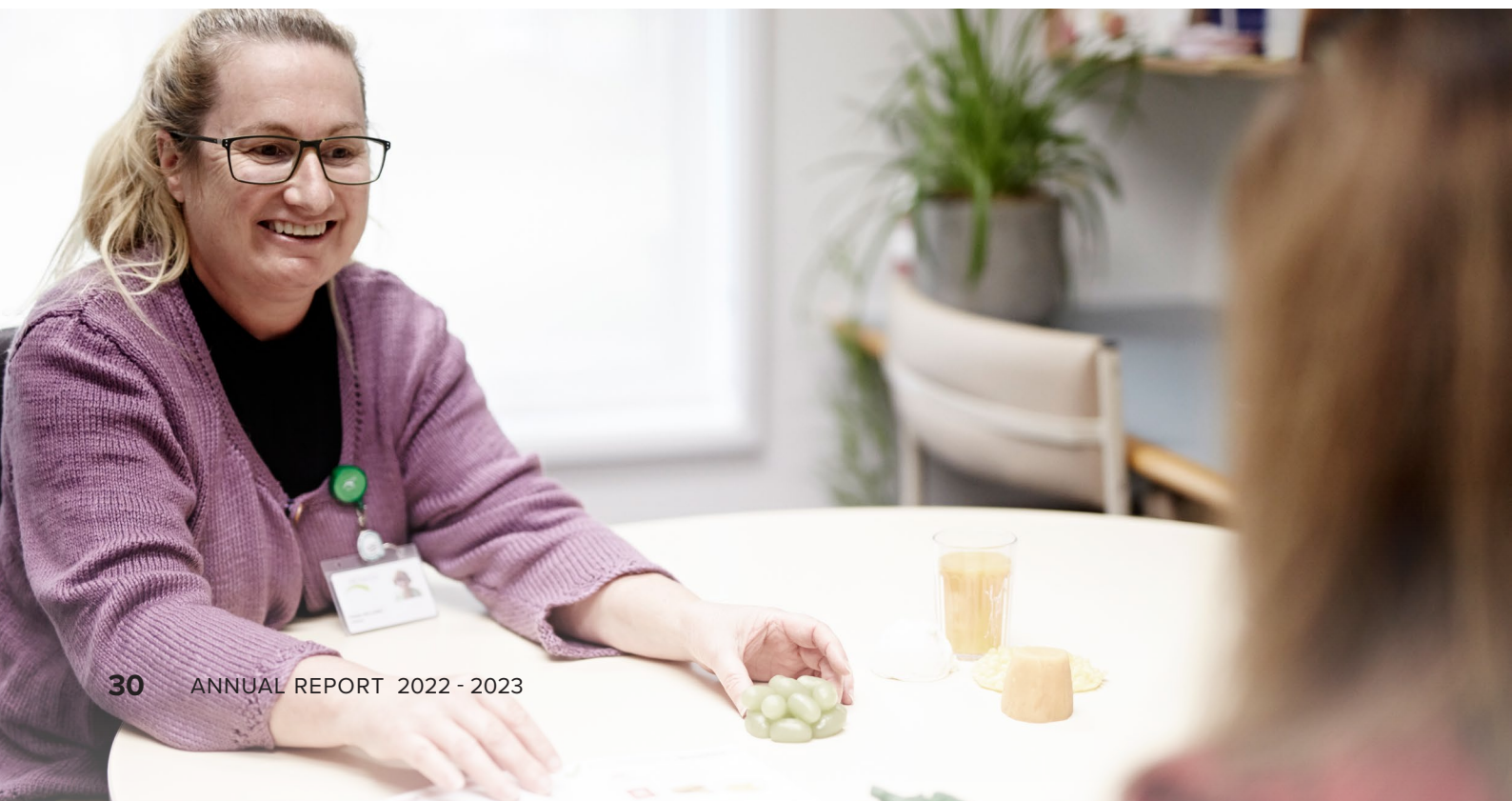
The data reporting of leased corporate fleet vehicles is included in the MHVL total.

NOTE: Indicators are not reported where data is unavailable, or an indicator is not relevant to the organisation's operations

Social Procurement Framework (SPF)

It is important that processes exist to measure the benefits of social procurement to ensure that value for money is achieved and substantiated. Government departments and agencies subject to the Standing Directions 2018 under the Financial Management Act are required to:

- report on their social procurement activities under the Social Procurement Framework in their own Annual Reports; and
- contribute to an annual whole of Victorian Government report on aggregated social and sustainable outcomes and benefits.



Social Procurement Framework for Financial Year 2022-2023

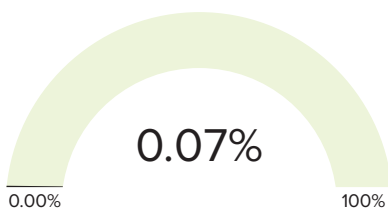
Metric Description	Unit	Sum of Value
Aggregate spend		
All suppliers		
Number of suppliers	Number	192
Total spent with suppliers	\$	2341235
Number of social benefit suppliers	Number	3
Total spent with social benefit suppliers	\$	1732
Objective: Opportunities for Victorian Aboriginal people		
Number of Victorian Aboriginal businesses engaged	Number	1
Total expenditure with Victorian Aboriginal businesses (excl. GST)	\$	300
Objective: Opportunities for Victorians with disability		
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 1)	Number	1
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 2)	\$	300
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 1)	Number	1
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 2)	\$	541
Objective: Opportunities for disadvantaged Victorians		
Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 1)	Number	2
Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts; excl. gst) (Group 1)	\$	1192





Social Procurement Framework for Financial Year 2022-2023 cont.

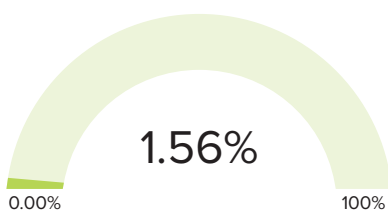
Social Benefit Supplier Spend as a Proportion of Total Supplier Spend



Total Expenditure by Spend Metric Description

	Spend w/suppliers	\$2,341,235
Spend w/ social benefit suppliers	\$1,732	
Spend w/ VIC SE (mission for one of the five disadv. cohorts) (Gr 1)	\$1,192	
Spend w/ VIC SE (mission for people with disability) & ADE (Gr 2)	\$541	
Spend w/ VIC Aboriginal businesses	\$300	
Spend w/ VIC SE (mission for people with disability & ADE) (Gr 1)	\$300	
	\$0M	\$1M \$2M

Social Benefit Suppliers as a Proportion of Total Suppliers



Total Number of Suppliers by Supplier Group

	# of suppliers	192
# of social benefit suppliers	3	
# of VIC SE (mission for one of the five disadv. cohorts) (Gr 1)	4	
# of VIC SE (mission for people with disability) & ADE (Gr 1)	1	
# of VIC SE (mission for one of the five disadv. cohorts) (Gr 2)	1	
# of Victorian Aboriginal businesses engaged	1	
	0	100 200

Local Jobs First Act 2003

Heywood Rural Health abides by the *Local Jobs First Policy Act 2003*. In 2022-2023 there was no contracts requiring disclosure under the Local Jobs First Policy.

