KERANG District Health

KERANG DISTRICT HEALTH ANNUAL REPORT

2022 - 2023

Contents

'Kerang District Health acknowledges the Traditional Owners and Custodians of the land on which we work and live, and pay our respect to their Elders past, present and emerging'

Pictured (front cover) shows a collage photo of staff and services.

Our Purpose

Kerang District Health exists to Protect, Restore and Enhance Heath

We are in service to:

- Individuals from our community and surrounds
- Our partners who support our communities needs
- Our funders who support our communities needs

Our Values

Caring	• *We will be person-centred, show compassion and empathy*
Accountability	• *We will be transparent, trustworthy, and responsible for our actions*
Respect	• *We will embrace and be considerate of the differences, between all people.*
Excellence	• *We will be dedicated to every person, every time.*

MANNER OF ESTABLISHMENT

Kerang District Health is a public hospital listed in Schedule 1 of the Health Services Act 1988. The purpose of this Act is to make provision for the development of health services in Victoria, for the carrying on of hospitals, nursing homes and other health care agencies and related matters.

The health service reports to the Department of Health, through its Loddon Mallee regional office which is located in Bendigo.

RESPONSIBLE MINISTER

The responsible Minister from 1 July 2022 to 30 June 2023 The Hon Mary-Anne Thomas (Minister for Health)

RANGE OF SERVICES

Kerang District Health (KDH) is one of two small rural health services in the Gannawarra Shire. KDH provides an integrated range of acute, residential aged care and community services to a population of 10,549 people in the Gannawarra Shire.

The health service delivers the following acute health services: general medicine; urgent care centre; transition care program and palliative care. KDH has one operating theatre and offers pre-admission clinic and elective surgery for general surgery, gynaecology, urology and dental surgery. KDH also has day oncology services.

Glenarm is a 30 bed residential aged care service under the Public Sector Residential Care Service (PSRACS) and is situated in the main hospital building. KDH community services include the district nursing service who also provide HITH and post-acute care. Over in the WD Thomas Centre there are planned activity groups both centre based and mobile; the Allied Health team provide adult exercise groups, hydrotherapy classes and physiotherapy outpatient clinics. The Men's Shed and Rita Hall Opportunity Shop are offsite but form an integral part of KDH services.

The health service owns and operates one of the two medical clinics in Kerang with General Practitioner's (GP) currently consulting at the Kerang Medical Clinic in Patchell Plaza, Victoria Street, Kerang.

The Austin Pathology Collection Centre and Bendigo Radiology Imaging Services are provided on site Monday to Friday.

KDH is fortunate to have visiting specialists such as Oncology, Breast Care Nurse, Gynaecology, General Surgery, Urology, Infant Hearing, Palliative Care, Central Victorian Cardiology, Bendigo providing services closer to home for our community members.

KDH use telehealth services including but not limited to GeriConnect, Aged Care Assessment Service (ACAS), My Emergency Doctor (MED), Victorian Virtual Emergency Department (VVED), Adult Retrieval Services (ARV), Paediatric Infant Perinatal Emergency Retrieval (PIPER), Bendigo Health ED, Stroke Network, and a range of other speciality services.

Board Chair & CEO Report

On behalf of the Board and staff of Kerang District Health (KDH), we are pleased to present the 72nd Report of Operations and Annual Report for the year ending 30 June 2023.

The year in review:

It has been another challenging year for our workforce with COVID outbreaks in mid to late 2022 and a major flood event with an unprecedented Code Brown.

Despite the many challenges we faced during the five and a half week flood response, KDH stayed operational and continued to provide safe and quality care to our patients, clients and residents. Our workforce have shown time and time again their ability to be agile and tackle multiple challenges head on. The KDH team have a strong commitment to caring for others and a real 'can do attitude' in times of need.

Many staff were impacted by the floods both personally and professionally. KDH staff worked as a team displaying goodwill, kindness, compassion and generosity. Staff opened their homes to those needing temporary accommodation and assisted departments who were short-staffed filling rosters to maintain safe patient care ratios and undertaking a variety of non-clinical tasks.

The Kerang Medical Clinic, along with Northern District Community Health (NDCH) Medical Clinic were operational during the floods which meant the local community was well catered for with primary care needs.

The KDH executive and management teams also did a power of work planning and strategizing behind the scenes to keep the hospital operational and staff and consumers safe. Their willingness to be available after hours and on weekends in this time of need did not go unnoticed. There are many learnings from this experience.

Partnerships with surrounding health services such as NDCH, Cohuna District Health (CDH), Boort District Health (BDH), Swan Hill District Health (SHDH) and Echuca Regional Health (ERH) and other services within the Loddon Mallee Health Network were further strengthened during this time. The services shared resources and staffing across sites where needed. Examples of staff and local services working closely together were:

- NDCH and KDH staff carpooling
- Our physio was able to work closer to her home at Echuca Regional Health
- Nursing and catering and domestic staff working between neighboring health services such as SHDH and CDH.
- Oncology teams staffing services between KDH and SHDH.

The goodwill of our staff to assist with rosters in other health facilities was appreciated.

Our organisation could not have stayed operational without the support of local Gannawarra emergency services and the Department of Health (DoH) emergency management teams. There are many services we wish to acknowledge for their support during this time and there are too many to mention individually. Some of the unsung heroes include Kerang (and Stawell) Woolworths who donated multiple pellets of fresh produce; the Gannawarra Emergency Management team - Vic Police, Gannawarra Shire Council, CFA, SES who welcomed KDH and other local health services into their daily meetings. Thank you especially to the CFA volunteers who assisted us ferrying KDH staff in and out of town so they could fill rostered shifts.

The Rita Hall Opportunity Shop stayed open during the flood providing much needed clothes and supplies to community members. We thank all KDH volunteers who provided much needed assistance in patient and resident care areas during the flood response.

Photo: Emily Miller and Oscar Aertssen

Accreditation Update

KDH is fully accredited under the National Standards, Medical Clinic AGPAL and the Aged Care Quality Commission standards. As previously reported in the 2021-2022 Annual Report, Glenarm Aged Care accreditation survey was completed in the first week of June 2022. The facility received one Not Met criteria under Standard 3.3(a). This criteria was revisited by the Commission on16 June 2023 via a desk top survey with a positive report. Glenarm Aged Care Facility has been fully accredited for a period of three years.

Statement of Priorities

Each year the KDH Board along with the secretary of the DoH develop a Statement of Priorities (SoP). We are pleased to inform you that all SoP targets under the Performance Priorities have been met.

Strategic Plan – Investing in Quality Care

Our Purpose is *to protect, restore and enhance heath.*

We are now halfway through the second year of the three-year Strategic Plan.

Priority – Workforce Investment:

- Completion of a Corporate Service Review with a five-year action plan.
- Appointment of a Facilities and Maintenance Manager.
- GP Recruitment strategies continue - KDH working closely with NDCH to support both clinics during this time and look at ongoing sustainability of the GP workforce.

Priority – Enhanced Health Experiences:

- Urgent Care Centre (UCC) Service Review - KDH appointed an external consultant to conduct the review which includes a deep dive into urgent care models, a review of the workflow and patient flow areas along with extensive external stakeholder consultation. The outcomes are still being finalised.
- AS 4187 compliance review to look at surgical equipment replacement and review CSSD workflow.
- The service review of Theatre and Central sterile supply department (CSSD) workflow and equipment requiring upgrade, has resulted in a successful application through the Regional Health Infrastructure Funding (RHIF) for Phase Two Schematic and Detailed Design Planning.
- KDH was also successful with Phase Two funding through RHIF for Schematic and Detailed Design Planning to develop three meeting/family rooms and enclose the back walkway for Glenarm aged care service.

Priority – Technology Integration:

- Current IT upgrades include the introduction of ChefMax, iProc and a transition from SARAH to MANAD in aged care.
- KDH has received three new computers on wheels through donation money for Glenarm and Acute Services Urgent Care Centre.

Priority – Smart partnering:

- KDH has partnered with CDH and BDH to appoint an Aboriginal Health Liaison Officer to provide services across the three sites.

- KDH has partnered with SHDH in areas such as hospital pharmacy services, health information services, oncology services and workplace trainer and career advisor staffing.
- KDH has also partnered with BDH as required for services in Quality and Risk while recruitment has been underway.

Collaboration with Partnering Organisations

We are extremely grateful for our Gannawarra partners for the collegiality, teamwork and support provided during the COVID pandemic and the major flood event.

In 2023, as we are moving towards strengthening partnerships with neighboring organisations, we continue to seek opportunities to collaborate on joint initiatives. SHDH and KDH naturally work closely together on shared services arrangements and enhancing patient services across sites. We will continue to 'smart partner' together.

KDH have partnered with the Gannawarra Shire Council to rotate artworks through Glenarm Aged Care facility. KDH also provided an Acquisition Award for the Rotary Kerang Easter Art Show. Two of our aged care residents visited the Art Show and selected a lovely oil painting which is now hanging on the wall in Glenarm.

NDCH and KDH work on various initiatives e.g. GP workforce shortages.

Staff Health and Wellbeing

During 2022, KDH participated in the winter workforce retention payment program which provided free refreshments and meals to our staff, including Ambulance Victoria members.

Staff were also well-supported throughout 2022 with employee wellbeing resources. Flood impacted and affected staff received daily calls from the District Nursing team along with some formal psychological first aid services through the Murray Primary Health Network (MPHN) activation of Disaster Response Network Services and the NDCH Counselling Service. Loddon Mallee Health Network organisations worked together with consistent messages sharing staff information and resources through newsletters and social media.

In early 2023, KDH applied and were successful in the statewide 'Joy in Work' Wellbeing for Healthcare Worker Initiative through Safer Care Victoria. KDH is one of 36 health services across Victoria participating in this exciting IHI Joy in Work Framework. The ANUM cohort of nursing staff have been selected as a leadership team for this initiative. The aim of this program is as follows: By June 2024, participating health service teams will improve the wellbeing of Victorian healthcare workers by reducing reported burnout and increasing reported joy, by 10%.

Consumer Advisory Committee

The Partnering with Consumers Committee has been renamed Consumer Advisory Committee. Meetings have returned to face to face which has been well received. The members had been instrumental in the development of the KDH Services Brochure and bringing the idea of KDH providing an annual acquisition prize for the Kerang Rotary Art Show. The members provide feedback to KDH executive regarding the Care Opinion portal along with regularly reviewing Aged Care Star Ratings. We would like to thank the Consumer Advisory Committee for their continued support and feedback that enables KDH to continually improve services.

Building and Equipment Program

Kerang District Health continues to replace ageing equipment and improve infrastructure. The following list outlines some of the main equipment (valued at over $2k) replaced during the 2022-2023 financial year either funded via donations and/or government grants:

Asset	$	Donation
Colonoscope	$ 48,321	X
Colonoscope	$ 48,321	X
Combi Oven	$ 25,450	
Condensing Unit Replacement	$ 17,283	
Automated Sprinkler System	$ 16,677	
Various Split Systems	$ 11,429	
Tourniquet Machine	$ 10,559	X
Mattresses x 3	$ 9,866	
Day Centre Door Upgrade	$ 7,153	
Vital Signs Monitors	$ 6,894	X
Laptop Carts x 3	$ 6,150	X
Outdoor Blinds - Activity Centre	$ 5,830	X
Main Reception Blinds	$ 3,864	

Donations

During 2022-2023 year **$162,070.00** was received in donations. Major contributions received were from the Kerang District Health Ladies Auxiliary, Estate Betty Bremner, Allan McCallum, Dodgshun Medlin, Huynh Tran, Murrabit Lions Club, J Gec, Kerang Rotary Club and Kerang Lions Club. KDH are always incredibly grateful for the generosity of our donors as this assists us to upgrade safe patient equipment and upkeep our lovely facility.

