Kilmore District Health

Annual Report 2021-22

Kilmore District Health

Acknowledgement of Traditional Owners

Kilmore District Health acknowledges the Taungurung people, the traditional owners and custodians of the land and water on which we live, work and play. We pay respect to Elders past, present and emerging.

We affirm our commitment to reconciliation, and we make it happen by strengthening partnerships and continuing our work with Aboriginal peoples.

Kilmore District Health acknowledges that to 'Close the Gap' we need to work together with Aboriginal and Torres Strait Islander people, communities, staff and stakeholders to ensure that we meet community needs.

Child Safe Place

We comply with standards, and work to ensure that the safety of children is promoted, that child abuse is prevented, and that any allegations of child abuse are properly responded to.

Commitment Statement Against Family Violence

Our vision is a future where our community is free from family violence and where healthy, respectful relationships prevail.

All Welcome Here

Everybody matters. Kilmore District Health is committed to embracing diversity. We respect and welcome all people.

Our Annual Report

This report:

- Covers the period 1 July 2021 to 30 June 2022
- Is prepared for the Minister for Health, the Parliament of Victoria and the community we serve
- Is prepared in accordance with government and legislative requirements and FRD 30 guidelines
- Is prepared for presentation to the community at Kilmore District Health's Annual General Meeting in December 2022
- Acknowledges the support of our community
- Should be read in conjunction with our 2021-22 Quality Account Calendar
- Is available on our website www.kilmoredistricthealth.org.au/annual-reports
- Respects our environment and is printed in Ecostar Silk 100 percent recycled stock and available electronically.

Caring Together

Aged Care Residents
51
in 2021-22

Patients Admitted as Inpatients
2,441
in 2021-22

Babies Born
239
in 2021-22

District Nurse Home Visits
2,417
in 2021-22

Outpatient Appointments
7,727
in 2021-22

Urgent Care Attendances
9,947
in 2021-22

Staff Working at KDH
409
in 2021-22

Procedures Performed
2,023
in 2021-22

Meals on Wheels Produced
10,400
in 2021-22

Our Strategy

Our purpose is

Providing safe, quality, accessible care and a dynamic place to work and learn.

Our vision is

Caring Together. Better health and wellbeing for our community.

We live the values of REACH

We will work together to implement our Strategic Priorities

Quality Care

Consistently providing safe, compassionate care at the highest standard

People Who Care

Valuing, empowering and providing opportunities for our workforce

Partners in Care

Working collaboratively to deliver equitable and accessible care

Sustainable Care

Securing the future of effective and affordable local care

We will achieve the outcomes of

The best care for our consumers

A talented, engaged and satisfied workforce

Partnerships that provide services to best meet care needs

The best use of our resources

Our Message to the Community

"The ongoing challenges of the COVID-19 pandemic continued to impact on our daily operations. Despite this, we continued to deliver high quality health care across all areas of the organisation".

Once again, 2021-22 was a challenging year for our organisation and our community. The health service's response to the COVID-19 pandemic continued over these 12 months, however we also worked to ensure our capacity and capability continued at a high level to provide services to meet the needs of our community.

Our vaccination clinic continued to operate providing 34,275 COVID-19 vaccinations to the community. The clinic was transformed in January 2022 into the Enchanted Forest of Protection with our staff commencing vaccinations to 5-11-year-olds. Over 1,200 paediatric vaccinations have been administered. Our COVID-19 testing program continued with a drive-through clinic established at JJ Clancy Reserve in Kilmore. At its peak, our staff were undertaking more than 500 tests per day.

The introduction of the Positive Pathways Program in September saw our staff monitoring 1,064 COVID positive members of our community. The program has provided 22% of Goulburn Valley region's activity since its commencement.

Importantly we have continued to provide a full range of health care services within the COVID-19 pandemic restrictions, pivoting quickly to lockdowns and unexpected changes.

As an organisation, we believe it is imperative to collaborate with our community. Consumers are embedded across our governance structure and our commitment to effective community consultation continues to be supported by our Community Advisory Committee and we recognise and thank the members for their support during the 2021-22 year.

Good governance has been upheld throughout the past year. Our Board continued to meet virtually and welcomed Mr Barnaby Ling and Prof John (Lindsay) Falvey as Directors this year. We would like to acknowledge the valuable contributions made by Board Directors who resigned during 2021-22 and thank Ms Kathryn Bell and Dr Jane Lovell for their significant contribution to our health service.

A number of independent external experts sit on our governance committees and we would like to sincerely thank these people for their willingness to share their expertise and time.

In October 2021, the Board farewelled our Chief Executive Officer (CEO), Mr David Naughton who returned to Western Australia for family reasons.

Ms Jennifer Gilham stepped into the Acting CEO role showing great leadership and guidance for the Health Service.

A/Prof Arish Naresh commenced as CEO in May 2022 with more than 15 years' experience in the healthcare sector, having worked in New Zealand, South Australia and most recently as CEO of Omeo District Health.

Kilmore District Health is most grateful for the generosity of its supporters. Financial support from our loyal donors helps the hospital to continue its work in providing high quality services for our local community. We are sincerely grateful to our Hospital Auxiliary and Opportunity Shop Committee members, plus individual donors for the contribution they make year after year to Kilmore District Health.

Despite the additional challenges and costs incurred by the health service to safely respond to the pandemic we are pleased to report a positive year end result with a surplus of $208,080 achieved.

In accordance with the *Financial Management Act 1994,* I am pleased to present the Report of Operations for Kilmore District Health for the year ending 30 June 2022.

Responsible Bodies Declaration – SD 5.2.3

Kathryn Harris
Chair, Board of Directors

The ongoing challenges of the COVID-19 pandemic continued to impact on our daily operations and functions. Despite this, we continued to deliver high quality health care across all areas of the organisation.

As an organisation, we have adapted quickly to change and restrictions and have implemented new ways of providing care. Telehealth appointments have been utilised by our ante-natal team, dietitians and social workers. This change improvement has seen significant benefits for consumers whilst they continue to receive the high-quality care we offer. We continue to deliver acute, urgent care and aged care services whilst navigating the pandemic challenges.

The continuation of our COVID-19 vaccination clinic, testing program and the introduction of the COVID positive pathways program has provided much needed support to our community when they need it the most.

We continued to experience high demand on our services in 2021-22, with the hospital caring for 2,441 inpatients, 7,727 outpatients and our normal risk maternity service welcoming 239 babies into the world. The demand on our urgent care team was significantly impacted by COVID-19 with 4,553 consumers accessing COVID-19 testing in addition to the 9,947 patients accessing our regular urgent care services.

In the hospital we operated 24 inpatient beds supporting patients needing acute, Geriatric Evaluation and Management and end-of-life care. Our hospital occupancy has remained high with 93% of available bed days utilised during the past year representing 8,162 days of care provided.

In 2021-22 our aged care services welcomed 28 new permanent residents and provided 23 periods of respite for people in our community requiring access to short term care. We worked with residents and families to ensure they remained connected during lockdown periods and visitor restrictions and ensured visitors complied with requirements when visiting recommenced.

Our Home-based services are provided to support and assist elderly people and people with disabilities, living at home or in the community, and their families. Our District Nursing Service delivered 2,417 visits in 2021-22 with pre-appointment screening continued to ensure it was safe to visit. Our health services provided over 10,400 meals to the local community through Meals on Wheels program. We continued to partner with Nexus Primary Health to support the delivery of home based care to the community.

Our community remains supportive and engaged and our committed volunteers are part of the heart and soul of our health and aged care services. We are thrilled we have been able to welcome some of our volunteers back on-site. These dedicated individuals offer their time to help others and ensure the patient experience is a memorable one. Our volunteers extend to our Auxiliary group who continue to work on COVID safe fundraising initiatives and our Opportunity Shop who have reopened their doors and also provide much appreciated financial donations.

Kilmore District Health's achievements are not possible without the commitment and professionalism of our staff, along with the outstanding support of our team of Visiting Medical Officers. As in previous years, we value and recognise their dedication to our community and health service. This commitment ensures that we continue to provide high quality care to our patients 24/7.