Gender Equality Act 2020

The Gender Equality Act 2020 commenced in March 2021 in response to the 2016 Royal Commission into Family Violence which showed that Victoria needs to address gender inequality in order to reduce family violence and all forms of violence against women.

The objectives of the Act are to:

- promote, encourage and facilitate the achievement of gender equality and improvement in the status of women.
- support the identification and elimination of systemic causes of gender inequality in policy, programs and delivery of services in workplaces and communities.
- recognise that gender inequality may be compounded by other forms of disadvantage or discrimination that a person may experience on the basis of Aboriginality, age, disability, ethnicity, gender identity, race, religion, sexual orientation and other attributes.
- redress disadvantage, address stigma, stereotyping, prejudice and violence, and accommodate persons of different genders by way of structural change.
- enhance economic and social participation by persons of different genders.
- further promote the right to equality set out in the Charter of Human Rights and Responsibilities and the Convention on the Elimination of All Forms of Discrimination against Women

In our commitment to the implementation of the *Gender Equality Act 2020*, Heywood Rural Health submitted our 4 year Gender Equality Action Plan (GEAP) 2021–2024 to the Commission for Gender Equality in the Public Sector on the 20th of June 2022.

A workplace gender audit was conducted from the 1 July, 2021, comprising workforce data from Human Resources and payroll. Together with the employee experience data from the Victorian public sector's annual People Matter Survey, this data formed the strategies and measures of our GEAP for the coming years.

The Heywood Rural Health GEAP was approved by the *Commission for Gender Equality* in the Public Sector on 5 August, 2022.

A requirement of the GEAP is to conduct a Gender Impact Assessment (GIA) of policies, programs and services that are new or due for review and have a direct and significant impact on the public. As part of this assessment, we will review programs such as grants and public events, services such as public infrastructure development, community development and policies such as equal access and community engagement policies.

Heywood Rural Health is committed to removing barriers and to achieving equality, fairness and inclusion. We have reviewed our Anti-discrimination and Equal Opportunity policy to include Gender Equality and Workforce Inclusion. We have reviewed our recruitment processes to ensure that we attract a greater diversity of gender and intersectionality to our workforce. This will ensure that our recruitment processes are inclusive, fair and equitable, regardless of gender.

We have also reviewed and improved our systems to enable the collection of meaningful data, including intersectionality and career-related information. The way we communicate has also been reviewed to ensure that the language we use is inclusive for staff of all genders and diverse backgrounds.

To address the gender pay gap, we have reviewed any causes and contributors and improved pay parity where required. To create a respectful workplace culture where staff feel safe and supported at work, we have reviewed our processes, barriers, training and education related to sexual harassment, bullying and discrimination, as well as our flexible workplace practices and policies.

Compliance

Information cont.

We are also actively engaged in the following activities to meet our legislative requirements:

- Regular review of policies and procedures.
- Providing specific training on equal opportunity and anti-discrimination practices for staff.
- Make arrangements to meet cultural or faith needs as practicable.
- Provide access to materials in a range of languages suitable for our community.
- Provide appropriate training and encouragement for staff returning to work after a period of time discharging domestic or family responsibilities.
- Reinforcement of equal opportunities and discrimination throughout training programs.
- Regular organisational climate reviews to consider direct and indirect discrimination.

Safe Patient Care Act 2015

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



Additional Information available on Request

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):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- 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 entity to develop community awareness of the entity 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 entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
 - i. consultants/contractors engaged;
 - ii. services provided; and
 - iii. expenditure committed to for each engagement

Leigh Parker
Chief Executive Officer

30 August 2023

Consultancies Information

Details of Consultancies (Under \$10,000)

In 2022-23, there were 10 consultancies 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 \$44,613 (excl. GST).

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

In 2022-23, there were 4 consultancies 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 \$174,460 (excl. GST). Details of individual consultancies are below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex GST)	Expenditure 2022-2023 (ex GST)	Future expenditure (ex GST)
ANNMERC PTY LTD	Primary Health Network Contract Review	01/03/2022	01/05/2022	\$32,102	\$32,102	0
Cooper Hardiman Pty Ltd	HR Consultants	01/07/2022	30/06/2023	\$21,746	\$21,746	0
Creative Architects	Architect	01/07/2022	30/06/2023	\$11,156	\$21,746	0
Billard Leece Partnership	Master Plan	01/07/2022	31/01/2023	\$109,455	\$109,455	0

ICT expenditure

Business as Usual (BAU) ICT expenditure	Non Business as Usual (non BAU) ICT expenditure		
	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (ex GST) (a)	Capital expenditure (ex GST) (b)
Total (excluding GST)			
\$0.347 million	\$0.347 million	Nil	Nil

Statement of Priorities

Part A:

In 2022-2023, Heywood Rural Health assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

STATEMENT OF PRIORITIES	OUTCOMES
<p>Maintain COVID-19 readiness: Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</p>	<ul style="list-style-type: none"> • Continue to maintain COVID-19 Readiness in response to local COVID conditions including an outbreak within our residential aged care facility. Heywood Rural Health acted in accordance with the directions and advice of the Barwon South-West Local Public Health Unit. • All residents who wished to be vaccinated were vaccinated in accordance with health advice. Likewise, all staff are vaccinated in accordance with health advice and directions. We continue to support residents with the vaccine immunisation program.
<p>Delivering more care in the home or virtually: Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.</p>	<ul style="list-style-type: none"> • Exploring a partnership with South West Healthcare to include Hospital at Home (HITH) within our District Nursing Services. • Increased Home Care Packages capacity in the community in accordance with the community's needs.
<p>Improve quality and safety of care: Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.</p>	<ul style="list-style-type: none"> • Continue to work with Safer Care Victoria in areas of clinical improvement as opportunities arise to ensure that our health system is delivering safe, quality and best care.
<p>Plan update to nutrition and food quality standards: Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.</p>	<ul style="list-style-type: none"> • Implemented food and nutrition options in accordance with mandated obligations. • Completed a self-assessment which has been assessed as compliant with the Healthy Eating policies of the Department of Health.

Statement

of Priorities cont.

STATEMENT OF PRIORITIES	OUTCOMES
<p>Climate Change Commitments: Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.</p>	<ul style="list-style-type: none"> • Have committed to replacing all future fleet vehicles with environmentally friendly hybrid vehicles as a first stage before moving to fully electric vehicles within the next five years. • Have implemented and promoted a battery recycling program for both staff and the wider Heywood community. • Have self-funded the replacement of LPG gas heating systems with fully electric heating, ventilation and air conditioning systems.
<p>Asset Maintenance and Management: Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</p>	<ul style="list-style-type: none"> • The Board Asset Management & Planning Committee provides governance oversight of compliance with the Asset Management Accountability Framework. • The Committee monitors the implementation of the Board endorsed Asset Management Strategy which include the planning and renewal of Heywood Rural Health owned assets and infrastructure.
<p>Improve Aboriginal cultural safety: Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.</p>	<ul style="list-style-type: none"> • Currently in consultation with Winda-Mara Aboriginal Corporation to create an MOU between the two organisations. • In the planning phase of creating a collaborative joint committee to develop culturally safe improvement actions and explore other partnerships which will be monitored via this committee.
<p>Improve Aboriginal cultural safety: Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations</p>	<ul style="list-style-type: none"> • Continue to work collaboratively and in partnership with Winda-Mara Aboriginal Corporation to strengthen our culturally safe Health Services.
<p>Improve Aboriginal cultural safety: Implement strategies and processes to actively increase Aboriginal employment.</p>	<ul style="list-style-type: none"> • All recruitment advertisements invite all people to apply. • Recruitment opportunities sent to Winda-Mara Aboriginal Corporation.

