ANNUAL REPORT

2023

redhs

Rochester and Elmore District Health Service

Who We Are

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.

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

The responsible Minister is the Minister for Health, The Hon Mary-Anne Thomas MP - Minister for Health.

Our Vision

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

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

Contents

Who We Are	1
Our Vision	1
Our Strategic Priorities 2020-2025	1
Contents	1
Our Location	1
The Year in Review	2
Available Services	2
A Message From Our Board Chair & Chief Executive Officer	3
Corporate Governance	6
Board Directors	6
Key Personnel	8
Performance Against Statement of Priorities (Part A)	9
Performance Against Statement of Priorities (Part B)	12
Disclosures Required Under Legislation	13
Environmental Performance	14
Social Procurement Activities & Commitments	15
Additional Information Available on Request	16
Community Involvement & Support	16
Attestations & Declarations	17
Disclosure Index	18
Financial Report 2022/23	20

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 Location

Front cover image:
October floods, 2022, image courtesy Riverine Herald

The Year in Review

Acute Ward	
Total Acute Ward Separations	88
Acute Ward Bed Days	605
Transition Care Bed Days	219
Transition Care Days - Community	876
Residential Aged Care	
Total Bed Days	15,466
Total Admissions	13
Non-admitted Occasions of Service	
District Nursing	4,395
Urgent Care Centre	718
Radiology	0
Drug and Alcohol Withdrawal Service	0

Community Care			
Discipline	**Face to face**	**Telehealth**	**Total**
Allied Health			
Dietetics	227	44	271
Diabetes Education	179	0	179
Exercise Physiologist	2,586	0	2,586
Podiatry	1,009	2	1,011
Physiotherapy	614	0	614
Occupational Therapy	312	0	312
Social Work	3	0	3
Allied Health Assistants	1,397	0	1,397
- Group Exercise Programs	162	1	163
- AHA In-Home Exercise Programs	227	44	271
Allied Health Support Total			**6,536**
Community and In-Home Support			
Home Care	7,554	0	7,554
Property Maintenance	671	0	671
Meals on Wheels	792		792
Social Support Group	782	0	782
Community & In-Home Support Total:			**9,007**

Available Services

- Inpatient 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

** indicate services that were reinstated following the flood event and provided to the community from temporary sites/facilities until the REDHS facility is rebuilt.*

A Message From Our Board Chair & Chief Executive Officer

It is a pleasure to once again present a joint report from the Board Chair and Chief Executive, to our communities, staff, volunteers and partners.

The flood event that impacted Victoria in October 2022 absolutely devastated Rochester. The immediate aftermath and the long road to recovery will leave an enduring scar and forever change our community and our organisation. Earlier, in July 2022, REDHS had set a clear course to achieve our Vision and Strategic Priorities for the year ahead. We started the year on a solid financial base and our clinical services and our team of staff were growing. We had just celebrated our 50th client signing up for Home Care, having started with two clients only three years prior. We had broadened the range of services offered to support clients to maintain their independence at home for as long as possible.

REDHS had strategically grown our medical day service supporting the administration of infusions and transfusions. We were seeing a 17% per annum growth in the number of patients receiving treatment on the same day in Rochester instead of needing to travel out of town. Patients requiring prolonged hospital care ensured average occupancy of 82% and our support for the regional Transition Care Program (TCP) was achieving average occupancy of 95% and 180% in the inpatient TCP beds and the community beds respectively.

Our workforce plan was on track, with new staff joining us and many of the team participating in graduate programs and traineeships as part of our 'grow our own' initiative. The work we were doing to support a positive workplace culture and staff wellbeing was paying off, with staff reporting improvement in both satisfaction and engagement.

We were kicking goals and looking forward to a successful year ahead. Unfortunately, our best laid plans were completely derailed by the major flood event which impacted our State, and most particularly our local community, in October, 2022.

We had been actively monitoring the flood level in the Campaspe River for the week prior to water coming downstream from Lake Eppalock to Rochester. It was not until 48 hours before that it appeared river height could exceed the 2011 flood level and that we might need to evacuate patients and residents from the hospital and aged care facilities. We immediately transferred 17 (of the 59 current residents) to aged care facilities in surrounding towns where they had staff to care for them. This took all the vacant beds available in the region. The next day, when the community were advised that the flood level would definitely exceed 2011 levels, and therefore inundate the hospital, we needed to evacuate the remaining residents and the hospital inpatients as an emergency.

Everyone rallied. Staff came from each department and in from on their days off, despite flood water threating their own properties. All residents and patients were safely evacuated for what we thought might be 3-4 days, whereupon we hoped to be able to return to our facility. But it was not to be. Flood water crept through the health service from the back door (adjacent to the Campaspe River) to the front door (facing the Northern Highway). Every inch of the facility was impacted, with the filthy, muddy water reaching heights from 10 - 50 cm throughout the different wings. Equipment and resident's belongings were swept around the rooms and down the corridors. The building was ruined.

What was hoped to be a few days will be at least 2 years before we will be back on site in Rochester with all health services reinstated for the community. In the meantime, we work hard and continue to provide services from a range of locations across the district in line with our continued commitment to our Strategic Priorities.

Strategic Priority 1: Building a Culture That Empowers

Within the first week following the flood, all staff, including many who were directly impacted themselves, responded and have remained committed to providing care and services. They have been required to adjust significantly and have responded with grace and an unwavering commitment to our patients and residents, and to their colleagues. As work on rebuilding the facility continues in stages, staff are working from sites across the district, including from demountable site huts in the car park, sometimes travelling long distances to get to work so that the community has access to the health services they require and our aged care residents continue to be cared for by staff they know and are familiar with.

In an effort to ensure the team remains connected with REDHS and each other and can keep in touch with the progress of the re-build we have introduced a number of new ways to stay connected. We have regular face to face, written and video communication to all staff to keep them informed and updated. We have set up a REDHS Staff Only Facebook page and also enjoy bi-monthly "Keeping Connected" social events so staff can catch up with their colleagues working across different sites.

Our priority has always been to support the health and wellbeing of our staff. Following the floods REDHS has partnered with a number of services to provide wellbeing support including confidential wellbeing checks, workplace mental health and wellbeing training and mental health first aid training. More recently REDHS joined Safer Care Victoria's 'Wellbeing for Healthcare Workers Initiative'. Over the next 12 months we will be implementing the Institute for Healthcare Improvement's 'Joy in Work' Quality Improvement Framework to improve and maintain the wellbeing of our staff.

Strategic Priority 2: Delivering Quality Care

Following the immediate safe evacuation of residents to emergency accommodation, it quickly became clear that longer term arrangements were going to be required. Over the ensuing two months every effort was made to secure accommodation and establish arrangements in facilities and towns which respected the preferences of our residents and their families. Some residents relocated out of the district with families who had been impacted and others transferred to other care providers. Those residents who remained under our care are being cared for by REDHS clinical and support staff deployed to support them in facilities in Echuca and Tongala until the facility is restored and they can return home to Rochester. REDHS is indebted to BUPA and Respect Aged Care for their immediate and ongoing support as we work together to care for our residents.

Other services quickly reinstated following the flood include Urgent Care Centre, which is running from Rochester Medical Centre thanks to the support of Dr Nigel Fang. Campaspe Medical Centre was re-homed within two weeks in a designated demountable building so that they could quickly reinstate services to their patients. Home Care and District Nursing services continued to be provided to clients immediately upon flood water receding as, thankfully, our fleet vehicles were spared from damage having been moved to higher ground as part of our Emergency Response. Our Allied Health and Social Support Group quickly set up to provide care out of a site in Elmore, with thanks again to our health partners Elmore Medical Centre and Bendigo Community Health Service.

As well as reinstating existing services, REDHS was successful in securing on-going funding to deliver additional services for Commonwealth Home Support Program (CHSP) clients in the region and also to expand our service area and client numbers, taking on CHSP clients from neighboring towns previously supported by the City of Greater Bendigo. To top it off, our NDIS mid-term audit was successfully completed in March 2023, with no criteria assessed as non-compliant.

Strategic Priority 3: Connecting With Community

REDHS in intrinsically part of the tight-knit Rochester community. As the largest employer in the local region, many of the locals make up our workforce, and we are a key customer of many of the local businesses. Rochester relies on REDHS for more than their health and aged care services and we are committed to supporting the efforts required to recover from the devastating event.

Someone from REDHS has been front and centre through the entire journey; actively participating in the Community Flood Recovery Committee, local Business Network meetings and working to coordinate mental health and wellbeing support. While the community remains significantly disrupted, with the majority still living in caravans / sheds or with family and friends more than 8 months following the floods, REDHS continue to work hard to ensure the community is kept up to date with REDHS' news. As well as tracking progress on the rebuilding project, seeing health services being reinstated and slowly brought back into Rochester provides reassurance to the community that progress is being made.

We see keeping the locals informed and others aware of our ongoing challenges as a key priority. Communication with our local and the wider community has taken many forms, from fortnightly updates in the local Campaspe News and fliers posted in surrounding towns to regular Facebook posts, sharing the on-line communications of others such as Rochester Community House and the Shire of Campaspe. A member of our Executive has continued to keep the community up to date at the monthly Community Breakfast and we attend a fortnightly 'REDHS Community Chat' in the Rochester Café.

We continue to support local businesses at every opportunity, from requiring the company contracted to restore the facility to use local trades and suppliers wherever possible, to using local businesses to host and/or cater for meetings and staff re-connect events.

Strategic Priority 4: Securing our Future

Supporting our workforce was our first priority following the flood. Building on work coming out of the COVID pandemic, our priority has always been to support the health and wellbeing of our staff. Of note; over 40% of our 180 staff were directly personally impacted by the floods, losing their homes and property to flood water, and another 20% were indirectly impacted, with family and / or friends who were impacted needing their support.

Recognising that returning to work and interacting with your colleagues was one of the best forms of therapy and recovery, we have worked to ensure all staff are re-engaged with REDHS as soon as able. We have partnered with a number of services to provide wellbeing support including physical health checks for all staff, information sessions and confidential wellbeing checks and regular social events to reconnect with each other while we work across multiple sites.