We are proud of our dedicated staff and their achievements throughout the year, especially as the COVID-19 pandemic continued into a second year. Our staff were again impacted with planned leave and opportunities to recharge. To help support staff, we implemented our Wellbeing Program, ensuring staff had opportunities to engage in activities including terrarium making, pilates sessions, on-site neck and shoulder massages and on-site food vans. A positive staff culture is critical to ensure we deliver the best possible care at all times. Our staff are to be congratulated for the professionalism and dedication and capacity to cope with much change and uncertainty, both at work and at home.

The leadership shown by the Executive and senior managers has been exemplary and we acknowledge and thank them for their commitment to the health service. I also thank them for warmly welcoming me to Kilmore District Health.

I recommend our Annual Report to you and am proud to share the wonderful achievements of our team during the 2021-22 year.

Arish Naresh
Chief Executive Officer

Our Organisation

Kilmore District Health provides a comprehensive range of acute and aged care services to our rapidly increasing catchment population.

Kilmore District Health is located in Victoria in the Mitchell Shire and services a population over 40,000 that extends to Broadford and Pyalong in the north, Wallan and Craigieburn in the south, Lancefield and Romsey to the west; and Whittlesea to the east.

Kilmore District Health has provided health care services to our local community since it was founded in 1854. The hospital was incorporated under the provisions of the Hospitals & Charities Act on 17 November 1864 and is accountable to the people of Victoria, through the Minister for Health and the Minister for Disability, Ageing and Carers.

For the period 1 July 2021 to 27 June 2022
The Hon Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

For the period 27 June 2022 to 30 June 2022
The Hon Mary-Anne Thomas MP
Minister for Health
Minister for Ambulance Services

The power and duties of Kilmore District Health are prescribed by the *Health Services Act 1988*. The agency operates from one site encompassing four facilities – the main hospital (housing multi-day beds, a perioperative suite and the Urgent Care Centre), Caladenia Nursing Home and Dianella Village Aged Care Hostel and the Outpatient Services Facility. Services are provided in home and community settings, including antenatal clinics operated from Seymour Health and Nexus Primary Health in Wallan.

Our Services

Kilmore District Health provides a comprehensive range of acute and aged care services to our rapidly increasing catchment population. Inpatient and outpatient services are offered to the community of Kilmore and district.

Hospital Based Services

Our hospital services range from acute services in the areas of maternity, medical and surgical services, through to subacute care encompassing Geriatric Evaluation and Management, Transition Care and Palliative Care. The number and range of Visiting Specialists consulting from our Outpatient Facility continues to expand and we have seen an increase in the uptake of Telehealth.

As the only provider of maternity services located in the Mitchell Shire, the hospital supports over 300 women and families assessed as having a normal risk pregnancy to receive maternity (antenatal, birthing and postnatal) care close to home.

Our 24-hour Urgent Care Centre is attended by highly skilled and experienced nursing staff. Staff collaborate with local General Practitioners and Visiting Medical Officers, in providing first line care to all urgent attendances, and with Ambulance Victoria and receiving hospitals to stabilise and coordinate transfer to a higher level of care, where necessary.

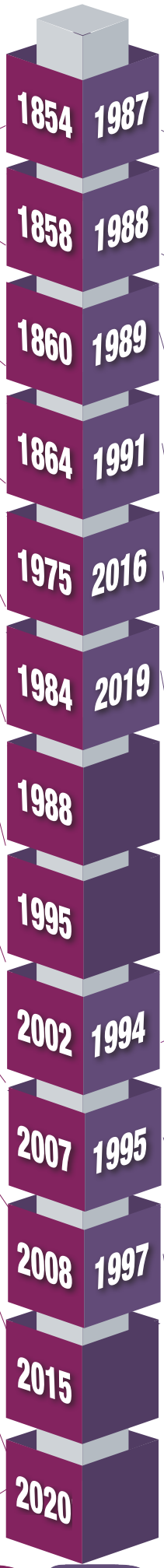
Aged Care Services

Caladenia Nursing Home and Dianella Village Hostel provide a home-like atmosphere with the security of assistance when required. Each facility has the capacity to support 30 care recipients. Respite care is also available.

Home Based Services

The District Nursing Service is funded through the Commonwealth Home Support Program (CHSP). This service helps older people stay independent and, in their homes, and communities for longer. We also receive state-based funding to provide support to younger people with disabilities living at home and produce delivered meals through the Victorian Home and Community Care program.

Our History



The Kilmore & District Hospital

1854
Hospital name was established

1858
The community raised funds of 1269 pounds and the Government granted 500 pounds for the building of a hospital

1860
Hospital opened and 86 patients treated in the first year

The original hospital is the second oldest of Victoria's District Hospitals and the most intact

1864
The Kilmore Hospital was incorporated under the provisions of the Hospitals & Charities Act on 17 November 1864

1975
The Hospital 20-bed ward was completed

1984
On the 29 July 1984 the extensions including the services wing and clinical support facilities were officially opened

1988
On the 23 November 1988, The Kilmore Hospital changed its name to The Kilmore & District Hospital to reflect the growing area that it served

1995
A major redevelopment project costing $2.2 million was completed on the 26 June 1995

Works included the renovations of existing operating theatre, general administration, the provision of new birthing suites, wards, a new accident and emergency area and 10 additional acute patient beds, increasing the total number of beds to 30 beds

2002
In 2002 an extension was built at the rear of the hospital to accommodate a dedicated reception for our Diagnostic Imaging service, capacity for the new CT scanner and ultrasound service

2007
Theatre Suite was renovated to ensure compliance with infection control standard and efficiency of patient service

2008
Hospital reception area was upgraded

2015
$20 million capital redevelopment was completed, including a dedicated outpatient facility, a second surgical suite, a day stay recovery area and an additional 30 acute inpatient beds

The project allowed for conversion of the existing consulting rooms into student accommodation and additional car parking

2020
The Kilmore & District Hospital changed name to Kilmore District Health

Caladenia Nursing Home

1987
On the 8 January 1987, The Kilmore Nursing Home Society was registered as a benevolent society under the provisions of the Hospital and Charities Act 1958

1988
Approval in principle to build Caladenia was received on the 25 May 1988 when we had funds in-hand of just $12,770

Three year fund raising campaign commenced with $1,502,730 in cash donations received over this time; $768,000 was received from the Commonwealth Government

1989
The Kilmore & District Nursing Home Society Inc. was incorporated under the Associations incorporation Act 1981 on 31 October 1989

1991
The construction of our 30 bed Nursing Home was completed during the 1990-91 financial year.

Our first resident moved in on the 17 June 1991 and Caladenia Nursing Home was officially opened on the 11 August 1991

2016
The Sensory Garden was opened on the 11 August 2016. This initiative was supported by a $10,000 grant from the Maggie Beer Foundation

2019
Significant Refurbishment (Stages 1 & 2) completed in February 2019

Dianella Village Hostel

1994
The Commonwealth Department of Human Services and Health granted approval in principle for a 30 bed Aged Care Hostel on 20 December 1994

1995
A major fundraising appeal was launched in 1995 with magnificent community support. Total donations of $707,000 were received. Together with the Commonwealth Government contribution of $847,000, Department of Veterans Affairs contribution of $160,000 and the Hospital contribution and borrowings, the total project funding and cost was $2.1m

1997
The construction of our 30 bed Hostel was completed during 1997

Our first resident moved in on the 18 August 1997

Dianella Village Hostel was officially opened on the 21 August 1997

Our Governance

Ms Kathryn Harris
Board Chair

Mrs Gillian Leach
Board Deputy Chair

Ms Kathryn Bell

Prof. John Lindsay Falvey

Ms Wendy Kelly

Mr Barnaby Ling

Dr Jane Lovell

Ms Jo-Anne Mazzeo

Ms Barbara Schade

Mr Graham Thomson

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health and is governed by the principles contained within the Health Services Act 1988 (as amended). The Board provides governance of Kilmore District Health and is responsible for its financial performance, strategic directions, the quality of its health care services and strengthening community involvement through greater partnerships.