Statement

of Priorities cont.

STATEMENT OF PRIORITIES	OUTCOMES
<p>Improve Aboriginal cultural safety 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.</p>	<ul style="list-style-type: none"> • Identification of Aboriginal people who present for community health services is conducted at point of intake, and during first point of contact for Urgent Care Centre, acute and residential aged care admissions. • Staff complete mandatory cultural safety awareness training (SOLLE) and provide care and services that align with cultural safety and person led methodology. • Aboriginal culture audit was undertaken by Aunty Janice Lovett from Winda-Mara Aboriginal Corporation. • In collaboration with Winda-Mara Aboriginal Corporation, Heywood Rural Health celebrates NAIDOC week and creates an Aboriginal culturally safe care and environments, such as: <ul style="list-style-type: none"> • Naming of physical spaces (Moorayt Room). • Commissioning Aboriginal artwork with Tom Day. • Acknowledgment of Country (including signage at entry points and meeting rooms).
<p>Improve Aboriginal cultural safety Develop discharge plans for every Aboriginal patient</p>	<ul style="list-style-type: none"> • Continue to work with Aunty Janice Lovett and Winda-Mara Aboriginal Corporation to support discharges of every Aboriginal patient within an acute/residential setting.
<p>Foster and develop local partnerships Strengthen cross-service collaboration, including through active participation in Health Service Partnerships (HSP).</p>	<ul style="list-style-type: none"> • Partnership formed between Heywood Rural Health, Portland District Health, Casterton Memorial Hospital and Glenelg Shire Council to deliver best practice services for the Heywood community for Home and Community Care Program for Younger People Commonwealth Home Support Programme services.
<p>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.</p>	<ul style="list-style-type: none"> • Strengthening WestVic Primary Health Network tender application to deliver the revised chronic condition model, within the newly defined Barwon Great South Coast catchment
<p>Improve workforce wellbeing Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.</p>	<ul style="list-style-type: none"> • Engaged a workplace/wellness coach who has been employed throughout 2022-2023 and has been involved in Occupational Violence and Aggression (OVA) training, through onsite visits, online presentations and one-on-one interactions. • OVA incidents are captured and reported at various levels of the organisation including the Board of Directors.

Statement

of Priorities cont.

STATEMENT OF PRIORITIES	OUTCOMES
<p>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.</p>	<ul style="list-style-type: none"> • Workplace coach has been extensively involved in 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. The workplace coach has delivered this information both at Heywood Rural Health and throughout the South-West region.
<p>Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.</p>	<ul style="list-style-type: none"> • Worked tirelessly throughout the year prioritising worker well-being and implementing strategies to address key issues. This has been completed through online communication and face to face interactions with staff, informal staff functions and purchase of outdoor furniture to facilitate “fresh air” breaks and meetings. • Provide food/refreshments to staff in accordance with Wellbeing and Healthcare Workers funding provided by the Department of Health. Staff feedback was sourced to establish preference of meals/food in consultation with the dietitian and the Government’s Healthy Choices directive. Several healthy options are available to all staff e.g. daily provision of fruit, dry biscuits, cheese portions, small pre-packaged dried fruit and nuts, twice weekly healthy morning tea, fish and chip Fridays, ad-hoc staff barbeques, special meal boxes, soup days; and pre-packaged healthy frozen meals for night and double-shift staff. • The food and refreshments provided exceeded the funding provided for this project. However, Heywood Rural Health picked up the additional costs in recognition of the dedication of our staff and others and have continued to provide healthy choices after the initiative ceased on 21 January 2023.

Statement

of Priorities cont.

Part B: Key 2022/23 Health Service Performance Priorities

High quality and safe care

Key performance measure	Target	Outcome
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	86%
Percentage of healthcare workers immunised for influenza	92%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	*

* Result suppressed due to less than 10 responses.

Strong governance, leadership and culture

Key performance measure	Target	Outcome
Organisational culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	75%

Effective financial management

Key performance measure	Target	Outcome
Operating result (\$m)	\$0.00	\$0.01
Average number of days to paying trade creditors	60 days	30 days
Average number of days to receiving patient fee debtors	60 days	44 days
Adjusted current asset ratio	0.7 or 3% provement from Health Service base target	1.28
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	0.99
Actual number of days available cash, measured on the last day of each month.	14 days	127 days

Statement

of Priorities cont.

Part C: Activity and Funding

Funding Type	2022-2023 Activity Achievement
Consolidated activity funding	
Small Rural Acute	32.89
Small Rural Residential Care	14,607
Small Rural Primary Health & HACC	
Western Victoria Primary Health Network - Chronic conditions model of Care *Occasions of Service	*11,736
Home and Community Care – Program - Younger Persons (HACC-PYP) *actual hours	*122



Disclosure Index

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

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Financial Report

2022/2023

Financial Report Contents

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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Statement of Certification

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Financial Statements Financial Year ended 30 June 2023

Board member's, accountable officer's, and chief finance & accounting officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Heywood Rural Health at 30 June 2023.

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

We authorise the attached financial statements for issue on 30 August 2023.

Board member



Anthony Oxford
Chair
Heywood
30 August 2023

Accountable Officer



Leigh Parker
Chief Executive Officer
Heywood
30 August 2023

Chief Finance & Accounting Officer



Jennie Stinson
Chief Finance and Accounting Officer
Heywood
30 August 2023



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Heywood Rural Health

Opinion	<p>I have audited the financial report of Heywood Rural Health (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2023• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's 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>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor General's Report

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
8 September 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		2023	2022
	Note	\$'000	\$'000
Revenue and income from transactions			
Operating activities	2.1	12,095	10,711
Non-operating activities	2.1	310	36
Share of revenue from joint operations	8.7	296	341
Total revenue and income from transactions		12,701	11,088
Expenses from transactions			
Employee expenses	3.1	(9,446)	(8,062)
Supplies and consumables	3.1	(608)	(601)
Finance costs	3.1	(15)	(12)
Depreciation and amortisation	4.4	(1,208)	(1,172)
Share of expenditure from joint operations	8.7	(290)	(343)
Other administrative expenses	3.1	(986)	(883)
Other operating expenses	3.1	(295)	(323)
Total Expenses from transactions		(12,848)	(11,396)
Net result from transactions - net operating balance		(147)	(308)
Other economic flows included in net result			
Total net gain/(loss) on non-financial assets	3.2	(36)	15
Net gain/(loss) on financial instruments	3.2	(37)	-
Share of other economic flows from joint arrangements	8.7	-	(1)
Other gain/(loss) from other economic flows	3.2	(6)	(49)
Total other economic flows included in net result		(79)	(35)
Net result for the year		(226)	(343)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	2,350
Total other comprehensive income		-	2,350
Comprehensive result for the year		(226)	2,007