Photo: WDTAC blinds, emergency and Paediatric trolley, and vital signs monitor purchased from donations

Ladies Auxiliary

The Ladies Auxiliary, under the leadership of Mrs. Wilma Ellis, and her committee continue their loyal support to the health service and their donation of $90,000 received by the Board of Directors in December 2022 was an absolute credit to the hard work and commitment of the Auxiliary. The donation money raised has been used to purchase a new colonoscope, a tourniquet machine and stand, new outdoor chairs for Glenarm, three computers on wheels (COW's) – one for the urgent care centre (UCC) and two for Glenarm; an emergency equipment trolley for UCC and outdoor patio blinds for the WD Thomas Centre. A huge thanks to the team for the provision of state-of-the-art equipment and furnishings.

The Rita Hall Opportunity Shop in Fitzroy Street remains the main source of income and Op Shop volunteers recently celebrated 21 years in the Fitzroy Street premise.

Volunteers

Kerang District Health acknowledges the commitment and dedication that the Volunteers provide for our patients, residents and community clients. Volunteers play an important role in the day to day operations of our health service in areas such as Glenarm, the WD Thomas Activity Centre, the Men's Shed and the Rita Hall Opportunity Shop.

Annual General Meeting (AGM)

KDH held its Annual General Meeting at the WD Thomas Centre on 2 February 2023. We were excited to see so many Board members and community members in attendance. It was a record crowd and a great celebration of the many achievements.

The following staff members received Recognition of Service badges:

10 years	15 years	20 years	25 years	30 years	35 years	40 years	45 years
Charmaine Hahnel	Amanda Jardine	Jennifer Farley	Cheryl Dear	Wendy Vander-heiden	Narelle Theobald	Patricia Myers	Lynette Gibbons
Michelle Maritz	Deirdre Lehmann	Carolin Inglis					Helen Pickering
Tessy Richard	Hannah McKnight	Jeecinta Lightbody					
Brent Sambrooks	Rachel Teasdale	Jacob Nixon					
Olivia Spark		Cheryl Sarre					
Tamra Taylor							
Sarah Wood							

KDH Ladies Auxiliary 2021 – Certificates of Services	
10 years	**15 years**
Jenny McNeil	Wilma Ellis
Margaret Tidyman	Claire Fagg

Photo: KDH Ladies Auxiliary Service Awards presented to Jenny McNeil and Wilma Ellis

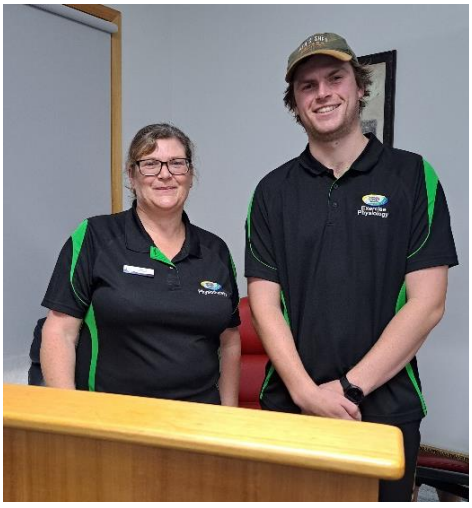


Photo: Guest Speakers: Louise Weir and Lachy Martini

Kerang Masonic Lodge Scholarship recipients	
Jacinta Borchard - Practice Management and Leadership	Lesa McKenzie - Oncology Course, Bendigo
Tanya Pickering - Oncology Course, Bendigo	Mary Yates-Ward - Oncology Course, Bendigo

We would like to sincerely acknowledge and thank all Kerang District Health staff for providing excellent quality care to our patients, residents, clients and Kerang community. We look forward to continuing to improve services for our community.

Andrew Jeffreys

Board Chair

Kellie Byron-Gray

Chief Executive Officer

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Kerang District Health for the year ending 30 June 2023.

Andrew Jeffreys, Board Chair, Kerang District Health, 6 September 2023

Photo: Board Directors, Executive Managers and Peter Walsh MP

Clinical Services Report

Aged Care Services have remained under the spotlight with many legislative changes including the introduction of the Aged Care Code of Conduct, the Statutory Duty of Candour; new reporting requirements including Star Ratings; a transition from ACFI to AN-ACC (aged care funding streams) and, preparation for the introduction of the 24/7 RN requirements in aged care facilities (which came into play on 1 July 2023).

Glenarm garden space project: Projects such as this are only possible due to generous donations we receive towards equipment and infrastructure. We also had success with a small government grant to provide enhancements to the aged care garden. This magnificent opportunity to design a state of the art garden is in line with the Dementia Australia guidelines. The plans have been drawn up with the assistance of our aged care residents. The beautifully designed open space will allow families to gather and create new memories and reminisce about past memories. The generosity of donations has allowed additional items and features such as a chicken coop (with chickens), a water fountain, areas of tranquility and sensory enhancing spaces along with a butterfly development area and some stunning garden pieces that will reflect the diversity of our residents. KDH has also recently been selected as one of four small rural sites for the Loddon Mallee PSRACS Pre-Admission Meeting pilot. This is a great acknowledgement. The pilot commences in August 2023. Pet therapy, the return of volunteers, music and bus trips have been a welcome reprieve from the restricted activities during the extended COVID pandemic.

Acute Services have also had a challenging year with the ongoing COVID pandemic and flood event causing workforce shortages. KDH has had to use a small number of agency nursing for the first time in many years. Patient admissions have fluctuated but at times, we have seen a full acute ward. The urgent care centre has been busy with more than 2,300 presentations for the 2022/23 financial year. Our staff continue to upskill and provide excellent nurse-lead services. Our GP VMO's support the urgent care centre along with the provision of inpatient and outpatient services. Some quality improvements currently in progress for the urgent care centre are the introduction of a computer on wheels for bedside documentation along with the ongoing implementation of iPM for urgent care presentations.

Theatre services have stopped and started with the 2022 events, however theatre lists are back on track in 2023. We said farewell to Dr Mark Jalland, Gynaecologist after he recently announced his retirement. Dr Jalland provided Gynae services to Kerang and the wider district for more than 23 years. The previous year, Dr Graeme Dennerstein also retired from visiting Gynae services to KDH marking the end of a long relationship with the Kerang community. We also said farewell to Dr Tony McCarthy who provided Anaesthetic Services to the Kerang community for14 years. We wish Mark, Tony and Graeme well for their next chapters and thank them for providing excellent Gynecological and Anaesthetic services.

We are pleased to have welcomed a new visiting Gynaecologist - Dr Monika Trivedi; a new General Surgeon, Dr Kaushik Joshi and three visiting GP Anaesthetists - Dr's Megan Belot, Peter Barker and Andreas Hendarto to the KDH team. They join Dr Peter Keppel in the provision of excellent GP Anaesthetic services.

The Oncology service has kept busy throughout COVID and the flood event. Some of our staff were able to assist SHDH to run their service through the flood period. We are working with SHDH to review cancer survivorship and wellness programs and see how we can continue to enhance cancer services across both large catchments. Five nursing staff have been completing their Oncology

Course through Bendigo Health and Latrobe Uni during 2023 which brings us to around 10 trained oncology nurses. Three of the nursing staff were funded through the Masonic Lodge Scholarship.

KDH has a 'grow our own' philosophy by supporting staff with professional development opportunities. We have one registered nurse who is completing the post-graduate certificate in peri-operative nursing through the Australian College of Nursing (ACN). To support this study, a generous funding allocation was made available through the Vic Government Surgery Recovery and Reform Strategy which aims to boost the capacity and capability of the healthcare workforce.

We continue to run the RN and the EN Graduate Nurse Programs with great success offering the majority of staff permanent ongoing employment. We also have staff completing EN and RN studies who are already working at KDH.

District Nursing has continued to see increased activity with an increased number of clients receiving services compared with the previous year. Our District Nursing Team have continued to deliver exemplary care for all clients.

The Social Support group held a very successful open day, sharing with the Kerang community services and activities provided. Through community feedback, the variety in entertainment selected to suit a broad range of clients was commended. As were our staff, who are always welcoming and respectful to all who attend. The outdoor area of WD Thomas Activity Centre is now complete with the installation of blinds that was made possible through the generous donations from the Ladies Auxiliary from proceeds from the Rita Hall Opportunity Shop. This has created a space that is functional year round.

In this last year we have also seen the commencement of a Cancer Rehabilitation group, run by our physiotherapist, Louise Weir. The program which incorporates individually tailored rehabilitation plans & beneficial education sessions has been well received with uptake of the program rapidly increasing since it began in March.

Through successfully obtaining funding from Smarty Grants through the Gannawarra Shire, a Men's Health and Wellbeing Luncheon was held in March for the Men's Shed. Kerang Medical Centre GP's attended to provide information on physical and mental wellbeing, which was both well attended and thoroughly enjoyed by our Men's Shed participants.

Kellie Byron-Gray on behalf of Simon Bullow

Director of Clinical Services

Photo: Regional Health Workforce Summit.
Kellie Byron-Gray, Dr Nick Coatsworth, Sally Evans and Michelle Maritz.

Board of Directors

Name	Date appointed to Board	Meetings attended
Kylie Liebmann Scientist	Appointed July 2015	10/10
Lauren Edwards Physiotherapist	Appointed July 2016	2/10
Dr Andrew Jeffreys Anaesthetist	Appointed July 2018	10/10
Oscar Aertssen Business Owner	Appointed July 2019	9/10
Deirdre Broad Senior Tax Accountant	Appointed July 2019	8/10
Melissa Iskov Legal Practitioner	Appointed July 2019	10/10
Jonathan Norton Counselling Psychologist	Appointed July 2022	9/10
Dianne Bowles Primary Producer	Appointed July 2022	9/10

SUB-COMMITTEE MEMBERSHIP BY BOARD DIRECTORS

Audit & Risk Committee

The Audit and Risk Committee is an advisory committee to the Board of Directors appointed pursuant to the By- Laws of KDH and in accordance with the purpose of the *Health Services Act 1988*. The purpose of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance responsibilities in regards to the integrity of financial reporting, risk management, the internal control environment, compliance with legal and regulatory obligations, oversight of the internal and external audit functions and other matters, within scope, referred by the Board.

Members of all sub-committees for the 2022-2023 financial year were:

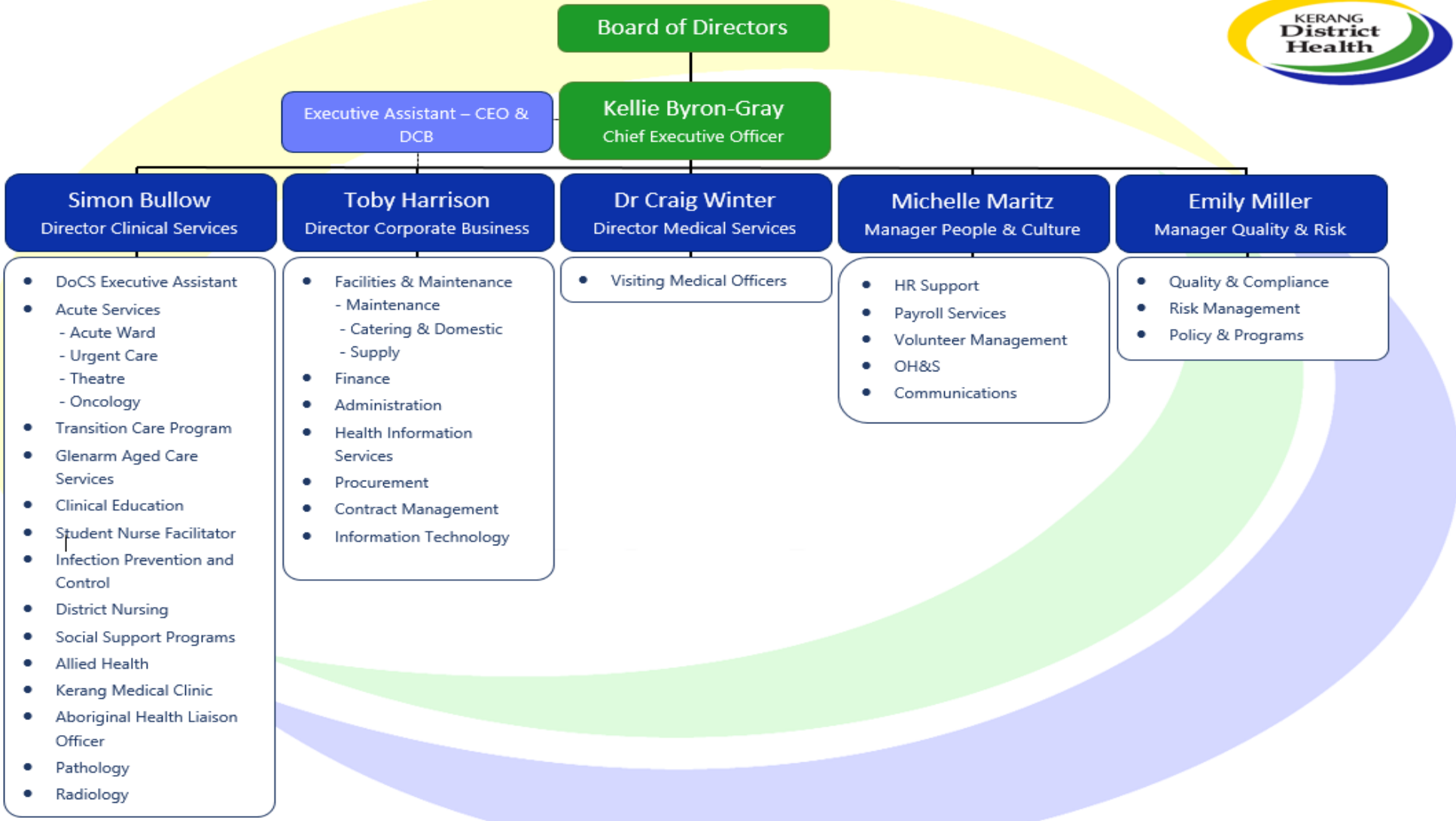
KDH Audit Committee	Deirdre Broad (Chair), Melissa Iskov (Board Director)and Brian Keane (External Independent Member)	**Medical & Dental Appointments (Credentialing) Committee**	Dr Andrew Jeffreys
Finance	Deirdre Broad (Treasurer) and Jonathan Norton	**Management Quality and Risk**	Oscar Aertssen (Chair) and Kylie Liebmann
Consumer Advisory Committee	Dianne Bowles		

Executive Management

Kellie Byron-Gray **Chief Executive Officer** RN, Dip Health Sci (Nursing) ICU Certificate, Grad Dip Public Health; Certificate in Advanced Leadership (WLA), MACN, AICGG.	Kellie officially commenced her role as CEO on 18/12/2021 The Chief Executive Officer is responsible to the Board for leading the workforce to deliver efficient and effective safe care. The CEO provides leadership and support for the executive directors and the senior management team including Manager, Quality and Risk and Manager, People and Culture.
Toby Harrison – Director, Corporate Business B.Bus (Professional Accountancy) Chartered Accountant	Toby commenced in a shared service role in early April 2022. The Director, Corporate Business is responsible for the day to day provision of non-clinical support services including Finance, Information and Communication Technology, Maintenance, Health Information Services, Catering and Domestics, Fleet, Procurement, Supply, OHS, and Environmental.
Simon Bullow – Director of Clinical Services Ba Nursing (RN), Grad Cert Acute Care Nursing; Grad Cert in Clinical Management	Simon commenced his role in late May 2022 after 22 years at Bendigo Health. The Director of Clinical Services is responsible for nursing has operational responsibility for Acute, Theatre, Oncology, Aged Care, Transition Care Program, District Nursing, Social Support Programs, Allied Health, Aboriginal Liaison, Clinical Education, student facilitation, Pathology, Radiology and oversight of the Kerang Medical Clinic.
Dr Craig Winter – Director, Medical Services MBBS GMQ MBA FACEM	The Director, Medical Services provides high level medical advice and support, with responsibility for clinical governance, professional standards, continuous improvement, and patient safety

Photo: Toby Harrison, Director Corporate Business, Kellie Byron-Gray, Chief Executive Officer and Simon Bullow, Director of Clinical Services

KDH Organisational Structure



Workforce Data

WORKFORCE DATA

Labour Category	JUNE - Current Month FTE		Average Monthly FTE	
	2022	**2023**	**2022**	**2023**
Nursing	57.10	58.29	**55.38**	**58.88**
Administration & Clerical	18.08	16.82	**17.43**	**16.25**
Medical Support	0.00	0.00	**0.00**	**0.00**
Hotel & Allied Services	22.27	23.11	**22.40**	**23.78**
Medical Officers	0.09	0.09	**0.09**	**0.09**
Hospital Medical Officers	0.00	0.00	**0.00**	**0.00**
Sessional Clinicians	0.00	0.00	**0.00**	**0.00**
Ancillary Staff (Allied Health)	8.79	9.55	**8.57**	**9.19**
Total FTE	**106.33**	**107.86**	**103.87**	**108.19**

Photo: Rebecca Grant, Natasha Vellacott, Kendra Green, Lesa McKenzie, Tania Hall and Erin McKean

Occupational Health & Safety

Kerang District Health remains resolute in promoting and ingraining a Safety Culture within the workplace. A systematic approach has been taken to review current systems, which has led to ongoing refinement and improvement of the existing safety and communication models. A strong focus has been on engaging staff with a concise and simplified approach to increase the identification of risk and improve timelines with implementation of preventative interventions, moving away from interventions developed due to a near miss or injury incident. Process changes has seen development of online line audits that are concise and time efficient, transparent meaningful data available to all staff and or managers online, monthly safety focus alerts and the OH&S Monthly newsletter.

Our organisational Manual handling program continues to be developed with newly appointed Safe Manual Handling Champions, Safe Patient Handling Champions and Health and safety representatives working collaboratively, leading the continual safety improvement cycle. The focus has been to create a self-sustaining system that continues to operate throughout the organisation and resources departments and their managers.

Hilary Smith

Occupational Health and Safety Coordinator

Occupational Health and Safety Statistics	2022-2023	2021-2022	2020-2021
Number of reported hazards/incidents for the year per 100 FTE	**61**	71	105
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	**0.01**	0	0.01
The average cost per WorkCover claim for the year	**$30,171.00**	$31,368	$3,113

Occupational Violence Statistics	2022-2023
WorkCover accepted claims with an occupational violence cause per 100 FTE.	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0
Number of occupational violence incidents reported.	13
Number of occupational violence incidents reported per 100 FTE	12.04
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	0

The following definitions apply:
Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
Accepted WorkCover claims – Accepted WorkCover claims that were lodger in 2018-2019.
Lost time – is defined as greater than one day.
Injury, illness or condition – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Statement of Priorities 2022-2023

Part A: Strategic Priorities

Goals/Strategies	Collaborative Regional Deliverables	Local KDH Outcomes	Progress
Specific 2022-2023 Priorities			
Keep people healthy and safe in the community	Maintain COVID-19 readiness	• Partnership with local Gannawarra health services to provide health promotion information for the community; • KDH - COVID streaming hospital and admitting COVID positive patients as required; • Regularly monitor KDH COVID Safe Plan. • Ongoing staff education and training around outbreak management; • Provision of COVID-19 vaccinations in primary care services and in-house for staff, patients and aged care residents;	Achieved Achieved Achieved Achieved Achieved
Care closer to home	Delivering more care in the home or virtually	• Participation in Better@Home Positive Patient Virtual Monitoring; • Continuity of District Nursing Services were provided during the October 2022 flood event (in person or via telehealth); • GP telehealth service provision.	Achieved Achieved Achieved
Keep improving care	Improve quality and safety of care	• Workflow Improvements and modification plans for the Theatre Complex CSSD to meet legislative and accreditation requirements; • Implementation of iPM patient administration system for urgent care outpatient presentations • Transition to a new aged care software system – MANAD; • Commencement of the Glenarm Garden upgrade project; • Aged Care Quality Commission Aged Care Desktop Survey to follow up on accreditation from June 2022; • Participation in the Loddon Mallee Health Network Surgical Recovery and Reform and Theatre Efficiencies initiative. • Increased exercise program development and hydrotherapy classes; • Commencement of a Cancer Wellness Rehabilitation Program. • Successful application for the Loddon Mallee Pilot Program for Pre-Admission to Aged Care – KDH is one of four pilot sites across the LM region.	In progress In progress In progress Achieved Achieved Achieved Achieved In progress

	Plan to update nutrition and food quality standards	• Implementation of ChefMax in consultation with an accredited nutritionist; • Foods Safety Standards Audit; • Foodchecker consideration of the introduction to a staffing traffic light meal system. • The KDH Kiosk - increase in profitability through generation of a greater product range and diversity.	In progress Achieved In progress Achieved
	Climate Change Commitments	• Maintain KDH solar panels and monitor our emissions; • Engagement and usage via government incentive package of full change in shower head usage to water savers (80 shower heads); • Installation of full irrigation systems in KDH gardens and grounds. • Implementing a change to VIC Fleet vehicle replacements with hybrid models over the next few years.	Achieved Achieved Achieved In progress
	Asset Maintenance and Management	• Collation of asset register inclusive of servicing dates and requirements, warranties and required upgrades for budgeting; • Internal Asset Management Audit completed.	In progress Achieved
Improve Aboriginal Health and Wellbeing	Improve Aboriginal cultural safety	• Kerang Elders and Emerging Leaders Committee participation and engagement in community activities which includes the local MDAS organisation; • Establishment of an Aboriginal Health Liaison Officer role across KDH, Cohuna and Boort District Health services (health service collaboration). We actively seek out opportunities to increase our First Nations workforce. Initiatives and strategies that we engage in to meet this, include Aboriginal Cadetship programs, first round Aboriginal and Torres Strait Islander offers in Graduate Registered Nurse program, promoting inclusiveness and diversity in all promotional documentation and job adverts. • Attendance at Kerang NAIDOC Week and National Reconciliation Week and flag raising activities. • Commencement of CEO 1:1 sessions with the LMHN First Nations Cultural Advisor. • Discharge plans are developed for aboriginal patients and shared with the patient's nominated primary care provider.	Achieved In progress Achieved and ongoing In progress and ongoing. Achieved

Moving from competition to collaboration	Foster and develop local partnerships	• Shared Service arrangements with SHDH include Director of Corporate Business position, Pharmacy for Acute Services incl. Oncology, Health Information Services and a Workplace Trainer and Careers Advisor; • Participation in LMHN and Health Service Partnership key priorities; • Membership in the LMNMEG; small rural DON group, People and Culture, Corporate Services, Quality and Safety Committees. • Flood Response – shared work across the Gannawarra region. • CEO membership in the Buloke, Loddon and Gannawarra Executive Leaders Group. • KDH and NDCH working together to explore a sustainable GP model for the Kerang community.	Achieved Achieved Achieved In progress In progress
A Stronger Workforce	Improve workforce wellbeing	• Participation in the Winter Workforce retention payment program for free meals and refreshments; • KDH are fortunate to be one of 36 health services participating in the 'Joy in Work' Wellbeing for Healthcare Worker Initiative through Safer Care Victoria. which will run through until June 2024; • KDH investment into the Murray Health Partnership 'Invigorate Leadership' program with six staff completing the eight-month program. • Complete re-build of staff feedback and appraisal process to emphasise wellbeing, R U OK conversations, work/life balance and psychological safety.	Achieved In progress Achieved Achieved

Part B: Performance Priorities

High Quality and Safe Care

Key Performance Measure	Target	Actual
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	**85%**	86.5%
Percentage of healthcare workers immunised for influenza	**92%**	99%
Patient Experience		
Percentage of patients who reported positive experiences of their hospital stay	**95%**	100%

Strong Governance, Leadership and Culture

Key performance measure	Target	Actual
Organisational Culture		
People Matter Survey – Percentage of staff with an overall positive response to safety culture questions	**62%**	72%

Effective Financial Management

Key performance measure	Target	2022-2023 Result
Finance		
Operating result ($m)	As agreed in SoP	$0.31
Average number of days to paying trade creditors	60 Days	48
Average number of days to receive patient fee debtors	60 Days	20
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.12
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June 2023	Variance $250,000	Achieved
Actual number of days available cash, measured on the last day of each month	14 Days	77.5

Financial Information

	2023	2022	2021	2020	2019
	$000	$000	$000	$000	$000
OPERATING RESULT	310	113	223	348	(317)
Total revenue	18,249	16,704	15,883	15,373	14,300
Total expenses	18,883	17,662	16,843	16,198	16,487
Net results from transactions	(636)	(956)	(900)	(825)	(2,187)
Total other economic flows	(80)	128	60	(13)	(847)
Net results	(716)	(828)	(900)	(838)	(3,034)
Total assets	41,492	43,007	39,896	40,950	41,128
Total liabilities	6,708	7,507	7,023	7,177	6,516
Net assets/Total equity	34,784	35,500	32,873	33,774	34,612

COMPARATIVE OPERATING RESULTS

	2022-2023
	$000
Net operating result	310
Capital purpose income	380
Specific income	-
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	133
State supply items consumed up to 30 June 2023	(173)
Assets provided free of charge	-
Assets received free of charge	43
Expenditure for capital purpose	(39)
Depreciation and amortisation	(1,370)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	(716)

FINANCIAL RESULT

As reported above under Comparative Financial Data, Kerang District Health finished the 2022-2023 financial year with the Net Result being a deficit of $716k which is inclusive of an adjustment of $1.37M for depreciation.