Kilmore District Health by-laws enable the Board to delegate certain responsibilities. The by-laws are supported by the delegations of executive and operational responsibility, enabling designated executives and staff to perform their duties through the exercise of specified authority.

The Board meets monthly during the year with eleven General Committee Meetings and one special meeting focussing on strategic directions and planning. The Board Charter specifies a minimum of ten meetings to be held during the twelve-month period and Board Directors are required to attend a minimum of eight meetings each year. Eleven meetings were held during the year and all Board Directors met the attendance requirement.

All meetings of Board and Board Sub-Committees during 2021-22 have been conducted virtually.

2021-22 Board Directors

Date = First Appointment		Attendance
Board Chair	**Ms Kathryn Harris** 1 July 2016	11
Board Deputy Chair	**Mrs Gillian Leach** 1 July 2019	11
Directors	**Ms Kathryn Bell** 1 July 2020 (Resigned December 2021)	4
	Prof. John Lindsay Falvey 1 July 2021	11
	Mrs Wendy Kelly 1 July 2017	11
	Mr Barnaby Ling 1 July 2021	11
	Dr Jane Lovell 1 July 2019 (Resignation pending)	3
	Ms Jo-Anne Mazzeo 1 July 2020	10
	Ms Barbara Schade 1 July 2020	11
	Mr Graham Thomson 1 July 2019	11

Audit and Finance Board Subcommittee

The Audit and Finance Board Subcommittee membership comprises four Board Directors, in accordance with the independence requirements of the Standing Directions of the Minister of Finance under the *Financial Management Act 1994*. The Chair is nominated by the Audit and Finance Board Subcommittee on an annual basis.

The Audit and Finance Board Subcommittee membership included the following Board Directors: Mrs Gillian Leach, Ms Kathryn Harris, Mr Barnaby Ling and Ms Jo-Anne Mazzeo.

The Audit and Finance Board Subcommittee meets bi-monthly and assists the Board in monitoring compliance with laws, regulations, standards and internal controls. Key responsibilities for the Audit and Finance Board Subcommittee include developing and overseeing the hospital's internal audit plan and review of the draft Annual Accounts. All the committee members are independent of management.

Clinical Governance Board Subcommittee

The Clinical Governance Board Subcommittee membership comprises four Board Directors and two independent clinical experts. The membership included the following Board Directors: Mr Graham Thomson (Chair), Ms Gillian Leach, Prof Lindsay Falvey and Ms Barbara Schade. The independent members appointed to the committee were Ms Chris Best and Dr Wanda Stelmach.

Our consumer member Ms Lauren Kathage continues to support this committee in 2021-22. Lauren provides positive feedback, with respect to her engagement on this committee.

The Clinical Governance Board Subcommittee aims to ensure that the community receives high quality and safe care close to home and that Kilmore District Health is committed to the constant improvement of all clinical and care services. The committee meets bi-monthly to review and analyse information detailing the clinical care activities undertaken at Kilmore District Health.

Community Advisory Board Subcommittee

The Community Advisory Board Subcommittee membership comprises two Board Directors and up to ten consumer members who represent a diverse community perspective. The Chair of the Subcommittee is one of the consumer members and is nominated by the Subcommittee on an annual basis. We are grateful to Ms Julie Metaxotos who stepped down as Chair in August 2021 and thankful to Ms Helen Clancy who was nominated as the new Chair by the Subcommittee.

The Community Advisory Board Subcommittee membership included the following Board Directors: Mrs Wendy Kelly and Mr Graham Thomson.

The Community Advisory Board Subcommittee meets bi-monthly and advises the Board on consumer and community participation in the development and delivery of services.

Governance and Remuneration Board Subcommittee

The Governance and Remuneration Board Subcommittee membership included the following Board Directors: Ms Kathryn Harris (Chair), Ms Wendy Kelly and Ms Gillian Leach.

The Governance and Remuneration Board Subcommittee meets three times per year and is responsible for advising and making recommendations to the Board of Directors in relation to matters involving organisational governance and administration, performance of the Chief Executive Officer, Executive staff remuneration; and recruitment and terms and conditions of employment.

Our Leadership

CHIEF EXECUTIVE OFFICER

A/Prof Arish Naresh

J.P, MHSc(Dist), PG HSM, PG HSc, Dent Therapy(Hons), Adv Cert IT,PhD, FHSM CHE, CSM,MInsD, MNZM, MAICD,AICGG

Accountable to the Board for the efficient and effective management of Kilmore District Health. Primary responsibilities include executive leadership, development and management of operational policy and strategic priorities agreed with the Board and in accordance with the funding, planning and regulatory framework of the Victorian Government Department of Health.

DIRECTOR FINANCE AND SUPPORT SERVICES, CHIEF FINANCIAL AND PROCUREMENT OFFICER

Mr Colin Clark

BEc (Acc)

Responsible for providing financial management leadership and oversight of the organisational financial position. The position is also responsible for leading and managing the development of effective and efficient financial and corporate support services, including health support services, contracts and procurement, financial services and information technology services.

DIRECTOR CLINICAL AND AGED CARE SERVICES, CHIEF NURSING AND MIDWIFERY OFFICER

Ms Jennifer Gilham

BNurs RIPERN GradDipHlthMgt

Responsible for inpatient and non-admitted clinical services, aged care services, after-hours' coordination, clinical support, allied health. The role encompasses clinical leadership, clinical governance and strategic and operational service planning. As Chief Nursing and Midwifery Officer, the role also has professional responsibility and leadership for all nursing and midwifery staff, the clinical competence framework and nurse education.

DIRECTOR MEDICAL SERVICES, CHIEF MEDICAL OFFICER

Dr Martin Duffy

MBBS MPH AFRACMA FANZCA

Responsible for professional leadership of the medical workforce. This role is accountable for the maintenance of professional standards of medical staff ensuring best practice guidelines and patient centred care philosophies are followed. Clinical governance, risk management, service development and continuity of care form the cornerstone of this role.

DIRECTOR DEVELOPMENT AND IMPROVEMENT

Ms Kirrily Gilchrist

BHIM

Accountable for the effective leadership and management of quality improvement, risk management and performance monitoring frameworks. This position is responsible for ensuring an effective, coordinated, organisation-wide approach to the provision of quality improvement, incident and risk management, patient safety, health information and knowledge management; and performance monitoring and planning.