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

Balance Sheet

AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.2	10,981	9,174
Receivables and contract assets	5.1	372	386
Investments and other financial assets		2	2
Share of assets in joint operations	8.7	288	444
Prepaid expenses		79	66
Total current assets		11,722	10,072
Non-current assets			
Receivables	5.1	365	274
Share of assets in joint operations	8.7	182	134
Property, plant and equipment	4.1(a)	14,963	15,544
Right of use assets	4.2(a)	97	49
Investments accounted for using equity method	8.8	-	28
Total non-current assets		15,607	16,029
Total assets		27,329	26,101
Current liabilities			
Payables	5.2	926	556
Contract liabilities	5.3	-	28
Borrowings	6.1	97	24
Employee benefits	3.3	2,026	1,615
Share of liabilities in joint operations	8.7	311	432
Other liabilities	5.4	6,774	5,999
Total current liabilities		10,134	8,654
Non-current liabilities			
Borrowings	6.1	-	55
Employee benefits	3.3	209	187
Share of liabilities in joint operations	8.7	46	39
Total non-current liabilities		255	281
Total liabilities		10,389	8,935
Net assets		16,940	17,166
Equity			
Revaluation surplus	4.3	17,425	17,425
Restricted specific purpose reserve	SCE	257	257
Contributed capital	SCE	5,774	5,774
Accumulated surplus/(deficit)	SCE	(6,516)	(6,290)
Total equity		16,940	17,166

This balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated (Deficit) \$'000	Total \$'000
Balance at 1 July 2021	15,075	257	5,774	(5,947)	15,159
Net result for the year	-	-	-	(343)	(343)
Other comprehensive income for the year	2,350	-	-	-	2,350
Balance at 30 June 2022	17,425	257	5,774	(6,290)	17,166
Net result for the year	-	-	-	(226)	(226)
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2023	17,425	257	5,774	(6,516)	16,940

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

Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	2023	2022
Note	\$'000	\$'000
Cash Flows from operating activities		
Operating grants from Government	9,410	8,227
Capital grants from State Government	746	473
Patient fees received	957	934
GST received from ATO	247	290
Interest and investment income received	301	32
Other receipts received	1,014	713
Total receipts	12,675	10,669
Employee expenses	(8,971)	(7,843)
Payments for supplies and consumables	(558)	(520)
Payments for other expenses	(1,255)	(1,252)
Finance costs	(15)	(12)
GST paid to ATO	(251)	(283)
Total payments	(11,050)	(9,910)
Net cash flows from/(used in) operating activities	8.1 1,625	759
Cash Flows from investing activities		
Proceeds from sale of non-financial assets	-	23
Purchase of non-financial assets	(627)	(1,058)
Net cash flows from/(used in) investing activities	(627)	(1,035)
Cash flows from financing activities		
Repayment of borrowings	(16)	(16)
Repayment of principal portion of lease liabilities	(22)	(25)
Repayment of accommodation deposits	(1,753)	(1,665)
Receipt of accommodation deposits	2,600	3,635
Net cash flows from/(used in) financing activities	809	1,929
Net increase/(decrease) in cash and cash equivalents held	1,807	1,653
Cash and cash equivalents at beginning of year	9,174	7,521
Cash and cash equivalents at end of year	6.2 10,981	9,174

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

Note 1: Basis of preparation

Structure

1.1 Basis of preparation of the financial statements

1.2 Impact of COVID-19 pandemic

1.3 Abbreviations and terminology used in the financial statements

1.4 Joint arrangements

1.5 Key accounting estimates and judgements

1.6 Accounting standards issued but not yet effective

1.7 Goods and Services Tax (GST)

1.8 Reporting entity

These financial statements represent the audited general purpose financial statements for Heywood Rural Health for the year ended 30 June 2023. The report provides users with information about Heywood Rural Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preparation of the financial statements

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

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

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

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

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

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic Dependency). The financial statements are presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Heywood Rural Health on 29 August 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 1.2 Impact of COVID-19 pandemic (cont)

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

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

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
HRH	Heywood Rural Health

Note 1.4 Joint arrangements

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

Heywood Rural Health has an interest in South West Alliance Rural Health (SWARH) Joint Venture as detailed in Note 8.7.

Note 1.5 Key accounting estimates and judgements

Management makes 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 4.3: Depreciation and amortisation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

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 Heywood Rural Health 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 Not-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 Heywood Rural Health in future periods.

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 1.8 Reporting Entity

The financial statements include all the controlled activities of Heywood Rural Health.

Heywood Rural Health's principal address is:

21 Barclay Street
Heywood VIC 3304

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

Note 2: Funding delivery of our services

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

Structure

2.1 Revenue and income from transactions

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

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>Heywood Rural Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Heywood Rural Health to recognise revenue as or when the health service transfers promised goods or services to the beneficiaries.</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>Heywood Rural Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining timing of capital grant income recognition	<p>Heywood Rural Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>
Assets and services received free of charge or for nominal consideration	<p>Heywood Rural Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Assets and services received free of charge are recognised at fair value on the date received.</p>

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 2.1: Revenue and income from transactions

	2023	2022
Note	\$'000	\$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	5,082	4,608
Government grants (Commonwealth) - Operating	4,411	3,937
Patient and resident fees	1,003	915
Commercial activities ¹	463	255
Total revenue from contracts with customers	10,959	9,715
2.1(a)		
Other sources of income		
Government grants (State) - Capital	465	423
Patient fees	18	27
Assets received free of charge or for nominal consideration	50	81
Other income from operating activities	603	465
Total other sources of income	1,136	996
Total revenue and income from operating activities	12,095	10,711
Non-operating activities		
Income from other sources		
Capital interest	208	32
Other interest	93	-
Other income from non-operating activities	9	4
Total other sources of income	310	36
Total income from non-operating activities	310	36
Total revenue and income from transactions	12,405	10,747

1. Commercial activities represent business activities which Heywood Rural Health enters into to support its operations.

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

	2023	2022
	\$'000	\$'000
Heywood Rural Health disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	10,496	9,460
Over time	463	255
Total revenue from contracts with customers	10,959	9,715

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 2.1: Revenue and income from transactions (cont)

How we recognise revenue and income from operating activities

Government operating grants

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

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Heywood Rural Health recognises revenue in profit or loss as and when it satisfies its obligations under the contract.

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 Heywood Rural Health's goods or services. Heywood Rural Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of Heywood Rural Health's revenue streams, with information detailed below relating to Heywood Rural Health'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.
Other one-off grants	If funding conditions contain enforceable and sufficiently specific performance obligations. Heywood Rural Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Capital grants

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 2.1: Revenue and income from transactions (cont)

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

Patient and resident fees

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

Commercial activities

Revenue from commercial activities includes items such as meals on wheels. 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 2.1(b): Fair value of assets and services received free of charge or for nominal consideration

	2023 \$'000	2022 \$'000
Personal protective equipment and other consumables	50	81
Total fair value of assets and services received free of charge or for nominal consideration	50	81

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 Heywood Rural Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

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

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

Contributions of resources

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

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 Heywood Rural Health as a capital contribution transfer.

