Annual Report 2021-22

redhs

Caring For Our Community

Rochester and Elmore District Health Service

Who We Are

Rochester and Elmore District Health Service (REDHS) was established on 1 November 1993 following the amalgamation of the Rochester and District War Memorial Hospital and the Elmore District Hospital.

REDHS sits on the traditional lands of the Dja Dja Wurrung Clans, and also provides services across the lands of the Taungurung and Yorta Yorta Peoples. We respect and acknowledge their unique Aboriginal cultural heritage and their role in this region and pay our respects to their ancestors, descendants and emerging leaders as the Traditional Owners of this Country.

REDHS is an incorporated body under Section 31 of the *Health Services Act 1988* providing a broad range of services including acute, residential aged and primary care services to our catchment population of 6,700 and has:

- 126 full time equivalent staff (202 headcount)
- 60 residential aged care beds (including one respite and a 10-bed memory-support unit)
- 10 inpatient acute beds including one (unfunded) designated palliative care bed/ suite and two beds designated for the bed-based Transition Care Program
- One community/home-based Transition Care Program bed
- Urgent Care Centre
- District Nursing Service
- Primary Care Services including a range of ambulatory Allied Health services as well as home supports such as Home Care Packages and NDIS packages
- Radiology (X-Ray & Ultrasound) service
- Close working relations with our local GP practices, including one co-located on REDHS site

The responsible Minister is the Minister for Health. The Hon Martin Foley MP - Minister for Health and Minister for Ambulance Services, Minister for Equality from 1 July 2021 to 27 June 2022; and The Hon Mary-Anne Thomas MP - Minister for Health, Minister for Ambulance Services from 27 June 2022 to 30 June 2022.

Our Location

Contents

Front cover image:
International Nurses Day, 12 May 2022
L-R: Deepti Khurana RN, Sangeeta Gosai – EN, Pauline Jones - EN, Melissa Seelenmeyer – Acute Services Manager, Poppy – Volunteer Therapy Dog

Our Vision

Caring for our community

Our Vision, *"Caring for Our Community"*, acknowledges that the community we live and work in is vitally important to us.

Values and behaviours:

R	Reliability	Being trustworthy and performing consistently well
E	Engagement	Working collaboratively with people to address issues and create opportunities to bring about positive change
D	Diversity	Understanding that each individual is unique and respecting our individual differences
H	Hospitality	Receiving and treating all people in a warm, friendly, generous way.
S	Sustainability	Meeting our current needs without compromising the ability of future generations to meet their needs.

Our Strategic Priorities 2020 - 2025

1 Building a Culture that Empowers

1.1 Ensure our staff are engaged, empowered and healthy
1.2 Support our staff to provide the best care
1.3 Attract the best staff with the right skills

2 Delivering Quality Care

2.1 Understand our community's health and wellbeing needs
2.2 Use data and evidence to support innovation and investment
2.3 Provide quality care focused on outcomes

3 Connecting with Community

3.1 Support healthier neighborhoods and community
3.2 Connect our community with the right care and support
3.3 Partner in our consumers care

4 Securing our Future

4.1 Environmentally sustainable initiatives
4.2 Financially sustainable solutions
4.3 Strategies to support a sustainable workforce

The Year in Review - 2021 - 2022

Acute Ward	
Total Acute Ward Separations	287
Acute Ward Bed Days	1,911
Transition Care Bed Days	663
Transition Care Days - Community	861
Residential Aged Care	
Total Bed Days	18,914
Total Admissions	28
Non-admitted Occasions of Service	
District Nursing	5285
Urgent Care Centre	531
Radiology	0
Drug and Alcohol Withdrawal Service	144

Community Care			
Discipline	**Face to face**	**Telehealth**	**Total**
Allied Health			
Dietetics	683	71	754
Diabetes Education	7		7
Exercise Physiologist	37	44	81
Podiatry	3,873	10	3,883
Physiotherapy	2165	17	2182
Occupational Therapy	680	1	681
Social Work	269	34	303
Allied Health Assistants			
- Group Exercise Programs	2,404		2,404
- AHA In-Home Exercise Programs	288		288
Allied Health Support Total*			**10,533**
Community and In-Home Support			
Home Care	5,627		5,627
Property Maintenance	574		574
Meals on Wheels	2,598		2,598
Social Support Group	1,889		1,889
Community & In-Home Support Total:			**10,688**

*1,309 occasions of documentation

Services available at REDHS

- Acute Ward – including 24/7 Urgent Care Centre
- Cardiac Health Exercise Program
- Community Transport – in partnership with Royal Flying Doctor Service (RFDS)
- Dietetics
- District Nursing
- Group Fitness Programs
- Health Promotion
- Hearing Services
- Home Care Packages
- Home Care Services
- Maternal Child Health
- Meals on Wheels
- National Disability Insurance Scheme Packages
- Occupational Therapy
- Palliative Care
- Pathology Collection
- Physiotherapy
- Podiatry
- Property Maintenance
- Radiology (X-rays and Ultrasounds)
- Residential Aged Care
- Respite
- Rural Withdrawal Service (Alcohol and Other Drugs)
- Service Coordination (Central Intake)
- Social Support Group
- Social Work
- Transition Care Program
- Volunteer Program

A message from our Board Chair & Chief Executive Officer

On behalf of the Board of Directors, we are pleased to present the 28th Annual Report of Rochester and Elmore District Health Service (REDHS) for the year ending 30 June 2022. The report is prepared in accordance with the *Financial Management Act 1994* and highlights the significant achievements and events that occurred during 2021-22.

In reflecting on the message drafted for our last Annual Report, in some ways it felt as though little had changed in the last 12 months as the challenges of the COVID-19 pandemic continued to significantly impact our community and REDHS operations.

However, when looking more closely on the year that has passed it is clear that we did not stand still while the pandemic whirled around us. We kept our eye on where REDHS needed to be in a world 'post COVID' and forged ahead with some very important initiatives.

Strategic Priority 1: Building a Culture That Empowers

Retaining our staff and attracting new staff has been a very real challenge for REDHS during the 2021/22 period and, therefore, a major area of focus. We commissioned an external review of our workforce culture and convened a Cultural Action Planning Group to work through the recommendations arising from the review. Concurrently, we also implemented a number of education and staff wellbeing initiatives to support and retain our existing workforce while we continued with an extensive recruitment drive to attract new employees.

This year REDHS commenced sponsoring new employees under visa arrangements as well as offering entry level opportunities for members of our local communities who were interested in commencing a career in health. We increased our intake of Registered Nurse Graduates from one to five in the 2022 Graduate Registered Nurse Program and we continue to partner with Echuca Regional Health to offer graduates the opportunity to work across both Health Services as part of the Northern Rivers Registered Nurse Graduate Program.

In an effort to 'grow our own' workforce, REDHS embarked on a new initiative in 2021/22 and employed new staff under a traineeship program. Partnering with a Registered Training Organisation, REDHS provided opportunities for 12 (twelve) members of our local community to 'earn while they learn', as they were supported to undertake a dual Certificate IV in Aged Care and Certificate IV in Disability. All were looking for a change and to work in a role that enables them to make a positive contribution to their community. The accredited training was delivered onsite at REDHS and our trainees have obtained valuable on the job experience within both our Aged Care and Home Care services. This has provided a wonderful opportunity to enhance our Lifestyle and Activities Programs, the support we provide our residents and clients and to support the ongoing sustainability of our workforce.

Our Frontline Leaders completed an intensive leadership program facilitated by an external provider designed to build leadership capacity and support culture initiatives with the objective of further improving the employment experience of our staff at REDHS.

Our key focus areas for Occupational Health and Safety continue to be manual handling and occupational violence. This year over 50 REDHS staff participated in external training to improve their ability to prevent and manage aggression both in the workplace and in the home setting.

To ensure we are on the right track the Board commissioned our Internal Auditors to review systems and initiatives focused on managing Organisational Culture, including managing the risks associated with fraud and corruption and bullying and harassment. Reassuringly, the audit confirmed robust systems/practice which align well with better practice and comparable organisations and a proactive response to recommendations arising from relevant targeted reviews.

Strategic Priority 2: Delivering Quality Care

REDHS are committed to understanding our community's health and wellbeing needs and providing quality care focused on outcomes. To this end we reviewed the Campaspe Municipal Health and Wellbeing Plan 2021-2025 to identify initiatives REDHS can/should implement to address identified community need. Data noted increased rates of Cardiac and Pulmonary Disease, so REDHS reviewed and upgraded our Cardiac Rehab program. The data also revealed higher rates of violence associated with alcohol. REDHS responded by reviewing our Alcohol and Other Drugs (AOD) services and have revised the MARAM Risk Screening tool to include question as to association with alcohol/drugs.

Continued focus on implementing our Diversity and Vulnerability Action Plan has seen an Organisational Gender Equity Audit completed and Action Plan submitted to Gender Equality Commissioner.

REDHS Aboriginal Acknowledgement Policy supports staff to have a greater appreciation of cultural history, use of language, cultural competency and responsiveness. Aboriginal Cultural Competence training has been added to our on-line training resources and mandated for all staff. The Board approved installation of statue of Azure Kingfisher on REDHS grounds and the Dja Dja Wurrung traditional owners have provided translation for 'Kingfisher' '*Dayiring-dayiringung*' to use in signage

We have added to the range of support able to be provided on site for residents in Aged Care with a Memorandum of Understanding with ERH for the provision of in-reach Psychological Treatment Service for REDHS residents with low to moderate mental illness.

An audit was undertaken of REDHS café and, pleasingly, confirmed that food and drinks sold in Café Red are in line with the Healthy Choices Policy directive for Victorian public health services. The Café are currently doing a great job at staying within the required 50% Green (Healthiest/Always Choices) classification and no more than 20% Red (Least Healthy / Sometimes Choices) classified items. Currently we're sitting at 68% Green, 26% Amber and 6% Red.

Strategic Priority 3: Connecting With Community

REDHS Consumer and Community Advisory Committee (CCAC) has been busy this year. They reviewed our Consumer Engagement Strategy and updated it to a more targeted, purposeful Stakeholder Engagement Plan with tools to support stakeholder engagement. We have supported the first of (we hope) many Kitchen Table Conversations and Community Listening Posts to hear what our community want of our organisation.

So that the community know how REDHS can support them, we redeveloped our website to improve our online presence and we launched a fortnightly advertising campaign in our local Campaspe News providing update on REDHS service availability and featuring a Service Profile for each of our clinical services.

Many of our community are carers for someone so we develop a 'Carer Hub' in REDHS where carers can access relevant materials. Key staff involved in complex care planning / discharge planning participated in carer-support education as well, so they can assist carers to access support and services.

In a new partnership with Bendigo Community Health Service (BCHS), REDHS now provide more services in Elmore. We commenced with podiatry and exercise groups and plan to extend to the range of allied health services which are currently provided out of Rochester site.

To better prepare for the new 'Support at Home Program' commencing July 2023, REDHS used flexibility provisions to increase service allocation for CHSP, particularly in Allied Health and Social Support Group. When compared to same time last year, an additional 732 hours of service have been provided to our community. This increased service encompasses a number of initiatives including Podiatry, Physiotherapy and Group Exercise Programs out of Elmore, new Allied Health Assistant outpatient service and the addition of Dietetics and Social Work service types to the range of REDHS CHSP agreed services. REDHS are confident the steps being taken will position our Community Care services post July 2023 support the ongoing financial viability of the service.