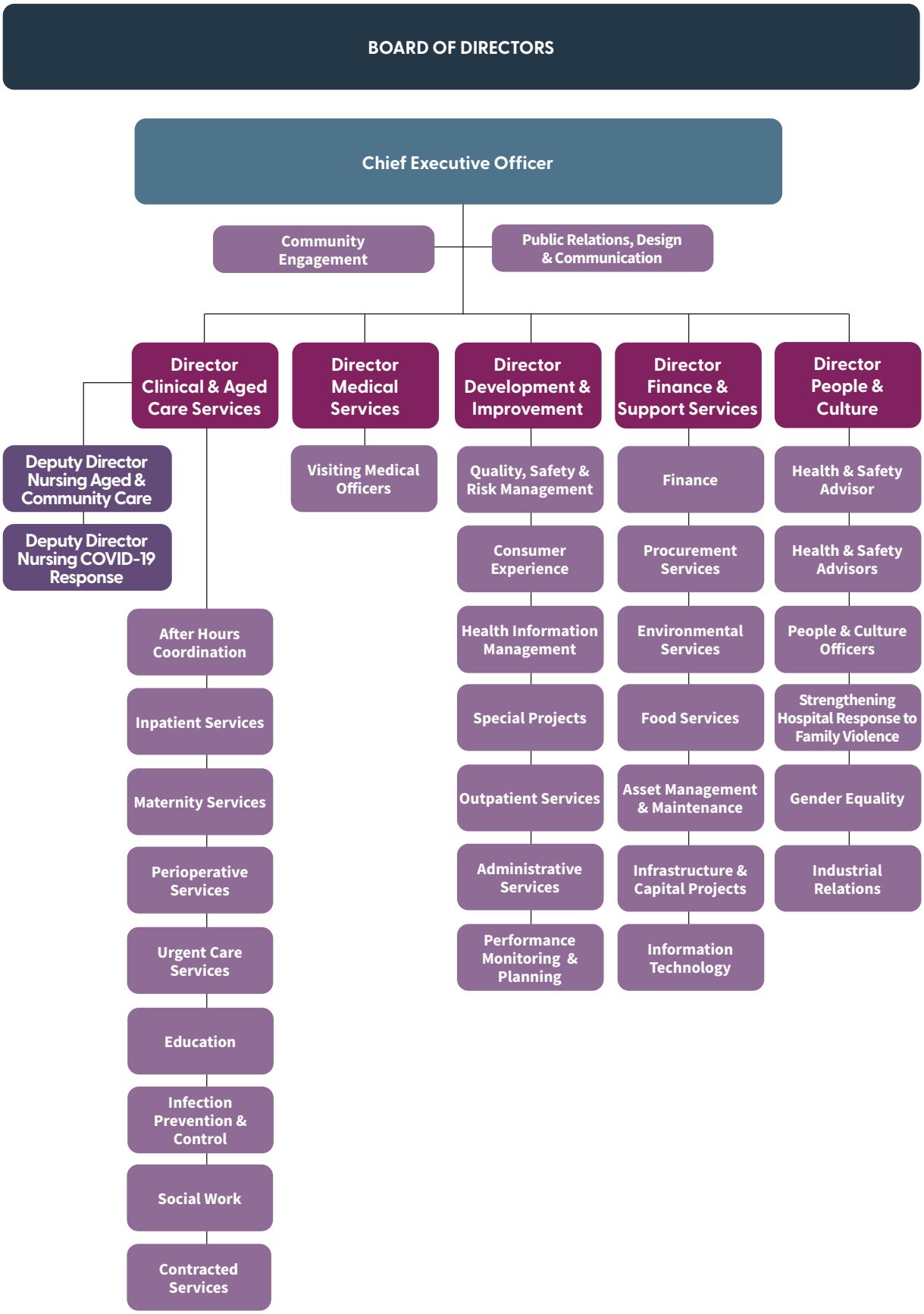
DIRECTOR PEOPLE AND CULTURE

Ms Kate Bishop

BBUS (HRM & Acc)

Provides strategic and operational expertise to the CEO, Leadership Team and employees on all people related matters including performance and talent management, organisational design and development, engagement, reward and recognition, HR Systems and reporting and change management. Focus on promoting a positive, high performing workplace culture and ensuring the ongoing development and support of team members, leaders and emerging leader.

Organisational Structure



Our Supporters

Kilmore District Health is most appreciative of the continued support of our donors, Hospital Auxiliary, Opportunity Shop Committee and Volunteers.

Donors	Community Supporters
KDH Opportunity Shop	Kilmore Alcoholics Anonymous
KDH Auxiliary	Mitchell Masonic Lodge
Mr Greg Heffernan	Bunnings
Broadford Lions	
A Harris	
Conundrum Holdings Pty Ltd	
Wallan Circle of Friends	
Property Republic	

The financial donations and funding we receive enable us to improve our services to patients through the purchase of new equipment. In 2021-22 we received over $63,169 from our donors.

Hospital Auxiliary

We take this opportunity to thank our Hospital Auxiliary members who despite the pandemic continue to raise vital funds both within the hospital and the wider community. In 2021-22 the Auxiliary provided the hospital with funds raised in excess of $5,000. The opportunities available to the Auxiliary for fundraising were severely limited due to the restrictions resulting from the COVID-19 pandemic.

The funds raised by the Hospital Auxiliary have supported the purchase of the essential equipment for our Urgent Care Centre.

Opportunity Shop Committee

A group of very dedicated volunteers run the Kilmore Opportunity (Opp) Shop Thursday, Friday and Saturday mornings and the profits raised directly benefit Kilmore District Health. The work of these volunteers is invaluable. In 2021-22 the Opportunity Shop Committee provided the hospital with funds raised in excess of $33,500. These funds supported the purchase of essential equipment for our inpatient ward.

Volunteers

Our Health Service is fortunate to have a very dedicated group of volunteers who assist in a range of roles and offer that extra bit of help to reassure patients in need. Our volunteer activity has been directly affected by the pandemic restrictions, with many of them belonging to identified vulnerable cohorts. Towards the end of 2021-22 we saw a number of volunteers return to assist in our Inpatient Unit, Theatre Suite, Aged Care Services, and Outpatient Consulting Suites whilst also supporting external events and initiatives.

We sincerely thank all our volunteers for their commitment to our organisation.

We also appreciate the contributions made by consumers who kindly provide their time to sit on our Community Advisory Board Subcommittee, act as patient ambassadors and are members of our consumer register. Our consumers make up a very special workforce who represent the voices of our patients. We currently have ten consumers on our register who have partnered with the hospital to provide their feedback and help us work towards implementing positive changes across the hospital.

All volunteers are required to maintain a satisfactory Criminal Record Check and Working with Children Check as part of our Child Safe Policy requirement.

Life Governors

An award of Life Governor may be conferred upon a person to recognise a significant contribution through voluntary, philanthropic and/or professional service to Kilmore District Health.

Service worthy of note may include: excellence/length of service as a volunteer; significant philanthropy; outstanding achievement and supporting service excellence; an exceptional contribution in years of service or effort; or contributing significantly above and beyond expectations of their role.

The purpose of the award is to recognise and honour people whose service and personal contributions, given willingly and freely, has resulted in a significant benefit to Kilmore District Health.

The award comprises a framed Certificate of Appointment, presented at the Annual General Meeting, usually held in the month of November.

Kilmore District Health's current Life Governors appointed up to and including 30 June 2022 are:

- Mr Peter Appleton
- Mrs Pat Arnott
- Mr Wally Arnott
- Ms Nancy Bidstrup
- Mrs Kaye Chapman
- Dr Peter Condos
- Dr Walter Cosolo
- Dr Barry Dawson
- Ms Elizabeth Dillon-Hensby
- Mr John Dixon
- Mrs Astrid Djulinac
- Dr John Griffiths
- Mrs Shirley Jean Hillier
- Dr Denis Holland
- Dr Suresh Jain
- Mrs M Merritt
- Ms Julia McGill
- Dr Das Panch
- Mrs Shirley Robinson
- Mr Allan Ryan
- Dr Frank Ryan
- Mr Allan L Smith
- Mr Ian Bentleigh Still
- Mr Alan J. Stute
- Mrs Barbara Sutton
- Mrs Marie Walters
- Mr Michael Wilson

Dr Sarwat Shenouda Midwife Award

The Dr Sarwat Shenouda Midwife Award was developed in memory of Dr Shenouda who was the cornerstone of the Hospitals' obstetric service for over 20 years. Dr Shenouda became a Life Governor of The Kilmore & District Hospital in 2017 and was highly regarded by his peers and the community he served so generously. Sadly, Dr Shenouda passed away in 2019.

This award recognises outstanding contributions by a midwife to our maternity services, as nominated by their peers.

Tania Nicholson was the recipient of this year's award.

Tania is the Nurse Unit Manager for our Inpatient and Maternity Services and has been at Kilmore District Health for more than 17 years. Tania was granted $500 to undertake further study.

Our People

Kilmore District Health recruits high quality staff with the right skills to deliver the key objectives of the position, business units and organisation.