The fact the 2022 floods came on the back of similar, but less severe event only 11 years before, and the climate scientists warn us that these severe weather events are forecast to be more severe and more frequent in the future means that we must consider this in our planning.

As soon as we had lodged our insurance claim we started planning to repair and rebuild the facility. As we commenced the cleanup of the site and first stages of restoration, the Department of Health requested a Clinical Service Plan be developed to confirm the range of services and the number of on-site beds required to support the community beyond the immediate rebuild. The plan was developed relatively quickly, considering activity data from

REDHS as well as feedback provided via staff, community and stakeholder consultation. The Plan was finalised and tabled in June, 2023. The forecast is that demand for some services may be negatively impacted in the short term, while the demand for other services will continue to grow. The plan confirms, however, that all of the clinical services provided by REDHS to our community prior to the flood will still be required for the foreseeable future.

REDHS plan to be here to continue to serve our community and provide those services. Our organisation is on the same journey as Rochester community. Together we are slowly recovering, with schools being rebuilt, businesses re-opening and families gradually moving from temporary accommodation back into their homes. Like many others, we made a submission to the Parliamentary Inquiry into the 2022 flood event. We know Rochester will flood again. Floods will be more frequent and at higher levels in the years ahead. The community cannot lose access to this facility again.

We are actively advocating to rebuild REDHS in such a way to ensure the community can access health and aged care following the next flood much quicker than two years. We understand the health service is too important a community asset to risk the same sort of damage and destruction occurring again. We are commissioning a feasibility study to explore the option of flood protection around the site which does not pose too great a burden on our neighbors so that, as soon as flood waters recede, we can re-enter the site and use it for emergency response, community recovery and to reinstate health and aged care services immediately.

In closing

Responding to an emergency requires large-scale coordination across multiple government departments, paid and volunteer emergency services, council, and communities. REDHS could not have achieved what we have in the last year without the immediate assistance of Department of Health (Emergency Management Branch) and Emergency Management Victoria and the ongoing support of our neighbouring health services, our partners in the Loddon Mallee Health Network and Murray Health Partnership, Royal Flying Doctor Service and our amazing staff.

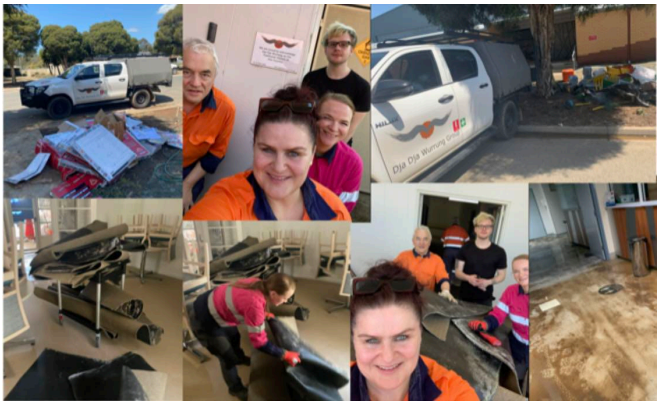
We would like to acknowledge the ongoing work of the entire REDHS team for their dedication and willingness, to respond in a period where resilience and commitment were tested in extremely difficult conditions. To this day, our team continues to go above and beyond to ensure our residents feel safe and loved and our local communities receive access to care and services despite the impact of the flood event. We could not be prouder of every single one of them and count ourselves privileged to work alongside them.

Karen Laing
Chief Executive Officer

David Rosaia
Board Chair
July 2022 – Feb. 2023

Chris White
Board Chair
Feb. 2023 – current

Thank you to the support from our community for the strip out of our facility post floods including Dja Dja Wurrung Corporation, CFA, Fosterville Mining, Rochester Under 16's Football Club and community volunteers



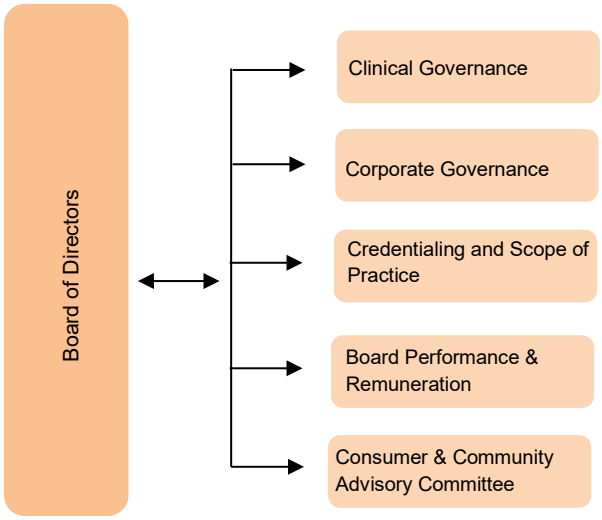
Corporate Governance

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.



LIFE GOVERNORSHIPS

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.

There were no Life Governorships awarded in 2022/23.

Board Directors

David Rosaia

Board Chair (1 July 2022 – 27 February 2023)
RN, Grad Dip (Health Sci), FACHSM, CHE, MACN
Date appointed 26.04.2017

Chris White

Board Chair (from 27 February 2023)
Treasurer, Chair - Corporate Governance Committee, Chair – Credentials & Scope of Practice Committee (1/7/2022- 27/2/2023)
B.Bus (Econ), B.Comp., Grad Dip Bus (Mgt), Grad Cert HSM, FACHSM, CHIA
Date appointed: 01.07.2018

Brad Drust

Deputy Chair (from 27 February 2023)
Chair - Community and Consumer Advisory Committee
BA, Bsc (Env Sci), MBA
Date appointed: 1.7.2020

Kate Lemon

Deputy Chair (1 July 2022 – 16 February 2023)
MBA, Grad Dip (Bus Mgt), Cert IV Frontline Management, Cert IV Bus. Dev., Cert IV Assessment & Care Planning, Home & Community Care
Date appointed: 1.7.2017
Resigned – 16 February 2023

Ben Devanny

Treasurer (from 27 February 2023)
Chair – Corporate Governance Committee (from 27 February 2023)
B.Bus (Acc/Eco), CPA
Date appointed: 1.7.2017

Emma Millard

Chair – Clinical Governance Committee (from 15 March 2023)
B.Pod, Sp.Cert Rural Paediatric Practice, GradCertHlthServMt), Cert Gov & Risk Man, GAICD
Date appointed 1.7.2022

Jodie Smith

Chair -Flood Restoration Project Control Group
B Bus.(Econ), Grad Dip AppSci (Ag), Grad Cert (Acc), M. An.Sci, FCPA, GAICD, FGIA
Date appointed: 1.7.2016

Jim Brooks

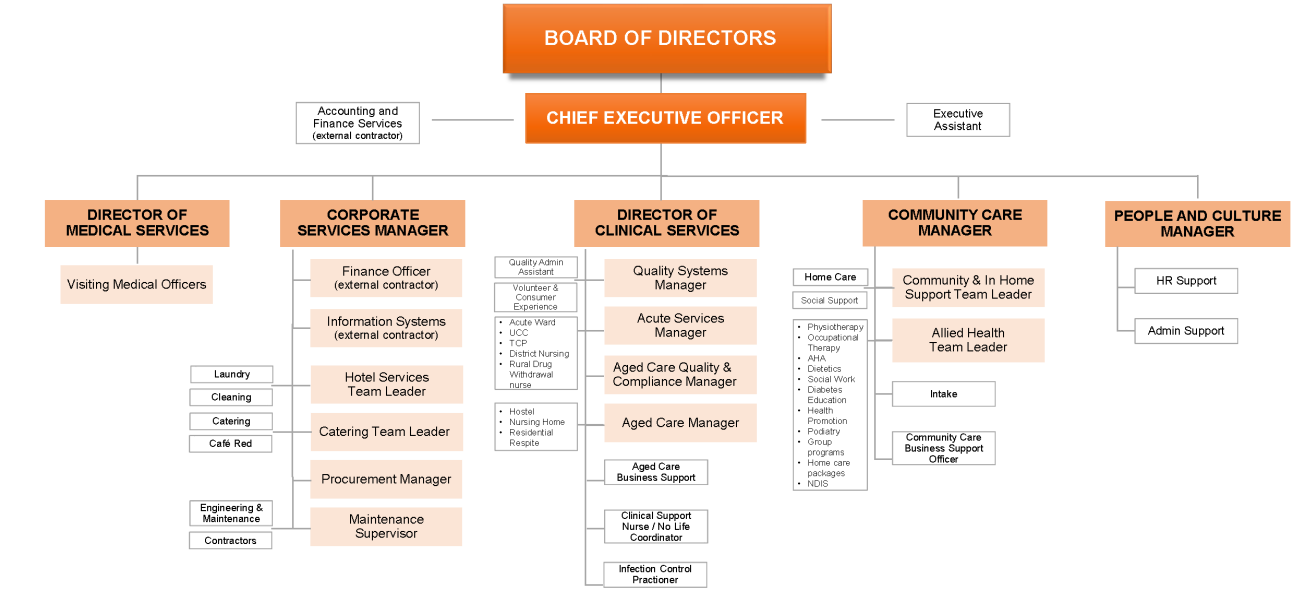
LLB
Date appointed 1.7.2019

Carol Mckinstry

Chair - Clinical Governance Committee (1 July 2022 – 15 March 2023)
B AppSc (OT), M. Hlth Sc, PhD, Grad Cert Higher Ed. GAICD
Date appointed: 1.7.2014

Board 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		✓		✓ (from 27.02.2023)	
Bradley Drust		✓		✓ (from 27.02.2023)	✓
Kate Lemon *(resigned 16/2/2023)*		✓ (1.07.2022 – 16.02.2023)		✓ (1.07.2022 – 16.02.2023)	✓ (1.07.2022 – 16.02.2023)
Carol McKinstry	✓		✓		
Emma Millard	✓	✓	✓		
David Rosaia	✓		✓	✓	
Jodie Smith	✓				✓
Christopher White		✓	✓	✓	
Independent Members / Consumer Representatives					
Christine Wright	✓				✓
Joan Jenkins					✓
Kate Lee					✓
Eddie Oogjes					✓
Lorraine Harris					✓
Judith Anderson					✓
Judy Murray					✓