REDHS Acute and Community Nursing team have actively supported initiatives associated with Better @ Home including local resourcing and support for COVID Positive patient monitoring in the home and reporting via the Regional Community Platform. REDHS District Nursing team supported over 160 COVID Positive patients in our local community.

Strategic Priority 4: Securing our Future

REDHS are committed to securing our future with environmentally sustainable initiatives, financially sustainable solutions and strategies to support a sustainable workforce.

Major redevelopment work in Aged Care remained on track this year despite periods of lock-down, supply chain delays and limitations imposed on the contractors. Early in the 22/23 year we look forward to officially opening 12 rooms converted from shared accommodation to freshly refurbished private rooms with ensuites, a larger dining room including Al Fresco BBQ area and a beautiful new sensory garden.

REDHS Environmental Sustainability Plan 2018-2023 encompasses a reporting regime for environmental performance against targets to reduce waste, energy, water and fuel consumption. A reassuring trend has been noted in reduced energy costs since installation of solar panels and review of REDHS fleet profile undertaken in relation to potential participation in Zero Emissions Vehicle (ZEV) project with Department of Treasury and Finance.

As well as the initiatives aimed at Building a Culture That Empowers outlined under Strategic Priority 1 (above), this year ongoing implementation of REDHS Workforce Plan saw arrangements with Bendigo

TAFE to provide students completing Certificate III in Individual Support (Ageing, Home and Community) and Certificate IV in Allied Health Assistance placement opportunities at REDHS in Community Care, Home Care and Residential Care.

In closing

Despite the vigilance of staff and visitors, like many other Aged Care facilities, we were not able to keep COVID out. In some ways it was inevitable, as waves of infection continued, new strains emerged and vaccination roll out took time, but thankfully the 3 (three) outbreaks which occurred at REDHS were recognised and contained very quickly. Staff and residents being vaccinated certainly helped the situation and ensured no one suffered serious illness while COVID Positive.

We are very grateful for the support of families and carers and the community at large for their understanding and cooperation with the restrictions and precautions we have had to introduce to ensure our patients and residents are kept safe.

Our team of volunteers have unfortunately borne the brunt of COVID restrictions, as they predominantly fell into the category of 'vulnerable' older persons, so have been unable to support our residents and clients for the duration of the pandemic. REDHS has continued to actively engage with our volunteers with regular communication, delivery of thank you packs, and arranging for their participation in training delivered virtually and/or face-to face as restrictions allowed. We look forward to welcoming them back as soon as possible.

Our staff and doctors demonstrated REDHS Value of Reliability for another year. In the face of the ongoing and ever-changing restrictions and precautions required to contend with the COVID-19 pandemic, including 3 (three) outbreaks in REDHS facilities, they continued to support our patients, residents and clients.

We must commend their professional and dedicated service and their absolute commitment to our patients, clients, residents, and to our community as a whole, throughout what has been an eventful and challenging year. We are immensely proud of them and to be in the privileged position of calling ourselves members of the REDHS team.

David Rosaia
Board Chair

Karen Laing
Chief Executive Officer

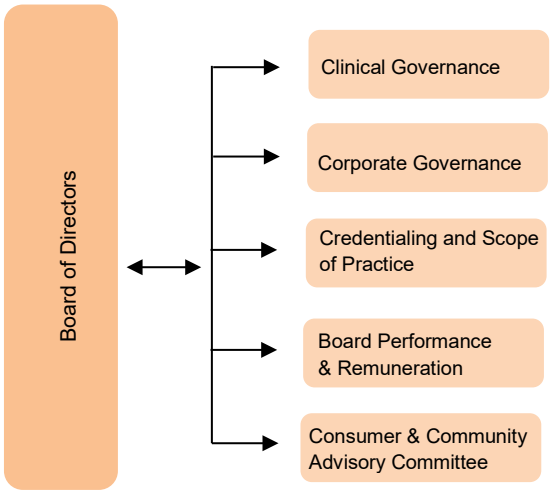
Corporate Governance

REDHS Board of Directors

Rochester and Elmore District Health Service (REDHS) is an incorporated body listed under Schedule 1 of the *Health Services Act 1988*. Board directors are recommended by the Minister and appointed by the Governor-In-Council for a term of up to three years and act in a voluntary capacity.

The strategic direction of REDHS is determined by the Board of Directors, which meets regularly with the Chief Executive Officer and executive staff to determine governance, compliance and policy. The Board is supported in its decision-making by a number of sub-committees.

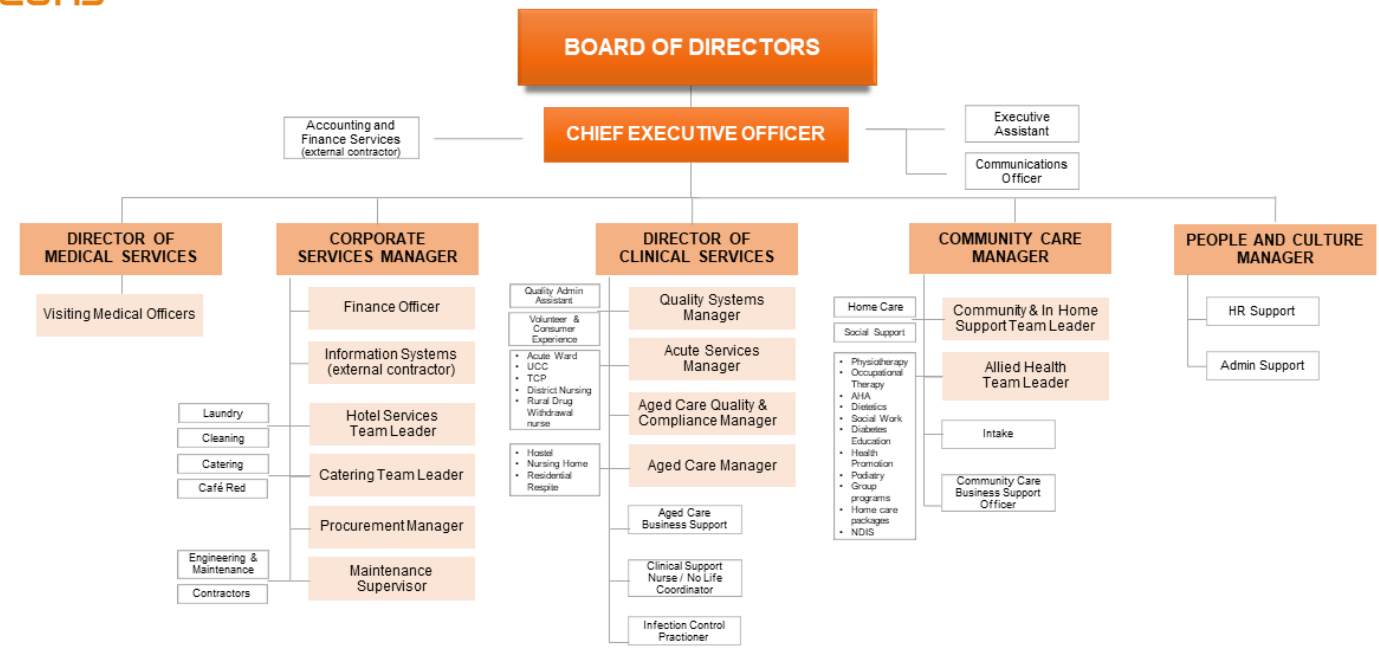
Subject to the requirements of government and the Health Service By-Laws, the Board of Directors exercises decisions including the control of funds, determining the range of services to be provided, and the appointment of visiting medical officers and other senior staff.



Board Directors

DAVID ROSAIA **Board Chair** RN, Grad Dip (Health Sci) FACHSM, CHE, MACN Executive, Director Clinical Operations, Bendigo Health Date appointed 26.04.2017	**KATE LEMON** **Deputy Chair** MBA, Grad Dip (Bus Mgt), Cert IV Frontline Management, Cert IV Bus. Dev., Cert IV Assessment and Care Planning, Home and Community Care Manager Community Business, Campaspe Shire Council Date appointed: 1.7.2017	**CHRIS WHITE** **Treasurer** **Chair - Corporate Governance Committee** **Chair – Credentials & Scope of Practice Committee** B.Bus (Econ), B.Comp., Grad Dip Bus (Mgt), Grad Cert HSM, FACHSM, CHIA Director Cancer Centre, Bendigo Health Date appointed: 01.07.2018
JIM BROOKS LLB Lawyer/Manager, Jim Brooks Lawyer Date appointed 1.7.2019	**BEN DEVANNY** B.Bus (Acc/Eco), CPA Manager Economic Development, City of Greater Bendigo Date appointed: 1.7.2017	**BRAD DRUST** **Chair - Community and Consumer Advisory Committee** BA, Bsc (Env Sci), MBA Chief Executive Officer– North Central Catchment Management Authority Date appointed: 1.7.2020
CAROL MCKINSTRY **Chair - Clinical Governance Committee** B AppSc (OT), M. Hlth Sc, PhD, Grad Cert Higher Ed. GAICD Associate Professor Occupational Therapy, Associate Dean, Learning and Teaching, La Trobe Rural Health School Date appointed: 1.7.2014	**JODIE SMITH** **Chair -Aged Care Project Control Group** B Bus.(Econ), Grad Dip AppSci (Ag), Grad Cert (Acc), M. An.Sci, FCPA, GAICD, FGIA Senior Assessor, CPA Australia Date appointed: 1.7.2016	

REDHS ORGANISATIONAL STRUCTURE



Board of Committee	Clinical Governance Committee	Corporate Governance Committee	Credentialing and Scope of Practice Committee	Performance and Remuneration Committee	Community and Consumer Advisory Committee
Board Directors					
Jim Brooks	✓			✓	✓
Benjamin Devanny		✓			
Bradley Drust		✓			✓
Kate Lemon	✓ (01.07.2021 - 25.10.2021)	✓ (25.10.2021 – 30.06.2022)	✓	✓	✓
Carol McKinstry	✓		✓		
David Rosaia	✓		✓	✓	
Jodie Smith	✓ (25.10.2021 – 30.06.2022)	✓ (01.07.2021 - 25.10.2021)			
Christopher White		✓	✓	✓	
Independent Members / Consumer Representatives					
Christine Wright	✓				✓
Joan Jenkins					✓
Kate Lee					✓
Eddie Oogjes					✓
Lorraine Harris					✓
Judith Anderson					✓
Judy Murray					✓

Key Personnel

Executive

Chief Executive Officer
Karen Laing
RN, CCRN, B. AppSc (Nursing) Grad Dip Health & Medical Law, Masters Health Administration. GAICD

Director of Clinical Services
Dorothy Stone (1 July 2021 – 18 April 2022 – then seconded to Department of Health for 3 years)
RN, B HlthSc (Nursing), Grad Cert. M. Health Nursing, Cert IV Assessment & Workplace Train, Grad. Dip. Aged Services Mgt, M. HSc (Aged Services)

Darren Clark
(commenced 18 April 2022 - 3-year secondment)
RN, Dip. Mgt, GN Cert, ForPsyNurs Cert

Community Care Manager
Susannah Hargreaves
B HlthSc, M PodPrac, Grad Cert Public Health

Corporate Services Manager
Colin Wellard
MBA, Grad Dip SocSc, Grad Cert SocSc

Manager, People and Culture
Vicki Winwood
B Bus (HRM)

Director of Medical Services
Dr Ka Chun Tse
MB BS, M. Health Mgt, M. P. Health, FACHSM, GAICD