Workforce by Labour Category

Labour Category	June Current Month FTE 2021	June Current Month FTE 2022	Average Monthly FTE 2021	Average Monthly FTE 2022
Nursing	114.77	120.25	105.4	122.88
Administration and Clerical	33.51	42.55	26.94	43.56
Medical Support	3.26	3.23	3.57	4.31
Hotel and Allied	31.96	40.69	31.88	41.62
Hospital Medical Officers	2.09	0.48	1.89	1.24
Sessional Medical Specialists	0.25	0.34	0.25	0.36
Ancillary Staff (Allied Health)	10.61	2.85	11.06	2.96
Total	**196.45**	**210.39**	**180.99**	**216.93**

Kilmore District Health is committed to the application of the employment and conduct principles and all employees have been correctly classified in workforce data collections.

Recruiting Staff

Kilmore District Health had a very productive year in continuing to grow and develop our team. At the end of the 2021-22 financial year we had 409 employees with 88 new staff joining us over the year. The new staff members included both permanent and casual employees.

Our Visiting Medical Officer (VMO) Group currently has a total of 88 credentialed VMOs. The VMO craft groups included Surgical, Obstetrics and Gynaecology, Urology, Geriatric Medicine, Sleep Therapy, Cardiology, Orthopaedics, Dental Surgery, Ears Nose and Throat and General Practice specialities. In addition to the services provided by our VMOs, we have a reciprocal arrangement with both Northern Health and Austin Health VMOs to undertake Theatre lists from these organisations. The increase in VMOs and services has had a positive impact on the services and care being provided to the community.

Pre-employment Safety Screening

The organisation has a detailed and thorough credentialing and pre-employment verification to ensure we sustain safety and quality of health care provision. Applicable clinical staff are required to hold and maintain current registration with the relevant National Board in conjunction with the Australian Health Practitioner Regulation Agency (AHPRA) or equivalent. Registration verification has been streamlined through direct access to the AHPRA website. This enables Kilmore District Health to ensure that all clinical staff hold the necessary registration and notifies the organisation if any clinician has additional notifications or restrictions to their practice.

All staff are required to maintain a satisfactory Criminal Record Check and Working with Children Check as part of our Child Safe Policy requirement. This is part of our commitment to provide a Child Safe environment for all who enter and engage with Kilmore District Health.

Along with this, we are continuing working on the implementation and roll out of the National Disability Insurance Scheme worker screening which came into effect on the 1 February 2021.

Payroll

Payroll was managed in-house for part of the year with it being outsourced to Goulburn Valley Health in October 2021. In total, 8,771 pays were processed for Kilmore District Health staff during 2021-22.

Employee Assistance Program

The Employee Assistance Program is a confidential external counselling service available to staff. The service helps in addressing personal concerns or work-related issues that have an impact on wellbeing and quality of life. There were 14 counselling sessions accessed by staff during 2022. In addition to this, we had a Counsellor from Access EAP come onsite to conduct debrief sessions with our staff on three occasions which involved group and individual debriefing sessions.

Developing Our Workforce

Kilmore District Health's education program develops the capacity, performance and capability of our staff. Education programs are specific for nursing, medical, allied health and administrative staff.

The mandatory training framework outlines training requirements by role. The online learning system profiles individual training schedules of mandatory and professionally recommended education courses for staff to ensure they maintain the knowledge and skills to perform their role safely.

Managers are required to conduct annual performance appraisals for their team members. This provides a formal framework to ensure performance discussions are held to review past achievements and set goals for the next twelve months.

Our in-service education program is robust and incorporates a range of topics. Planning may involve input from senior leaders, staff suggestion, VHIHMS, clinical case review recommendations, policy review and practice change. We work with the Hume Region Nurse & Midwife Educators Group and also link with metropolitan education teams to facilitate access to webinars and study days.

Workplace Training and Experience

In 2021-22 Kilmore District Health provided placement opportunities for over 160 students. The majority were participating in nursing professional practice placements both Registered Nursing and Enrolled Nursing with students working across our inpatient, theatre services, urgent care, district nursing and aged care services. We supported two nurses to complete placement required for re-entry into the nursing workforce to support their application for AHPRA registration.

Each year we support our local schools' work experience program which has now recommenced following being suspended due to COVID restraints.

Kilmore District Health has established relationships with many universities and training organisations including: Federation University, Victoria University, Charles Sturt University, GOTafe, Deakin University, James Cook University, Charles Darwin University, RMIT, Latrobe University and the University of South Australia. Students may attend placement for two to eight weeks depending on the university or training organisation requirements and each placement is tailored to ensure the student achieves agreed upon objectives.

We take part in annual placement planning activities by the Department of Health and Human Services to support ongoing facilitation of student placement, support and best practice in learning and education.

Work Health and Safety

Kilmore District Health is committed to providing a safe environment for employees, patients, visitors, volunteers and contractors. We operate in accordance with the *Victorian Occupational Health and Safety Act 2004, Occupational Health and Safety (OHS) Regulations 2017,* the *Workplace Injury Rehabilitation and Compensation Act 2013* and other relevant legislation.

In 2021-22, staff were involved in health and safety decisions through meetings of the Work Health and Safety Committee and regular consultation with health and safety representatives.

All Work Health and Safety incidents are investigated to identify and implement remedial action. Regular workplace inspections are carried out and we encourage health and safety representative involvement in the identification and control of OHS hazards.

Staff wellbeing has been an ongoing focus of 2021-22 with the Wellbeing Working Group continuing to deliver regular inhouse wellbeing activities for staff, including terrarium making supported by Bunnings Craigieburn, onsite food vans, pilates sessions, and onsite neck and shoulder massages.

Workers Compensation

There were four new WorkCover claims accepted in 2021-22. Of these, three claimants have returned to full duties, while the fourth is being supported on alternative duties.

Occupational Health and Safety Statistics	2021-22	2020-21	2019-20
The number of reported hazards/ incidents for the year per 100 FTE	73.7	89.3	56
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.84	1.65	2.5
The average cost per WorkCover claim for the year ('000)	$22	$5.5	$19

Occupational Violence and Aggression

Occupational violence and aggression (OVA) is defined as any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment, regardless of intent.

The Work Health Safety Committee has oversight of OVA issues across the organisation, reviewing serious incidents and addressing specific occupational violence concerns and promoting staff safety.

Implementation of the action plan developed to address environmental security and staff safety risks continued in 2021-22, with a large-scale upgrade to closed circuit television system implemented in 2021-22.

Significant changes to the management of OVA occurred in 2021-22, with staff participating in specialised training with an external provider to enable them to provide an onsite response to de-escalation of OVA. An online training package specifically developed for Kilmore District Health was implemented in 2021-22, to provide staff with easily accessible, relevant training in early identification, de-escalation, and response to OVA. This training is mandatory for all staff, and an annual mandatory competency for front line staff.

Kilmore District Health reports the following occupational violence statistics for 2021-22:

Occupational Violence Statistics	2021-22
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	75
Number of occupational violence incidents reported per 100 FTE	34.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	6.45

Definitions:

For the purposes of the above statistics 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, regardless of intent.

Incident: An event or circumstance that could have resulted in, or did result in, harm to an employee.

Accepted WorkCover claims: Accepted WorkCover claims that were lodged in 2021-22.

Lost time: Is defined as greater than one day.

Injury, illness or condition: This includes all reported harm as a result of an incident, regardless of whether the employee required time off work or submitted a claim.

Employee recognition programs

Our staff continue to go above and beyond to achieve excellence. We aim to provide a platform for meaningful recognition that contributes to increased staff engagement and positive workplace behaviours.

In 2021-22 we continued our peer nominated awards program based on our REACH values of Respect, Excellence, Accountability, Compassion and Honesty. Staff nominate their peers who have gone above and beyond and exemplified one or more of our REACH values. Nominees are acknowledged at staff forums held every four months. Since the awards were introduced in July 2018 there have been over 400 nominations from across all disciplines of our workforce.

Recognising Excellence Staff Awards

Our annual Recognising Excellence Staff Awards continued to promote and highlight outstanding achievements demonstrated during the year. The awards cover five categories each representing a governance domain: leadership and culture, clinical and corporate effectiveness, consumer partnerships, workforce and risk management.