The operating result was a surplus of $310k, which was achieved as a result of revenue for aged care resident fees, DVA funding and student placement funding.

Consultancies

Details of consultancies (under $10,000)

In 2022-2023, there were ten consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2022-2023 in relation to these Consultancies is $26,656 (excl. GST).

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

In 2022-2023, there were two consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2022-2023 in relation to these consultancies is $37,973 (excl. GST).

Consultant	Purpose of Consultant	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2022-2023 (excluding GST)	Future expenditure (excluding GST)
Jackie Austin	Corporate Workforce Service Review	4 July 2022	30 September 2022	20,073	20,073	Nil
Southland Filtration	Water Mains Failure Gap Analysis	19 September 2022	10 Feb 2023	17,900	17,900	Nil

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DISCLOSURE

The total ICT expenditure incurred during 2022-2023 is $1,095,673 million (excluding GST) with the details shown below

Business as Usual (BAU) ICT Expenditure	Non-Business as Usual (non-BAU) ICT Expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a)+(b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
456,744	638,929	638,929	Nil

Disclosures

FREEDOM OF INFORMATION (FOI)

FOI requests from the public can be made on a KDH FOI application form available from our website. FOI requests are to be forward to foi@kdh.org.au. FOI fees apply, application fee $31.80, search fee $20.00 and photocopying of 20 cents per page.

During 2022-2023 there were thirteen (13) requests for access to documents under the Freedom of Information Act compared with ten (10) in 2021-2022 and all of these requests were for access to medical records. All thirteen (13) of these requests were approved. The Chief Executive Officer is the Principal Officer to whom all requests should be forwarded.

Further information regarding FOI can be found on the Office of Victorian Information Commissioners Website www.foi.vic.gov or email enquiries@ovic.vic.gov.au

BUILDING ACT 1993

This Act sets standards for the construction of new buildings and for the maintenance of existing buildings. It includes provisions to protect the safety and health of building users, and cost effective construction is encouraged. All building work carried out during 2022-2023 complies with current Building Standards and to the best of our knowledge, the Health Service complies with building and maintenance provisions as per the Act.

PUBLIC INTEREST DISCLOSURES ACT 2012

Kerang District Health has policies and procedures consistent with the requirements of the Public Interest Disclosures 2012 which supports staff to disclose improper or corrupt conduct within the health service. During 2022-2023 there were no disclosures made to Kerang District Health under the Act.

LOCAL JOBS FIRST ACT 2003

In 2022-2023 there were no contracts requiring disclosure under the Local Jobs First Policy.

NATIONAL COMPETITION POLICY

Kerang District Health complies with the requirements of the National Competition Policy and the Victorian Government policy statement, Competitive Neutrality Policy Victoria and subsequent reforms.

CARERS RECOGNITION ACT 2012

Kerang District Health recognises its obligations under the Carers Recognition Act 2012 by ensuring that;

a. Its employees and agents have an awareness and understanding of the care relationship principles;
b. All practicable measures are taken to ensure that persons who are in care relationships and who are receiving services in relation to the care relationships from the care support organisation have an awareness and understanding of the care relationship principles;
c. All practicable measures are taken to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

SAFE PATIENT CARE ACT 2015

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

GENDER EQUALITY ACT 2020

Kerang District Health continues to make progress around the actions outlined in the KDH Gender Equality Plan and as per the legislative requirements. A regional Gender Equality Coordinator has been appointed across the Loddon Mallee. Work has commenced to continue to obtain baseline data for equality indicators in addition to the information that is obtained from the annual People Matter Survey. Work is underway with Gender Impact Assessments for all new services, alterations and changes across the organisation to case a 'gender lens'.

ENVIRONMENTAL PERFORMANCE

Kerang District Health has an ongoing commitment to waste reduction and efficient use of resources. Moving forward for the FRD 24 reporting will have the ability and facilitation of our BMS to have reading capabilities for Solar, Energy, Water Utilisation and Waste management improvements. KDH are moving to a sustainable reporting program that manages recycling through user usage, collection and purchasing greener in line with HSV. Water Consumption will be managed through utilisation of recycled water for areas through our BMS system and allocation to task rather than continual town water usage. Our fleet vehicles and consumption are transitioning towards a Hybrid fleet along with removal of older vehicles to reduce fuel consumption and greenhouse gases. Ongoing review of possible renewable sources available to upgrade i.e. additional solar or new avenues possible for location onsite.

Environmental impacts & Energy Usage	**2019-2020**	**2020-2021**	**2021-2022**	**2022-2023**
Energy Use				
Electricity (MWh)	1,048	943	962	1,017
Liquefied Petroleum Gas (kL)	86	51	44	50
Carbon emissions (tonnes of CO2e)				
Electricity	1,069	1,028	944	864
Liquefied Petroleum Gas	134	79	78	77
Total emissions	1,203	1,107	1,022	942
Water use (Kl)				
Potable Water (in '000s)	10,075	8,924	9,801	7123
Factors influencing environmental impacts	**Nov 2019 – June 2020**	**2020-2021**	**2021-2022**	**2022-2023**
Floor area (m2)	4,445	4,445	4,445	4,445
Separations	1,129	964	1,042	1,237
Inpatient Bed Days	2,724	2,258	2,704	3,223
Aged Care Bed Nights	10,803	10,779	10,618	10,185

Benchmarks 2022-2023	**Average for peer group**	**Our Value**	**% above/below average**
Carbon emissions			
CO2e(t) per m2	0.13	0.21	62%
CO2e(t) per OBD	0.06	0.07	26%
CO2e(t) per Seps	0.88	0.76	-13%
Water use			
kL per m2	1.43	1.61	13%
kL per OBD	0.61	0.53	-12%
kL per Seps	9.57	5.80	-39%
Expenditure rates			
Total utility spend ($/m2)	37	59	59.1%
Elec ($/kWh)	0	0	-2.0%
Potable Water ($/kL)	2	3	42.9%
LPG ($/kL)	607	666	9.8%
Additional measures (not included in benchmarking chart)			
Total utility spend ($/Separations)		212.33	
Total utility spend ($/In-Patient Bed Days)		81.49	
Total utility spend ($/Aged Care Bed Nights		25.79	

All data for 2019-2020 is part year data form 30 November 2019 – 30 June 2020

Attestations

Financial Management Compliance

I, Andrew Jeffreys, on behalf of the Responsible body, certify that Kerang District Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Andrew Jeffreys, Board Chair, Kerang District Health, 6 September 2023

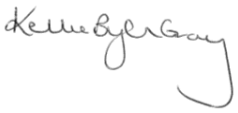
Data Integrity

I, Kellie Byron-Gray, certify that Kerang District Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Kerang District Health has critically reviewed these controls and processes during the year.

Kellie Byron-Gray, Chief Executive Officer, Kerang District Health 6 September 2023

Conflict of Interest

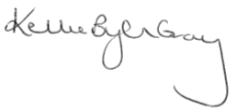
I, Kellie Byron-Gray, certify that Kerang District Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest'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



Kellie Byron-Gray, Chief Executive Officer, Kerang District Health, 6 September 2023

Integrity, Fraud and Corruption

I, Kellie Byron-Gray, certify that Kerang District Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Kerang District Health during the year.



Kellie Byron-Gray, Chief Executive Officer, Kerang District Health, 6 September 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

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

Kellie Byron-Gray, Chief Executive Officer, Kerang District Health, 6 September 2023

DISCLOSURE INDEX

The Annual Report of Kerang District Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement		Page
Ministerial Directions			
Report of Operations			
Charter and purpose			
FRD 22	Manner of establishment and the relevant ministers		4
FRD 22	Purpose, functions, powers and duties		5
FRD 22	Nature and range of services provided		4
FRD 22	Activities, programs and achievements for the reporting period		5
FRD 22	Significant changes in key initiatives and expectations for the future		5
Management and structure			
FRD 22	Organisation structure		15
FRD 22	Workforce data/employment and conduct principles		16
FRD 22	Occupational Health and Safety		17
Financial information			
FRD 22	Summary of the financial results for the year		22
FRD 22	Significant changes in financial position during the year		22
FRD 22	Operational and budgetary objectives and performance against objectives		22
FRD 22	Subsequent events	Refer to Financial Statements	29
FRD 22	Details of consultancies under $10,000		23
FRD 22	Details of consultancies over $10,000		23
FRD 22	Disclosure of ICT expenditure		23
Legislation			
FRD 22	Application and operation of *Freedom of Information Act 1982*		24
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*		24
FRD 22	Application and operation of *Public Interest Disclosure Act 2012*		24
FRD 22	Statement on National Competition Policy		24
FRD 22	Application and operation of *Carers Recognition Act 2012*		24

Attestations

Other reporting requirements

ADDITIONAL INFORMATION

In compliance with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Kerang District Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) Declarations of pecuniary interest have been duly completed by all relevant officers.

(b) Details of shares held by senior officers as nominee or held beneficially.

(c) Details of publications produced by the Health Service and how these can be obtained.

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service.

(e) Details of any major external reviews carried out on the Health Service.

(f) 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.

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.

(h) 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.

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.

(j) 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.

(k) A list of major committees sponsored by the Health Service, the purpose of each committee and the extent to which the purposes have been achieved.