Non-cash contributions from the Department of Health

The DH makes some payments on behalf of Heywood Rural Health as follows:

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 and related on-costs

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>Heywood Rural Health applies significant judgment when classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Heywood Rural Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Heywood Rural Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Heywood Rural Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none">an inflation rate of 4.35, reflecting the future wage and salary levelsdurations 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 76% and 85%discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.1: Expenses from transactions

		2023	2022
	Note	\$'000	\$'000
Salaries and wages		6,486	5,855
On-costs		1,749	1,424
Agency expenses		742	493
Fee for service medical officer expenses		392	195
Workcover premium		77	95
Total employee expenses		9,446	8,062
Drug supplies		8	4
Medical and surgical supplies (including Prostheses)		144	177
Other supplies and consumables		456	420
Total supplies and consumables		608	601
Finance costs		15	12
Total finance costs		15	12
Other administrative expenses		986	883
Total other administrative expenses		986	883
Fuel, light, power and water		132	157
Repairs and maintenance		101	107
Maintenance contracts		62	59
Total other operating expenses		295	323
Total operating expenses		11,350	9,881
Depreciation and amortisation	4.4	1,207	1,172
Total depreciation and amortisation		1,207	1,172
Total non-operating expenses		1,207	1,172
Total expenses from transactions		12,557	11,053

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.1: Expenses from transactions (cont)

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

Non-operating expenses

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

Note 3.2: Other economic flows

	2023	2022
	\$'000	\$'000
Net gain/(loss) on disposal of property plant and equipment	(8)	15
Write off of associates	(28)	-
Total net gain/(loss) on non-financial assets	(36)	15
Allowance for impairment losses of contractual receivables	(37)	-
Total net gain/(loss) on financial instruments	(37)	-
Net gain/(loss) arising from revaluation of long service liability	(6)	(49)
Total other gains/(losses) from other economic flows	(6)	(49)
Total gains/(losses) from other economic flows	(79)	(34)

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Net gain/(loss) on non-financial assets

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.2: Other economic flows (cont)

Net gain/(loss) on financial instruments

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

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

Note 3.3: Employee benefits and related on-costs

	2023 \$'000	2022 \$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	7	7
	7	7
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	436	380
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	357	204
	793	584
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	157	140
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	724	618
	881	758
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	170	126
Unconditional and expected to be settled after 12 months ⁱⁱ	175	140
	345	266
Total current employee benefits and related on-costs	2,026	1,615
Non-current employee benefits and related on-costs		
Conditional long service leave	185	166
Provisions related to employee benefit on-costs	24	21
Total non-current employee benefits and related on-costs	209	187
Total employee benefits and related on-costs	2,235	1,802

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.3(a): Consolidated employee benefits and related on-costs

	2023 \$'000	2022 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	7	7
Unconditional annual leave entitlements	1,025	751
Unconditional long service leave entitlements	994	857
Total current employee benefits and related on-costs	2,026	1,615
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	209	187
Total non-current employee benefits and related on-costs	209	187
Total employee benefits and related on-costs	2,235	1,802
Attributable to:		
Employee benefits	1,866	1,515
Provision for related on-costs	369	287
Total employee benefits and related on-costs	2,235	1,802

Note 3.3(b): Provision for related on-costs movement schedule

	2023 \$'000	2022 \$'000
Carrying amount at start of year	287	247
Additional provisions recognised	191	94
Amounts incurred during the year	(109)	(49)
Net gain/(loss) arising from revaluation of long service liability	-	(5)
Carrying amount at end of year	369	287

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.

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

Annual leave and accrued days off

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

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

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

Long service leave

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.3: Employee benefits and related on-costs (cont)

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

The components of this current LSL liability are measured at:

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

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

Provision for on-costs related to employee benefits

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Defined benefit plans:ⁱ				
First State Super	13	16	1	1
Defined contribution plans:				
First State Super	393	427	18	17
Hesta	124	113	6	4
Other	79	78	3	4
Total	609	634	28	26

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

How we recognise superannuation

Employees of Heywood Rural Health 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 Heywood Rural Health to the superannuation plans in respect of the services of current Heywood Rural Health'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.

Heywood Rural Health 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 Heywood Rural Health.

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.4: Superannuation (cont)

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 Heywood Rural Health are disclosed above.

Note 4: Key assets to support service delivery

Heywood Rural Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Heywood Rural Health to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment

4.2 Right-of-use assets

4.3 Revaluation surplus

4.4 Depreciation and amortisation

4.5 Impairment of assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Heywood Rural Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Identifying indicators of impairment	<p>At the end of each year, Heywood Rural Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>
Estimating the useful life of intangible assets	Heywood Rural Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Key judgements and estimates	Description
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Heywood Rural Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Heywood Rural Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.

Note 4.1: Property, plant and equipment

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

	2023 \$'000	2022 \$'000
Land at fair value - Freehold	733	733
Total land at fair value	733	733
Land improvements	340	334
Less accumulated depreciation	(50)	(37)
Total land improvements at fair value	290	297
Buildings at fair value	13,309	13,309
Less accumulated depreciation	(1,035)	-
Total buildings at fair value	12,274	13,309
Works in progress at cost	687	187
Total land and buildings	13,984	14,526
Plant and equipment at fair value	1,794	1,765
Less accumulated depreciation	(1,186)	(1,108)
Total plant and equipment at fair value	608	657
Motor vehicles at fair value	162	162
Less accumulated depreciation	(142)	(134)
Total motor vehicles at fair value	20	28
Furniture and fittings at fair value	927	851
Less accumulated depreciation	(576)	(518)
Total furniture and fittings at fair value	351	333
Total plant, equipment, furniture, fittings and vehicles at fair value	979	1,018
Total property, plant and equipment	14,963	15,544

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.1(b): Reconciliations of carrying amount by class of asset

		Land & land improvements	Buildings	Assets under construction	Plant & equipment	Motor vehicles	Other assets	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		847	11,246	465	577	40	119	13,294
Additions		25	542	187	121	-	183	1,058
Revaluation increments/(decrements)		170	2,180	-	-	-	-	2,350
Net transfers between classes		-	376	(465)	29	-	60	-
Depreciation	4.4	(12)	(1,035)	-	(70)	(12)	(29)	(1,158)
Balance at 30 June 2022	4.1(a)	1,030	13,309	187	657	28	333	15,544
Additions		6	-	500	44	-	77	627
Disposals		-	-	-	(8)	-	-	(8)
Depreciation	4.4	(13)	(1,035)	-	(85)	(8)	(59)	(1,200)
Balance at 30 June 2023	4.1(a)	1,023	12,274	687	608	20	351	14,963

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Heywood Rural Health's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. An independent valuation of Heywood Rural Health's property, plant and equipment was performed by the VGV on 30 June 2019 and a managerial assessment performed as at 30 June 2023.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.1: Property, plant and equipment (cont)

How we recognise property, plant and equipment

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

Initial recognition

Items of property, plant and equipment 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 constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

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

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

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

Revaluation

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

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

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

An independent valuation of Heywood Rural Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2023 indicated an overall:

- increase in fair value of land and land improvements of 4% (\$29,234)
- increase in fair value of buildings of 5% (\$691,451).

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.1: Property, plant and equipment (cont)

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the property, plant and equipment revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, 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 property, plant and equipment revaluation surplus 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.