Risk Management Award
Theatre Staff
Elimination of Surgical Plume in Theatre

Workforce Award
Ray Gatt and Liam Wilson
Repurpose tearoom & pan room into two clean, functional pharmacy rooms

Consumer Award
Prue Shannon, Steph Elliott, Mel Markey, Hayley Mitchell and Jade Sheather
Improvement of aged care activities planner

Effectiveness Award
COVID-19 Vaccination Clinic
Development of a COVID-19 Vaccination Sub-Hub to provide Vaccinations to the community

Leadership And Culture Award
Jennifer Grech, Jitka Jilich, Fiona Ballinger, Andrea Traficante and Tania Nicholson
Introduction of telehealth

Leadership And Culture Award
Lisa Carlyon, Clare Poker, UCC, HIS, Environmental and Maintenance staff
Establishment of external COVID-19 testing at JJ Clancy Reserve

2021-22 REACH Heroes

RESPECT Heroes
Leanne Bartels for providing passionate care for residents
Sarah Donehue compassion whilst supporting the admin team with an aggression incident
Chloe Banson for always being respectful and supportive of the team

EXCELLENCE Heroes
Deirdre Payne for assisting the ward to separate and save medication packaging for recycling
Monika Nichols for being helpful and going out of her way to ensure work is completed to the highest standard
Gabrielle Ogrodnik for always being extremely helpful and hard working
Renae Gibaud for co-ordinating the donation of 200 plants to replace trees that needed to be removed
Sue Ryan for amazing work towards improving consumer food and dining experiences at Caladenia
Taylah Muir, Kate Bowe, Leanne Freestone & Stephanie Elliott for outstanding contribution towards improving wound and pressure area care

ACCOUNTABILITY Heroes
Senior Leadership Team for supporting the implementation of VHIMS2
Katrina Floyd for stepping up and filling voids when required whilst providing excellence in her work
Amanda Ingham for assisting with an important audit and contributing to the important work in the PAS replacement

COMPASSION Heroes
Chenoa Mullis for her ability to listen and show empathy whilst also supporting decision making with her team
Robert Smith Assisting the stores department when they were extremely busy
Regula McKinlay for consistently seeking to provide compassionate care to our patients
Lucy Zhuang for providing excellent care for her patients in recovery and beyond

HONESTY Heroes
Antoinette Godinet for always being caring and patient
Robyn Laws for always giving 100% to staff and residents and being approachable and honest
Jessica Renegado for supporting, encouraging and lifting up the team during difficult times

REACH Superheroes
Swabbing Team for their flexibility and ensuring we provide a safe service for our community
Kate Bishop for embodying all our values, everyday
Sophie Ferguson has excels in all areas of REACH with her patient focused care, respectful nature and compassion to all patients
Deborah Stavrinou for an amazing job in supporting the admin team and being a leader of the team

Our Priorities

Strategic Priorities

Goals	Strategies	Deliverables	Outcomes
COVID-19	Maintain robust COVID-19 readiness and response to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	Compliance with all COVID-19 policy directions and health service facility lock down restriction requirements.	100% compliance.
		Deliver COVID-19 testing/swabbing to meet community demand.	Drive-through testing site established at local football oval. Moved back on-site to Kilmore District Health due to decreased demand for PCR testing. Rapid Antigen Testing distribution established on-site.
		Maintain COVID-19 Vaccination Clinic.	COVID-19 Vaccination clinic fully operational. Clinic closed June 2022 as per Government directions.
		Support COVID-19 staff vaccination.	Staff education and awareness campaigns delivered. Staff vaccinations offered through COVID-19 vaccination clinic.
		Ensure Residential Aged Care residents receive COVID-19 vaccination.	100% of Residential Aged Care residents received vaccination and boosters.
		Regular staff COVID-19 communications.	Regular staff communications, flexed depending on COVID-19 activity.
		Work with local government and other health service partners to deliver safe care and to support community awareness and strategies to improve access to care during the pandemic.	Ongoing working relationship with Mitchell Shire and other key partners. Successfully achieved compliance with unannounced Infection Control Assessment.

Goals	Strategies	Deliverables	Outcomes
Engaging with the community	Engage with the community to address the needs of patients, especially vulnerable Victorians.	Community Connect quarterly newsletter.	Published quarterly, distributed internally, externally and through the Kilmore District Health website and social media.
		Kilmore District Health Facebook.	Active social media content.
		Community Advisory Board Subcommittee.	Regular virtual meetings with consistent consumer and community membership.
		Reconciliation Action Plan Committee.	Reconciliation Action Plan Working Group established with eight members.
		Compliments and Complaints.	Complaints in 2021/22 total 102 with one being serious complaints. 76% of complaints were responded to within 30 days. Compliments are shared directly with managers, staff and consumers in person and on our Knowing How We Are Going boards. Compliments are also shared regularly to all committees as patient stories.
		Launched Care Opinion in March 2022.	Received more than 10 positive patient stores through the care opinion platform.
		Engagement with local Media.	Regular articles in the local paper with distribution to our region as well as an online platform.
Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways	Address crucial mental health demand pressures and support implementation of mental health system reforms.	Working closely with Goulburn Valley Health to further develop a satellite mental health service.	Meetings and discussions held.

Goals	Strategies	Deliverables	Outcomes
Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into the organisation	Improve health and wellbeing outcomes for Aboriginal and Torres Strait Islander communities	Implement a comprehensive cultural awareness training program for all staff and volunteers, adding local content.	Launched the Wandeat Bangoongagat Aboriginal Cultural Competency e-Learning package, adding relevant local content. 100 staff have completed this training.
		Implement Reconciliation Action Plan.	Reconciliation Action Plan completed and officially launched in February 2022.
		Strengthen connection with Aboriginal community-controlled organisations.	Developed relationships with Rumbalara Aboriginal Cooperative and Seymour Local Aboriginal Network.
		Department of Health Aboriginal and Torres Strait Islander Cultural safety framework – includes reflective tool organisation tool – completed with key stakeholders.	Completed with key stakeholders.
Actively collaborate on the development and delivery of priorities within the Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivery against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.	Hume Health Services Partnership (HHSP) working groups	Participate in Surgical reform program to support the elective surgery waitlist. Identify opportunities for funding for better@home programs. Support the staged implementation of the Victorian Virtual Emergency Department across Hume region.	Additional elective surgery lists secured through HHSP to enable our community to receive greater access to certain elective surgery procedures. Funding secured to lead the co-design work for our sub region.
	Goulburn Valley Public Health Unit	Deliver COVID vaccination Program for staff and community. Provide COVID testing for community. Provide support at home through COVID positive pathways.	Successful vaccination program with over 34,000 vaccinations delivered. Testing program including drive-through testing site in Kilmore, undertaking more than 500 tests per day at its peak. Positive pathways program supported 22% of Goulburn Valley regions activity since its commencement.
	Participation in the Hume Regional Telehealth Strategy	Telehealth strategy connected care.	Connect our consumers to the care they need by providing telehealth that is safe, timely and easily accessible.
	Strengthening relationships with Northern Health and Austin Health	Increased surgical lists.	Providing increased elective surgery procedures to the community.