(l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

FINANCIAL

STATEMENTS

For the year ended

30th June 2023

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Kerang District Health

Opinion	I have audited the financial report of Kerang District Health (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
6 November 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

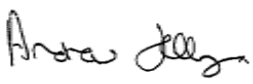
Kerang District Health
Board member, accountable officer and chief finance & accounting officer declaration

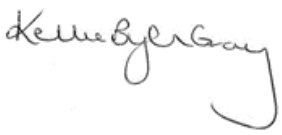
The attached financial statements for Kerang District Health have been prepared in accordance with Standing Directions 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994,* applicable Financial Reporting Directions, Australian Accounting Standards including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

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

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

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





Andrew Jeffreys Board Chair	Kellie Byron-Gray Chief Executive Officer	Toby Harrison Chief Finance Officer
Kerang 20/10/2023	Kerang 20/10/2023	Kerang 20/10/2023

Kerang District Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

	Note	2023 $	2022 $
Revenue and income from transactions			
Operating Activities	2.1	17,343,446	16,126,530
Non-Operating Activities	2.1	177,211	32,790
Share of revenue from joint venture	8.7	726,648	545,332
Total revenue and income from transactions		**18,247,305**	**16,704,652**
Expenses from Transactions			
Employee Expenses	3.1	13,274,130	12,389,856
Supplies and Consumables	3.1	796,709	756,796
Depreciation	4.4	1,246,179	1,288,378
Other Operating Expenses	3.1	2,916,989	2,712,440
Share of expenditure from joint operations	8.7	648,787	514,157
Total Expenses from Transactions		**18,882,794**	**17,661,627**
Net Result from Transactions - Net Operating Balance		**(635,489)**	**(956,975)**
Other economic flows included in the Net Result			
Revaluation of long service leave	3.2	43,078	87,753
Net Gain / (Loss) on sale of non financial assets	3.2	(123,564)	40,757
Total other economic flows included in net result		**(80,486)**	**128,510**
Net Result for the year		**(715,975)**	**(828,465)**
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	-	3,455,261
Total Other Comprehensive Income		**-**	**3,455,261**
COMPREHENSIVE RESULT FOR THE YEAR		**(715,975)**	**2,626,796**

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

Kerang District Health Service
Balance Sheet as at 30 June 2023

	Note	2023 $	2022 $
Current Assets			
Cash and Cash Equivalents	6.2	4,780,857	5,909,525
Receivables and contract assets	5.1	436,706	401,058
Inventories	4.5	43,424	140,266
Share of assets in joint operations	8.7	832,043	461,690
Other Assets	5.4	270,872	231,974
Total Current Assets		**6,363,902**	**7,144,513**
Non-Current Assets			
Receivables and contract assets	5.1	1,029,393	859,111
Share of assets in joint operations	8.7	36,202	34,658
Property, Plant and Equipment	4.1	33,883,762	34,785,933
Right-of-use Assets	4.2	178,594	183,261
Total Non-Current Assets		**35,127,951**	**35,862,963**
TOTAL ASSETS		**41,491,853**	**43,007,476**
Current Liabilities			
Payables	5.2	764,596	776,991
Borrowings	6.1	139,483	109,240
Employee Benefits	3.3	3,221,918	2,989,504
Share of liabilities in joint operations	8.7	475,647	181,612
Other Liabilities	5.3	1,692,506	3,035,550
Total Current Liabilities		**6,294,150**	**7,092,897**
Non-Current Liabilities			
Borrowings	6.1	92,760	152,578
Employee benefits	3.3	320,683	261,765
Total Non-Current Liabilities		**413,443**	**414,343**
TOTAL LIABILITIES		**6,707,593**	**7,507,240**
NET ASSETS		**34,784,260**	**35,500,236**
EQUITY			
Property, Plant and Equipment Revaluation Reserve	4.3	14,224,568	14,224,568
Restricted Specific Purpose Reserve	SCE	105,000	105,000
Contributed Capital	SCE	19,456,003	19,456,003
Accumulated Surplus	SCE	998,689	1,714,665
TOTAL EQUITY		**34,784,260**	**35,500,236**

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

Kerang District Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2023

	Note	Property, Plant & Equipment Revaluation Reserve	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Surplus	Total
		$	$	$	$	$
Balance at 30 June 2021		**10,769,307**	**105,000**	**19,456,003**	**2,543,129**	**32,873,439**
Net result for the year		-	-	-	(828,465)	(828,465)
Other comprehensive income for the year		3,455,261	-	-	-	3,455,261
Balance at 30 June 2022	4.3	**14,224,568**	**105,000**	**19,456,003**	**1,714,664**	**35,500,235**
Net result for the year		-	-	-	(715,975)	(715,975)
Balance at 30 June 2023	4.3	**14,224,568**	**105,000**	**19,456,003**	**998,689**	**34,784,260**

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

Kerang District Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2023

	Note	2023 $	2022 $
Cash Flows from Operating Activities			
Operating Grants from Government - State		10,077,075	9,395,564
Operating Grants from Government - Commonwealth		3,296,014	2,789,232
Capital Grants from Government - State		205,728	34,511
Patient and Resident Fees Received		2,635,628	2,777,859
Donations and Bequests Received		162,309	100,931
GST Received from ATO		489,294	381,837
Interest Received		165,636	24,730
Other Receipts received		550,353	888,269
Total Receipts		**17,582,037**	**16,392,933**
Employee Expenses Paid		(11,556,511)	(10,853,786)
GST Paid to ATO		(475,252)	(407,835)
Workcover		(118,661)	(102,017)
Non Salary Labour Costs		(1,222,982)	(1,185,871)
Payments for Supplies & Consumables		(850,670)	(751,855)
Capital Purpose		(39,244)	(27,215)
Other Payments		(2,739,122)	(2,941,843)
Total Payments		**(17,002,442)**	**(16,270,422)**
Net Cash Flows from Operating Activities	8.1	**579,595**	**122,511**
Cash Flows from Investing Activities			
Payments for Non-Financial Assets		(333,826)	(299,201)
Proceeds from sale of Non-Financial Assets		3,909	55,302
Net Cash Flows used in Investing Activities		**(329,917)**	**(243,899)**
Cash Flows from Financing Activities			
Share of joint venture funds		-	(76,400)
Repayments of borrowings		(35,302)	(19,913)
Receipt of Accommodation Deposits		574,956	945,583
Repayment of Accommodation Deposits		(1,918,000)	(607,000)
Net Cash Flows from Financing Activities		**(1,378,346)**	**242,270**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**(1,128,668)**	**120,882**
Cash and Cash Equivalents at Beginning of Year		**5,909,525**	**5,788,643**
Cash and Cash Equivalents at End of Year	6.2	**4,780,857**	**5,909,525**

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

Note 1: Basis of Preparation

Structure

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

Basis of preparation

These annual financial statements represent the audited general purpose financial statements for Kerang District Health for the period ending 30 June 2023. The report provides users with information about Kerang District Health'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.

Kerang District Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" Health Service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

Kerang District Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Kerang District Health on 20th October 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 COVOD-19 case load and restoring surgical activity.

Note 1.2 Impact of COVID-19 pandemic (cont)

The financial impacts of the pandemic is not material to Kerang District Health.

Note 1.3: Abbreviations and terminology used in the financial statements

The following table sets out the common abbreviations used throughout the financial

Reference	Title
AASB	Australian Accounting Standards Board
AAS's	Australian Accounting Standards, which includes interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
NWAU	National Weighted Activity Unit
FRD	Financial Reporting Direction
SD	Standing Directions
VAGO	Victorian Auditor General's Office
KDH	Kerang District Health

Note 1.4 Joint arrangements

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

Kerang District Health has the following joint arrangement:

- Loddon Mallee Rural Health Alliance (LMRHA) - Joint Venture

Details of the joint arrangement is 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 too the following disclosures:

Note 1.5 Key accounting estimates and judgements (cont)

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 4.6: Impairment of assets
- Note 5.1: Receivables and contract assets
- Note 5.2: Payables
- Note 5.3: Other Liabilities
- Note 6.1: Lease Liability
- 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 Kerang District Health and their potential impact when adopted in future periods is outlined

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.

Note 1.6 Accounting standards issued but not yet effective (cont)

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

Note 1.7 Goods and Services Tax (GST)

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

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the ATO. 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 principal address of Kerang District Health:

Burgoyne Street
Kerang VIC 3579

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

Note 2: Funding delivery of our services

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

Structure

2.1 Revenue and income from transactions
2.2 Fair Value of assets and services received free of charge or for nominal consideration
2.3 Other Income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic and scaling down 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
Identifying performance obligations	Kerang District Health applies significant judgement 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 Kerang District Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result of operations.
Determining timing of revenue recognition	Kerang District Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining timing of capital grant income recognition	Kerang District Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Cost 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 a nominal consideration	Kerang District Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value.

Note 2.1: Revenue and income from transactions

	Note	Total 2023 $	Total 2022 $
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		138,541	112,048
Government grants (Commonwealth) - Operating		3,296,014	2,789,232
Patient and resident fees		1,581,833	1,582,157
Private practice fees		1,103,703	1,219,725
Commercial activities (i)		532,251	379,577
Total revenue from contracts with customers		**6,652,342**	**6,082,739**
Other sources of income			
Government grants (State) - Operating		9,938,534	9,283,516
Government grants (State) - Capital		205,728	34,511
Non cash contributions from DH		245,236	285,077
Capital donations		162,309	100,931
Assets received free of charge	2.2	132,988	335,129
Other Revenue from Operating Activities		6,309	4,627
Total other sources of income		**10,691,104**	**10,043,791**
Total revenue and income from operating activities		**17,343,446**	**16,126,530**
Non-operating activities			
Income from other sources			
Capital Purpose Income		11,575	8,060
Interest		165,636	24,730
Total other sources of income		**177,211**	**32,790**
Total Income from Non-Operating Activities		**177,211**	**32,790**
Total Income		**17,520,657**	**16,159,320**

(i) Commercial activities represent catering services, accommodation and student placements which Kerang District Health enter into to support their operations.

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

	Total 2023 $	Total 2022 $
Goods and services transferred to customers:		
At a point of time	3,217,787	3,181,459
Over time	3,434,555	2,901,280
	6,652,342	**6,082,739**

How we recognise revenue and income from operating activities

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB9, 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 and 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 Kerang District Health's goods or services. Kerang District Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of Kerang District Health's revenue streams, with information detailed below relating to Kerang District Health's significant revenue streams.

Government Grants	Performance Obligations
Residential Aged Care grants	The funding is provided for the provision of care for aged care residents within facilities at Kerang District Health. The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers. Revenue is recognised at the point over time when the service is provided within the residential aged care facility.
Department of Health grants linked to Statement of Priorities	Funding is received from the Department of Health that have performance obligations linked to the Statement of Priorities agreed upon between the health service and DH. The performance obligation is a requirement to provide a stipulated number of service contacts or hours of service delivery. Revenue is recognised over time as the services are delivered.

Capital Grants

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

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

Patient and Resident Fees

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

Private Practice Fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as provision of meals and property rental. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Other income

Other income includes recoveries for salaries and wages and external services provided.

How we recognise revenue and income from non-operating activities

Interest Income

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

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

	Total 2023 $	Total 2022 $
Assets received free of charge under State supply arrangements	132,988	335,129
Capital Donations	162,309	100,931
Non cash contributions from DH	245,236	285,077
Total fair value of assets and services received free of charge or for nominal consideration	**540,533**	**721,137**

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 Kerang District Health usually obtain control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable 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, the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment was centralised.

Generally, the State Supply Arrangement stipulates that Health Share Victoria sources, secures and agrees terms for the purchase of the PPE. The purchases are funded by the Department of Health, while Monash Health took delivery and distributed an allocation of the products to health services. Kerang District Health received these resources free of charge and recognised them as income.

Contributions

Kerang District Health may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Kerang District Health 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 Kerang District Health as a capital contribution transfer.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be readily measured, and the services have been purchased if they had not been donated. Kerang District Health has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Kerang District Health as follows:

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the health service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Employee benefits in the Balance Sheet
3.4 Superannuation

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Kerang District Health applies significant judgement when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Kerang District Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Kerang District Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	Kerang District Health applies significant judgement 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 22% and 86% • discounting at the rate of 4.063%, 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	Total 2023 $	Total 2022 $
Salary and Wages		10,813,907	10,102,363
On-costs		1,118,580	999,605
Fee for service Medical Officer Expenses		1,222,982	1,185,871
WorkCover Premium		118,661	102,017
Total Employee Expenses		**13,274,130**	**12,389,856**
Drug Supplies		53,430	88,828
Medical and surgical Supplies		575,315	423,363
Diagnostic and Radiology Supplies		30,769	38,039
Other Supplies and Consumables		137,195	206,566
Total Supplies and Consumables		**796,709**	**756,796**
Food supplies		301,388	258,708
Fuel, light and power		300,645	287,411
Domestic Charges & linen		258,550	206,952
Repairs and Maintenance		288,625	248,366
Maintenance Contracts		205,620	187,925
Motor Vehicle Expenses		41,469	44,487
Medical Indemnity Insurance		139,723	144,900
Other Administrative Expenses		1,341,725	1,306,476
Expenditure for Capital Purposes		39,244	27,215
Total other Operating Expenses		**2,916,989**	**2,712,440**
Depreciation	4.4	1,246,179	1,288,378
Total depreciation		**1,246,179**	**1,288,378**
Total Expenses from Transactions		**18,234,007**	**17,147,470**

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 services 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:

- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases.*

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purpose (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1000.00).