Department Heads

Acute Services Manager
Melissa Seelenmeyer
RN, B Nursing

Aged Care Manager
Jodie Maree Smith (1 July 2021 – 18 March 2022)
B Nursing Sc, Dip Lead & Mgt, Cert IV Train & Assess

Sandi Lavin (commenced 28 March 2022)
RN, B Nursing

Quality Systems Manager
Lynn Wolfe
Adv Dip Bus Mgt, Adv Dip Bus Mgt (HR Bridging), Dip AppSc (Hort)

Infection Control Practitioner
Judy Devlin
RN, ACIPC Cert, Cert IV Lead & Mgt, B Nursing,

Maintenance Supervisor
Brett Shotton
Cert Carpentry, Building & Construction
Cert IV Mgt

Procurement Manager
Jeremy Dyke
Cert IV Train & Assess

Team Leaders

Allied Health
Paige Tuohey
B Pod

Community & In-Home Support
Donna Shaw
Cert III Aged Care

Catering
Catherine Carne (1 July 2021 – 24 April 2022)

Anthony Hargood (commenced 24 April 2022)

Hotel Services
Kerri McEllister

Visiting Medical Officers

General practitioners
Dr E Ekeanyanwu, *MB BS (Nigeria), FRACGP*
Dr N Fang, *MBBS, DRANZCOG, FRACGP*
Dr P Nzegwu, *MB BS (Nigeria), AMC, FRACGP*
Dr M Monson, *Dr Med (Philippines)*
Dr M Samet, *Med Doctorate Degree (Iran)*
Dr M Shefaju, *Med Doctorate Degree (Afghanistan)*

Performance Against Statement of Priorities (Part A)

In 2021-22 Rochester and Elmore District Health Service contributed to the achievement of the Government's commitments with an agreed abbreviated Statement of Priorities made and provided by Minister Foley, Minister for Health, who invoked the right to do so under the *Health Services Act 1988*.

The goals/strategies designated as REDHS 2021-2022 Statement of Priorities were built on the collaboration demonstrated by health services throughout the COVID-19 pandemic, and the government intention to develop and implement several 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.

Collaborative Regional Deliverables	**Progress / Actions (LMHN shared response & local REDHS actions)**
Maintain your robust COVID-19 readiness and response, working with the Department of Health to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring our local community's confidence in the program.	REDHS have been active participants in fortnightly Loddon Mallee (LM) COVID-19 coordination meetings for the duration of the pandemic, including supporting the regional vaccine roll out. In line with the State government mandate, all current and newly appointed staff are required to be vaccinated against COVID-19 and all residents who consented have received COVID vaccination. REDHS have utilised the weekly LM Epidemiology Updates, Victorian Department of Health (DH) CEO Briefings and Commonwealth Directions to inform regular local staff and community updates and implementation of required precautions. We have accessed key DH and LM resources to aid standardization and efficiency. We have actively engaged with the Local Public Health Unit (LPHU) to respond to the needs of our community in relation to updates/advice, staff surveillance screening, activation of Outbreak responses and have stood up local resourcing to support COVID positive patient monitoring via the Regional Community Platform via our District Nursing team.
Actively collaborate on the development and delivery of priorities within your Health Service Partnership; contribute to inclusive and consensus-based decision-making; support optimum utilisation of services, facilities and resources within the Partnership; and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.	REDHS have actively participated in LMHN Quarterly forums and region-wide groups, forums and committees. REDHS CEO was appointed to the LMHN Board as SRHS rep. and is Deputy Chair of the LMHN Quality and Safety Committee. REDHS Director Clinical Services (DCS) has been appointed to the LM Aged Care Steering Group. REDHS initiated and led the Murray Health Network Allied Health Education and Support Project for 2 years; the success of which has provided the basis for development of a regional project to implement region-wide education and professional support strategies to address challenges with allied health recruitment and retention. REDHS Acute and Community Nursing team have actively supported initiatives associated with Better @ Home including local resourcing and support for COVID Positive patient monitoring in the home and reporting via the Regional Community Platform. REDHS District Nursing team supported over 160 COVID Positive patients in our local community.
Engage with our community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic, and provide the necessary "catch-up" care to support them to get back on track.	LMHN Better @ Home project has seen implementation of Virtual Home Monitoring within all 16 health services in the region (with the capability to expand to additional care types, beyond COVID-19) as well as regional investment of Remote Patient Monitoring technology, with integration of patient observation devices into the Regional Community Platform (RCP). REDHS supported the establishment of the LMHN Better @ Home project plan and our Acute and District Nursing Services have subsequently expanded

Work collaboratively with the Loddon Mallee Health Service Partnership to implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.	services to include support for local COVID positive patients in their homes via the Virtual Home Monitoring Program and the Regional Community Platform. Outside the larger services, regionally there have been impacts on achievement of targets set, with state-wide acknowledgement of the impact of COVID-19 on results. A reduction of COVID activity across the region is expected to enable achievement of increased activity, which REDHS remain keen to support. As it relates to other clinical services, REDHS now provide several allied health services via telehealth including Dietetics, Social Work and Occupational Therapy particularly. We have also taken possession of a suite of equipment to enable us to live-stream exercise programs and physio consultations so people will be able to participate in their home. As it relates to elective surgery, 'reactivation' of REDHS Day Procedure Unit is one option under consideration to support the State COVID Catch-Up Plan to increase surgery up to 110-115% of pre-pandemic activity.
Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participate in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards	As active participants, REDHS will ensure the LMHN is positioned to respond to our future engagement with Regional Mental Health & Wellbeing Boards, noting that shared investment into Mental Health as a priority has been identified region-wide and via sub regional partnerships. LMHN are working together to respond to growth and addressing workforce needs and challenges as we respond to reforms stemming from the Royal Commission. We will work with the Department of Health when further direction is provided as to our role and opportunities arising. LMHN is considering the establishment of a LM steering group to respond to region wide implications of the Mental Health Royal Commission findings that will impact hospitals and health services.

Performance Against Statement of Priorities (Part B)

High Quality and Safe Care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	94.6%
Percentage of healthcare workers immunised for influenza	92%	100%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter 1	95%	*Insufficient responses
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter 2	95%	*Insufficient responses
Victorian Healthcare Experience Survey – percentage of positive patient experience responses - Quarter 3	95%	*Insufficient responses

*In 2021-22, REDHS received fewer than 10 responses per quarter. This means that there were insufficient responses from which to calculate statistically meaningful percentages.

Part C: State Funding (Modelled Budget) can be found on p 23.

People Matters Survey

Key performance measure	Target	Result
Governance, Leadership and Culture		
Safety Culture Among Healthcare Workers	62%	66%

WORKFORCE DATA

Equal Opportunity, Merit and Equity

Recruitment, selection and employment at REDHS comply with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements. The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations and terms and conditions of the *Fair Work Act 2009*, *Public Administration Act 2004, Victorian Charter of Human Rights and Responsibilities 2006, Equal Opportunity Act 2010*. All employees have been correctly classified in workforce data collections.

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2021	2022	2021	2022
Nursing	51.38	43.97	51.38	47.04
Administration and Clerical	18.04	18.54	15.75	17.87
Hotel and Allied Services	38.27	39.12	39.79	39.16
Sessional Clinicians	0.11	0.05	0.10	0.08
Ancillary Staff (Allied Health)	18.52	21.33	16.51	18.82
Totals	**126.32**	**123.01**	**123.53**	**122.97**

RECOGNITION OF STAFF YEARS OF SERVICE

For 2021-22, REDHS recognises the long-standing service of the following staff:

10 years	15 Years	20 years	30 years	35 years
Sunny Cao Angelina Coffey Stuart Daw Raelene Dudley	Heather Hayes Anne Shaw Diana Tighe-Parker	Andrea Howarth	Sue Anley Tracy Boyack Sherrill Carr	Lynette Godden Valerie Naughton

Life Governor

REDHS awards the title Life Governor to individuals who have made an outstanding personal contribution to the health service. Those awarded the title of Life Governor are recorded in the register and include those who have served for many years as a Board Director, an Auxiliary member, a volunteer or those who have made significant financial contributions to the health service.

Life Governorships were awarded in 2020-21 to Mr Thomas Murphy and Mrs Thelma Walles.

OCCUPATIONAL HEALTH AND SAFETY DATA

Occupational Health and Safety Statistics	2021-22	2020-21	2019-20
The number of reported hazards/incidents for the year per 100 FTE	34.9	37.7	40.8
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.81	3.17	2
The average cost per WorkCover claim for the year ('000)	$12,423	$59,107	$20,659

There was one premium impacting claims in 2021/2022. We continue to focus on recovery at work to ensure a positive return to work outcome. There were no fatalities at REDHS in 2021/2022.

OCCUPATIONAL VIOLENCE STATISTICS

Occupational Violence Statistics	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported	28
Number of occupational violence incidents reported per 100 FTE	22.7
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	7.1%

Disclosures Required Under Legislation

Freedom of Information Act 1982

The *Freedom of Information Act 1982* provides the public with a means to obtain information held by the Rochester and Elmore District Health Service. During the 2021/22 financial year, thirteen requests were received from the general public, two had no medical records and eleven were granted in full.

Information regarding making a Freedom of Information request, including fees and charges, can be found at www.redhs.com.au. Further advice can be accessed by contacting the health service Freedom of Information Officer on (03) 5484 4400.

Building Act 1993

Rochester and Elmore District Health Service ensures that all buildings, plant and equipment in its control are maintained and operated according to the statutory requirements of the *Building Act 1993* and the *Minister for Finance Guideline Building Act 1993 Standards for Publicly Owned Buildings November 1994*. There are processes in place for lodging maintenance requests and preventative maintenance scheduling and completion. Further, the health service completes an Essential Safety Measures Audit Report as governed by the *Building Regulations 2006.* This audit covers such items as:

- Scheduled testing of fire equipment including detectors, hydrants, static water storage, pumps and fire doors
- Inspection and testing of exit signs
- Inspection and testing of emergency lighting
- Inspection and testing of mechanical ventilation

Public Interest Disclosure Act 2012

The *Public Interest Disclosure Act 2012* provides for the protection of persons who make a public interest disclosure under the Act from detrimental action by officers, members, employees and contractors of Rochester and Elmore District Health Service. REDHS has policies and procedures in place to protect people against action that might be taken against them if they choose to make a public interest disclosure. The policy is accessible to staff via REDHS intranet and publicly available at www.redhs.com.au. During 2021/22, no applicable disclosures were made.

National Competition Policy

Rochester and Elmore District Health Service continues to comply with the National Competition Policy. In addition, the Victorian Government's Competitive Neutrality Policy principles have been applied to all relevant business activities.

Carers Recognition Act 2012

In accordance with the *Carers Recognition Act 2012,* Rochester and Elmore District Health Service is taking all practicable measures to ensure that:

- management and employees have an awareness and understanding of the Statement for Australia's Carers; and
- persons who are in care relationships and who are receiving services in relation to the care relationship from REDHS, have an awareness and understanding of the care relationship principles; and
- REDHS' management and employees reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships implementing, providing or evaluating care supports.
- Information has been provided in a number of formats including information packs, newsletters and at meetings. Care planning processes, i.e. development and review, promote consumer participation, including the involvement of carers and in accordance with consumer wishes.