REDHS ORGANISATIONAL STRUCTURE



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

Darren Clark
RN, Dip. Mgt, GN Cert, ForPsyNurs Cert

Community Care Manager

Susannah Hargreaves
B HlthSc, M PodPrac, Grad Cert Public Health
(1 July 2022 – 6 July 2022)

Mebin Baby
M AdvHSM, BDS, MICDA, MCHSM
(commenced – 29 August 2022)

Corporate Services Manager

Colin Wellard
MBA, Grad Dip SocSc, Grad Cert SocSc
(1 July 2022 – 16 August 2022)

Richard Morrison
MBA, CHIA
(commenced – 22 August 2022)

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

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)*

Allied Health and Reception relocated to Elmore, 10 days after the floods

DEPARTMENT HEADS

Acute Services Manager

Melissa Seelenmeyer
RN, B Nursing

Residential Care Manager

Sandi Lavin
RN, B Nursing
(28 March 2022 – 26 August 2022)

Jodie Holmes
MHRM-ODM, BSSci, B Nursing
(10 October 2022 -2 May 2023)

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
Cert IV Contracts & Procurement

TEAM LEADERS

Allied Health

Paige Tuohey
B Pod
(1 July 2022 – 14 July 2022)

Jacinta Masters
BHSci,, BApSci, MOTP
(commenced – 08 November 2022)

Community & In-Home Support

Donna Shaw
Cert III Aged Care

Catering

Anthony Hargood

Hotel Services

Kerri McEllister

STAFF YEARS OF SERVICE

REDHS recognised the long - standing service of the following staff in 2022-23.

10 years	15 Years	20 years
Sangeeta Gosai Megan Ilton Deb Leed Charmaine Miller Judy Olney Katherine Watson	Flordeliza Marsh Alan Reid Brett Shotton	Tania Else Anne-Marie Hewlett Sue Walsh

Performance Against Statement of Priorities (Part A)

In 2022/23 Rochester and Elmore District Health Service contributed to the achievement of the Government's commitments with an agreed set of strategic priorities to achieve in the year ahead. Health services contribute to the department's strategic priorities through signing and enacting the Statement of Priorities.

Collaborative Regional Deliverables

1. ***Keep people healthy and safe in the community:***

   Maintain COVID-19 readiness

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

   Progress:

   The Loddon Mallee Health Network (LMHN) hosted region-wide COVID Coordination meetings with health services, Community Health Centres, Murray Primary Health Network (PHN), Ambulance Victoria (AV) and Aboriginal Community Controlled Health Organisations (ACCHOs). Meeting frequency reduced to monthly in response to COVID prevalence conditions to mid-2023, when the meeting was replaced by LM Public Health Unit (PHU) published fortnightly update of advice, epidemiology and LM specific public health response materials for all health service partners.

   A regional SharePoint site is maintained to house local and state-wide resources to assist health service responses and clinician materials.

   This site is constantly reviewed to ensure resources are up to date as well as to extend the scope of the site to include further resources, including the development of a dedicated LM PHU section for Public Health functions.

   The regional the service model initially involved a central coordination team with care provided by host health services using a common digital platform; the Regional Community Platform (RCP). This changed to care provided by four sub-regional lead organisations for a brief time in October 2022 when, due to floods and reduced numbers, it was again modified to have two agencies overseeing monitoring for the region.

   The coordination team triaged the cases coming through COVID monitor, GP referrals, other opt in referrals and admitted patients to their appropriate local service through the RCP, and also looked after all patients on the low care SMS pathway. Local care teams provided virtual home monitoring for medium care patients in their respective areas.

   Introducing the Virtual Home Monitoring module to the RCP reduced variance in care, irrespective of the location of the patient and the locally available supports. The LM were able to provide care on a scale that would not have been possible without the regional approach, dedicated resourcing and ICT enabled components of care.

   The service provided care to more than 25,000 patients to date, and supported nearly 130,000 individual contacts to these patients.

   As it relates to REDHS specifically;

   Prior to the flood event in October 2022, REDHS hosted regular COVID vaccination clinics to ensure staff remained up to date with boosters.

   Our District Nursing team provided virtual home monitoring and clinical support for medium care COVID Positive patients via the RCP.

   100% of staff and all aged care residents who remained under our care following evacuation and repatriation, and who have consented, remain up to date with their COVID vaccinations.

   Data in relation to staff and resident vaccination status is submitted to the relevant department as required.

2. ***Care closer to home***

   Delivering more care in the home or virtually

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

   Progress:

   The Better@Home Redesign team has been working closely with the Virtual Care team in developing Remote Patient Monitoring (RPM) for the Loddon Mallee region. The purpose of RPM is to reduce potentially preventable Emergency Department presentations and hospitalisations (and improve quality of life).

   The supported adoption of Telehealth has been made available to Better@Home Health Services across the region, including REDHS.

   As it relates to REDHS specifically;

   REDHS has seen a steady increase in the number of people supported with a Home Care Package, and have continued to provide home based care services to the community members under the packages.

   A significant reduction of services was seen immediately following the floods in October 2022 due to the community being displaced. Activity has slowly picked up to 70-90% of the pre-floods service delivery level across all funded streams including HCP, CHSP, NDIS and HACC-PYP.

3. *Keep improving care:*

Improve quality and safety of care

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

Progress:

LMHN has partnered with Safer Care Victoria (SCV) to conduct a capability development program for our regional leaders who will focus on the development and application of a regional system of clinical governance.

This partnership with SCV aims to uplift quality and safety capability across the Loddon Mallee and is anchored to the investment in the 2023/24 budget for three LMHN Quality Improvement Fellowships.

A Regional System of Clinical Governance Steering Committee has been convened with the election of Chair and finalisation of Terms of Reference. The Development of a Statement of Intent is now anticipated and will be developed in consultation with the key stakeholders, including Health Service Board Chairs, Board Quality Chairs and CEOs.

REDHS CEO is a member of the Steering Committee.

Plan update to nutrition and food quality standards

Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.

Progress:

REDHS was actively working on enhancing the menu in collaboration with residents, but it was interrupted by the flooding. The facilities temporarily accommodating our residents post flood are charged with ensuring nutrition and quality standards are being maintained.

Climate Change Commitments

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

Progress:

Charging stations have been installed in preparation for delivery and operation of electric vehicles for the REDHS vehicle fleet.

One of the ten electric vehicles requested has been delivered, however international and local supply chain issues have meant a delay in their delivery.

Opportunities for climate change improvements will be factored into the recovery re-build process as much as possible.

Asset Maintenance and Management

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

Progress:

Due to the flooding, asset management focussed on providing business continuity facilities to enable resumption of services as soon as possible. This included:

- Establishment of 14 temporary site buildings on the hospital premises;
- Establishment of a satellite site in Elmore for allied health and community care;
- Replacement of machinery/equipment for homecare services;
- Disaster recovery of IT services.

Work on AMAF compliance will continue during the recovery build process.

4. *Improve Aboriginal Health & Wellbeing*

Improve Aboriginal cultural safety

Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.

Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.

Implement strategies and processes to actively increase Aboriginal employment.

Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.

Develop discharge plans for every Aboriginal patient.

Regional Mental Health and Wellbeing Boards

Progress:

The inaugural appointment of a LMHN First Nations Cultural Advisor has already seen the development of the LMHN River Journey of Reconciliation grounded in results-based accountability to progress the LMHN commitment in reconciliation and anti-racism work.

Consisting of four streams of intent, the River Journey of Reconciliation includes:

Stream 1: Ongoing cultural training/self-reflection (Reconciliation is MY business).

Stream 2: Stakeholder engagement, support and empowerment.

Stream 3: Key Supports to drive system and structural transformation.

Stream 4: Reconciliation initiatives.

Specific work includes 1:1 First Nations mentoring with LMHN CEOs and establishment of yarning circles with LM Aboriginal Health Liaison Officers (AHLOs).

The LMHN have also been successful in an EOI submission for Aboriginal Health Innovation Funding. This opportunity will enable First Nations led data collection to inform discharge planning processes across the region.

5. *Moving from competition to collaboration:*

Foster and develop local partnerships

Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).

Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better@Home program and mental health reform.

Progress:

LMHN continues to progress Health Service Partnership (HSP) initiatives through genuine collaboration and stakeholder engagement.

An annual partnership assessment was performed in 2022 where the LMHN utilised the VicHealth Partnership Analysis tool with all health service CEO's in the Loddon Mallee Region. The sample size was 15 with a total response rate achieved of 87%.

It was pleasing to see continued maturity across the LMHN, which once again resulted in a high score (129) using the VicHealth Partnership Analysis tool. The LMHN has been described as "A partnership based on genuine collaboration has been established. The challenge is to maintain its impetus and build on the current success".

LMHN governance structures continue to operate effectively and ensure strong governance over initiatives, opportunities for sub-regional and local solutions.

The review of the LMHN Regional Plan incorporating the LMSS Digital Health Strategy, is planned with the commencement of a new Lead Member CEO and Regional CIO (both anticipated by October 2023).

A review of the Joint Venture Agreements for the LMHN (HSP) and Regional ICT Alliance (Loddon Mallee Shared Services) is planned.

LMHN, along with other HSPs, await formal direction on the role or HSP's and expected deliverables from the Department of Health's Mental Health & Wellbeing Branch.

6. *A Stronger Workforce*

Improve Workforce Wellbeing

Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.

Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.

Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.

Progress:

REDHS continues to foster a safety culture by focussing on developing the capability of our staff to identify, assess and respond safely to risks in the workplace.

In 2022/23, over fifty staff participated in face to face training to increase their skills, knowledge and ability to prevent and manage occupational violence and aggression. This training was in addition to the standard annual occupational violence and aggression training competencies that all staff are required to complete.