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

Non-operating expenses

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

Note 3.2: Other Economic Flows

	2023 $	2022 $
Net gain on sale of non financial assets		
Net gain/loss on disposal of property plant and equipment	(123,564)	40,757
Total net gain / (loss) on non financial assets	**(123,564)**	**40,757**
Other gains from other economic flows		
Net gain arising from revaluation of long service liability	43,078	87,753
Total other gains from other economic flows	**43,078**	**87,753**
Total other gains/(losses) from other economic flows	**(80,486)**	**128,510**

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 and losses from:

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

Net gain/(loss) on non-financial assets

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

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

Net gain/(loss) on financial instruments

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

- Impairment and reversal of impairment for financial instruments at amortised cost (refer Note 7.1 Investment and other financial assets) and

Note 3.3: Employee benefits in the balance sheet

	2023 $	2022 $
Current employee benefits		
Annual Leave		
- Unconditional and expected to be settled within 12 months (i)	880,665	535,396
- Unconditional and expected to be settled after 12 months (ii)	356,151	581,237
Long Service Leave		
- Unconditional and expected to be settled within 12 months (i)	215,070	191,466
- Unconditional and expected to be settled after 12 months (ii)	1,379,448	1,325,526
Accrued ADO's		
- Unconditional and expected to be settled within 12 months (i)	9,908	7,512
	2,841,242	2,641,137
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (i)	212,147	177,284
- Unconditional and expected to be settled after 12 months (ii)	168,529	171,083
	380,676	348,367
Total current employee benefits and related on-costs	**3,221,918**	**2,989,504**
Non-Current employee benefits		
Conditional Employee Benefits (ii)	285,477	231,579
Provisions related to Employee Benefit On-Costs (ii)	35,206	30,186
Total Non-Current employee benefits and related on-costs	**320,683**	**261,765**
Total employee benefits and on-costs	**3,542,601**	**3,251,269**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlements	1,786,580	1,710,295
Annual Leave Entitlements	1,424,261	1,270,908
Accrued Days Off	11,077	8,301
	3,221,918	**2,989,504**
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	320,683	261,765
Total Employee Benefits and Related On-Costs	**3,542,601**	**3,251,269**
(b) Provision for related on-costs movement schedule		
Carrying amount at start of year	378,553	349,229
Additional provisions recognised	178,086	136,399
Amounts incurred during the year	(140,757)	(107,075)
Carrying amount at end of year	**415,882**	**378,553**

(i) The amounts disclosed are nominal amounts.
(ii) The amounts disclosed are discounted to present values.

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 Kerang District Health does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Kerang District Health expects to wholly settle within 12 months; or
- Present Value – if Kerang District Health does not expect to wholly settle within 12 months.

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

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

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

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

Note 3.4: Superannuation

Superannuation Liabilities

	Paid Contribution for the Year		Contributions outstanding at Year End	
	2023 $	**2022 $**	**2023 $**	**2022 $**
(i) Defined benefit plans:				
Aware Super	13,068	14,566	-	529
Defined contribution plans:				
Aware Super	624,852	558,179	-	23,850
Hesta	276,310	207,005	-	8,960
Other funds	171,203	191,618	-	5,573
Total	**1,085,433**	**971,368**	**-**	**38,912**

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plan.

How we recognise superannuation

Employees of Kerang District Health are entitled to receive superannuation benefits and the Kerang District Health contributes to both the defined benefit and defined contribution plans.

Defined benefit superannuation plans

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

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

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

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

Defined contribution superannuation plans

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

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

Note 4: Key Assets to support service delivery

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

Structure

4.1 Property, plant and equipment
4.2 Right-of-use assets
4.3 Revaluation surplus
4.4 Depreciation
4.5 Inventory
4.6 Impairment of assets

Telling the COVID-19 story

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

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	Kerang District Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimates.
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. Kerang District Health 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, Kerang District Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. 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 service applies significant judgement and estimate to determine the recoverable amount of the asset.

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

(a) Gross carrying amount and accumulated depreciation

	2023 $	2022 $
Land		
Land at Fair Value	2,382,065	2,382,065
Total Land at fair value	**2,382,065**	**2,382,065**
Buildings		
Buildings Under Construction at cost	77,440	-
Buildings at Fair Value	31,683,042	31,788,525
Less Accumulated Depreciation	1,022,448	-
Total Buildings at fair value	**30,738,034**	**31,788,525**
Total Land and Buildings	**33,120,099**	**34,170,590**
Plant and Equipment		
Plant and Equipment at Fair Value	1,250,848	1,151,929
Less Accumulated Depreciation	860,092	807,635
Total Plant and Equipment at fair value	**390,756**	**344,294**
Medical Equipment		
Medical Equipment at Fair Value	1,524,323	1,441,071
Less Accumulated Depreciation	1,200,183	1,225,816
Total Medical Equipment at fair value	**324,140**	**215,255**
Computers and Communications		
Computers and Communication at Fair Value	508,210	508,210
Less Accumulated Depreciation	501,667	494,642
Total Computers and Communications Assets at fair value	**6,543**	**13,568**
Motor Vehicles		
Motor Vehicles at Fair Value	359,309	359,309
Less Accumulated Depreciation	359,309	355,214
Total Motor Vehicles at fair value	**-**	**4,095**
Furniture and fittings		
Furniture and fittings at Fair value	155,665	148,415
Less Accumulated Depreciation	113,441	110,284
Total Furniture & Fittings at fair value	**42,224**	**38,131**
Total property, plant and equipment	**33,883,762**	**34,785,933**

Note 4.1 (b): Property, Plant and Equipment - Reconciliations of carrying amount by class of asset

	Note	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Comms	Motor Vehicles	Furniture & Fittings	Work in Progress	Total
		$	$	$	$	$	$	$	$	$
Balance at 30 June 2021		**1,894,000**	**29,847,737**	**286,139**	**229,075**	**72,922**	**16,737**	**36,321**	**-**	**32,382,931**
Additions		-	-	118,129	108,364	13,050	-	9,404	-	248,947
Disposals		-	-	(488)	(14,057)	-	-	-	-	(14,545)
Revaluation increments/(decrements)		488,065	2,967,196	-	-	-	-	-	-	3,455,261
Depreciation	4.4	-	(1,026,408)	(59,486)	(108,127)	(37,746)	(12,642)	(7,594)	-	(1,252,003)
Balance at 30 June 2022	4.1(a)	**2,382,065**	**31,788,525**	**344,294**	**215,255**	**48,226**	**4,095**	**38,131**	**-**	**34,820,591**
Additions		-	-	102,999	170,231	11,401	-	10,680	77,440	372,751
Disposals		-	(101,523)	-	-	(36,202)	-	-	-	(137,725)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-
Depreciation	4.4	-	(1,026,408)	(56,537)	(61,346)	(16,882)	(4,095)	(6,587)	-	(1,171,855)
Balance at 30 June 2023	4.1(a)	**2,382,065**	**30,660,594**	**390,756**	**324,140**	**6,543**	**-**	**42,224**	**77,440**	**33,883,762**

Land and Buildings and leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Kerang District Health's owned and leased land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

How we recognise property, plant and equipment

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

Initial Recognition

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

Subsequent measurement

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

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

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

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occurs 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, Kerang District Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

An independent valuation of Kerang District Health's property, plant and equipment was performed by the VGV in 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. A managerial revaluation based on VGV indices was performed at 30 June 2022. The managerial assessment performed at 30 June 2023 indicated an overall:

- decrease in fair value of land of 2% ($47,641)
- increase in fair value of buildings of 7% ($2,143,843)

Revaluation (continued)

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 and 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 surplus, except that, to the extent 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 accumulated depreciation

(a) Gross carrying amount and accumulated depreciation

	2023 $	2022 $
Right of use motor vehicles	267,119	267,119
Less accumulated depreciation	123,353	83,858
Total right of use motor vehicles	**143,766**	**183,261**
Right of use land and buildings	174,141	-
Less accumulated depreciation	139,313	-
Total right of use land and buildings	**34,828**	**-**
Total right of use assets	**178,594**	**183,261**

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

	Note	Right of use Motor Vehicle $	Total $
Balance at 30 June 2021		**169,382**	**169,382**
Additions		50,254	50,254
Depreciation	4.4	(36,375)	(36,375)
Balance at 30 June 2022	4.2(a)	**183,261**	**183,261**
Depreciation	4.4	(39,495)	(39,495)
Balance at 30 June 2023	4.2(a)	**143,766**	**143,766**

		Right of use Building $	Total $
Balance at 30 June 2021		**-**	**-**
Additions			-
Disposals		-	-
Depreciation	4.4	-	-
Balance at 30 June 2022	4.2(a)	**-**	**-**
Additions		69,656	69,656
Depreciation	4.4	(34,828)	(34,828)
Balance at 30 June 2023	4.2(a)	**34,828**	**34,828**

Right of use Assets carried at Valuation

The Valuer-General Victoria undertakes to re-value all of Kerang District Health's right of use assets to determine their fair value. All right of use assets were acquired after the June 2019 valuation.

How we recognise right-of-use assets

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

Unless the lease is considered a short-term lease or a lease of low-value asset (refer Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Kerang District Health presents its right-of-use assets as part or 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 motor vehicles	3 years or 60,000 km's
Leased Buildings - Kerang Medical Clinic	1 year

Initial recognition

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

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

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

Subsequent measurement

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

Note 4.3: Revaluation surplus

	Note	2023 $	2022 $
Property Revaluation Reserves			
Balance at the beginning of the reporting period		14,224,568	10,769,307
Revaluation Increment			
- Land	4.1(b)	-	488,065
- Buildings	4.1(b)	-	2,967,196
Balance at the end of the reporting period*		**14,224,568**	**14,224,568**
*** Represented by:**			
- Land		1,969,891	1,969,891
- Buildings		12,254,677	12,254,677
Total		**14,224,568**	**14,224,568**

Note 4.4: Depreciation

	2023 $	2022 $
Depreciation		
Buildings	1,026,408	1,026,408
Right of use assets - Buildings	34,828	-
Plant and equipment	56,537	59,486
Medical Equipment	61,346	108,127
Computers and Communication / LMRHA Assets	16,882	37,746
Motor Vehicles	4,095	12,642
Right of use assets - Motor Vehicles	39,496	36,375
Furniture and Fittings	6,587	7,594
Total Depreciation	**1,246,179**	**1,288,378**

How we recognise depreciation

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

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

	2023	2022
Buildings		
- Structure Shell Building Fabric	33 to 50 years	5 to 33 years
- Site Engineering Services and Central Plant	33 years	5 to 30 years
- Fit Out	20 to 33 years	8 to 40 years
- Trunk Reticulated Building Systems	30 to 40years	30 to 40years
Plant & Equipment	3 to 10 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	4 years	4 years
Motor Vehicles	5 to 10 years	2 to 10 years
Furniture & Fittings	4 to 10 years	13 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: Inventories

	2023 $	2022 $
Pharmaceuticals at cost	29,881	32,462
Catering Supplies at cost	1,354	10,781
Housekeeping Supplies at cost	2,031	16,171
Medical and Surgical Lines at cost	7,584	60,370
Engineering Stores at cost	406	3,234
Administration Stores at cost	2,168	17,248
Total inventories	**43,424**	**140,266**

How we recognise inventories

Inventories include goods and services and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of the business operations. It excludes depreciable assets. Inventories are measured at the lower of cost and net realisable value.

Note 4.6: Impairment of assets

How we recognise impairment

At the end of each reporting period, Kerang District Health 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 Kerang District Health which changes the way in which an asset is used or expected to be used.

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

When performing an impairment test, Kerang District Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in the 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, Kerang District Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Kerang District Health did not record any impairment losses regarding property, plant and equipment for the year ended 30 June 2023.