Environmental Performance

GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	**2019/2020**	**2020/2021**	**2021/2022**
Scope 1	234	163	222
Scope 2	820	626	667
Total	**1,055**	**789**	**889**
Normalised greenhouse gas emissions	**2019/2020**	**2020/2021**	**2021/2022**
Emissions per unit of floor space (kgCO2e/m2)	157.38	117.78	132.69
Emissions per unit of Separations (kgCO2e/Separations)	3,435.13	2769.32	3,066.12
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	51.15	35.95	42.57
STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	**2019/2020**	**2020/2021**	**2021/2022**
Electricity	2,895	2,299.26	2,640
Natural Gas	4,534	2,867.29	3,785
Total	**7,429**	**5,167**	**6,425**
Normalised stationary energy consumption	**2019/2020**	**2020/2021**	**2021/2022**
Energy per unit of floor space (GJ/m2)	1.11	0.77	0.96
Energy per unit of Separations (GJ/Separations)	24.20	18.13	22.16
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.36	0.24	0.31
EMBEDDED GENERATION			
Total embedded stationary energy generated by energy type (GJ)	**2019/2020**	**2020/2021**	**2021/2022**
Solar Power	138	727.98	694
Total	**138**	**728**	**694**
Normalised embedded generation	**2019/2020**	**2020/2021**	**2021/2022**
Embedded generation per unit of floor space (GJ/m2)	0.02	0.1	0.10
Embedded generation per unit of Separations (GJ/Separations)	0.45	2.55	2.39
Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.01	0.03	0.03
WATER			
Total water consumption by type (kL)	**2019/2020**	**2020/2021**	**2021/2022**
Class A Recycled Water	N/A	N/A	N/A
Potable Water	8608	8,956	9,136
Reclaimed Water	N/A	N/A	N/A
Total	**8,608**	**8,956**	**9,136**
Normalised water consumption (Potable + Class A)	**2019/2020**	**2020/2021**	**2021/2022**
Water per unit of floor space (kL/m2)	1.28	1.33	1.36
Water per unit of Separations (kL/Separations)	28.04	31.42	31.50
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.42	0.40	0.44
Water re-use and recycling	**2019/2020**	**2020/2021**	**2021/2022**
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	N/A	N/A	N/A
WASTE AND RECYCLING			
Waste	**2019/2020**	**2020/2021**	**2021/2022**
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	97,611	95,231	86,334
Total waste to landfill generated (kg clinical waste+kg general waste)	82,173	80,084	74,454
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	3.93	3.61	3.52
Recycling rate % (kg recycling / (kg general waste+kg recycling))	15.94	16.01	14.22
PAPER			
Paper	**2019/2020**	**2020/2021**	**2021/2022**
Total reams of paper	N/A	642	1042
Reams of paper per FTE	N/A	5.18	8.72

Rate recycled paper % (0% - 49%)	N/A	97.10	97.1
Rate recycled paper % (50% - 74%)	N/A	0.50	0.50
Rate recycled paper % (75% - 100%)	N/A	2.40	2.40
TRANSPORT			
Corporate Transport	**2019/2020**	**2020/2021**	**2021/2022**
Tonnes CO2-e corporate transport	0.648	15.60	26.69
OTHER EMISSIONS			
Medical Gases	**2019/2020**	**2020/2021**	**2021/2022**
Kilograms CO2-e per patient treated	N/A	N/A	N/A
Refrigerants	**2019/2020**	**2020/2021**	**2021/2022**
Kilograms CO2-e per M2	N/A	N/A	N/A
NOTES AND CONTEXTUAL INFORMATION			
Normalisers (for information only)	**2019/2020**	**2020/2021**	**2021/2022**
Area M2	6,701	6,701	6,701
1000km (Corporate)	N/A	N/A	N/A
1000km (Non-emergency)	N/A	N/A	N/A
Aged Care OBD	18,657	19,908	18,753
ED Departures	0	0	0
FTE	120	124	125
LOS	1,960	2,044	2,134
OBD	20,617	21,952	20,887
PPT	20,924	22,237	21,177
Separations	307	285	290

Please note that figures in previous years have been adjusted to include the most up-to-date data. Figures may differ from those estimated in previous years as a result.

Public health services energy/water data includes a percentage estimate in 2021–22 due to some data being unavailable from energy retailers at the time of reporting.

Additional information available on request

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;

Local Jobs First Act 2003

In August 2018, the Victorian Parliament reformed the *Victorian Industry Participation Policy Act 2003* into the *Local Jobs First Act 2003* and FRD was revised to FRD 250 (April 2019). There was one contract in 2021-22 to which the *Local Jobs First Act 2003* and the *Victorian Industry Participation Policy Act (2003)* applied.

The contract has been commenced at a cost of $2,268,000 excl. GST. The percentage of local Content Commitment for this work is 96.90 %.

There are 146 small-medium enterprises engaged in the supply chain.

100 % of Local Content has been committed for this project with 15% of the committed work having been completed.

Gender Equality Act 2020

REDHS is fostering the development of an inclusive and diverse culture by raising awareness of gender equality, intersectionality and diversity. REDHS has established a 'Health Care That Counts' Committee and "Gender Equality Working Group'. REDHS Gender Equality Action Plan was endorsed by the Board in May and a copy has been submitted to the Gender Equality Commissioner for approval.

Karen Laing
Accountable Officer
Rochester and Elmore District Health Service

26 September 2022

Attestations and Declarations

Responsible Bodies Declaration

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

David Rosaia
Board Chair
Rochester and Elmore District Health Service

26 September 2022

Financial Management Compliance Attestation

I, David Rosaia, on behalf of the Responsible Body, certify that Rochester and Elmore District Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

David Rosaia
Board Chair
Rochester and Elmore District Health Service

26 September 2022

Data Integrity Declaration

I, Karen Laing, certify that Rochester and Elmore District Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Rochester and Elmore District Health Service has critically reviewed these controls and processes during the year.

Karen Laing
Accountable Officer
Rochester and Elmore District Health Service

26 September 2022

Conflict of Interest Declaration

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

Karen Laing
Accountable Officer
Rochester and Elmore District Health Service

26 September 2022

Integrity, Fraud and Corruption Declaration

I, Karen Laing, certify that Rochester and Elmore District Health Service has put it place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Rochester and Elmore District Health Service during the year.

Karen Laing
Accountable Officer
Rochester and Elmore District Health Service

26 September 2022

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

HealthShare Victoria (HSV) has applied an exemption to reporting requirements for mandated health services for the financial year 2021-22.

The exemption means there is no requirement for an annual attestation (subparagraph 3.3(b) of Health Purchasing Policy 1: Procurement Governance) in annual reports for FY2021-2022.

Safe Patient Care Act 2015

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

Community Involvement and Support

Sponsorship, Donations and Bequests ($100 and over only are listed)

Donald Vickers family	$ 129
Rochester Market Fundraiser	$ 392
G & P Cary	$ 750
REDHS Auxiliary	$ 4,000
Julie Newham in memory of Ross Hand	$ 155
Julianne Hand in memory of Ross Hand	$ 516
Ballendella Red Cross	$ 10,000
Total Other Donations <$100 each	$ 55
Total	**$15,997**

Consumer feedback

We welcome feedback in regard to the quality of our service and it assists the health service with the development of strategies for continuous improvement. Feedback forms are available throughout the health service. Alternatively, feedback can be emailed directly to the address below or via www.redhs.com.au

Compliments, suggestions and complaints should be directed to:

Chief Executive Officer
REDHS
PO Box 202, Rochester Vic 3561
Phone: (03) 5484 4400
Email: myvoice@redhs.com.au
Web: www.redhs.com.au

YOUR COMMUNITY – YOUR HEALTH SERVICE

You can help in many ways…

Donations and bequests play a vital part in the provision of services to residents in our community. REDHS relies on the generosity of individuals and organisations within our community.

You can help by:

- Making a donation towards a specific item
- Defraying the cost of much needed equipment
- Remembering REDHS in your Will
- Joining the Hospital Auxiliary or volunteer program

Donations in memory of loved ones or in lieu of flowers are also appreciated. Envelopes are available from REDHS for this purpose. Receipts are issued, acknowledgement letters are written, and when totals are known, summary letters are mailed to the decedent's next of kin.

Your help is needed – and will be appreciated.

Disclosure Index

The annual report of the *Rochester and Elmore District Health Services* is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		**1**
Report of Operations		**1**
Charter and Purpose		**1**
FRD 22	Manner of establishment and the relevant Ministers	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Nature and range of services provided	3
FRD 22	Activities, programs and achievements for the reporting period	3
FRD 22	Significant changes in key initiatives and expectations for the future	4
Management and structure		
FRD 22	Organisational structure	8
FRD 22	Workforce data/ employment and conduct principles	12
FRD 22	Occupational Health and Safety	13
Financial information		
FRD 22	Summary of the financial results for the year	23
FRD 22	Significant changes in financial position during the year	24
FRD 22	Operational and budgetary objectives and performance against objectives	23
FRD 22	Subsequent events	24
FRD 22	Details of consultancies under $10,000	25
FRD 22	Details of consultancies over $10,000	25
FRD 22	Disclosure of ICT expenditure	25
Legislation		
FRD 22	Application and operation of *Freedom of Information Act 1982*	14
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	14
FRD 22	Application and operation of *Public Interest Disclosures Act 2012* (updated 2020-2021)	14
FRD 22	Statement on National Competition Policy	14
FRD 22	Application and operation of *Carers Recognition Act 2012*	14
FRD 22	Summary of the entity's environmental performance	15
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Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	17
SD 5.1.4	Financial Management Compliance attestation	18
SD 5.2.3	Declaration in report of operations	6
Attestations		
Attestation on Data Integrity		18
Attestation on managing Conflicts of Interest		19
Attestation on Integrity, fraud and corruption		19
Other reporting requirements		
•	Reporting of outcomes from Statement of Priorities 2021-22	10
•	Occupational Violence reporting	13
•	*Gender Equality Act 2020*	17
•	Reporting obligations under the *Safe Patient Care Act 2015*	19
•	Reporting of compliance regarding Car Parking Fees	N/A

Financial Report 2021-22

Caring For Our Community

Rochester and Elmore District Health Service

Financial Report 2021-2022

FINANCIAL INFORMATION

PERFORMANCE AGAINST STATEMENT OF PRIORITIES

The statement of priorities is the key accountability agreement between the Secretary for Health and Human Services and Rochester and Elmore District Health Service.

There were no significant changes in the financial position during 2021/22.

PART A: Strategic Priorities

Refer to REDHS 2021-2022 Report of Operations pages 10-11 for details.

PART B: 2021-22 Performance Priorities

High quality and safe care: Refer to REDHS 2021-2022 Report of Operations page 12 for details.

Effective financial management

Key performance measure	Target	Result
Finance		
Operating result ($m)	- 0.18	0.00
Average number of days to pay trade creditors	60 days	50
Average number of days to receive patient fee debtors	60 days	2
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.05
Actual number of days available cash, measured on the last day of each month	14 days	47.3
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤$250,000	*$207,000

*Revised variance per revised estimate NRFT 17/08/2022.

PART C: State Funding (Modelled Budget)

Small Rural	2021-22 Activity achievement
Small Rural Acute	6
Small Rural Residential Care	40,263
Small Rural Primary Health & HACC	826
Health Workforce	5

Financials in Brief

The table below is a summary of the financial results for 2021-22, from annual financial statements, with comparative results for the preceding four financial years.