Implementing the Strengthening Hospital Responses to Family Violence initiatives is overseen by REDHS' Health Care that Counts Committee. Our Director of Clinical Services is a member of the Campaspe Family Violence Action Group and the Shire of Campaspe Family Violence (Flood Impacted Communities) Committee. All REDHS staff are required to complete SHRFV and MARAM training.

Our priority continues to be supporting the health and wellbeing of our workforce.

In 2022/23 REDHS engaged an independent provider of injury prevention and wellbeing services, to facilitate a wellbeing program for staff. The program comprised of health checks, stretch and strength testing and education, and manual handling training. To complement this program, REDHS actively promoted our Employee Assistance Program and facilitated numerous mental health and wellbeing sessions throughout the year.

In early 2023 REDHS leadership team completed 'Managing for Team Wellbeing' training facilitated by the Black Dog Institute and twelve staff members completed Mental Health First Aid Training.

REDHS is currently participating in Phase 2 of the Wellbeing for Healthcare Workers Initiative with Safer Care Victoria and the Institute for Healthcare Improvement (IHI). The objective of the initiative is to increase joy in work, decrease burnout and improve the wellbeing for healthcare workers across Victorian health services. It's pleasing to see early indicators showing the level of joy reported by our staff is increasing and feelings of burnout are decreasing.

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%	Exemption granted due to flood event
Percentage of healthcare workers immunised for influenza	92%	99.4%
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 2022-23, 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 20.

PEOPLE MATTERS SURVEY

Key performance measure	Target	Result
Governance, Leadership and Culture		
Safety Culture Among Healthcare Workers	62%	REDHS did not participate in the 2022 People Matter Survey due to the October 2022 flood

WORKFORCE DATA
EQUAL OPPORTUNITY, MERIT & 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	
	2022	**2023**	**2022**	**2023**
Nursing	43.97	37.64	47.04	42.59
Administration and Clerical	18.54	13.57	17.87	15.96
Hotel and Allied Services	39.12	29.30	39.16	32.22
Sessional Clinicians	0.05	0.05	0.08	0.06
Ancillary Staff (Allied Health)	21.33	16.59	18.82	17.95
Totals	**123.01**	**97.24**	**122.97**	**108.78**

Variance in our FTE is due to:

- Secondment arrangements in place for REDHS staff to work at other health services post the October 2022 flood.
- Following the October 2022 flood, REDHS has not been able to offer staff in our Hotel and Allied Health Services their full contracted hours and as a result we are paying a 'make-up pay' to retain those staff members for when we return to our Rochester site.
- Some positions have not been replaced due to current circumstances.

OCCUPATIONAL HEALTH & SAFETY DATA

Occupational Health & Safety Statistics	2022-23	2021-22	2020-21
Number of reported hazards/incidents for the year per 100 FTE	29.2	34.9	37.7
Number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.94	0.81	3.17
Average cost per WorkCover claim for the year ('000)	$25,117.80	$12,423	$59,107

There were two premium impacting claims in 2022/23, one with an occupational violence causation. We continue to focus on injury prevention and recovery at work to minimise the risk of incidents occurring and ensure a positive return to work outcome when they do occur. There were no fatalities in 2022/23.

OCCUPATIONAL VIOLENCE STATISTICS

Occupational Violence Statistics	2022-23
Workcover accepted claims with an occupational violence cause per 100 FTE	0.97
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	6.04
Number of occupational violence incidents reported	17
Number of occupational violence incidents reported per 100 FTE	16.53
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	5.8%

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 2022/23 financial year, nine requests were received from the general public, three had no medical records and six 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

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.*

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 2022/23, 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.

Local Jobs First Act 2003

There was one contract which began in 2022-23 to which the *Local Jobs First Act 2003* and the *Victorian Industry Participation Policy Act (2003)* applied.

The contract has commenced and is on a cost plus a margin basis for the restoration of the hospital following flood damage. This is funded by insurance. The percentage of local Content Commitment for this work is not reportable as the contract does not have a fixed contract amount. Every effort is being made to maximise the local content in both materials and trades.

Environmental Performance

This Appendix details mandatory indicators for Tier 3(a) public sector entities.

Indicator Title	*2020/21*	*2021/22*	*2022/23*
EL1 - Total electricity consumption segmented by source			
Purchased	638.68	733.46	367.42
Self-Generated	202.22	192.88	192.88
EL1 Total electricity consumption [MWh]	**840.90**	**926.34**	**560.30**
EL2 - On-site electricity generated segmented by usage and source			
Solar consumption behind the meter	202.22	192.88	192.88
Solar exported	0	0	0
EL2 Total on site-electricity generated [MWh]	**202.22**	**192.88**	**192.88**
EL3 - On-site installed generation capacity segmented by source			
Diesel Generator	0.45	0.45	0.45
Solar	0.15	0.15	0.15
EL3 Total On-site installed generation capacity [MW]	**0.60**	**0.60**	**0.60**
EL4 - Total electricity offsets segmented by offset type			
LGCs voluntarily retired on the entity's behalf	0	0	0
Green Power	0	0	0
RPP (Renewable Power Percentage in the grid)	120.90	136.35	69.08
Certified climate active carbon neutral electricity purchased	0	0	0
EL4 Total electricity offsets [MWh]	**120.90**	**136.35**	**69.08**
F1 - Total fuels used in buildings and machinery segmented by fuel type [MJ]			
Natural gas	2867291	3785036.4	1546648.2
F2 - Greenhouse gas emissions from stationary fuel consumption segmented by fuel type			
Natural gas	147.75	195.04	79.70
T1 - Total energy used in transportation within the entity segmented by fuel type and vehicle category			
Non-executive fleet - Gasoline	200,501.10	302,742.00	633,623.60
Petrol	200,501.10	302,742.00	633,623.60
Non-executive fleet - E10		0.00	
Petrol (E10)		0.00	
Non-executive fleet - Diesel	28,942.30	88,270.30	63,261.30
Diesel	28,942.30	88,270.30	63,261.30
Total energy used in transportation (vehicle fleet) [MJ]	**229443.40**	**391,012.30**	**696,884.90**
T2 - Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category			
Petrol	11	11	11
Diesel	4	4	4
Hybrid	2	2	2
Total	**17**	**17**	**17**
T3 - Greenhouse gas emissions from vehicle fleet segmented by fuel type and vehicle category			
Non-executive fleet - Gasoline	13.56	20.47	42.85
Petrol	13.56	20.47	42.85
Non-executive fleet - E10		0.00	
Petrol (E10)		0.00	
Non-executive fleet - Diesel	2.04	6.22	4.45
Diesel	2.04	6.22	4.45
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	**15.60**	**26.69**	**47.30**
T4 - Total distance travelled by commercial air travel			
	Nil	Nil	4,028km
E1 - Total energy usage from fuels			
	3096734.40	4176048.70	2243533.10
E2 - Total energy usage from electricity			
	3027243.88	3334806.14	2017081.94
E3 - Total energy usage segmented into renewable and non-renewable sources			
Renewable	1163231.30	1185224.77	943037.56
Non-renewable (E1 + E2 - E3 Renewable)	4960746.98	6325630.07	3317577.48
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]	**6123978.29**	**7510854.84**	**4260615.04**
E4 - Units of energy used normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	296.09	383.67	204.61
Energy per unit of LOS [MJ/LOS]	2,883.82	3,336.38	4,739.00
Energy per unit of Separations [MJ/Separations]	20,682.58	24,551.18	40,496.93
Energy per unit of floor space [MJ/m2]	879.65	1,062.50	531.82
B1 - Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings			
Not Applicable. Facility has been evacuated due to flooding since mid-October 2022.			
B2 - Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease Schedule			
Not Applicable. Facility has been evacuated due to flooding since mid-October 2022.			
B3 - NABERS Energy ratings of newly completed/occupied entity-owned office buildings and substantial tenancy fit-outs			
Not Applicable			
B4 - Environmental performance ratings of newly completed entity-owned non-office building or infrastructure projects or upgrades with a value over $1 million, where these ratings have been conducted			
Not Applicable			
W1 - Total units of metered water consumed by water source			
Potable water [kL]	8956.1515	8984.0534	4400.574
W2 - Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of Aged Care OBD [kL/Aged Care OBD]	0.45	0.48	0.25
Water per unit of LOS [kL/LOS]	4.38	4.21	5.85
Water per unit of Separations [kL/Separations]	31.43	30.98	50.01
Water per unit of floor space [kL/m2]	1.34	1.34	0.66

Indicator Title	*2020/21*	*2021/22*	*2022/23*
WR1 - Total units of waste disposed of by disposal method and material type / waste stream			
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste	79,474.50	78,691.50	56,376.00
Offsite treatment			
Clinical waste - incinerated	14.00	25.00	12.00
Clinical waste - sharps	86.06	79.06	80.61
Clinical waste - treated	509.06	2,763.84	461.71
Recycling/recovery (disposal)			
Cardboard	12,870.00	12,870.00	6,187.50
Grease traps	570.00		
Paper (confidential)	1,707.29		
Total units of waste disposed [kg]	**95,230.91**	**94,429.40**	**63,117.82**
WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	83.45%	83.33%	89.32%
Offsite treatment			
Clinical waste - incinerated	0.01%	0.03%	0.02%
Clinical waste - sharps	0.09%	0.08%	0.13%
Clinical waste - treated	0.53%	2.93%	0.73%
Recycling/recovery (disposal)			
Cardboard	13.51%	13.63%	9.80%
Grease traps	0.60%	83.33%	89.32%
Paper (confidential)	1.79%		
WR3 - Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per PPT [(kg general waste)/PPT]	3.57	3.75	3.09
Total waste to offsite treatment per PPT [(kg offsite treatment)/PPT]	0.03	0.14	0.03
Total waste recycled and reused per PPT [(kg recycled and reused)/PPT]	0.68	0.61	0.34
WR4 - Recycling rate			
Weight of recyclable and organic materials [kg]	15,147.29	12,870.00	6,187.50
Weight of total waste [kg]	95,230.91	94,429.40	63,117.82
Recycling rate [%]	**15.91%**	**13.63%**	**9.80%**
WR5 - Greenhouse gas emissions associated with waste disposal			
tonnes CO2-e	104.10	106.02	74.00
G1 - Total scope one (direct) greenhouse gas emissions			
Carbon Dioxide	162.92	221.13	126.63
Methane	0.29	0.39	0.17
Nitrous Oxide	0.14	0.22	0.20
Total	**163.35**	**221.73**	**127.00**
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	**147.75**	**195.04**	**79.70**
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	**15.60**	**26.69**	**47.30**
Medical/Refrigerant gases			
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	**163.35**	**221.73**	**127.00**
G2 - Total scope two (indirect electricity) greenhouse gas emissions			
Electricity	498.11	535.60	252.40
G3 - Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal			
Commercial air travel			
Waste emissions (WR5)	104.10	106.02	74.00
Indirect emissions from Stationary Energy	68.94	73.66	38.71
Indirect emissions from Transport Energy	0.83	1.41	11.99
Paper emissions	2.19		
Any other Scope 3 emissions	14.77	16.88	7.45
Total scope three greenhouse gas emissions [tonnes CO2e]	**190.83**	**197.96**	**132.16**