4.2 Right-of-use assets

4.2(a): Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Right of use vehicles at fair value	115	59
Less accumulated depreciation	(18)	(10)
Total right of use assets	97	49

4.2(b): Reconciliations of carrying amount by class of asset

	Right-of-use - Vehicles	Total
Note	\$'000	\$'000
Balance at 1 July 2021	71	71
Disposals	(8)	(8)
Depreciation	4.4 (14)	(14)
Balance at 30 June 2022	49	49
Additions	56	56
Depreciation	4.4 (8)	(8)
Balance at 30 June 2023	97	97

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased vehicles	1 to 3 years

Initial recognition

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

4.2 Right-of-use assets (cont)

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	17,425	15,075
Revaluation increment		
- Land	4.1(b) -	170
- Buildings	4.1(b) -	2,180
Balance at the end of the Reporting Period*	17,425	17,425
* Represented by:		
- Land	454	454
- Buildings	16,971	16,971
	17,425	17,425

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.4: Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Depreciation		
Property, plant and equipment		
Buildings	1,035	1,035
Land improvements	13	12
Plant and equipment	85	70
Motor vehicles	8	12
Other equipment	59	29
Total depreciation - property, plant and equipment	1,200	1,158
Right-of-use assets		
Right-of-use plant, equipment, furniture, fittings and motor vehicles	8	14
Total depreciation - right-of-use assets	8	14
Total depreciation	1,208	1,172

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.

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2023	2022
Buildings		
- Structure shell building fabric	7 to 47 years	7 to 47 years
- Site engineering services and central plant	7 to 25 years	7 to 25 years
Central plant		
- Fit out	7 to 15 years	7 to 15 years
- Trunk reticulated building system	7 to 15 years	7 to 15 years
Plant and equipment	3 to 20 years	3 to 20 years
Other equipment	3 to 5 years	3 to 5 years
Furniture and fittings	10 to 13 years	10 to 13 years
Motor vehicles	2 to 3 years	2 to 3 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.5: Impairment of assets

How we recognise impairment

At the end of each reporting period, Heywood Rural Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

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

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

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

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

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

Heywood Rural Health recognised an impairment of receivables of \$51,624 for the year ended 30 June 2023. Heywood Rural Health did not record any other 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 Heywood Rural Health's operations.

Structure

5.1 Receivables

5.2 Payables

5.3 Contract liabilities

5.4 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Heywood Rural Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>Heywood Rural Health applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease.</p> <p>The health service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> ▪ The lease transfers ownership of the asset to the lessee at the end of the term ▪ The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term ▪ The lease term is for the majority of the asset's useful life ▪ The present value of lease payments amount to the approximate fair value of the leased asset and ▪ The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where Heywood Rural Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Heywood Rural Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Recognition of other provisions	Other provisions include Heywood Rural Health's obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Key judgements and estimates	Description
Measuring contract liabilities	Heywood Rural Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables

	2023	2022
Notes	\$'000	\$'000
Current receivables		
Contractual		
Inter hospital debtors	1	3
Trade receivables	198	208
Patient fees	137	109
Allowance for impairment losses	5.1(a) (52)	(17)
Total contractual receivables	284	303
Statutory		
GST receivable	88	83
Total statutory receivables	88	83
Total current receivables	372	386
Non-current receivables		
Contractual		
Long service leave - Department of Health	365	274
Total contractual receivables	365	274
Total non-current receivables	365	274
Total receivables	737	660
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	737	660
GST receivable	(88)	(83)
Total financial assets classified as receivables	7.1(a) 649	577

As at 30 June 2023, Heywood Rural Health has contract assets of \$335,819 which is net of an allowance for expected credit losses of \$51,624. This is included in the contractual receivable balances presented above.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

	2023	2022
	\$'000	\$'000
Balance at the beginning of the year	(17)	(17)
Increase in allowance	(35)	-
Balance at the end of the year	(52)	(17)

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, includes 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*.

Impairment losses of contractual receivables

Refer to Note 7.2(a) for Heywood Rural Health's contractual impairment losses.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.2: Payables

	2023	2022
Note	\$'000	\$'000
Current payables		
Contractual		
Trade creditors	131	47
Accrued salaries and wages	291	243
Accrued expenses	82	145
Deferred capital grant income	5.2(a) 350	102
Inter hospital creditors	52	-
Total contractual payables	906	537
Statutory		
GST payable	20	19
Total statutory payables	20	19
Total current payables	926	556
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	926	584
Deferred grant income	(350)	(102)
GST payable	(20)	(19)
Total financial liabilities	7.1(a) 556	435

How we recognise payables

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 Heywood Rural Health prior to the end of the financial year that are unpaid.
- **Statutory payables** includes 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.2(a): Deferred capital grant income

	2023 \$'000	2022 \$'000
Opening balance of deferred capital grant income	102	52
Grant consideration for capital works received during the year	350	102
Deferred capital grant income recognised as income due to completion of capital works	(102)	(52)
Closing balance of deferred capital grant income	350	102

How we recognise deferred capital grant revenue

Grant consideration was received from Department of Health to support the refurbishment of Residential Aged Care assets. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Heywood Rural Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Heywood Rural Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Heywood Rural Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2024.

Note 5.3: Contract liabilities

	2023 \$'000	2022 \$'000
Opening balance of contract liabilities	28	146
Grant consideration for sufficiently specific performance obligations received during the year	-	28
Revenue recognised for the completion of a performance obligation	(28)	(146)
Total contract liabilities	-	28
* Represented by:		
- Current contract liabilities	-	28
	-	28

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of COVID grant revenue. The balance of contract liabilities was significantly lower than the previous reporting period due to the nature of the funding received.

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.4: Other liabilities

	2023	2022
	\$'000	\$'000
Current monies held in trust		
Patient monies	105	88
Refundable accommodation deposits	6,426	5,580
Other monies	243	331
Total current monies held in trust	6,774	5,999
* Represented by:		
- Cash assets	6,515	5,653
	6,515	5,653

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

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

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>Heywood Rural Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>Heywood Rural Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Heywood Rural Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Heywood Rural Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>For leased vehicles, the implicit interest rate is 1.9%.</p>

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Key judgements and estimates	Description
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 Heywood Rural Health is reasonably certain to exercise such options.</p> <p>Heywood Rural Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	2023 \$'000	2022 \$'000
Current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	81	8
Advances from government (ii)		16	16
Total current borrowings		97	24
Non-current borrowings			
Lease liability ⁽ⁱ⁾	6.1(a)	-	39
Advances from government (ii)		-	16
Total non-current borrowings		-	55
Total borrowings	7.1(a)	97	79

i Secured by the assets leased.

ii 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.

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'.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 6.1: Borrowings (cont)

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

Heywood Rural Health's lease liabilities are summarised below:

	2023 \$'000	2022 \$'000
Total undiscounted lease liabilities	82	49
Less unexpired finance expenses	(1)	(2)
Net lease liabilities	81	47

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	82	8
Longer than one year but not longer than five years	-	41
Minimum future lease liability	82	49
Less unexpired finance expenses	(1)	(2)
Present value of lease liability	81	47
* Represented by:		
- Current liabilities	81	8
- Non-current liabilities	-	39
	81	47

How we recognise lease liabilities

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

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

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

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

Type of asset leased	Lease term
Leased vehicles	1 to 3 years

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 6.1(a): Lease liabilities (cont)

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.

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 Heywood Rural Health's 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.

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).