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
OPERATING RESULT	0	231	30	-135	153
Total revenue	18,428	16,477	15,303	15,479	14,603
Total expenses	19,436	17,186	16,581	16,338	15,532
Net result from transactions	**-1008**	**-709**	**-1,278**	**-859**	**-929**
Total other economic flows	84	216	-204	162	1
Net result	**-924**	**-493**	**-1482**	**-697**	**(928)**
Total assets	55,344	52,611	53,148	53,129	50,574
Total liabilities	11,205	11,369	11,413	9,092	10,742
Net assets/Total equity	**44,139**	**41,242**	**41,735**	**44,037**	**39,832**

Reconciliation of Net Result from Transactions and Operating Result

	2021-22 $'000	2020-21 $'000
Net operating result *	**0**	**231**
Capital and specific items		
Capital purpose income	522	580
Specific income	0	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	262	88
State supply items consumed up to 30 June 2021	(196)	(56)
Assets provided free of charge	0	0
Assets received free of charge	0	0
Expenditure for capital purpose	(118)	(98)
Depreciation and amortisation	(1,500)	(1,495)
Impairment of non-financial assets	0	0
Finance costs (other)	5	41
Net result from transactions	**(1008)**	**(709)**

* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

DETAILS OF CONSULTANCIES

Details of Consultancies (under $10,000)

In 2021-22, there were five consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is $19,445 (excl. GST).

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

In 2021-22, there were no consultancies where the total fees payable to the consultants was $10,000 or greater.

Details of these consultancies are available at http://www.redhs.com.au/about-us.html

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DISCLOSURE

The total ICT expenditure incurred during 2021-22 is $1,063,286.71 excl. GST, with the details shown below:

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT Expenditure		
Total (excluding GST)	Total of Operational and Capital Expenditure	Operational expenditure	Capital expenditure
$500,226.42	$563,060.29	$0.00	$563,060.29

Financial Statements
Financial Year ended 30 June 2022

Board Members, Accountable Officer's, and Chief Finance & Accounting Officer's declaration

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

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

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

We authorise the attached financial statements for issue on this day.

David Rosaia Chairperson	Karen Laing Chief Executive Officer	Cameron Olsen Chief Finance & Accounting Officer
Rochester 13th September 2022	Rochester 13th September 2022	Rochester 13th September 2022

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Rochester and Elmore District Health Service

Opinion

I have audited the financial report of Rochester and Elmore District Health Service (the health service) which comprises the:

- balance sheet as at 30 June 2022
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's, and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
5 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Rochester and Elmore District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue and Income from Transactions			
Operating Activities	2.1	17,861	16,441
Non-operating Activities	2.1	31	36
Share of revenue from joint operations	8.7	536	897
Total Revenue and Income from Transactions		**18,428**	**17,374**
Expenses from Transactions			
Employee Expenses	3.1	(13,421)	(12,566)
Supplies and Consumables	3.1	(995)	(933)
Finance Costs	3.1	5	(5)
Depreciation	3.1	(1,530)	(1,501)
Share of expenditure from joint operations	8.7	(519)	(834)
Other Operating Expenses	3.1	(2,974)	(2,176)
Other Non-Operating Expenses	3.1	(2)	(11)
Total Expenses from Transactions		**(19,436)**	**(18,026)**
Net Result from Transactions - Net Operating Balance		**(1,008)**	**(652)**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	29	5
Other Gain/(Loss) from Other Economic Flows	3.2	33	150
Share of Other Economic Flows from Joint Operation	3.2	22	4
Total Other Economic Flows included in Net Result		**84**	**159**
Net Result for the year		**(924)**	**(492)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.3	3,821	-
Total Other Comprehensive Income		**3,821**	**-**
Comprehensive Result for the year		**2,897**	**(492)**

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

Rochester and Elmore District Health Service
Balance Sheet as at 30 June 2022

	Note	2022 $'000	2021 $'000
Current Assets			
Cash and Cash Equivalents	6.2	8,740	11,536
Receivables and Contract Assets	5.1	508	402
Inventories		155	76
Other Financial Assets		236	120
Total Current Assets		**9,639**	**12,134**
Non-Current Assets			
Receivables and Contract Assets	5.1	659	506
Property, Plant & Equipment	4.1(a)	44,730	39,790
Right of use assets	4.2	317	223
Total Non-Current Assets		**45,706**	**40,519**
Total Assets		**55,344**	**52,653**
Current Liabilities			
Payables and Contract Liabilities	5.2	1,207	1,140
Borrowings	6.1	149	110
Provisions	3.3	2,701	2,557
Other Liabilities	5.3	6,643	6,993
Total Current Liabilities		**10,700**	**10,800**
Non-Current Liabilities			
Borrowings	6.1	361	369
Provisions	3.3	144	242
Total Non-Current Liabilities		**505**	**611**
Total Liabilities		**11,205**	**11,411**
Net Assets		**44,139**	**41,242**
Equity			
Property, Plant & Equipment Revaluation Surplus	4.3	30,067	26,246
Restricted Specific Purpose Surplus	SCE	961	958
Contributed Capital	SCE	7,370	7,370
Accumulated Surpluses	SCE	5,741	6,668
Total Equity		**44,139**	**41,242**

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

Rochester and Elmore District Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022

	Property, Plant and Equipment Revaluation Surplus	Restricted Special Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	26,246	954	7,370	7,165	41,735
Net result for the year	-	-	-	(493)	(493)
Other comprehensive income for the year	-	-	-	-	-
Transfers from (to) accumulated surpluses	-	4	-	(4)	-
Balance at 30 June 2021	**26,246**	**958**	**7,370**	**6,668**	**41,242**
Net result for the year	-	-	-	(924)	(924)
Other comprehensive income for the year	3,821	-	-	-	3,821
Transfers from (to) accumulated surpluses	-	3	-	(3)	-
Balance at 30 June 2022	**30,067**	**961**	**7,370**	**5,741**	**44,139**

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

Rochester and Elmore District Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Operating Grants from Government		13,284	12,156
Capital Grants from Government- State		516	573
Patient and Resident Fees Received		2,603	2,414
Donations and Bequests Received		15	93
GST received from Australian Taxation Office		568	302
Interest Received		31	36
Other Receipts		875	1,035
Total Receipts		**17,892**	**16,609**
Employee Expenses Paid		(12,905)	(12,651)
Non Salary Labour Costs		(316)	(134)
Payments for Supplies & Consumables		(1,318)	(1,147)
GST paid to ATO		(135)	(122)
Other Payments		(2,731)	(1,410)
Total Payments		**(17,405)**	**(15,464)**
Net Cash Flows from Operating Activities	8.1	**487**	**1,145**
Cash Flows from Investing Activities			
Payments for Non-Financial Assets		(3,068)	(1,055)
Proceeds from sale of Non-Financial Assets		29	5
Net Cash Flows used in Investing Activities		**(3,039)**	**(1,050)**
Cash Flows from Financing Activities			
Receipt of Monies in Trust		2,742	2,168
Repayments of Monies in Trust		(2,986)	(2,357)
Net Cash Flows used in Financing Activities		**(244)**	**(189)**
Net Decrease in Cash and Cash Equivalents Held		**(2,796)**	**(94)**
Cash and Cash Equivalents at beginning of year		11,536	11,630
Cash and Cash Equivalents at End of Year	6.2	**8,740**	**11,536**

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 1 Basis of Preparation

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

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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

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

Rochester and Elmore District Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" health services 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 are prepared on a going concern basis.

These financial statements are in Australian dollars.

All amounts shown 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 Rochester and Elmore District Health Service on 13th September 2022.

Note 1.2 Impact of COVID-19 pandemic

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

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

In response to the ongoing COVID-19 pandemic, Rochester and Elmore District Health Service has:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- performed COVID-19 testing
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Rochester and Elmore District Health Service, they are disclosed in the explanatory notes. For Rochester and Elmore District Health Service, 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
WIES	Weighted Inlier Equivalent Separation

Note 1.4 Joint arrangements

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

Rochester and Elmore District Health Service has the following joint arrangements:

- Loddon Mallee Rural Health Alliance

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

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.*	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-5: *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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 ine the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

Note 1.8 Reporting Entity

The financial statements include all the controlled activities of Rochester and Elmore District Health Service.

Its principal address is:

1 Pascoe Street

Rochester VIC 3551.

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 2: Funding Delivery of Our Services

Rochester and Elmore District Health Service's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

Rochester and Elmore District Health is predominantly funded by grant funding for the provision of outputs.

Rochester and Elmore District Health Service also receives income from the supply of

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.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 2.1 Revenue and Income from Transactions

	Note	2022 $'000	2021 $'000
Operating Activities			
Revenue from Contracts with Customers			
Government Grants (State) - Operating		119	52
Government Grants (Commonwealth) - Operating		4,421	4,562
Commercial Activities [1]		72	93
Patient and Resident Fees		2,623	2,364
Other Revenue from Operating Activities		1,074	1,160
Total Revenue from Contracts with Customers	2.1(a)	**8,309**	**8,231**
Other Sources of Income			
Government Grants (State) - Operating		8,744	7,541
Government Grants (State) - Capital		516	573
Cash Donations	2.2	15	1
Assets received free of charge or for nominal consideration	2.2	271	88
Other Capital Purpose Income		6	7
Total Other Sources of Income		**9,552**	**8,210**
Total Revenue and Income from Operating Activities		**17,861**	**16,441**
Non-Operating Activities			
Income from Other Sources			
Other Interest		31	36
Total Other Sources of Income		**31**	**36**
Total Income from Non-Operating Activities		**31**	**36**
Total Revenue and Income from Transactions		**17,892**	**16,477**

[1.] Commercial activities represent business activities which Rochester and Elmore District Health Service enter into to support their operations.

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

	2022 $'000	2021 $'000
Rochester and Elmore District Health disaggregates revenue by the timing of revenue recognition		
Good and services transferred to customers:		
At a point in time	8,237	8,138
Over time	72	93
Total Revenue from Contracts with Customers	**8,309**	**8,231**

How we recognise revenue and income from transactions
Government operating grants

To recognise revenue, Rochester and Elmore District Health Service assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers.*

When both these conditions are satisfied, the health service:

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

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

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

This policy applies to each of Rochester and Elmore District Health Service's revenue streams, with information detailed below relating to Rochester and Elmore District Health Service's significant revenue streams:

Government grant	Performance obligation
Commonwealth Aged Care Funding	The performance obligations for Commonwealth Aged Care Funding are the number and mix of residents in the Aged Care facilities. Revenue is recognised at a point in time, which is when AIMS data is submitted monthly.