Social Procurement Activities & Commitments

Overall social procurement activities	**2022–23**
Number of social benefit suppliers engaged during the reporting period:	2
Total amount spent with social benefit suppliers (direct spend) during the reporting period ($ GST exclusive):	$16,008
Total number of mainstream suppliers engaged that have made social procurement commitments in their contracts with the Victorian Government:	N/A
Total number of contracts that include social procurement commitments:	1

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.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
  - details of all consultancies and contractors including:
    - (I) consultants/contractors engaged;
    - (ii) services provided; and
    - (iii) expenditure committed to for each engagement

Community Involvement & Support

Sponsorship, Donations and Bequests

Rochester Senior Citizens	700
Norman Chia	200
Raglan Street Jazz Band	2,500
Total Other Donations <$100 each	72.28
Total	**$3,472.28**

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 locations. 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:

- Donating 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.

Attestations & 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 2023.

Chris White, Board Chair
Rochester and Elmore District Health Service

6 September 2023

Financial Management Compliance Attestation

I, Chris White, 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.

Chris White, Board Chair
Rochester and Elmore District Health Service
6 September 2023

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
6 September 2023

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
6 September 2023

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
6 September 2023

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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 materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.

Karen Laing, Accountable Officer
Rochester and Elmore District Health Service
6 September 2023

Gender Equality Act 2020

REDHS continues to foster an inclusive and diverse culture by raising awareness of gender equality and diversity within our workplace and in our local communities. REDHS has established a 'Health Care That Counts' Committee that oversees the implementation of our Gender Equality Action Plan.

Karen Laing, Accountable Officer
Rochester and Elmore District Health Service
6 September 2023

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 No.
Ministerial Directions		**1**
Report of Operations		**1**
Charter and Purpose		**1**
FRD 22	Manner of establishment & the relevant Ministers	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Nature and range of services provided	2
FRD 22	Activities, programs and achievements for the reporting period	2
FRD 2I	Significant changes in key initiatives and expectations for the future	3
Management and structure		
FRD 22	Organisational structure	7
FRD 22	Workforce data/ employment and conduct principles	12
FRD 22	Occupational Health and Safety	12
Financial information		
FRD 22	Summary of the financial results for the year	19
FRD 22	Significant changes in financial position during the year	19
FRD 22	Operational and budgetary objectives and performance against objectives	19
FRD 22	Subsequent events	19
FRD 22	Details of consultancies under $10,000	20
FRD 22	Details of consultancies over $10,000	20
FRD 22	Disclosure of ICT expenditure	20
Legislation		
FRD 22	Application and operation of *Freedom of Information Act 1982*	13
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	13
FRD 22	Application and operation of *Public Interest Disclosures Act 2012*	13
FRD 22	Statement on National Competition Policy	13
FRD 22	Application and operation of *Carers Recognition Act 2012*	13
FRD 22	Additional information available on request	15
FRD 24	Environmental data reporting	14
FRD 25	*Local Jobs First Act 2003* disclosures	13
SD 5.1.4	Financial Management Compliance attestation	15
SD 5.2.3	Declaration in report of operations	6
Attestations		
Attestation on Data Integrity		15
Attestation on managing Conflicts of Interest		16
Attestation on Integrity, fraud and corruption		16
Compliance with HealthShare Victoria (HSV) Purchasing		16
Other reporting requirements		
• Reporting of outcomes from Statement of Priorities 2022-23		9
• Occupational Violence reporting		13
• *Gender Equality Act 2020*		19
• Reporting obligations under the *Safe Patient Care Act 2015*		13

FINANCIAL REPORT

2023

redhs

Rochester and Elmore District Health Service

Financial Report 2022/23

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 2022/23.

PART A: Strategic Priorities

Refer to REDHS 2022/23 Report of Operations pages 9 for details.

PART B: 2022-23 Performance Priorities

High quality and safe care: Refer to REDHS 2022/23 Report of Operations page 12 for details.

Effective financial management

Key performance measure	Target	Result
Finance		
Operating result ($M)	0	0.05
Average number of days to pay trade creditors	60 days	26
Average number of days to receive patient fee debtors	60 days	3
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.94
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤$250,000	Achieved
Actual number of days available cash, measured on the last day of each month	14 days	93

PART C: State Funding (Modelled Budget)

Small Rural	2022/23 Activity achievement
Small Rural Acute	9
Small Rural Primary Health & HACC	823
Small Rural Residential Care	20,973
Health Workforce	5

Financials in Brief

The table below is a summary of the financial results for 2022/23, from annual financial statements, with comparative results for the preceding four financial years.

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
OPERATING RESULT	52	0	231	30	-135
Total revenue	19,632	18,428	16,477	15,303	15,479
Total expenses	21,034	19,436	17,186	16,581	16,338
Net result from transactions	**-1,402**	**-1008**	**-709**	**-1,278**	**-859**
Total other economic flows	17	84	216	-204	162
Net result	**-1,385**	**-924**	**-493**	**-1482**	**-697**
Total assets	41,132	55,344	52,611	53,148	53,129
Total liabilities	11,807	11,205	11,369	11,413	9,092
Net assets/ Total equity	**29,325**	**44,139**	**41,242**	**41,735**	**44,037**

Reconciliation of Net Result from Transactions and Operating Result

	2022-23 $'000	2021-22 $'000
Net operating result *	**52**	**0**
Capital purpose income	300	522
Specific income	0	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	31	262
State supply items consumed up to 30 June 2023	(130)	(196)
Assets provided free of charge	0	0
Assets received free of charge	0	0
Expenditure for capital purpose	9	(118)
Depreciation and amortisation	(1,626)	(1,530)
Impairment of non-financial assets	0	0
Finance costs (other)	(7)	5
Net result from transactions	**(1,402)**	**(1008)**

* 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 2022/23, there were seven consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2022/23 in relation to these consultancies is $19,303 (excl. GST).

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

In 2022/23, there was one consultancy where the total fees payable was $10,000 or greater. This relates to architectural services provided by EDG.space Pty Ltd required as part of the flood restoration works and totalled $359,944.15.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DISCLOSURE

The total ICT expenditure incurred during 2022/23 is $633,439 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
$633,439	*		

* The October flood event restricted any opportunity for capital investment in the premises. Significant investment will be required as per the reconstruction works which will be funded by insurance.

Financial Statements
Financial Year ended 30 June 2023

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 2023 and the financial position of Rochester and Elmore District Health Service at 30 June 2023.

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

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

Christopher White Chairperson	Karen Laing Chief Executive Officer	Cameron Olsen Chief Finance & Accounting Officer
Rochester 6 September 2023	Rochester 6 September 2023	Rochester 6 September 2023

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 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *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
2 October 2023

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 2023

	Note	2023 $'000	2022 $'000
Revenue and Income from Transactions			
Operating Activities	2.1	18,769	17,861
Non-operating Activities	2.1	143	31
Share of revenue from joint operations	8.7	720	536
Total Revenue and Income from Transactions		**19,632**	**18,428**
Expenses from Transactions			
Employee Expenses	3.1	(14,111)	(13,421)
Supplies and Consumables	3.1	(1,569)	(995)
Finance Costs	3.1	(7)	5
Depreciation	3.1	(1,637)	(1,530)
Share of expenditure from joint operations	8.7	(653)	(519)
Other Operating Expenses	3.1	(3,049)	(2,974)
Other Non-Operating Expenses	3.1	(8)	(2)
Total Expenses from Transactions		**(21,034)**	**(19,436)**
Net Result from Transactions - Net Operating Balance		**(1,402)**	**(1,008)**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(19)	29
Other Gain/(Loss) from Other Economic Flows	3.2	14	33
Share of Other Economic Flows from Joint Operation	3.2	22	22
Total Other Economic Flows included in Net Result		**17**	**84**
Net Result for the year		**(1,385)**	**(924)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.3	(13,429)	3,821
Total Other Comprehensive Income		**(13,429)**	**3,821**
Comprehensive Result for the year		**(14,814)**	**2,897**

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

Rochester and Elmore District Health Service
Balance Sheet as at 30 June 2023

	Note	2023 $'000	2022 $'000
Current Assets			
Cash and Cash Equivalents	6.2	7,471	8,740
Receivables	5.1	2,231	386
Contract Assets	5.2	26	122
Inventories		38	155
Other Financial Assets		160	188
Share of assets in joint operations	8.7	218	48
Total Current Assets		**10,143**	**9,639**
Non-Current Assets			
Receivables	5.1	669	659
Property, Plant & Equipment	4.1(a)	30,027	44,695
Right of use assets	4.2	256	317
Share of assets in joint operations	8.7	36	35
Total Non-Current Assets		**30,989**	**45,706**
Total Assets		**41,132**	**55,344**
Current Liabilities			
Payables	5.3	2,575	841
Contract Liabilities	5.4	2,593	183
Borrowings	6.1	225	149
Provisions	3.3	2,915	2,701
Other Liabilities	5.5	2,717	6,643
Share of liabilities in joint operations	8.7	479	183
Total Current Liabilities		**11,505**	**10,700**
Non-Current Liabilities			
Borrowings	6.1	175	361
Provisions	3.3	127	144
Total Non-Current Liabilities		**302**	**505**
Total Liabilities		**11,807**	**11,205**
Net Assets		**29,325**	**44,139**
Equity			
Property, Plant & Equipment Revaluation Surplus	4.3	16,638	30,067
Restricted Specific Purpose Surplus	SCE	740	961
Contributed Capital	SCE	7,370	7,370
Accumulated Surpluses	SCE	4,577	5,741
Total Equity		**29,325**	**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 2023