Note 5: Other assets and liabilities

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

Structure

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

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	Kerang District Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Kerang District Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Kerang District Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of the financial year.
Measuring contract liabilities	Kerang District Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables

	Note	2023 $	2022 $
Current receivables and contract assets			
Contractual			
Inter Hospital Debtors		12,598	6,449
Trade Debtors		123,403	139,359
Debtor with Department of Health		-	36,080
Patient Fees		102,382	52,474
Contract assets - state government	5.1 (b)	58,810	53,770
Contract assets - other	5.1 (b)	75,736	14,437
Accrued Revenue - Other		12,470	37,940
Less: Allowance for impairment losses of contractual receivables			
Allowance for Doubtful Debts		(4,200)	(9,000)
Total Contractual receivables		**381,199**	**331,509**
Statutory			
GST Receivable - Health Service		55,507	69,549
Total statutory receivables		**55,507**	**69,549**
Total receivables and contract assets		**436,706**	**401,058**
Non-current receivables and contract assets			
Contractual			
Long Service Leave - Department of Health		1,029,393	859,111
Total non-current receivables and contract assets		**1,029,393**	**859,111**
Total receivables and contract assets		**1,466,099**	**1,260,169**

(i) Financial assets classified as receivables and contract assets (Note7.1(a))

Total receivables and contract assets		1,466,099	1,260,169
GST receivable		(55,507)	(69,549)
Contract assets		(134,546)	(68,207)
Total financial assets	7.1(a)	**1,276,046**	**1,122,413**

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

	2023 $'000	2022 $'000
Balance at the beginning of the year	9,000	9,000
Increase/(decrease) in allowance recognised in net result	(4,800)	-
Balance at end of year	**4,200**	**9,000**

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. Kerang District Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits 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. Kerang District Health 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* .

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

Impairment losses of contractual receivables

Refer to Note 7.2 (a) Contractual receivables at amortised costs for Kerang District Health's contractual impairment losses.

5.1 (b): Contract assets

	2023 $'000	2022 $'000
Balance at the beginning of the year	68,207	3,579
Add: Additional costs incurred that are recoverable from the customer	66,339	64,628
Total current assets	**134,546**	**68,207**
Represented by:		
- Current assets	134,546	68,207
- Non-current contract assets	-	-
	134,546	**68,207**

How we recognise contract assets

Contract assets relate to Kerang District Health'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 5.2: Payables

	Note	2023 $	2022 $
Current payables			
Contractual			
Trade Creditors		318,218	394,461
Accrued Salaries and Wages		348,837	307,271
Accrued Expenses		85,705	54,113
Inter hospital creditors		11,836	21,146
Total contractual payables		**764,596**	**776,991**
Total current payables		**764,596**	**776,991**
(i) Financial liabilities classified as payables (Note 7.1 (a))			
Total payables		764,596	776,991
Total financial liabilities	7.1 (a)	**764,596**	**776,991**

Payables Recognition

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 of goods and services provided to Kerang District Health prior to the end of the financial year that are unpaid.

- **statutory payables**, which mostly includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Maturity analysis of payables

Please refer to Note 7.1(b) for the aging analysis of payables.

Note 5.3: Other Liabilities

	Note	2023 $	2022 $
Current monies held in trust			
Monies Held in Trust			
- Refundable Accommodation Deposits		1,692,506	3,035,550
Total Current monies held in trust		**1,692,506**	**3,035,550**
Represented by the following assets:			
Cash Assets	6.2	1,692,506	3,035,550
TOTAL		**1,692,506**	**3,035,550**

How we recognise other liabilities

Refundable Accommodation Deposits (RAD)

RAD's are non interest bearing deposits made by some aged care residents to Kerang District Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

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

Note 5.4: Other Assets

	2023 $	2022 $
CURRENT		
Prepayments - Health Service	270,872	231,974
TOTAL CURRENT OTHER ASSETS	**270,872**	**231,974**
TOTAL OTHER ASSETS	**270,872**	**231,974**

How we recognise other assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 6: How we finance our operations

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

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

Structure

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

Telling the COVID-19 story
Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and 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	Kerang District Health 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	Kerang District Health 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 for future lease payments	Kerang District Health discounts its lease payments using the interest rate implicit in the lease. If this cannot be readily determined, which is generally the case for the health service's lease arrangements, Kerang District Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leased land and buildings, Kerang District Health Service estimates the incremental borrowing rate to be between 1.27% and 2.28%. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.27% and 2.28%.
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 Kerang District Health is reasonably certain to exercise such options. Kerang District Health 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

	2023	2022
Current Borrowings	**$**	**$**
Motor Vehicle Lease Liability (i)	75,016	82,122
Building Lease Liability (i)	37,349	-
DH Loan (ii)	27,118	27,118
Total current borrowings	**139,483**	**109,240**
Non-current borrowings		
Motor Vehicle Lease Liability (i)	67,863	101,615
DH Loan (ii)	24,897	50,963
Total non-current borrowings	**92,760**	**152,578**
Total Borrowings	**232,243**	**261,818**

(i) Secured by the asset leased.
(ii) This is an unsecured loan which bears no interest. The loan is repayable over 4 yearly instalments with the first repayment due 30 June 2022.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from lease liabilities and other non 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 Note 7.2(b) for the maturity analysis of borrowings.

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

Note 6.1 (a) Lease Liability

Kerang District Health's lease liabilities and maturity analysis are summarised below:

	2023 $	2022 $
Not longer than one year	89,969	84,678
Longer than 1 year but not longer than 5 years	92,860	104,216
Minimum future lease liability	**182,829**	**188,894**
Less unexpired finance expenses	2,601	5,157
Present value of lease liability	**180,228**	**183,737**
Represented by:		
- Current liabilities	112,365	82,122
- Non-current liabilities	67,863	101,615
	180,228	**183,737**

How we recognise lease liabilities

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

To apply this definition, Kerang District Health ensures the contact 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 Kerang District Health and for which the supplier does not have substantive substitution rights
- Kerang District Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Kerang District Health has the right to direct the use of the identified asset throughout the period of use and
- Kerang District Health has the right to make decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Kerang District Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased motor vehicles	3 years or 60,000 km's
Leased Building - medical clinic	1 year left on the lease

All leases are recognised on the balance sheet, with the exception of low value assets (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 interest rate implicit in the lease if that rate is readily determinable or Kerang District Health's incremental borrowing rate. Our lease liabilities have been discounted by rates of between 2.25% and 3.25%

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee, and
- payments arising from purchase and termination options reasonably certain to be exercised.

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

- Motor vehicle lease with Vic fleet. The lease has the option to renew every 12 months.

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).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

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

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was Nil.

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 $	2022 $
Cash on Hand (excluding Monies held in trust)	1,100	1,100
Cash at Bank (excluding Monies held in trust)	224,977	116,398
Cash at Bank - CBS (excluding Monies held in trust)	2,862,274	2,756,477
Total cash held for operations	**3,088,351**	**2,873,975**
Cash at Bank - CBS (Monies held in Trust)	1,692,506	3,035,550
Total cash held as monies in trust	**1,692,506**	**3,035,550**
Total cash held for operations	**4,780,857**	**5,909,525**

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank and deposits at call.

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

	2023 $	2022 $
Operating Expenditure Commitments		
Less than 1 year	286,785	170,672
Longer than 1 year and not later than 5 years	64,195	164,718
Total Operating Expenditure Commitments	350,980	335,390
Total Commitments for Expenditure	**350,980**	**335,390**

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

How we recognise our commitments

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

Expenditure commitments

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

Short term and low value leases

Kerang District Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 6.4: Non-cash financing and investing activities

	2023 $	2022 $
Acquisition of plant and equipment by means of Lease	-	50,254
Total non-cash financing and investing activities	**-**	**50,254**

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments
7.2 Financial risk management objectives and policies
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

Key judgements and estimates

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 that would use the same asset in its highest and best use. In determining the highest and best use, Kerang District Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. Kerang District Health 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 Kerang District Health's non-specialised land and non-specialised buildings are measured using this approach. ● Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Kerang District Health's specialised buildings, plant and equipment and vehicles are measured using this approach. ● Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Kerang District Health does not use this 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. Kerang District Health does not categorise any fair values within this level. ● Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Kerang District Health categorises non-specialised land and non specialised buildings in this level. ● Level 3, where inputs are unobservable Kerang District Health categorises specialised land, specialised buildings, plant and equipment, furniture and fittings computers and communications, vehicles and right of use vehicles and right of use buildings 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 Kerang District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

(a) Categorisation of financial instruments

30 June 2023	Note	Financial Assets at Amortised Cost $	Financial liabilities at amortised cost $	Total $
Contractual Financial Assets				
Cash and cash equivalents	6.2	4,780,857	-	4,780,857
Receivables				
- Trade Debtors	5.1	234,183	-	234,183
- Other Receivables	5.1	12,470	-	12,470
- DH Long Service Leave	5.1	1,029,393	-	1,029,393
Total Financial Assets [(i)]		**6,056,903**	**-**	**6,056,903**
Financial Liabilities				
Payables	5.2	-	764,596	764,596
Borrowings	6.1	-	232,243	232,243
Other financial liabilities				
- Monies held in trust	5.3	-	1,692,506	1,692,506
Total Financial Liabilities [(i)]		**-**	**2,689,345**	**2,689,345**

30 June 2022	Note	Financial Assets at Amortised Cost $	Financial liabilities at amortised cost $	Total $
Contractual Financial Assets				
Cash and cash equivalents	6.2	5,909,525	-	5,909,525
Receivables				
- Trade Debtors	5.1	225,362	-	225,362
- Other Receivables	5.1	37,940	-	37,940
- DH Long Service Leave	5.1	859,111	-	859,111
Total Financial Assets [(i)]		**7,031,938**	**-**	**7,031,938**
Financial Liabilities				
Payables	5.2	-	776,991	776,991
Borrowings	6.1		261,818	261,818
Other financial liabilities				
- Monies held in trust	5.3	-	3,035,550	3,035,550
Total Financial Liabilities [(i)]		**-**	**4,074,359**	**4,074,359**

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

How we recognise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised costs

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 Kerang District Health solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Kerang District Health recognises the following assets in this category:

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

Categories of financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where that 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.

Kerang District Health recognises the following liabilities in this category:

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

Derecognition of financial liabilities

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2 Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a) Credit risk

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

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

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

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

Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debts written off by mutual consent is classified as a transaction expense. Bad debts 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 the contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Kerang District Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

Impairment of financial assets under AASB 9

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

Other financial assets mandatorily measured or designed 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 transition expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

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

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

30 June 2023		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total $
Expected loss rate		0.25%	2.00%	0%	7.00%	68.20%	
Gross carrying amount of contractual receivables	**$**	397,751	49,978	6,476	20,012	1,173	475,390
Loss allowance	**$**	1,000	1,000	0	1,400	800	4,200

30 June 2022		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total $
Expected loss rate		1.12%	0%	0%	0%	100.00%	
Gross carrying amount of contractual receivables	**$**	292,961	3,963	9,788	44,384	5,695	356,791
Loss allowance	**$**	3,305	0	0	0	5,695	9,000

Statutory receivables and debt investments at amortised cost

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

Note 7.2 (b) Liquidity risk

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

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

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets, and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Kerang District Health's exposure to liquidity risk is deemed insignificant based on prior period's 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 for Kerang District Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

			Maturity Dates			
30 June 2023	**Note**	**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 months**	**3 months -1 year**	**1-5 Years**
		$	**$**	**$**	**$**	**$**	**$**
Payables	**5.2**	764,596	764,596	764,596	-	-	-
Borrowings	**6.1**	232,243	232,243	4,385	8,770	103,932	115,156
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	1,692,506	1,692,506	-	500,000	1,192,506	-
Total Financial Liabilities		**2,689,345**	**2,689,345**	**768,981**	**508,770**	**1,296,438**	**115,156**

			Maturity Dates			
30 June 2022	**Note**	**Carrying Amount**	**Nominal Amount**	**Less than 1 Month**	**1-3 months**	**3 months -1 year**	**1-5 Years**
		$	**$**	**$**	**$**	**$**	**$**
Payables	**5.2**	776,991	776,991	776,991	-	-	-
Borrowings	**6.1**	261,818	261,818	4,385	8,770	66,583	182,080
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	3,035,550	3,035,550	-	500,000	2,535,550	-
Total Financial Liabilities		**4,074,359**	**4,074,359**	**781,376**	**508,770**	**2,602,133**	**182,080**

The maturity dates of the refundable accommodation deposits in the table represent the estimated timing of the repayments.
Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

Note 7.2 (c) Market Risk

Kerang District Health's exposures to market risk are primarily through interest rate risk. Objectives, policies and procedures used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 3% up or down.