Performance Priorities

High Quality and Safe Care

Key performance measure	Target	2021-22 Result
Infection prevention and control		
Compliance with Hand Hygiene Australia program	85%	90.5%
Percentage of healthcare workers immunised for influenza	92%	95%
Patient Experience - Victorian Healthcare Experience Survey		
Percentage of positive patient experience responses - Quarter 1	95%	100%
Percentage of positive patient experience responses - Quarter 2	95%	100%
Percentage of positive patient experience responses - Quarter 3	95%	97%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.4%	2.4%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0%

Small Rural Health Service Activity Reporting

Key performance measure	Target	2021-22 Result
Organisational culture People matter survey – Percentage of staff with an overall positive response to safety and culture survey questions	62%	77%

Effective Financial Management

Key performance measure	Target	2021-22 Result
Operating result ($M)	0.00	0.2
Average number of days to paying trade creditors	60 days	82
Average number of days to receiving patient fee debtors	60 days	5
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.05
Number of days available cash, measured on the last day of each month	14.0 days	114.4
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	$868,796

Small Rural Health Service Activity Reporting

Funding type	2021-22 Activity Achievement
Small Rural Acute	1,370
Small Rural Primary Health & HACC	265
Small Rural Residential Aged Care	19,574

Our Performance at a Glance

Admitted	2021-22	2020-21	2019-20	2018-19	2017-18
Acute					
Inpatients treated incl. same day (inc BU) [i]	2,441	1,904	2,411	2,523	2,852
Beddays [i]	4,279	3,934	4,880	5,245	5,890
Average Length of Stay	3.39	2.15	2.02	2.08	2.07
Geriatric Evaluation and Management (GEM)					
Number of Separations [i]	127	139	147	153	156
Beddays [i]	3,253	2,948	3,025	3,282	3,294
Average Length of Stay [i]	25.61	21.21	20.58	21.45	21.12
Operating Theatre					
Number of Operations	2,023	1,863	1,617	1,537	2,007
Number of Contract Operations [ii]	754	726	530	480	661
Maternity					
Births	239	219	212	240	258
Non-Admitted					
Outpatient Attendances	7,727	6,401	6,201	5,526	6,145
Urgent Care Centre (UCC) Attendances	14,500	18,244	9,556	8,938	9,199
Community Services					
District Nurse Visits	2,417	3,114	4,140	4,723	5,690
Meals on Wheels	10,400	11,064	8,821	8,868	10,589
Aged Care					
Nursing Home					
Beddays	9,029	9,566	10,061	9,763	9,927
Occupancy	87%	87	91.88	88.67	90.66
Hostel					
Beddays	10,545	10,462	10,451	10,761	10,719
Occupancy	96%	96	95.44	98.27	97.89

[i] *Service contracted with Northern Health - GEM patients*

[ii] *Service contracted with Northern Health & Austin Health*

Admitted patient data is to be sourced from the Victorian Admitted Episode Dataset (VAED), and definitions are in accordance with the standards in the VAED Manual. The VAED is not final for 2021-22.

Non-admitted data is in accordance with the definitions in the Agency Information Management System (AIMS) manual.

Our COVID-19 Response

8,855
vaccines administered

Vaccines

100%
vaccinations up to date

Aged Care Residents

45,143
RAT tests distributed

RAT Tests

414
Staff Fit tested for masks

Fit Testing

31,193
PCR tests performed

PCR Tests

1,280
patients monitored

Positive Pathways Patients Monitored

COVID-19 data for 2021-22

Our Finances

For the year ended 30 June 2022 compared with the last five financial years

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Operating Result*	208	200	206	120	(122)
Total Revenue	38,394	31,601	27,563	26,169	23,721
Total Expenses	39,123	32,489	28,418	27,558	25,929
Net result from transactions	(729)	(888)	(855)	(1,389)	(2,208)
Total other economic flows	19	89	9	56	1
Net Result	**(710)**	**(799)**	**(846)**	**(1,333)**	**(2,208)**
Total Assets	41,047	38,646	39,549	36,918	36,918
Total Liabilities	15,576	13,872	13,976	10,500	9,888
Net Assets / Total Equity	**25,471**	**24,774**	**25,573**	**26,419**	**27,030**

* The Operating result is the result for which the Health Service is monitored in its Statement of Priorities
Prepared in accordance with Australian Accounting Standards which include A-IFRS

Reconciliation of Net Result from Transactions and Operating Result

	2021-22 $'000
Net Operating Result	**208**
Capital purpose income	1,440
Specific income	-
COVID-19 State Supply Arrangements	1,041
• Assets received free of charge or for nil consideration under the State Supply	
State supply items consumed up to 30 June 2021	858
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for capital purposes	-
Depreciation and amortisation	2,334
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	**(729)**

Significant Changes in Financial Position During 2021–22

A $1,952 operating surplus was forecast at the beginning of the year however the end result was a surplus of $208,080. The variance to target is immaterial given the associated costs and revenues relating to COVID throughout the year.

Summary of Major Changes or Factors which have Affected the Achievement of Operational Objectives for the Year

There were various movements against budget both from a revenue and cost perspective that only marginally affected the result. As per the prior year the costs associated with COVID-19 were largely offset through additional grant allocations from DH as well as Personal Protective Equipment stock received free of charge through the central state supply.

Events Subsequent to Balance Date, which may have a Significant Effect on the Operations of the Entity in Subsequent Years

There have been no significant events subsequent to balance date affecting the operations of the hospital.

Revenue Indicators as at 30 June 2022

Average Collection Days	2021-22	2020-21
Private Inpatient Fees	9.5	12.6
District Nursing Services	26.3	35.3

Outstanding Debtors as at 30 June 2022

Average Collection Days	Under 30 Days ($)	30-60 Days ($)	61-90 Days ($)	Over 90 Days ($)	Total June 2022 ($)	Total June 2021 ($)
Hospital - Inpatient Fees	17,636	1,784	-	4,921	24,341	34,324
District Nursing Fees	19,740	-	-	-	19,740	6,759
Residential Aged Care	4,009	-	-	-	4,009	5,666
Total	**41,385**	**1,784**	**0**	**4,921**	**48,090**	**46,749**

Consultancies less than $10,000

In 2021-22 Kilmore District Health engaged five consultants where the total fees payable to the consultant were less than $10,000, with a total expenditure of $18,704 (excluding GST).

Consultancies more than $10,000

In 2021-22 Kilmore District Health engaged eight consultants where the total fees payable were in excess of $10,000 (excluding GST) with a total expenditure of $203,160:

Consultancy	Purpose of Consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2021-22 (excluding GST)	Future expenditure (excluding GST)
Provider Assist	Review of new funding model in aged care				$ 28,600	
LEHR Consulting	Fire Safety Audit				$13,000	
Bamford Dash Pty Ltd	Architectural services and quantity surveying				$14,000	
Smith Bros Media	Marketing campaign				$24,990	
Manning Consultants	Maternity & UCC Service Planning				$19,740	
Health Recruitment Specialist	CEO Recruitment				$15,000	
Workplace Plus Pty Ltd	Industrial relations consulting				$11,250	
ZED Consulting	Service Optimisation planning				$76,580	

Disclosure of Information and Communication Technology (ICT) Expenditure

Kilmore District Health's total ICT expenditure incurred during 2021-22 is $0.798 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 and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$0	$0.798 million	$0.486 million	$0.312 million

Our Compliance

Building and Maintenance Compliance

During 2021-22 Kilmore District Health buildings complied with the *Building Act 1993* as evident in the annual certificate of compliance of essential services. In order to ensure buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place. In addition, Kilmore District Health complies substantially with the Department of Health Fire Risk Management Guidelines.

Carers Recognition

The *Carers Recognition Act 2012* recognises, promotes and values the role of carers. Kilmore District Health understands the different needs of carers and the value they provide to the community. Kilmore District Health takes practical measures to ensure that our staff have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient- and family-centred care and to involving carers in the development and delivery of our services. Kilmore District Health was not required to make any disclosures during the reporting period.

Compliance

Kilmore District Health has complied substantially with the requirements of the Victorian Public Sector Financial Management Compliance Framework for the year ended 30 June 2022.

Freedom of Information

Members of the public can make a Freedom of Information (FOI) request in writing to Kilmore District Health, addressing it to the Manager of Health Information, who is the delegated officer for which requests are to be made. There is a standard application fee for all requests as well as any search, photocopying and postage fees which are determined on a case by case basis.

In 2021-22 Kilmore District Health received 52 FOI requests. All applications were assessed according to the *Freedom of Information Act (1982)* requirements and prescribed in section 7(4). Request types in 2021-22 ranged from solicitor and consumer requests.

Further information regarding FOI can be found at the https://ovic.vic.gov.au

Local Jobs First Act 2003

In 2021-22 there were no contracts requiring disclosure under the Local Jobs First Policy.