Subsequent measurement

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

Note 6.2: Cash and cash equivalents

		2023	2022
	Note	\$'000	\$'000
Cash at bank (excluding monies held in trust)		4,466	3,521
Total cash held for operations		4,466	3,521
Cash at bank (monies held in trust)		6,515	5,653
Total cash held as monies in trust		6,515	5,653
Total cash and cash equivalents	7.1(a)	10,981	9,174

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 6.3: Commitments for expenditure

	2023	2022
	\$'000	\$'000
Capital expenditure commitments		
Less than one year	553	216
Longer than one year but not longer than five years	-	-
Five years or more	-	-
Total capital expenditure commitments	553	216
Total commitments for expenditure (inclusive of GST)	608	237
Less GST recoverable from Australian Tax Office	55	21
Total commitments for expenditure (exclusive of GST)	553	216

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Heywood Rural Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Heywood Rural Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none">▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Heywood Rural Health's specialised land are measured using this approach.▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Heywood Rural Health's specialised buildings, land improvements, furniture, fittings, plant, equipment and vehicles are measured using this approach.▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Heywood Rural Health does not this use approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p>

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Key judgements and estimates	Description
	<p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Heywood Rural Health does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Heywood Rural Health categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Heywood Rural Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

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

Note 7.1(a): Categorisation of financial instruments

	Note	Financial Assets			Total
		Financial Assets at Amortised Cost \$'000	at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	
30 June 2023					
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	10,981	-	-	10,981
Receivables and contract assets	5.1	649	-	-	649
Investments and other financial assets		-	2	-	2
Total Financial Assetsⁱ		11,630	2	-	11,632
Financial Liabilities					
Payables	5.2	-	-	556	556
Borrowings	6.1	-	-	97	97
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	-	6,426	6,426
Other Financial Liabilities - Patient monies held in trust	5.4	-	-	105	105
Other monies held in trust	5.4	-	-	-	-
Total Financial Liabilitiesⁱ		-	-	7,184	7,184

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.1(a): Categorisation of financial instruments (cont)

	Note	Financial Assets			Total \$'000
		Financial Assets at Amortised Cost \$'000	at Fair Value Through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	
30 June 2022					
Contractual Financial Assets					
Cash and cash equivalents	6.2	9,174	-	-	9,174
Receivables	5.1	577	-	-	577
Investments and other financial assets		-	2	-	2
Total Financial Assetsⁱ		9,751	2	-	9,753
Financial Liabilities					
Payables	5.2	-	-	435	435
Borrowings	6.1	-	-	79	79
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	-	5,580	5,580
Other Financial Liabilities - Patient monies held in trust	5.4	-	-	88	88
Other monies held in trust	5.4	-	-	331	331
Total Financial Liabilitiesⁱ		-	-	6,513	6,513

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

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

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

Note 7.1(a): Categorisation of financial instruments (cont)

Heywood Rural Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Financial assets at fair value through net result

Heywood Rural Health initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Heywood Rural Health recognises listed equity securities as mandatorily measured at fair value through net result and has designated all managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Heywood Rural Health recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

Offsetting financial instruments

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.1(a): Categorisation of financial instruments (cont)

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Note 7.2(a): Credit risk

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2(a): Credit risk (cont)

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

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Heywood Rural Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Heywood Rural Health's credit risk profile in 2022-23.

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

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

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

		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
30 June 2023							
Expected loss rate		0.0%	0.0%	0.0%	38.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	512	-	1	136	-	649
Loss allowance		-	-	-	(52)	-	(52)
30 June 2022							
Expected loss rate		0.0%	0.0%	0.0%	0.0%	100.0%	
Gross carrying amount of contractual receivables	5.1	534	8	1	17	17	577
Loss allowance		-	-	-	-	(17)	(17)

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2(a): Credit risk (cont)

Statutory receivables and debt investments at amortised cost

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

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

Note 7.2(b): Liquidity risk

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

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding 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.

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

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

	Note	Maturity Dates					
		Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
30 June 2023							
Financial Liabilities at amortised cost							
Payables	5.2	556	556	556	-	-	-
Borrowings	6.1	97	97	-	-	97	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	6,426	6,426	-	-	1,928	4,498
Other Financial Liabilities - Patient monies held in trust	5.4	105	105	-	105	-	-
Other monies held in trust	5.4	243	243	-	-	243	-
Total Financial Liabilities		7,427	7,427	556	105	2,268	4,498

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2(b): Liquidity risk (cont)

	Note	Maturity Dates					
		Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000
30 June 2022							
Financial Liabilities at amortised cost							
Payables	5.2	435	435	435	-	-	-
Borrowings	6.1	79	79	-	-	24	55
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	5,580	5,580	-	-	1,618	3,962
Other Financial Liabilities - Patient monies held in trust	5.4	88	88	-	88	-	-
Other monies held in trust	5.4	331	331	-	-	331	-
Total Financial Liabilities		6,513	6,513	435	88	1,973	4,017

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

Note 7.2(c): Market risk

Heywood Rural Health'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

Heywood Rural Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Heywood Rural Health'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 1% 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. Heywood Rural Health 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. Heywood Rural Health has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Note 7.3: Contingent assets and contingent liabilities

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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
- Property, plant and equipment
- Right-of-use assets

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.

Heywood Rural Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

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

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.4(a): Fair value determination of non-financial physical assets

	Note	Carrying amount 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Land Improvements		290	-	-	290
Specialised land		733	-	-	733
Total land at fair value	4.1(a)	1,023	-	-	1,023
Specialised buildings		12,274	-	-	12,274
Total buildings at fair value	4.1(a)	12,274	-	-	12,274
Plant and equipment	4.1(a)	608	-	-	608
Motor vehicles	4.1(a)	20	-	-	20
Furniture and fittings	4.1(a)	351	-	-	351
Total plant, equipment, furniture, fittings and vehicles at fair value		979	-	-	979
Right of use vehicles	4.2(a)	97	-	-	97
Total right-of-use assets at fair value		97	-	-	97
Total non-financial physical assets at fair value		14,373	-	-	14,373

	Note	Carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Land Improvements		297	-	-	297
Specialised land		733	-	-	733
Total land at fair value	4.1(a)	1,030	-	-	1,030
Specialised buildings		11,129	-	-	11,129
Total buildings at fair value	4.1(a)	11,129	-	-	11,129
Plant and equipment	4.1(a)	657	-	-	657
Motor vehicles	4.1(a)	28	-	-	28
Other equipment	4.1(a)	333	-	-	333
Total plant, equipment, furniture, fittings and vehicles at fair value		1,018	-	-	1,018
Right of use vehicles	4.2(a)	49	-	-	49
Total right-of-use assets at fair value		49	-	-	49
Total non-financial physical assets at fair value		13,226	-	-	13,226

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.4(a): Fair value determination of non-financial physical assets (cont)

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.

Heywood Rural Health 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 and non-specialised buildings

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

For non-specialised land and non-specialised buildings an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.4(a): Fair value determination of non-financial physical assets (cont)

Vehicles

The Heywood Rural Health 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 depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2023.