	Note	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Operating Grants from State Government		6,720	8,863
Operating Grants from Commonwealth Government		4,485	4,421
Capital Grants from Government- State		298	516
Patient and Resident Fees Received		2,518	2,603
Donations and Bequests Received		4	15
GST received from Australian Taxation Office		535	568
Interest Received		143	31
Other Receipts		3,739	875
Total Receipts		**18,442**	**17,892**
Employee Expenses Paid		(13,634)	(12,905)
Non Salary Labour Costs		(455)	(316)
Payments for Supplies & Consumables		(1,590)	(1,318)
GST paid to ATO		(68)	(135)
Other Payments		327	(2,731)
Total Payments		**(15,420)**	**(17,405)**
Net Cash Flows from Operating Activities	8.1	**3,022**	**487**
Cash Flows from Investing Activities			
Payments for Non-Financial Assets		(347)	(3,068)
Proceeds from sale of Non-Financial Assets		(19)	29
Net Cash Flows (used in)/from Investing Activities		**(365)**	**(3,039)**
Cash Flows from Financing Activities			
Receipt of Monies in Trust		695	2,742
Repayments of Monies in Trust		(4,621)	(2,986)
Net Cash Flows used in Financing Activities		**(3,926)**	**(244)**
Net Decrease in Cash and Cash Equivalents Held		**(1,269)**	**(2,796)**
Cash and Cash Equivalents at beginning of year		8,740	11,536
Cash and Cash Equivalents at End of Year	6.2	**7,471**	**8,740**

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 2023

	Property, Plant and Equipment Revaluation Surplus	Restricted Special Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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**
Net result for the year	-	-	-	(1,385)	(1,385)
Other comprehensive income for the year	(13,429)	-	-	-	(13,429)
Transfers from (to) accumulated surpluses	-	(221)	-	221	-
Balance at 30 June 2023	**16,638**	**740**	**7,370**	**4,577**	**29,325**

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 2023

Note 1: Basis of preparation

Structure

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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

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 2023. 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 6th September 2023.

Note 1.2 Impact of COVID-19 pandemic

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

Financial impacts of the pandemic are immaterial to Rochester and Elmore District Health Service.

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

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 relate to the following disclosures:

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

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 beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: *Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: *Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of 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 and/or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

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 2023

Note 2: Funding Delivery of Our Services

Rochester and Elmore District Health Service's overall objective is to provide quality health 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 services.

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	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 the beneficiaries. 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 timing 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.
Assets and services received free of charge or for nominal consideration	Rochester and Elmore District Health Service applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

Note 2.1 Revenue and income from transactions

	Note	2023 $'000	2022 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		20	119
Government grants (Commonwealth) - Operating		4,485	4,421
Commercial activities [1]		15	72
Patient and resident fees		2,510	2,623
Other revenue from operating activities		3,999	1,074
Total revenue from contracts with customers	2.1(a)	**11,028**	**8,309**
Other sources of income			
Government grants (State) - Operating		7,406	8,744
Government grants (State) - Capital		298	516
Cash donations	2.2	4	15
Assets received free of charge or for nominal consideration	2.2	31	271
Other capital purpose income		2	6
Total other sources of income		**7,740**	**9,552**
Total revenue and income from operating activities		**18,769**	**17,861**
Non-operating activities			
Income from other sources			
Other interest		143	31
Total other sources of income		**143**	**31**
Total income from non-operating activities		**143**	**31**
Total revenue and income from transactions		**18,912**	**17,892**

[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

Rochester and Elmore District Health disaggregates revenue by the timing of revenue recognition.		
Good and services transferred to customers:		
At a point in time	11,013	8,237
Over time	15	72
Total revenue from contracts with customers	**11,028**	**8,309**

How we recognise revenue and income from operating activities
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 a point in time or over time as and when services are rendered.

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

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

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for 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 income 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

	2023 $'000	2022 $'000
Cash donations	4	15
Plant and Equipment	-	9
Personal protective equipment	31	262
Total fair value of assets and services received free of charge or for nominal consideration	**35**	**286**

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.

Contributions of resources

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

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

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 Rochester and Elmore District Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the DH.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by 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 services are recorded.

Structure

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

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and 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: ▪ an inflation rate of 4.35%, reflecting the future wage and salary levels ▪ durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 15% and 83% ▪ discounting at the rate of 3.635%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1 Expenses from transactions

	Note	2023 $'000	2022 $'000
Salaries and wages		10,363	10,290
On-costs		2,564	2,461
Agency expenses		997	318
Fee for service medical officer expenses		50	139
Workcover premium		137	213
Total employee expenses		**14,111**	**13,421**
Drug supplies		32	58
Medical and surgical supplies (including Prostheses)		100	201
Diagnostic and radiology supplies		12	11
Other supplies and consumables		1,425	725
Total supplies and consumables		**1,569**	**995**
Finance costs		7	(5)
Total finance costs		**7**	**(5)**
Fuel, light, power and water		137	245
Repairs and maintenance		145	527
Maintenance contracts		24	83
Medical indemnity insurance		34	35
Other administrative expenses		2,698	2,077
Expenditure for capital purposes		9	7
Total other operating expenses		**3,049**	**2,974**
Total operating expenses		**18,736**	**17,385**
Depreciation	4.4	1,637	1,530
Total depreciation		**1,637**	**1,530**
Bad and doubtful debt expense		8	2
Total other non-operating expenses		**8**	**2**
Total non-operating expense		**1,645**	**1,532**
Total expenses from transactions		**20,381**	**18,917**

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.

Finance costs

Finance costs include:

- interest on short-term borrowings (Interest expense is recognised in the period in which it is incurred) and;
- finance charges in respect of finance leases which are recognised in accordance with AASB *16 Leases.*

Other Operating Expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $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

	2023 $'000	2022 $'000
Net gain/(loss) on disposal of property, plant and equipment	(19)	29
Total net gain/(loss) on non financial assets	**(19)**	**29**
Share of net profits of joint entities, excluding dividends	22	22
Total share of other economic flows from joint operations	**22**	**22**
Net gain arising from revaluation of long service liability	14	33
Total other gains from other economic flows	**14**	**33**
Total gains from Economic Flows	**18**	**84**

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.

Note 3.3 Employee benefits and related on-costs

	2023 $'000	2022 $'000
Current employee benefits and related on-costs		
Accrued days off		
- Unconditional and expected to be settled within 12 months (i)	23	14
- Unconditional and expected to be settled after 12 months (ii)	4	2
Annual Leave		
- Unconditional and expected to be settled within 12 months (i)	993	915
- Unconditional and expected to be settled after 12 months (ii)	159	149
Long Service Leave		
- Unconditional and expected to be settled within 12 months (i)	264	311
- Unconditional and expected to be settled after 12 months (ii)	1,148	1,019
	2,591	**2,410**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months (i)	150	140
- Unconditional and expected to be settled after 12 months (ii)	174	151
	324	**291**
Total current employee benefits and related on-costs	**2,915**	**2,701**
Non-current employee benefits and related on-costs		
Conditional long service leave (ii)	112	127
Provisions related to employee benefits on-costs (ii)	15	17
Total non-current employee benefits	**127**	**144**
Total employee benefits and related on-costs	**3,042**	**2,845**

[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	30	18
Unconditional annual leave entitlements	1,285	1,181
Unconditional long service leave entitlements	1,727	1,502
Total current employee benefits and related on-costs	**3,042**	**2,701**
Non current employee benefits and related on-costs		
Conditional long service leave entitlements	127	144
Total non-current employee benefits and related on-costs	**127**	**144**
Total employee benefits and related on-costs	**3,169**	**2,845**
Attributable to:		
Employee Benefits	2,703	2,537
Provision for related on-costs	339	308
Total employee benefits and related on-costs	**3,042**	**2,845**

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

Carrying amount at start of year	308	272
Additional provisions recognised	167	526
Amounts incurred during the year (including estimates)	(151)	(158)
Net gain/(loss) arising from revaluation of long service liability	15	(332)
Carrying amount at end of year	**339**	**308**

How we recognise employee benefits
Employee benefit recognition

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

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because 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	
	2023 $'000	**2022 $'000**
Defined contribution plans:		
Aware Super	608	639
HESTA Administration	327	308
Other	228	145
Total	**1,163**	**1,092**

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

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

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by 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 2023

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.