Capital grants

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

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

Patient and resident fees

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

Commercial activities

Revenue from commercial activities includes items such as cafeteria income and meals on wheels income. 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 revenue is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

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

	2022 $'000	2021 $'000
Cash donations	15	1
Plant and Equipment	9	-
Personal protective equipment	262	88
Total fair value of assets and services received free of charge or for nominal consideration	286	89

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

Personal protective equipment

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

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

Voluntary Services

Rochester and Elmore District Health Service receives volunteer services from members of the community in the following areas:

- Delivery of meals to clients in their homes
- Assistance in recreation and lifestyle programs within our residential care service
- Assistance with the coordination and facilitation of our Planned Activity Group
- Visiting our residents including reading to residents and patients
- Coordinating activities
- Managing our magazine and sundries trolley
- Assisting with fundraising activities

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

Rochester and Elmore District Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Rochester and Elmore District Health Services as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Boort District 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.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by Rochester and Elmore District Health Service in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of

Structure

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

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 3.1 Expenses from Transactions

	Note	2022 $'000	2021 $'000
Salaries and Wages		10,290	10,049
On-costs		2,461	2,219
Agency Expenses		318	22
Fee for Service Medical Officer Expenses		139	133
Workcover Premium		213	143
Total Employee Expenses		**13,421**	**12,566**
Drug Supplies		58	58
Medical and Surgical Supplies (including Prostheses)		201	148
Diagnostic and Radiology Supplies		11	33
Other Supplies and Consumables		725	694
Total Supplies and Consumables		**995**	**933**
Finance Costs		(5)	5
Total Finance Costs		**(5)**	**5**
Fuel, Light, Power and Water		245	232
Repairs and Maintenance		527	276
Maintenance Contracts		83	100
Medical Indemnity Insurance		35	36
Other Administrative Expenses		2,077	1,529
Expenditure for Capital Purposes		7	3
Total Other Operating Expenses		**2,974**	**2,176**
Total Operating Expense		**17,385**	**15,680**
Depreciation	4.4	1,530	1,501
Total Depreciation and Amortisation		**1,530**	**1,501**
Bad and doubtful debt expense		2	11
Total Other Non-Operating Expenses		**2**	**11**
Total Non-Operating Expense		**1,532**	**1,511**
Total Expenses from Transactions		**18,917**	**17,192**

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 premium.

Supplies and consumables

Supplies and consumables - costs which 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.

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 $1k).

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

Non-operating expenses

Other non-operating expenses generally represent expenditure for 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

	2022 $'000	2021 $'000
Net gain/(loss) on disposal of financial instruments	29	5
Total net gain/(loss) on financial instruments	**29**	**5**
Share of net profits/(losses) of joint entities, excluding dividends	22	4
Total Share of other economic flows from Joint Operations	**22**	**4**
Net gain/(loss) arising from revaluation of long service liability	33	150
Total other gains/(losses) from other economic flows	**33**	**150**
Total gains/(losses) from Economic Flows	**84**	**159**

How we recognise other economic flows

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

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

Net gain/ (loss) on non-financial assets

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

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

Net gain/ (loss) on financial instruments

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

- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 3.3 Employee Benefits in the Balance Sheet

	2022 $'000	2021 $'000
Current Provisions		
Accrued Days Off		
- Unconditional and expected to be settled within 12 months (i)	14	8
- Unconditional and expected to be settled after 12 months (ii)	2	1
Annual Leave		
- Unconditional and expected to be settled within 12 months (i)	915	941
- Unconditional and expected to be settled after 12 months (ii)	149	159
Long Service Leave		
- Unconditional and expected to be settled within 12 months (i)	311	210
- Unconditional and expected to be settled after 12 months (ii)	1,019	990
	2,410	**2,309**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months (i)	140	123
- Unconditional and expected to be settled after 12 months (ii)	151	125
	291	**248**
Total Current Employee Benefits	**2,701**	**2,557**
Non-Current Provisions		
Conditional Long Service Leave	127	218
Provisions related to employee benefits on-costs	17	24
Total Non-Current Employee Benefits	**144**	**242**
Total Employee Benefits	**2,845**	**2,799**

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

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

Current Employee Benefits and Related On-Costs		
Unconditional Accrued Days Off	18	10
Unconditional Annual Leave Entitlements	1,181	1,216
Unconditional Long Service Leave Entitlements	1,502	1,331
Total Current Employee Benefits and Related On-Costs	**2,701**	**2,558**
Non Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	144	242
Total Non-Current Employee Benefits and Related On-Costs	**144**	**242**
Total Employee Benefits and Related On-costs	**2,845**	**2,799**
Attributable to:		
Employee Benefits	2,537	2,527
Provision for related on-costs	308	272
Carrying amount at end of year	**2,845**	**2,799**

Note 3.3(b) Provision for Related On-Costs Movement Schedule

Carrying amount at start of year	2,799	2,682
Additional provisions recognised	1,344	1,059
Amounts incurred during the year (including estimates)	(1,298)	(942)
Carrying amount at end of year	**2,845**	**2,799**

How we recognise employee benefits
Employee Benefit Recognition

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the reporting date as an expense during the period the services are delivered.

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

Annual Leave and Accrued Days Off

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

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

Nominal value – if Rochester and Elmore District Health Service expects to wholly settle within 12 months; or
Present value – if Rochester and Elmore District Health Service does not expect to wholly settle within 12 months.

Long Service Leave

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

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

The components of this current LSL liability are measured at:

- Nominal value – if Rochester and Elmore District Health Service expects to wholly settle within 12 months; or
- Present value – if Rochester and Elmore District Health Service does not expect to wholly settle within 12 months.

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

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

Provision for On-Costs Related to Employee Benefits

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

Note 3.4 Superannuation

	Paid Contribution for the Year	
	2022 $'000	**2021 $'000**
Defined Contribution plans:		
First State Super	639	650
HESTA Administration	308	298
Other	145	82
TOTAL	**1,092**	**1,030**

How we recognise superannuation

Employees of Rochester and Elmore District Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined Contribution Superannuation Plans

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

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 4: Key Assets to Support Service Delivery

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

Structure

4.1 Property, Plant & Equipment
4.2 Right of Use Assets
4.3 Revalutation Surplus
4.4 Depreciation
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 and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 4.1: Property, Plant and Equipment
Note 4.1 (a): Gross carrying amount and accummulated depreciation

	2022 $'000	2021 $'000
Land at Fair Value	470	358
Landscaping at Fair Value	259	259
Less Accumulated Depreciation	(15)	(10)
Total Land at fair value	**714**	**607**
Buildings at Fair Value	39,207	39,052
Less Accumulated Depreciation	-	(2,369)
Total Buildings at fair value	**39,207**	**36,683**
Plant and Equipment at Fair Value	3,144	3,011
Less Accumulated Depreciation	(2,001)	(2,043)
Loddon Mallee Rural Health Alliance at Fair Value	84	79
Less Accumulated Depreciation	(49)	(39)
Total Plant and Equipment at fair value	**1,178**	**1,008**
Motor Vehicles at Fair Value	287	330
Less Accumulated Depreciation	(249)	(247)
Total Motor Vehicles at fair value	**38**	**83**
Computers and Communication at Fair Value	940	377
Less Accumulated Depreciation	(329)	(288)
Total Computers and Communications at fair value	**611**	**89**
Furniture and Fittings at Fair Value	940	911
Less Accumulated Depreciation	(594)	(559)
Total Furniture and Fittings at fair value	**346**	**352**
Work In Progress at Cost	2,636	968
Total Work In Progress at cost	**2,636**	**968**
Total Property, Plant and Equipment	**44,730**	**39,790**

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

	Land $'000	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000	Computer Equipment $'000	Furniture & Fittings $'000	Work in Progress $'000	Total $'000
Balance at 30 June 2020	**612**	**37,856**	**1,149**	**139**	**75**	**388**	**214**	**40,433**
Additions	-	12	20	-	55	-	754	840
Transfers In/(out)	-	-	-	-	-	-	-	-
Loddon Mallee Rural Health Alliance	-	-	8	-	-	-	-	8
Disposals	-	-	(6)	(11)	-	-	-	(17)
Revalution increments/(decrements)	-	-	-	-	-	-	-	-
Depreciation (see Note 4.4)	(5)	(1,185)	(163)	(45)	(41)	(36)	-	(1,475)
Balance at 30 June 2021	**607**	**36,683**	**1,007**	**83**	**89**	**352**	**968**	**39,789**
Additions	-	-	338	-	563	29	1,927	2,857
Transfers In/(out)	-	-	-	-	-	-	(259)	(259)
Loddon Mallee Rural Health Alliance	-	-	6	-	-	-	-	6
Disposals	-	-	(3)	-	-	-	-	(3)
Revalution increments/(decrements)	112	3,709	-	-	-	-	-	3,821
Depreciation (see Note 4.4)	(5)	(1,185)	(170)	(45)	(41)	(35)	-	(1,481)
Balance at 30 June 2022	**714**	**39,207**	**1,178**	**38**	**611**	**346**	**2,636**	**44,730**

How we recognise property, plant and equipment
Property, plant and equipment are tangible items that are used by Rochester and Elmore District Health Service in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

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

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 overhead

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

Subsequent measurement
Items of property, plant and equipment (excluding right-of-use assets) 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 below.

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, Rochester and Elmore District Health Service perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

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

- increase in fair value of land of 31.33%
- increase in fair value of buildings of 10.45%

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

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

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

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

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

Note 4.2 Right-of-use assets

Note 4.2 (a) Gross carrying amount and accummulated depreciation

	2022 $'000	2021 $'000
Right of use Vehicles at Fair Value	379	253
Less Accumulated Depreciation	(62)	(30)
Total right of use vehicles at fair value	**317**	**223**
Total Property, Plant and Equipment	**317**	**223**

Note 4.2 (b) Reconciliations of the carrying amount of class of asset

	Note	Right of Use Vehicles $'000	Total $'000
Balance at 30 June 2020		**35**	**35**
Additions		214	214
Depreciation	4.4	(26)	(26)
Balance at 30 June 2021	4.2(a)	**223**	**223**
Additions		165	165
Disposals		(22)	(22)
Depreciation	4.4	(49)	(49)
Balance at 30 June 2022	4.2(a)	**317**	**317**

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased vehicles	3 to 5 years

Initial recognition

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

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

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

Rochester and Elmore District Health Service's VicFleet lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain re-measurements 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.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 4.3 Revaluation Surplus

	Note	2022 $'000	2021 $'000
Balance at the beginning of the reporting period		26,246	26,246
Revaluation Increment			
- Land	4.1(b)	112	-
- Buildings	4.1(b)	3,709	-
Balance at the end of the reporting period*		**30,067**	**26,246**
*** Represented by:**			
- Land		316	204
- Buildings		29,751	26,042
		30,067	**26,246**

Note 4.4 Depreciation

	2022 $'000	2021 $'000
Depreciation		
Buildings	1,185	1,185
Landscaping	5	5
Plant & Equipment	170	162
Motor Vehicles	45	45
Computer and Communications	41	41
Furniture and Fittings	35	36
Right of Use Motor Vehicles	49	26
Total Depreciation	**1,530**	**1,501**

How we recognise depreciation

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

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

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

	2022	2021
Buildings		
- Structure Shell Building Fabric	40 to 80 years	45 to 60 years
- Site Engineering Services and Central Plant	20 to 40 years	20 to 30 years
Central Plant		
- Fit Out	15 to 30 years	20 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	2 to 50 years	3 to 20 years
Medical Equipment	3 to 10 years	5 to 10 years
Motor Vehicles	3 to 10 years	2 to 5 years
Computers and Communication	3 to 7 years	3 years
Furniture and Fittings	2 to 8 years	3 to 40 years

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 4.5 Impairment of Assets

How we recognise impairment
At the end of each reporting period, Rochester and Elmore District Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

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

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

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

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

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

Where it is not possible to estimate the recoverable amount of an individual asset, Rochester and Elmore District Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Rochester and Elmore District Health Service recorded an inpairment loss in relation to the patient fees for the year ended 30 June 2022.

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Rochester and Elmore District Health Service's operations.