Reconciliation of level 3 fair value measurement

Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use vehicles \$'000
Balance at 1 July 2021	847	11,246	736	71
Additions/(Disposals)	24	542	304	(15)
Net Transfers between classes	-	376	89	-
<i>Gains/(Losses) recognised in net result</i>				
- Depreciation and amortisation	(12)	(1,035)	(111)	(7)
<i>Items recognised in other comprehensive income</i>				
- Revaluation	170	2,180	-	-
Balance at 30 June 2022	1,029	13,309	1,018	49
7.4(a)				
Additions/(Disposals)	6	-	113	56
<i>Gains/(Losses) recognised in net result</i>				
- Depreciation and Amortisation	(13)	(1,035)	(144)	(8)
7.4(a)				
Balance at 30 June 2023	1,022	12,274	987	97

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Current replacement cost approach	- 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 Heywood Rural Health's specialised land.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 Investments using the equity method

8.9 Equity

8.10 Economic Dependency

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

		2023	2022
	Note	\$'000	\$'000
Net result for the year		(226)	(343)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets		8	(15)
Depreciation of non-current assets	4.4	1,208	1,172
Loss allowance for receivables		37	-
Share of net results in joint venture and associate		22	-
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables		(168)	(226)
(Increase)/Decrease in prepaid expenses		(16)	(8)
Increase/(Decrease) in payables		370	(52)
Increase/(Decrease) in contract liabilities		28	-
Increase/(Decrease) in monies in trust		(71)	(57)
Increase/(Decrease) in employee benefits		433	288
Net cash inflow from operating activities		1,625	759

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.2: Responsible persons disclosures

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 1st of November and new ministers were sworn in on the 5th of December.

Remuneration of Responsible Persons

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

	Period
The Honourable Mary-Anne Thomas MP:	
Minister for Health	1 July 2022 to 30 June 2023
Minister for Health Infrastructure	5 December 2022 – 30 June 2023
Minister for Medical Research	5 December 2022 – 30 June 2023
Former Minister for Ambulance Services	1 July 2022 – 5 December 2022
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	1 July 2022 to 30 June 2023
Minister for Ambulance Services	5 December 2022 – 30 June 2023
The Honourable Lizzy Blandthorn MP:	
Minister for Disability, Ageing and Carers	5 December 2022 – 30 June 2023
The Honourable Colin Brooks	
Former Minister for Disability, Ageing and Carers	1 July 2022 to 5 December 2022

Governing Boards

Ms K Cook	1 Jul 2022 - 30 Jun 2023
Mr M Oberlander	1 Jul 2022 - 30 Jun 2023
Mrs C Patterson	1 Jul 2022 - 30 Jun 2023
Mr A Oxford	1 Jul 2022 - 30 Jun 2023
Ms L Easson	1 Jul 2022 - 30 Jun 2023
Ms C Hoggan	1 Jul 2022 - 30 Jun 2023
Ms J Warne	1 Jul 2022 - 30 Jun 2023
Ms C Lyszczarz	1 Jul 2022 - 30 Jun 2023
Ms J Tod	1 Jul 2022 - 30 Jun 2023

Accountable Officers

Mr L Parker	1 Jul 2022 - 30 Jun 2023
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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.2: Responsible persons disclosures (cont)

Remuneration of Responsible Persons

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

Income Band	2023	2022
	No	No
\$0 - \$9,999	9	10
\$210,000 - \$219,999	1	1
	10	11
	2023	2022
	\$'000	\$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	244	252

Amounts relating to the Governing Board Members and Accountable Officer of Heywood Rural Health's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of executives

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

Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration	
	2023	2022
	\$'000	\$'000
Short-term benefits	175	179
Post-employment benefits	31	30
Other long-term benefits	5	5
Total remunerationⁱ	211	214
Total number of executives	1	1
Total annualised employee equivalent ⁱⁱ	1.0	1.0

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

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

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

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

Short-term employee benefits

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.3: Remuneration of executives (cont)

Post-employment benefits

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

Other long-term benefits

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

Other factors

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

Note 8.4: Related parties

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

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the SWARH Joint Venture 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 Heywood Rural Health and its controlled entities, directly or indirectly.

Key management personnel

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

Entity	KMPs	Position Title
Heywood Rural Health	Mr A Oxford	Chair of the Board
Heywood Rural Health	Ms K Cook	Board Member
Heywood Rural Health	Mr M Oberlander	Board Member
Heywood Rural Health	Mrs C Patterson	Board Member
Heywood Rural Health	Ms L Easson	Board Member
Heywood Rural Health	Ms C Hoggan	Board Member
Heywood Rural Health	Ms J Warne	Board Member
Heywood Rural Health	Ms C Lyszczarz	Board Member
Heywood Rural Health	Ms J Tod	Board Member
Heywood Rural Health	Mr L Parker	Chief Executive 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 Department of Parliamentary Services' Financial Report.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.4: Related parties (cont)

	2023 \$'000	2022 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	208	217
Post-employment Benefits	31	30
Other Long-term Benefits	5	5
Total ⁱⁱ	244	252

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

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

Significant transactions with government related entities

	2023 \$'000	2022 \$'000
Funding received from DH	5,547	5,031
Interest free loan balance DH	16	32
Receivable from DH	365	274
Payable to DH	-	130

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

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

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

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with the Heywood Rural Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: none).

There were no related party transactions required to be disclosed for the Heywood Rural Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.5: Remuneration of auditors

	2023	2022
	\$'000	\$'000
Victorian Auditor-General's Office		
Audit of the financial statements	18	17
Total remuneration of auditors	18	17

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

		Ownership Interest	
Principal Activity		2023	2022
		%	%
South West Alliance of Rural Health	ICT provision and support	1.18	1.61

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.7: Joint arrangements (Cont)

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

	2023	2022
	\$'000	\$'000
Current assets		
Cash and cash equivalents	207	342
Receivables	70	90
Prepaid expenses	11	12
Total current assets	288	444
Non-current assets		
Receivables	12	13
Property, plant and equipment	116	117
Intangible assets	54	4
Total non-current assets	182	134
Total assets	470	578
Current liabilities		
Payables	101	154
Other current liabilities	158	210
Lease liabilities	20	25
Employee benefits and related on-cost provisions	32	43
Total current liabilities	311	432
Non-current liabilities		
Other liabilities	1	3
Lease liabilities	38	32
Employee benefits and related on-cost provisions	7	4
Total non-current liabilities	46	39
Total liabilities	357	471
Net assets	113	107
Equity		
Accumulated surplus	113	107
Total equity	113	107

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.7: Joint arrangements (Cont)

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

	\$'000	\$'000
Revenue and income from transactions		
Operating activities	290	315
Non-operating activities	6	26
Total revenue and income from transactions	296	341
Expenses from transactions		
Employee benefits	(126)	(147)
Finance Costs	(1)	(1)
Depreciation	(29)	(37)
Operating expenses	(106)	(136)
Movement in JV % ownership	(28)	(22)
Total expenses from transactions	(290)	(343)
Net result from transactions	6	(2)
Other economic flows included in the net result		
Revaluation of long service leave	-	(1)
Total other economic flows included in the net result	-	(1)
Comprehensive result for the year	6	(3)

* Figures obtained from the unaudited SWARH Joint Venture annual report.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Investments using the equity method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest		Published Fair Value	
			2023	2022	2023	2022
			%	%	\$'000	\$'000
Associates						
<i>Southern Grampians/Glenelg Shire Primary Care Partnership</i> ^{(a)(b)}	Primary Health	Australia	-	11	-	28

(a) As at 30 June 2023, the fair value of the health service's interest in Southern Grampians/Glenelg Shire PCP was based the % share of net assets of the unaudited financial statements.

(b) The financial year end date of Southern Grampians/Glenelg Shire PCP is 30 June.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.9: 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 Heywood Rural Health.

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

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

Restricted specific purpose reserves

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

Note 8.10: Economic dependency


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



committed to the
health and wellbeing
of our community

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