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 2023

Note 4.1: Property, plant and equipment
Note 4.1 (a): Gross carrying amount and accummulated depreciation

	2023 $'000	2022 $'000
Land at Fair Value	470	470
Landscaping at Fair Value	259	259
Less Accumulated Depreciation	(21)	(15)
Total Land at fair value	**708**	**714**
Buildings at Fair Value	39,207	39,207
Less Accumulated Depreciation (inclusive of impairment)	(14,612)	-
Total Buildings at fair value	**24,595**	**39,207**
Plant and Equipment at Fair Value	3,187	3,144
Less Accumulated Depreciation	(2,183)	(2,001)
Total Plant and Equipment at fair value	**1,004**	**1,143**
Motor Vehicles at Fair Value	287	287
Less Accumulated Depreciation	(252)	(249)
Total Motor Vehicles at fair value	**35**	**38**
Computers and Communication at Fair Value	1,022	940
Less Accumulated Depreciation	(474)	(329)
Total Computers and Communications at fair value	**548**	**611**
Furniture and Fittings at Fair Value	918	940
Less Accumulated Depreciation	(599)	(594)
Total Furniture and Fittings at fair value	**319**	**346**
Work In Progress at Cost	2,818	2,636
Total Work In Progress at cost	**2,818**	**2,636**
Total Property, Plant and Equipment	**30,027**	**44,695**

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

	Land	Buildings	Plant & Equipment	Motor Vehicles	Computer Equipment	Furniture & Fittings	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	**607**	**36,683**	**968**	**83**	**89**	**352**	**968**	**39,750**
Additions	-	-	338	-	563	29	1,927	2,857
Transfers In/(out)	-	-	-	-	-	-	(259)	(259)
Disposals	-	-	(3)	-	-	-	-	(3)
Revalution increments/(decrements)	112	3,709	-	-	-	-	-	3,821
Depreciation (see Note 4.4)	(5)	(1,185)	(160)	(45)	(41)	(35)	-	(1,471)
Balance at 30 June 2022	**714**	**39,207**	**1,143**	**38**	**611**	**346**	**2,636**	**44,695**
Additions	-	-	69	-	82	14	182	347
Transfers In/(out)	-	-	-	-	-	-	-	-
Disposals	-	-	(18)	-	-	(1)	-	(19)
Impairment	-	(13,429)	-	-	-	-	-	(13,429)
Depreciation (see Note 4.4)	(5)	(1,183)	(190)	(3)	(145)	(40)	-	(1,565)
Balance at 30 June 2023	**708**	**24,595**	**1,004**	**35**	**548**	**319**	**2,818**	**30,027**

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 overheads.

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 in Note 7.4.

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

Where an independent valuation has not been undertaken at balance date, 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. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- decrease in fair value of land of 1.00%
- increase in fair value of buildings of 7.07%

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

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

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

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

The revaluation 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

	2023 $'000	2022 $'000
Right of use vehicles at fair value	379	379
Less accumulated depreciation	(123)	(62)
Total right of use vehicles at fair value	**256**	**317**
Total property, plant and equipment	**256**	**317**

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

	Note	Right of Use Vehicles $'000	Total $'000
Balance at 1 July 2021		**223**	**223**
Additions		165	165
Disposals		(22)	(22)
Depreciation	4.4	(49)	(49)
Balance at 30 June 2022	4.2(a)	**317**	**317**
Depreciation	4.4	(61)	(61)
Balance at 30 June 2023	4.2(a)	**256**	**256**

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	1 to 3 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, with the exception of right-of-use assets arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain 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 2023

Note 4.3 Revaluation surplus

	Note	2023 $'000	2022 $'000
Balance at the beginning of the reporting period		30,067	26,246
Revaluation increment/(decrement)			
- Land	4.1(b)	-	112
- Buildings	4.1(b)	(13,429)	3,709
Balance at the end of the reporting period*		**16,638**	**30,067**
*** Represented by:**			
- Land		316	316
- Buildings		16,322	29,751
		16,638	**30,067**

Note 4.4 Depreciation

	2023 $'000	2022 $'000
Depreciation		
Property, plant and equipment		
Buildings	1,183	1,185
Landscaping	5	5
Plant and equipment	201	170
Motor vehicles	3	45
Computer and communications	145	41
Furniture and fittings	40	35
Total depreciation - property, plant and equipment	**1,577**	**1,481**
Right-of-use assets		
Right-of-use motor vehicles	61	49
Total depreciation - right-of-use assets	**61**	**49**
Total depreciation	**1,637**	**1,530**

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.

	2023	2022
Buildings		
- Structure Shell Building Fabric	40 to 80 years	40 to 80 years
- Site Engineering Services and Central Plant	20 to 40 years	20 to 40 years
Central Plant		
- Fit Out	15 to 30 years	15 to 30 years
- Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	2 to 50 years	2 to 50 years
Motor Vehicles	3 to 10 years	3 to 10 years
Computers and Communication	3 to 7 years	3 to 7 years
Furniture and Fittings	2 to 8 years	2 to 8 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.

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 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 impairment loss in relation to the patient fees and to the value of buildings asset of $13.4m for the year ended 30 June 2023. Buildings impairment was due to damage to the building from the flooding which occurred in Rochester in October 2022. This impairment has been accounted for against the asset revaluation reserve.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

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
5.2 Contract assets
5.3 Payables
5.4 Contract liabilities
5.5 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	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.

Note 5.1 Receivables

	Notes	2023 $'000	2022 $'000
Current receivables			
Contractual			
Inter hospital debtors		74	93
Trade debtors		12	14
Patient fees		17	25
Accrued revenue		2,026	83
Patient fees- allowance for impairment losses	5.1(a)	(13)	(6)
Total Contractual Receivables		**2,115**	**209**
Statutory			
GST receivable		116	189
Total statutory receivables		**116**	**189**
Total current receivables		**2,231**	**398**
Non-current receivables			
Contractual			
Long service leave - Department of Health		669	659
Total Contractual Receivables		**669**	**659**
Total non-current receivables		**669**	**659**
Total receivables		**2,900**	**1,057**
(i) Financial assets classified as receivables (Note 7.1(a))			
Total receivables		**2,900**	**1,057**
GST receivable		(116)	(189)
Total financial assets classified as receivables	7.1(a)	**2,784**	**868**

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

Balance at the beginning of year	(6)	(4)
Increase in allowance recognised in net result	(8)	(2)
Balance at the end of year	**(13)**	**(6)**

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* .

Impairment losses of contractual receivables

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

Note 5.2 Contract assets

	2023 $'000	2022 $'000
Balance at the beginning of the year	**122**	**10**
Add: Additional costs incurred that are recoverable from the customer	26	122
Less: Transfer to trade receivable or cash at bank	(122)	(10)
Less: impairment allowance		-
Total contractual assets	**26**	**122**
***Represented by:**		
- Current assets	26	122
- Non-current contract assets	-	-
	26	**122**

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 during the next financial year.

Note 5.3 Payables

	Note	2023 $'000	2022 $'000
Current payables			
Contractual			
Trade Creditors		-	327
Accrued Salaries and Wages		341	358
Accrued Expenses		83	73
Amounts payable to governments and agencies		1	22
Deferred capital grant income	5.3 (a)	2,087	-
Inter- Hospital Creditors		-	1
Other Payables		44	35
Total contractual payables		**2,557**	**817**
Statutory			
GST Payable		18	24
Total statutory payables		**18**	**24**
Total payables		**2,575**	**841**
(i) Financial liabilities classified as payables (Note 7.1(a))			
Total payables		2,575	841
Deferred Grant Income		(2,087)	-
GST Payable		(18)	(24)
Total financial liabilities classified as payables	7.1(a)	**469**	**817**

How we recognise payables

Payables consist of:

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

- **Statutory payables** comprise Goods an Services Tax (GST) payable. Statutory 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 5.3 (a) Deferred capital grant revenue

	2023 $'000	2022 $'000
Opening balance of deferred grant income	**-**	**168**
Grant consideration for capital works received during the year	2,087	-
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-	(168)
Closing balance of deferred grant income	**2,087**	**-**

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health for the Nursing Home/Hostel Redevelopment project.

Capital 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 5.4 Contract liabilities

	2023 $'000	2022 $'000
Opening balance of contract liabilities	**183**	**-**
Grant consideration for sufficiently specific performance obligation received during the year	2,593	183
Revenue recognised for the completion of a performance obligation	(183)	-
Total contractual liabilities	**2,593**	**183**
***Represented by:**		
- Current contract liabilities	2,593	183
- Non-current contract liabilities	-	-
	2,593	**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 maturity analysis of payables.

Note 5.5 Other liabilities

	2023 $'000	2022 $'000
Current monies held in trust		
Refundable accommodation deposits	2,717	6,643
Total current monies held in trust	**2,717**	**6,643**
Total other liabilities	**2,717**	**6,643**
Represented by:		
Cash assets	2,717	6,643
	2,717	**6,643**

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* .

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

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 disclosures.

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	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	2023 $'000	2022 $'000
Current borrowings			
Lease liability (i)	6.1(a)	174	98
Advances from government (ii)		51	51
Total current borrowings		**225**	**149**
Non-current borrowings			
Lease liability (i)	6.1(a)	83	219
Advances from government (ii)		93	142
Total non-current borrowings		**175**	**361**
Total borrowings		**400**	**510**

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.

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:

	2023 $'000	2022 $'000
Total undiscounted lease liabilities	259	325
Less unexpired finance expenses	(3)	(8)
Net lease liabilities	**256**	**317**

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	176	103
Later than 1 year and not later than 5 years	83	222
Minimum lease payments	**259**	**325**
Less unexpired finance expenses	(3)	(8)
Present value of lease liability	**256**	**317**
Represented by:		
- Current liabilities	174	98
- Non-current liabilities	83	219
	256	**317**

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	1 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.

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 the substance of fixed payments.

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

Note 6.2 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	3,122	329
Cash at bank - CBS (excluding monies held in trust)	1,010	1,428
Total cash held for operations	**4,133**	**1,758**
Cash at bank - CBS (monies held in trust)	2,717	6,643
Loddon Mallee Rural Health Alliance	620	339
Total cash held as monies in trust	**3,337**	**6,982**
Total cash and cash equivalents	**7,471**	**8,740**

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 one year	-	393
Total capital expenditure commitments	**-**	**393**
Non-cancellable short term and low value lease commitments		
Less than one year	174	98
Longer than one year but not longer than five years	83	219
Total non-cancellable short term and low value lease commitments	**256**	**317**

How we disclose our commitments

Our commitments relate to expenditure and short term and low value assets 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 2023.