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 5.1 Receivables and contract assets

	Notes	2022 $'000	2021 $'000
Current receivables and contract assets			
Contractual			
Inter Hospital Debtors		93	43
Trade Debtors		14	120
Patient Fees		25	5
Accrued Revenue		49	52
Contract Assets - other	5.1(b)	34	-
Contract Assets - state government	5.1(b)	87	10
Loddon Mallee Rural Health Alliance Receivables		19	36
Patient Fees- Allowance for impairment losses	5.1(a)	(6)	(4)
Total Contractual Receivables		**315**	**263**
Statutory			
GST Receivable		189	131
Loddon Mallee Rural Health Alliance GST Receivables		4	8
Total Statutory Receivables		**193**	**139**
Total current receivables and contract assets		**508**	**402**
Non-current receivables and contract assets			
Contractual			
Long Service Leave - Department of Health		659	506
Total Contractual Receivables		**659**	**506**
Total non-current receivables and contract assets		**659**	**506**
Total receivables and contract assets		**1,167**	**908**

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

Total receivables and contract assets		**1,167**	**908**
GST receivable		(193)	(139)
Total financial assets	7.1(a)	**974**	**769**

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

Balance at the beginning of year	(4)	(1)
Reversal of allowance written off during the year as uncollectable	-	6
Reversal of unused allowance recognised in the net result	-	-
Increase in allowance recognised in net result	(2)	(9)
Balance at the end of year	**(6)**	**(4)**

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Rochester and Elmore District Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore 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. Rochester and Elmore District 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* .

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

Impairment losses of contractual receivables

Refer to Note 7.2(a) for Rochester and Elmore District Health Service contractual impairment losses.

Note 5.1 (b) Contract Assets

	2022 $'000	2021 $'000
Balance at the beginning of year	10	39
Add: Additional costs incurred that are recoverable from the customer	121	10
Less: Transfer to trade receivable or cash at bank	(10)	(39)
Total contract assets	**121**	**10**
***Represented by:**		
- Current assets	121	10
	121	**10**

How we recognise contract assets

Contract assets relate to Rochester and Elmore District Health Service's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered early in the 2022/23 financial year.

Note 5.2 Payables and contract liabilities

	Note	2022 $'000	2021 $'000
Current payables and contract liabilities			
Contractual			
Trade Creditors		327	186
Accrued Salaries and Wages		358	98
Accrued Expenses		49	75
Accrued Audit Fees		25	17
Amounts payable to governments and agencies		22	380
Deferred capital grant income	5.2 (a)	-	168
Contract Liabilities	5.2(b)	183	-
Inter- Hospital Creditors		1	21
Other Payables		35	32
Loddon Mallee Rural Health Alliance		183	121
Total contractual payables		**1,183**	**1,098**
Statutory			
GST Payable		24	42
Total statutory payables		**24**	**42**
Total payables and contract liabilities		**1,207**	**1,140**

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

Total payables and contract liabilities		1,207	1,140
Deferred Grant Revenue		-	(168)
GST Payable		(24)	(42)
Total financial liabilities	7.1(a)	**1,183**	**930**

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Rochester and Elmore District Health Service prior to the end of the financial year that are unpaid.

- **Statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2 (a) Deferred capital grant revenue

	2022 $'000	2021 $'000
Opening balance of deferred grant income	**168**	**719**
Grant consideration for capital works received during the year	-	-
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(168)	(551)
Closing balance of deferred grant income	**-**	**168**

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health for the Nursing Home/Hostel Redevelopment project. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Rochester and Elmore District Health Service satisfies its obligations. The progressive percentage costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Rochester and Elmore District Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2 (b) Contract Liabilities

Opening balance of contract liabilities	-	-
Payments received for performance obligations not yet fulfiled	4,604	-
Revenue recognised for the completion of a performance obligation	(4,421)	-
Balance at the end of year	**183**	**-**
***Represented by:**		
- Current contract liabilities	183	-
	183	**-**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activity. The balance of contract liabilities was significantly higher than the previous reporting period due to activity.

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

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

Note 5.3 Other Liabilities

	2022 $'000	2021 $'000
Current monies held in trust		
Patient monies	-	107
Refundable accommodation deposits	6,643	6,886
Total current monies held in trust	**6,643**	**6,993**
Total Other Liabilities	**6,643**	**6,993**
Represented by:		
Cash assets	6,643	6,993
	6,643	**6,993**

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

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

Note 6: How we Finance Our Operations

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

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

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 its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Rochester and Elmore District Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Rochester and Elmore District Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.

Discount rate applied to future lease payments	Rochester and Elmore District Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Rochester and Elmore District Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Rochester and Elmore District Health Service is reasonably certain to exercise such options. Rochester and Elmore District Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	2022 $'000	2021 $'000
Current borrowings			
Lease Liability (i)	6.1(a)	98	59
Advances from government (ii)		51	51
Total Current Borrowings		**149**	**110**
Non-current borrowings			
Lease Liability (i)	6.1(a)	219	165
Advances from government (ii)		142	204
Total Non-Current Borrowings		**361**	**369**
Total Borrowings		**510**	**479**

i Secured by the assets leased.
ii These are unsecured loans which bear no interest.

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Rochester and Elmore District Health Service has categorised its liability as financial liabilities at 'amortised cost'.

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

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

Defaults and Breaches
During the current and prior year, there were no defaults and breaches of any of the borrowings.

Note 6.1 (a) Lease liabilities

Rochester and Elmore District Health Service lease liabilities are summarised below:

	2022 $'000	2021 $'000
Total undiscounted lease liabilities	325	233
Less unexpired finance expenses	(8)	(9)
Net lease liabilities	**317**	**224**

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

Not later than one year	103	63
Later than 1 year and not later than 5 years	222	170
Minimum lease payments	**325**	**233**
Less unexpired finance expenses	(8)	(9)
Present value of lease liability	**317**	**224**
Represented by:		
- Current liabilities	98	59
- Non-current liabilities	219	165
	317	**224**

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Rochester and Elmore District Health Service to use an asset for a period of time in exchange for payment.

To apply this definition, Rochester and Elmore District Health Service ensures the contract meets the following criteria:

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

Rochester and Elmore District Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	2 to 3 years

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

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

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 Rochester and Elmore District Health Services incremental borrowing rate.

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.

The following types of lease arrangements, contain extension and termination options:

- VicFleet

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

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

Subsequent measurement

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

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

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Note 6.2 Cash and Cash Equivalents

	2022 $'000	2021 $'000
Cash on Hand (excluding monies held in trust)	1	1
Cash at Bank (excluding monies held in trust)	329	1,060
Cash at Bank - CBS (excluding monies held in trust)	1,428	3,218
Total cash held for operations	**1,758**	**4,279**
Cash at Bank - CBS (monies held in trust)	6,643	6,993
Loddon Mallee Rural Health Alliance	339	264
Total cash held as monies in trust	**6,982**	**7,257**
Total cash and cash equivalents	**8,740**	**11,536**

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 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 are subject to insignificant risk of changes in value.

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

Note 6.3 Commitments for Expenditure

Capital Expenditure Commitments		
Less than 1 year	393	1,514
Total Capital Expenditure Commitments	**393**	**1,514**

How we disclose our commitments

Our commitments relate to expenditure 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.

Capital Expenditure commitments disclosed relates to the Nursing Home Redevelopment project. Capital expenditure commitments are classified as less than 1 year, however due to the COVID-19 pandemic timelines were substainly pushed back in the 2019-20 and 2020-21 financial years. Expected completion date is July 2022.

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Note 7: Risks, Contingencies & Valuation Uncertainties

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

Structure

7.1 Financial Instruments
7.2 Financial risk management objectives and policies
7.3 Contingent Assets and Liabilities
7.4 Fair Value Determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Rochester and Elmore District Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. Rochester and Elmore District Health Service uses a range of valuation techniques to estimate fair value, which include the following: ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Rochester and Elmore District Health Service's [specialised land, non-specialised land and non-specialised buildings] 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 Rochester and Elmore District Health Service's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Rochester and Elmore District Health Service does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Rochester and Elmore District Health Service categorises non-specialised land and non-specialised buildings in this level. ▪ Level 3, where inputs are unobservable. Rochester and Elmore District Health Service categorises specialised land, specialised buildings, plant, equipment, furniture, fittings, vehicles and right-of-use vehicles 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 Rochester and Elmore District Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

Note 7.1(a) Financial Instruments: categorisation

30 June 2022	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	8,740	-	8,740
Receivables and contract assets	5.1	974	-	974
Total Financial Assets [(i)]		**9,714**	**-**	**9,714**
Financial Liabilities				
Payables	5.2	-	1,183	1,183
Borrowings	6.1	-	510	510
Other Financial Liabilties - Refundable Accommodation Deposits	5.3	-	6,643	6,643
Other Financial Liabilties - Patient monies held in trust	5.3	-	-	-
Total Financial Liabilities [(i)]		**-**	**8,337**	**8,337**

30 June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.1	11,536	-	11,536
Receivables and contract assets	5.1	769	-	769
Total Financial Assets [(i)]		**12,305**	**-**	**12,305**
Financial Liabilities				
Payables	5.2	-	930	930
Borrowings	6.1		479	479
Other Financial Liabilties - Refundable Accommodation Deposits	5.3	-	6,886	6,886
Other Financial Liabilties - Patient monies held in trust	5.3	-	107	107
Total Financial Liabilities [(i)]		**-**	**8,402**	**8,402**

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

Financial assets are measured at amortised costs 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 Rochester and Elmore District Health Service to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Rochester and Elmore District Health Service recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables).

Categories of financial liabilities

Financial liabilities are recognised when Rochester and Elmore District Health Service 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.

Rochester and Elmore District Health Service recognises the following liabilities in this category:

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

Note 7.2 Financial risk management objectives and policies

As a whole, Rochester and Elmore District Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

Rochester and Elmore District Health Service’s main financial risks include credit risk and liquidity risk. Rochester and Elmore District Health Service manages these financial risks in accordance with its financial risk management policy.

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

Note 7.2 (a) Credit risk

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

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

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

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

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Rochester and Elmore District Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.
There has been no material change to Rochester and Elmore District Health Service's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

Rochester and Elmore District Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9's 'Expected Credit Loss' approach. Subject to AASB 9, impairment assessment include the Rochester and Elmore District Health Service's contractual receivables, statutory 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

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

On this basis, Rochester and Elmore District Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

	Current $'000	Less than 1 month $'000	1–3 months $'000	3 months – 1 year $'000	1–5 years $'000	Total $'000
30 June 2022						
Expected loss rate	2%	3%	20%	50%	100%	
Gross carrying amount of contractual receivables	47	2	0	8	1	58
Loss allowance	**1**	**0**	**0**	**4**	**1**	**6**

	Current $'000	Less than 1 month $'000	1–3 months $'000	3 months – 1 year $'000	1–5 years $'000	Total $'000
30 June 2021						
Expected loss rate	2%	3%	20%	50%	100%	
Gross carrying amount of contractual receivables	50	0	8	2	0	61
Loss allowance	**1**	**0**	**2**	**1**	**0**	**4**

Statutory receivables and debt investments at amortised cost

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

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the 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.

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

- 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.