Interest rate risk

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

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

Note 7.3: Contingent Assets and Contingent Liabilities

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 7.4: Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- 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.

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs shall be 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 as at 30 June 2023	Fair value measurement at end of reporting period using: Level 1 (1)	Level 2 (1)	Level 3 (1)
Land at fair value		**$**	**$**	**$**	**$**
Specialised land		1,041,367	-	-	1,041,367
Non Specialised land		1,340,698	-	1,340,698	-
Total of land at fair value	4.1(a)	**2,382,065**	**-**	**1,340,698**	**1,041,367**
Buildings at fair value					
Specialised buildings		29,443,479	-	-	29,443,479
Non Specialised buildings		1,217,115	-	1,217,115	-
Total of building at fair value	4.1(a)	**30,660,594**	**-**	**1,217,115**	**29,443,479**
Plant and equipment at fair value					
- Motor Vehicles	4.1(a)	-	-	-	-
- Plant and Equipment	4.1(a)	390,756	-	-	390,756
- Medical Equipment	4.1(a)	324,140	-	-	324,140
- Furniture and Fittings	4.1(a)	42,224	-	-	42,224
- Computers and Communications	4.1(a)	6,543	-	-	6,543
Total of plant, equipment, furniture, fittings and vehicles at fair value		**763,663**	**-**	**-**	**763,663**
Right of use assets at fair value					
- Right of use land and buildings	4.2(a)	34,828	-	-	34,828
- Right of use motor vehicles	4.2(a)	143,766	-	-	143,766
Total right of use assets at fair value		**178,594**	**-**	**-**	**178,594**
Total Property, plant and equipment		**33,984,916**	**-**	**2,557,813**	**31,427,103**

i Classified in accordance with the fair value hierarchy.

	Note	Carrying amount as at 30 June 2022	Fair value measurement at end of reporting period using: Level 1 (1)	Level 2 (1)	Level 3 (1)
Land at fair value		**$**	**$**	**$**	**$**
Specialised land		1,041,367	-	-	1,041,367
Non Specialised land		1,340,698	-	1,340,698	-
Total of land at fair value	4.1(a)	**2,382,065**	**-**	**1,340,698**	**1,041,367**
Buildings at fair value					
Specialised buildings		30,526,635	-	-	30,526,635
Non Specialised buildings		1,261,890	-	1,261,890	-
Total of building at fair value	4.1(a)	**31,788,525**	**-**	**1,261,890**	**30,526,635**
Plant and equipment at fair value					
- Motor Vehicles	4.1(a)	4,095	-	-	4,095
- Plant and Equipment	4.1(a)	344,294	-	-	430,651
- Medical Equipment	4.1(a)	215,255	-	-	215,255
- Furniture and Fittings	4.1(a)	38,131	-	-	183,261
- Computers and Communications	4.1(a)	13,568	-	-	215,255
Total of plant, equipment, furniture, fittings and vehicles at fair value		**615,343**	**-**	**-**	**1,048,517**
Right of use assets at fair value					
- Right of use land and buildings	4.2(a)	-	-	-	-
- Right of use motor vehicles	4.2(a)	183,261	-	-	183,261
Total right of use assets at fair value		**183,261**	**-**	**-**	**183,261**
Total Property, plant and equipment		**34,969,194**	**-**	**2,602,588**	**32,799,780**

i Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Kerang District Health has assumed the current use of a non-financial 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 use.

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

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 asset.

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

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

Vehicles

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

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at 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.

Note 7.4 (b): Reconciliation of fair value measurement

	Note	Land	Buildings	Plant and equipment	Computers & Comms	Furniture & Fittings	Medical equipment	Right of Use Vehicles	Right of Use Buildings	Motor Vehicles
		$	$	$	$	$	$	$	$	$
Balance at 30 June 2021		929,000	28,760,761	286,139	72,922	36,321	229,075	169,382	-	16,737
Purchases		-	-	118,129	13,050	9,404	108,364	50,254	-	-
Disposals		-	-	(488)	-	-	(14,057)	-	-	-
Depreciation		-	(982,897)	(59,486)	(37,746)	(7,594)	(108,127)	(36,375)	-	(12,642)
Subtotal		**929,000**	**27,777,864**	**344,294**	**48,226**	**38,131**	**215,255**	**183,261**	**-**	**4,095**
Items recognised in other comprehensive income - Revaluation		112,367	2,748,771	-	-	-	-	-	-	-
Balance at 30 June 2022	7.4 (a)	**1,041,367**	**30,526,635**	**344,294**	**48,226**	**38,131**	**215,255**	**183,261**	**-**	**4,095**
Purchases		-	-	102,999	11,401	10,680	170,231	-	69,656	-
Disposals		-	-	-	(36,202)	-	-	-	-	-
Depreciation		-	(1,083,156)	(56,537)	(16,882)	(6,587)	(61,346)	(39,495)	(34,828)	(4,095)
Subtotal		**1,041,367**	**29,443,479**	**390,756**	**6,543**	**42,224**	**324,140**	**143,766**	**34,828**	**-**
Items recognised in other comprehensive income - Revaluation		-	-	-	-	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2023	7.4 (a)	**1,041,367**	**29,443,479**	**390,756**	**6,543**	**42,224**	**324,140**	**143,766**	**34,828**	**-**

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

Note 7.4 (c): Property, Plant and Equipment - fair value determination

Asset class	Likely valuation approach	Significant inputs (level 3 only)
Specialised land	Market approach	- 20% CSO adjustments
Specialised buildings	Current replacement cost approach	- Useful life - Cost per square metre - Current age of buildings
Plant & Equipment	Current replacement cost approach	- Useful life - Cost per unit
Vehicles	Current replacement cost approach	- Useful life - Cost per unit
Non-specialised land	Market approach	N/A
Non-specialised buildings	Market approach	N/A

Note 8: Other disclosures

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

Structure

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2023 $	2022 $
Net Result for the Year	(715,975)	(828,465)
Non Cash Movements:		
Depreciation	1,246,179	1,288,378
Discount (interest) / expense on loan	5,727	3,144
Share of net results in associates	(77,861)	-
Assets and services received free of charge	(132,988)	-
(Gain)/Loss on revaluation of long service leave liability	(43,078)	-
(Gain)/Loss from disposal of non financial physical assets	123,564	(40,757)
Movements in Assets and Liabilities:		
(Increase) in Receivables	(205,932)	(339,102)
(Increase) in Prepayments	(38,898)	(77,197)
Increase / (Decrease) in Payables	(53,961)	156,617
Increase in Provisions	375,976	5,609
(Increase) / Decrease in Inventories	96,842	(45,716)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**579,595**	**122,511**

Note 8.2: Responsible Persons Disclosures

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

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 November 2022 and new ministers were sworn in on the 5th December 2022.

	Period
Responsible Ministers:	
The Honourable Mary-Anne Thomas:	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP:	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks:	
Former Minister for Disability, Ageing and	1 Jul 2022 - 5 Dec 2022
Governing Boards	
A Jeffreys (Chair of the Board)	1 Jul 2022 - 30 Jun 2023
K Liebmann	1 Jul 2022 - 30 Jun 2023
O Aertssen	1 Jul 2022 - 30 Jun 2023
Deirdre Broad	1 Jul 2022 - 30 Jun 2023
M. Iskov	1 Jul 2022 - 30 Jun 2023
J. Norton	1 Jul 2022 - 30 Jun 2023
D Bowles	1 Jul 2022 - 30 Jun 2023
Accountable Officer	
Kellie Byron-Gray	1 Jul 2022 - 30 Jun 2023

Remuneration of Responsible Persons

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

	2023	2022
Income Band		
$0 - $9,999	7	8
$160,000 - $180,000	1	1
$200,000 - $210,000	-	1
Total Numbers	8	10

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$231,369**	**$341,851**

Amounts relating to the Governing Board Members and Accountable Officer of Kerang District Health are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Financial Report.

Note 8.3: Remuneration of Executives

The number 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 officers over the reporting period.

Remuneration of executive officers	**Total Remuneration**	
	2023	**2022**
	$	**$**
Short-term benefits	268,179	235,056
Post-employment benefits	23,969	18,987
Other long-term benefits	7,156	8,000
Total remuneration (i)	**299,304**	**262,043**
Total number of executives	3	3
Total annualised employee equivalent (AEE) (ii)	**3.5**	**3**

Notes:
(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Kerang District Health under AASB 124 *Related Party Disclosures* and are also reported within the related parties notes disclosure at Note 8.4 Related Parties.

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

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

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

Post-employment Benefits
Pensions and other retirement benefits (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

Kerang District Health is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel, their close family members and personal business interests;
- cabinet ministers and their close family members;
- jointly Controlled Operations - A member of the Loddon Mallee Rural Health Alliance; and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMP's are those people with the authority and responsibility for planning, directly and controlling the activities of Kerang District Health and its controlled entities, directly or indirectly.

Key Management personnel

The Board of Directors and the Executive Directors of Kerang District Health are deemed to be KMP's. This includes the following:

KMPs	**Position Title**
Andrew Jeffreys	Chair of the Board
Kylie Liebmann	Board Member
Oscar Aertssen	Board Member
Deirdre Broad	Board Member
Melissa Iskov	Board Member
Jonathan Norton	Board Member
Dianne Bowles	Board Member
Kellie Byron-Gray	CEO
Toby Harrison	Director of Corporate Business
Simon Bullow	Director of Clinical Services

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

Compensation - KMPs	**2023 $**	**2022 $**
Short-term employee benefits (i)	473,948	500,070
Post-employment benefits	42,883	45,247
Other long-term benefits	13,842	14,605
Total remuneration (ii)	**530,673**	**559,922**

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

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

Significant transactions with government-related entities
Kerang District Health received funding from the Department of Health of $10,077,075 (2022 $9,395,564).

Expenses incurred by Kerang District Health in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics and patient meals 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 Kerang District Health to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with key management personnel 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 HealthShare Victoria and the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Kerang District Health, 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 Kerang District Health Board of Directors, Chief Executive Officer and executive Directors for 2023 (2022: none).

Note 8.5: Remuneration of auditors

	2023	2022
Victorian Auditor-General's Office	**$**	**$**
Audit of the Financial Statements	31,000	30,500
Total remuneration to auditors	**31,000**	**30,500**

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 Systems	4.37	4.22

Kerang and District Health interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2023 $	2022 $
Current Assets		
Cash and Cash Equivalents	585,336	307,201
Other Financial Assets	30,357	28,480
Receivables	89,991	19,282
GST Receivable	-	3,804
Prepayments	126,359	102,923
Total Current Assets	**832,043**	**461,690**
Non Current Assets		
Property, Plant and Equipment	36,202	34,658
Total Non Current Assets	**36,202**	**34,658**
Total Assets	**868,245**	**496,348**
Current Liabilities		
Payables	99	168,004
Accrued Liabilities	259,516	3,485
Income in Advance - DHHS Capital Grants	184,286	10,123
GST Payable	31,746	-
Total Current Liabilities	**475,647**	**181,612**
Total Liabilities	**475,647**	**181,612**
Net Assets	**392,598**	**314,736**

Kerang District Health interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2023 $	2022 $
Revenues		
Grants	715,073	537,272
Capital Revenue	11,575	8,060
Total Revenue	**726,648**	**545,332**
Expenses		
Information Technology and Administrative Expenses	638,929	505,891
Capital Expenses	-	-
Depreciation	9,858	8,266
Total Expenses	**648,787**	**514,157**
Net Result	**77,861**	**31,175**

Contingent Liabilities and Capital Commitments

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

Note 8.8 Equity

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Kerang District Health.

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

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

Restricted specific purpose reserves

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

Note 8.9 Economic Dependency

Kerang District Health 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 has no reason to believe the DH will not continue to support Kerang District Health.

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03 5450 9200
13-15 Burgoyne Street, Kerang, Vic., 3579
PO Box 179, Kerang, Vic., 3579
contact@kdh.org.au

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