Short term and low value leases

Rochester and Elmore District Health Service discloses short tem and low value lease commitments which are exluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

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, 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, landscaping, furniture, fittings, plant, equipment, computer and communication items and vehicles are measured using this approach. ▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Rochester and Elmore District Health Service does not this use approach to measure fair value. 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 building in this level. ▪ Level 3, where inputs are unobservable. Rochester and Elmore District Health Service categorises specialised land, specialised buildings, plant, equipment, furniture, fittings, motor vehicles, right-of-use vehicles, computer and communication 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) Categorisation of financial instruments

30 June 2023	**Note**	**Financial Assets at Amortised Cost $'000**	**Financial Liabilities at Amortised Cost $'000**	**Total $'000**
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	7,471	-	7,471
Receivables and contract assets	5.1	2,784	-	2,784
Contract assets	5.2	26	-	26
Total Financial Assets [(i)]		**10,281**	**-**	**10,281**
Financial Liabilities				
Payables	5.3	-	469	469
Borrowings	6.1	-	400	400
Other Financial Liabilties - Refundable Accommodation Deposits	5.5	-	2,717	2,717
Total Financial Liabilities [(i)]		**-**	**3,587**	**3,587**

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	868	-	868
Contract assets	5.2	122	-	122
Total Financial Assets [(i)]		**9,730**	**-**	**9,730**
Financial Liabilities				
Payables	5.3	-	817	817
Borrowings	6.1		510	510
Other Financial Liabilties - Refundable Accommodation Deposits	5.5	-	6,643	6,643
Total Financial Liabilities [(i)]		**-**	**7,971**	**7,971**

[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 on the principal amount outstanding on specific dates.

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 and
- 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.

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 2022-23.

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 follow:

	Note	Current	Less than 1 month	1–3 months	3 months – 1 year	1–5 years	Total
		$'000	$'000	$'000	$'000	$'000	$'000
30 June 2023							
Expected loss rate		2%	3%	20%	50%	100%	
Gross carrying amount of contractual receivables	5.1	33	1	2	13	6	55
Loss allowance		**1**	**0**	**0**	**7**	**6**	**13**

	Note	Current	Less than 1 month	1–3 months	3 months – 1 year	1–5 years	Total
		$'000	$'000	$'000	$'000	$'000	$'000
30 June 2022							
Expected loss rate		2%	3%	20%	50%	100%	
Gross carrying amount of contractual receivables	5.1	47	2	0	8	1	58
Loss allowance		**1**	**0**	**0**	**4**	**1**	**6**

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 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 2023		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities at amortised cost								
Payables	5.2	469	469	469	-	-	-	-
Borrowings	6.1	400	400	7	13	173	208	-
Other Financial Liabilities - Refundable Accommodation Deposits (i)	5.5	2,717	2,717	2,717	-	-	-	-
Total Financial Liabilities		**3,587**	**3,587**	**3,194**	**13**	**173**	**208**	**-**

				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 2022		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities at amortised cost								
Payables	5.2	817	817	817	-	-	-	-
Borrowings	6.1	510	510	7	13	173	318	-
Other Financial Liabilities - Refundable Accommodation Deposits (i)	5.5	6,643	6,643	6,643	-	-	-	-
Total Financial Liabilities		**7,971**	**7,971**	**7,467**	**13**	**173**	**318**	**-**

(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 2023.

Note 7.4 Fair value determination

How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- 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	Carrying Amount 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Non-specialised land		173	-	173	-
Specialised land		297	-	-	297
Total of land at fair value	4.1(a)	**470**	**-**	**173**	**297**
Non-specialised buildings		1,525	-	1,525	-
Specialised buildings		23,070	-	-	23,070
Total of building at fair value	4.1(a)	**24,595**	**-**	**1,525**	**23,070**
Landscaping	4.1(a)	238	-	-	238
Plant and Equipment	4.1(a)	1,004	-	-	1,004
Motor Vehicles	4.1(a)	35	-	-	35
Computer and Communication	4.1(a)	548	-	-	548
Furniture and Fittings	4.1(a)	319	-	-	319
Total plant, equipment, furniture, fittings and vehicles at fair value		**2,144**	-	-	**2,144**
Right-of-use Vehicles	4.2(a)	256	-	-	256
Total right-of-use assets at fair value		**256**	-	-	**256**
Total non-financial physical assets at fair value		**27,465**	**-**	**1,698**	**25,767**

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

	Note	Carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
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	4.1(a)	244	-	-	244
Plant and Equipment	4.1(a)	1,178	-	-	1,178
Motor Vehicles	4.1(a)	38	-	-	38
Computer and Communication	4.1(a)	611	-	-	611
Furniture and Fittings	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 non-financial physical assets at fair value		**42,411**	**-**	**1,735**	**40,676**

[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.

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 (current replacement cost).

Furniture, fittings, plant and equipment

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

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

Reconciliation of Level 3 fair value measurement

	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 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**
Additions/(Disposals)	-	-	-	#REF!	-	82	13	-
Gains or losses recognised in net result								
- Depreciation	-	(1,146)	(5)	(190)	(3)	(145)	(40)	(61)
Items recognised in other comprehensive income								
- Revaluation	-	(13,429)	-	-	-	-	-	-
Balance at 30 June 2023	**297**	**23,070**	**239**	**#REF!**	**35**	**548**	**319**	**255**

[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

Rochester and Elmore District Health Service
Notes to the Financial Statement
For the Financial Year Ended 30 June 2023

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

	Note	2023 $'000	2022 $'000
Net result for the Year		(1,385)	(924)
Non-cash movements:			
Depreciation	4.4	1,637	1,530
Share of Net Result from LMRHA	8.7	(67)	(17)
Inventory Resources Received Free of Charge		35	271
Discount (interest)/expense on loan		2	(11)
Net (Gain)/Loss from Sale of Plant & Equipment		19	(29)
Movements in assets and liabilities:			
Change in operating assets and liabilities			
Increase in Receivables and Contract Assets		(1,747)	(259)
(Increase)/Decrease in Other Financial Assets		29	(116)
Increase in Payables and Contract Liabilities		4,144	67
Increase in Provisions		197	47
(Increase)/Decrease in Inventories		117	(28)
Increase/(Decrease) in Borrowings		(110)	31
(Increase)/Decrease in Jointly Controlled Operations Cash		150	(75)
Net cash inflow/(outflow) from operating activities		**3,022**	**487**

Note 8.2 Responsible persons disclosures

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

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

Responsible Ministers:	**Period**
The Honourable Mary-Anne Thomas MP:	
Minister for Health	01/07/2023 - 30/06/2023
Former Minister for Ambulance Services	01/07/2023 - 05/12/2022
The Honourable Gabrielle Williams MP:	
Minister for Ambulance Services	05/12/2022 - 30/06/2023
Governing Boards	
Mr (Andrew) James Brooks	01/07/2022 - 30/06/2023
Mr Benjamin Devanny	01/07/2022 - 30/06/2023
Mr Brad Drust	01/07/2022 - 30/06/2023
Mrs Kathryn Lemon	01/07/2022 - 16/02/2023
Ass Prof Carol McKinstry	01/07/2022 - 30/06/2023
Ms Emma Millard	01/07/2022 - 30/06/2023
Miss Jodie Smith	01/07/2022 - 30/06/2023
Mr David Rosaia	01/07/2022 - 30/06/2023
Mr Christopher White	01/07/2022 - 30/06/2023
Accountable Officers	
Mrs Karen Laing	01/07/2022 - 30/06/2023

Remuneration of Responsible Persons

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

Income Band	**2023 No.**	**2022 No.**
$1-$9,999	8	8
$190,000-$200,000	1	1
Total Numbers	**9**	**9**

	2023 $'000	**2022 $'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**265**	**255**

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 State's Annual Finanical 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	**2023**	**2022**
(including Key Management Personnel Disclosed in Note 8.4)	**$'000**	**$'000**
Short term employee benefits	177	177
Post-employment benefits	19	18
Other long-term benefits	15	4
Total remuneration [i]	**211**	**199**
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 and personal business interests
- Cabinet ministers (where applicable) and their close family members
- Jointly Controlled Operations - A member of the Loddon Mallee Rural Health Alliance Joint Venture and
- All health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of 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
Ass Prof Carol McKinstry	Board Director
Ms Emma Millard	Board Director
Miss Jodie Smith	Board Director
Mr David Rosaia	Board Chair
Mr Christopher White	Board Director
Mrs Karen Laing	CEO
Mrs Dorothy Stone [i]	Director of Clinical Services
Mr Darren Clark [i]	Acting Director of Clinical Services

[i] Mrs Dorothy Stone has been on secondment to the Department of Health for the financial year. Mr Darren Clark has been seconded from Echuca Regional Health during this time as Acting 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.

	2023 $'000	**2022 $'000**
Compensation - KMPs		
Short term employee benefits	404	404
Post-employment benefits	43	40
Other long-term benefits	30	9
Total [i]	**476**	**453**

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 $11.5m ($13.6m in 2021-2022).

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 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 2023 (2022: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 2023 (2022:none).

Note 8.5 Remuneration of auditors

	2023 $'000	2022 $'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	27	25
Total remuneration of auditors	**27**	**25**

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 2023	Ownership Interest 2022
Loddon Mallee Rural Health Alliance	Information Technology	4.40%	4.26%

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:

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	620	339
Receivables	91	23
Prepayments	127	104
Total current assets	**838**	**466**
Non-current assets		
Property, plant and Equipment	36	35
Total non-current assets	**36**	**35**
Total assets	**874**	**501**
Current liabilities		
Payables	(32)	(170)
Accrued Expenses	(261)	(3)
Contract Liabilities - Income received in advance	(186)	(10)
Total current liabilities	**(479)**	**(183)**
Total liabilities	**(479)**	**(183)**
Net assets	**395**	**318**
Equity		
Accumulated surplus	**479**	**183**
Total equity	**479**	**183**

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

	2023 $'000	2022 $'000
Revenue and income from transactions		
Operating activities	709	528
Non-operating activities	12	8
Total revenue	**720**	**536**
Expenses from transactions		
Operating expenses	653	519
Total expenses from transactions	**653**	**519**
Net result from transactions	**67**	**17**
Comprehensive result for the year	**67**	**17**

*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.

Note 8.8 Economic Dependency

Rochester and Elmore District Health Service is dependent on the DH for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors believes the DH will continue to support Rochester and Elmore District Health Service.

Rochester and Elmore District Health Service

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