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

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

Maturity analysis of Financial Liabilities as at 30 June

				Maturity Dates				
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 Years
30 June 2022		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities at amortised cost								
Payables	5.2	1,183	1,183	1,183	-	-	-	-
Borrowings	6.1	510	510	7	13	173	318	-
Other Financial Liabilities - Refundable Accommodation Deposits (i)	5.3	6,643	6,643	6,643	-	-	-	-
Other Financial Liabilities - Patient monies held in trust (i)	5.3	-	-	-	-	-	-	-
Total Financial Liabilities		**8,337**	**8,337**	**7,833**	**13**	**173**	**318**	**-**

				Maturity Dates				
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 Years
30 June 2021		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities at amortised cost								
Payables	5.2	930	930	930	-	-	-	-
Borrowings	6.1	479	479	5	10	142	322	
Other Financial Liabilities - Refundable Accommodation Deposits (i)	5.3	6,886	6,886	6,886	-	-	-	-
Other Financial Liabilities - Patient monies held in trust (i)	5.3	107	107	107	-	-	-	-
Total Financial Liabilities		**8,402**	**8,402**	**7,928**	**10**	**142**	**322**	**-**

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

Note 7.3 Contingent Assets and Liabilities

Rochester and Elmore District Health Service has no known contingent assets and liabilities at 30 June 2022.

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:

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

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.

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

	Note	Consolidated Carrying Amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Non-specialised land		173	-	173	-
Specialised land		297	-	-	297
Total of land at fair value	4.1(a)	**470**	**-**	**173**	**297**
Non-specialised buildings		1,562	-	1,562	-
Specialised buildings		37,645	-	-	37,645
Total of building at fair value	4.1(a)	**39,207**	**-**	**1,562**	**37,645**
Landscaping at fair value	4.1(a)	244	-	-	244
Plant and Equipment at fair value	4.1(a)	1,178	-	-	1,178
Motor Vehicles at fair value	4.1(a)	38	-	-	38
Computer and Communication at fair value	4.1(a)	611	-	-	611
Furniture and Fittings at fair value	4.1(a)	346	-	-	346
Total plant, equipment, furniture, fittings and vehicles at fair value		**2,417**	-	-	**2,417**
Right-of-use Vehicles	4.2(a)	317	-	-	317
Total right-of-use assets at fair value		**317**	-	-	**317**
Total property, plant and equipment at fair value		**42,411**	**-**	**1,735**	**40,676**

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

	Note	Consolidated carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Non-specialised land		132	-	132	-
Specialised land		226	-	-	226
Total of land at fair value	4.1(a)	**358**	**-**	**132**	**226**
Non-specialised buildings		1,448	-	1,448	-
Specialised buildings		35,235	-	-	35,235
Total of building at fair value	4.1(a)	**36,683**	**-**	**1,448**	**35,235**
Landscaping at fair value	4.1(a)	249	-	-	249
Plant and Equipment at fair value	4.1(a)	1,008	-	-	1,008
Motor Vehicles at fair value	4.1(a)	83	-	-	83
Computer and Communication at fair value	4.1(a)	89	-	-	89
Furniture and Fittings at fair value	4.1(a)	352	-	-	352
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,781**	-	-	**1,781**
Right-of-use Vehicles	4.2(a)	223	-	-	223
Total right-of-use assets at fair value		**223**	-	-	**223**
Total property, plant and equipment at fair value		**39,045**	**-**	**1,580**	**37,466**

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

How we measure fair value of non-financial physical assets

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

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

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

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

Non-specialised land 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, Rochester and Elmore District Health Service held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

For Rochester and Elmore District Health Service, 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 Rochester and Elmore District Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

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

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the 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 2022.

Reconciliation of Level 3 Fair Value measurement

	Land $'000	Buildings $'000	Land Improvements $'000	Plant and Equipment $'000	Motor Vehicles $'000	Computers and Communication $'000	Furniture and Fittings $'000	Right-of-use Vehicles $'000
Balance at 1 July 2020	**226**	**36,398**	**254**	**1,149**	**139**	**75**	**388**	**35**
Additions/(Disposals)	-	-	-	22	(11)	55	-	214
Gains or losses recognised in net result								
- Depreciation	-	(1,163)	(5)	(163)	(45)	(41)	(36)	(26)
Items recognised in other comprehensive income								
- Revaluation	-	-	-	-	-	-	-	-
Balance at 30 June 2021	**226**	**35,235**	**249**	**1,008**	**83**	**89**	**352**	**223**
Additions/(Disposals)	-	-	-	340	-	563	29	142
Gains or losses recognised in net result								
- Depreciation	-	(1,149)	(5)	(170)	(45)	(41)	(35)	(49)
Items recognised in other comprehensive income								
- Revaluation	71	3,559	-	-	-	-	-	-
Balance at 30 June 2022	**297**	**37,645**	**244**	**1,178**	**38**	**611**	**346**	**316**

[i] Classified in accordance with the fair value hierarchy, refer Note 7.4(a).

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)[(c)]
Non-Specialised Land	Market approach	N/A
Specialised Land	Market approach	Community Service Obligations Adjustments (a)
Specialised buildings	Current replacement cost approach	- Cost per square metre
		- Useful life
Landscaping	Current replacement cost approach	- Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit
		- Useful life
Vehicles	Current replacement cost approach	- Cost per unit
		- Useful life
Computers and Communication	Current replacement cost approach	- Cost per unit
		- Useful life
Furniture and Fittings	Current replacement cost approach	- Cost per unit
		- Useful life

(a) A community Service Obligation (CSO) of 25% was applied to Rochester and Elmore District Health Services specialised land.

Note 8: Other Disclosures

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

Structure

8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
8.2 Responsible Persons Disclosure
8.3 Remuneration of Executive Officers
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 Economic Dependency

Telling the COVID-19 story

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 8.1 Reconciliation of the net result for the year to net cash inflow/(outflow) from operating activities

	Note	2022 $'000	2021 $'000
Net result for the Year		(924)	(492)
Non-cash movements:			
Depreciation	4.4	1,530	1,501
Share of Net Result from LMRHA	8.7	(17)	(61)
Inventory Resources Received Free of Charge		271	88
Discount (interest)/expense on loan		(11)	(2)
Recognition of Deferred Income	5.2	-	551
Movements included in investing and financing activites:			
Net (Gain)/Loss from Sale of Plant & Equipment		(29)	(5)
Movements in assets and liabilities:			
Change in operating assets and liabilities			
Increase in Receivables and Contract Assets		(259)	(45)
(Increase)/Decrease in Other Financial Assets		(116)	16
Increase/(Decrease) in Payables and Contract Liabilities		67	(696)
Increase in Provisions		47	117
(Increase)/Decrease in Inventories		(28)	17
Increase in Borrowings		31	190
(Increase)/Decrease in Jointly Controlled Operations Cash		(75)	(34)
Net cash inflow/(outflow) from operating activities		**487**	**1,145**

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.

Responsible Ministers:	**Period**
The Honourable Martin Foley:	
Minister for Health	01/07/2021 - 27/06/2022
Minister for Ambulance Services	01/07/2021 - 27/06/2022
The Honourable Mary-Anne Thomas:	
Minister for Health	27/06/2022 - 30/06/2022
Minister for Ambulance Services	27/06/2022 - 30/06/2022
Governing Boards	
Mr (Andrew) James Brooks	01/07/2021 - 30/06/2022
Mr Benjamin Devanny	01/07/2021 - 30/06/2022
Mr Brad Drust	01/07/2021 - 30/06/2022
Mrs Kathryn Lemon	01/07/2021 - 30/06/2022
Ass Prof Carol McKinstry	01/07/2021 - 30/06/2022
Miss Jodie Smith	01/07/2021 - 30/06/2022
Mr David Rosaia	01/07/2021 - 30/06/2022
Mr Christopher White	01/07/2021 - 30/06/2022
Accountable Officers	
Mrs Karen Laing	01/07/2021 - 30/06/2022

Remuneration of Responsible Persons

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

Income Band	**2022 No.**	**2021 No.**
$1-$9,999	8	8
$150,000-$159,999	-	1
$180,000-$189,999	1	-
Total Numbers	**9**	**9**

	2022 $'000	**2021 $'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**255**	**216**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Rochester and Elmore District Health Service financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentry Services Financial Report.

Note 8.3 Remuneration of Executives

The numbers of executive officers, other than Ministers and Accountable Officers, 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.

	Total Remuneration	
Remuneration of Executive Officers	**2022**	**2021**
(including Key Management Personnel Disclosed in Note 8.4)	**$'000**	**$'000**
Short term employee benefits	177	161
Post-employment benefits	18	15
Other long-term benefits	4	4
Total Remuneration [i]	**199**	**180**
Total Number of Executives	1	1
Total Annualised Employee Equivalent [ii]	1	1

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

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

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

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

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

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

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

Note 8.4 Related Parties

Rochester and Elmore District Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the Rochester and Elmore District Health Service include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Loddon Mallee Rural Health Alliance Joint Venture; and
- All hospitals 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 Rochester and Elmore District Health Services and its controlled entities, directly or indirectly.

Key management personnel

The Board of Directors, Chief Exectuive Officer and the Executive Directors of Rochester and Elmore District Health Services and it's controlled entities are deemed to be KMPs. This includes the following:

KMPs	**Position Titile**
Mr Jim Brooks	Board Director
Mr Benjamin Devanny	Board Director
Mr Brad Drust	Board Director
Mrs Kathryn Lemon	Board Director
Ass Prof Carol McKinstry	Board Director
Miss Jodie Smith	Board Director
Mr David Rosaia	Board Chair
Mr Christopher White	Board Director
Mrs Karen Laing	CEO
Mrs Dorothy Stone	Director of Clinical Services

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

	2022 $'000	**2021 $'000**
Compensation - KMPs		
Short term employee benefits	404	354
Post-employment benefits	40	34
Other long-term benefits	9	8
Total i	**453**	**396**

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

Significant transactions with government related entities

Rochester and Elmore District Health Service received funding from the Department of Health and Human Services of $9.47m ($8.07m in 2020-2021).

Expenses incurred by Rochester and Elmore District Health Service in delivering services and outputs are in accordance with Health Purchasing 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 Rochester and Elmore District Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services 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 Victorian Government Procurement Board requirements.

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

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

Note 8.5 Remuneration of auditors

Victorian Auditor-General's Office	**2022 $'000**	**2021 $'000**
Audit of the Financial Statements	25	17
TOTAL	**25**	**17**

Note 8.6 Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7 Jointly Controlled Operations

Name of entity	Principal Activity	Ownership Interest 2022	Ownership Interest 2021
Loddon Mallee Rural Health Alliance	Information Technology	4.26%	4.09%

Rochester and Elmore District Health Service's interest in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements under their respective categories:

	2022 $'000	2021 $'000
Current assets		
Cash and Cash Equivalents	339	264
Receivables	23	44
Prepayments	104	61
Total current assets	**466**	**369**
Non-current assets		
Property, Plant and Equipment	35	39
Total non-current assets	**35**	**39**
Total assets	**501**	**408**
Current liabilities		
Payables	(170)	(109)
Accrued Expenses	(3)	(12)
Contract Liabilities - Income received in advance	(10)	
Total current liabilities	**(183)**	**(121)**
Total liabilities	**(183)**	**(121)**
Net assets	**318**	**287**

Rochester and Elmore District Health Service's interest in revenues and expenses resulting from jointly controlled operations is detailed below:

	2022 $'000	2021 $'000
Revenue		
Grants	68	532
Other Income	468	365
Interest Income	-	-
Total revenue	**536**	**897**
Expenses		
Employee Benefits	128	128
Other Expenses from Continuing Operations	383	700
Depreciation	8	6
Total expenses	**519**	**834**
Net result	**17**	**62**

*Figures obtained from the audited Loddon Mallee Rural Health Alliance 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.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2022

Note 8.8 Economic Dependency

Rochester and Elmore District Health Service is dependent on the Department of Health for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Rochester and Elmore District Health Service.

Rochester and Elmore District Health Service

redhs

Caring For Our Community

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