Kilmore District Health complies with the intent of the *Victorian Industry Participation Policy Act 2003* and has no requirements of disclosures for the 2021-22 financial year. The Act requires, wherever possible, local industry participation in supplies, taking into consideration the principle of value for money and transparent tendering processes.

Merit and equity principles

Kilmore District Health ensures a fair and transparent process for recruitment, selection, transfer and promotion of staff. It bases its employment selection on merit and complies with the relevant legislation. Policies and procedures are in place to ensure staff are treated fairly, respected and provided with avenues for grievance and complaint processes.

National Competition Policy

In accordance with the Competition Principles Agreement, Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities.

Kilmore District Health continues to comply with the National Competition Policy. The Victorian Government's competitive neutrality pricing principles for all relevant business activities have also been applied by Kilmore District Health.

Privacy

Privacy is an important part of the culture at Kilmore District Health. Since the *Health Records Act (2001)* became legally binding in 2002, the Health Service has aimed to ensure all staff are aware of the Act and its implications in the workplace. The Health Service also aims to ensure compliance with the *Privacy and Data Protection Bill (2014)*.

Kilmore District Health's Privacy Officer role is delegated to the Manager Health Information, Ms Justine Muston (until December 2021) and Ms Claire Poulter (from December 2021).

Public Interest Disclosure

Kilmore District Health is an agency subject to the *Public Interest Disclosure Act 2012* which enables people to make disclosures about improper conduct within the public sector without fear of reprisal.

The Act aims to ensure openness and accountability by encouraging people to make disclosures protecting them when they do. Kilmore District Health was not required to disclose any issues under the Act in 2021-22.

Safe Patient Care

The *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015* aims to ensure quality care and better patient outcomes. The purposes of the Act are to provide for requirements that the operators of certain publicly funded health facilities staff certain wards with a minimum number of nurses and midwives and the reporting of compliance with and enforcement of those requirements.

Kilmore District Health understands the nurse to patient and midwife to patient ratios applicable to our organisation and takes practical measures

to ensure that our service is staffed in accordance with the Act. The hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Gender Equity Act 2020

The *Gender Equality Act 2020* promotes gender equality by requiring the Victorian public sector, local councils and universities to take positive action towards achieving workplace gender equality.

Kilmore District Health conducted a detailed workplace gender audit in early 2022 which formed a base line against which we will measure the impact of our strategies to improve gender equality in the workplace. The findings of the audit identified the key equality issues at Kilmore District Health and informed the strategies and measure outlined in the Gender Equality Action Plan 2021-2025. The plan was submitted to the Gender Equality Commission in June 2022 (a revised deadline from the previous requirement of 1 December 2021).

The Gender Equality Action Plan lists the key issues identified through the workplace audit and lists details actions to address the identified issues. The next 12 months will involve an extensive implementation plan to ensure that real and measurable change results from our efforts to address gender inequality at Kilmore District Health in preparation for the submission of our first progress report to the Gender Equality Commission in October 2023.

Environmental Achievements

Kilmore District Health has chosen "Environmentally Sustainable Outputs" under the Social Procurement Framework, further assisting our drive to be environmentally conscious. Kilmore District Health has introduced strategies for improving procurement of products and services.

This year we have enhanced recycling of used batteries by providing collection centre within which building, improved plastic recycling, switching to eco-friendly consumable products ware applicable and upgraded e-waste. Capital investment of equipment/building purchases have both ecological and high energy saving efficiencies reviewed at the pre-evaluation design stage to assist with delivering carbon-neutral and climate-resilient buildings.

Hybrid Fleet vehicles have been introduced for District Nursing and all future fleet vehicle purchases will consider hybrid/electric car options. We are a member Globe Green and Healthy Hospital network.

Our culture at Kilmore District Health encourages staff to be environmental sustainability across our health precinct.

	2021-22	2020-21	2019-20	2018-19
Gas (GJ)	7,719	7,739	8,357	7,841
Electricity (KWh)	853,004	991,309	1,020,559	1,015,306
CO2 (Tonnes)	1,318	1,507	1,610	1,623
Water (KL)	7,450	7,867	8,025	8,147
Clinical Waste (KG)	10,809	11,596	6,247	6,691

Additional Information Available on Request

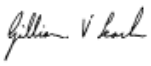
In compliance with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Kilmore District Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the *Freedom of Information (FOI) Act 1982* requirements, if applicable):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by Kilmore District Health.
- Details of changes in prices, fees, charges, rates and levies charged.
- Details of any major external reviews carried out.
- Details of major research and development activities undertaken.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of Kilmore District Health and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- General statement on industrial relations within Kilmore District Health and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by Kilmore District Health, the purposes of each committee and the extent to which those purposes have been achieved.
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Attestations

Financial Management Compliance attestation – SD 5.1.4

I, Gillian Leach, on behalf of the Responsible Body, certify that Kilmore District Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and instructions.



Gillian Leach
Chair, Board of Directors
Kilmore District Health
14 November 2022

Data Integrity Declaration

I, Arish Naresh, certify that Kilmore District Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Kilmore District Health has critically reviewed these controls and processes during the year.

Arish Naresh
Accountable Officer
Kilmore District Health
14 November 2022

Conflict of Interest

I, Arish Naresh, certify that Kilmore 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 Kilmore 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.

Arish Naresh
Accountable Officer
Kilmore District Health
14 November 2022

Integrity, Fraud and Corruption Declaration

I, Arish Naresh, certify that Kilmore 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 Kilmore District Health during the year.

Arish Naresh
Accountable Officer
Kilmore District Health
14 November 2022

Disclosure Index

The Annual Report of Kilmore District Health is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the department's compliance with statutory disclosure requirements.

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Kilmore District Health

Opinion	I have audited the financial report of Kilmore District Health (the health service) which comprises the: • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
28 November 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

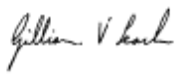
Board member's, accountable officer's and chief finance and accounting officer's declaration

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

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

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

We authorise the attached financial report for issue on 14 November 2022.



Ms Gillian Leach
Board Chair

Kilmore
14 November 2022

Mr Arish Naresh
Chief Executive Officer

Kilmore
14 November 2022

Mr. Colin Clark
Chief Finance and Accounting Officer

Kilmore
14 November 2022

Financial Statements

Comprehensive Operating Statement

For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Revenue and income from transactions			
Operating activities	2.1	38,367	31,566
Non-operating activities	2.1	27	35
Total revenue and income from transactions		**38,394**	**31,601**
Expenses from transactions			
Employee expenses	3.1	(29,761)	(24,970)
Supplies and consumables	3.1	(3,829)	(3,081)
Depreciation and amortisation	4.5	(2,344)	(2,208)
Other operating expenses	3.1	(3,189)	(2,230)
Total Expenses from transactions		**(39,123)**	**(32,489)**
Net result from transactions - net operating balance		**(729)**	**(888)**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	3.2	(16)	(11)
Other Gain/(Loss) from other economic flows	3.2	35	100
Total Other economic flows included in net result		**19**	**89**
Net result for the year		**(710)**	**(799)**
Other economic flows - other comprehensive income			
Items that will not be classified to the net result			
Changes to property, plant and equipment revaluation surplus	4.1(b)	1,407	-
Total other comprehensive income		1,407	-
Comprehensive result for the year		**697**	**(799)**

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

Balance Sheet as at 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Current assets			
Cash and cash equivalents	6.2	9,214	9,564
Receivables	5.1	3,629	1,441
Inventories		316	228
Other financial assets		134	134
Total current assets		**13,293**	**11,367**
Non-current assets			
Receivables	5.1	1,260	1,206
Property, plant & equipment	4.1(a)	26,355	25,897
RIght of use assets	4.2	138	173
Intangible assets		1	3
Total non-current assets		**27,754**	**27,279**
Total assets		**41,047**	**38,646**
Current Liabilities			
Payables	5.2	3,677	2,385
Borrowings	6.1	154	170
Employee benefits	3.3	4,754	4,401
Other liabilities	5.3	6,248	6,143
Total current liabilities		**14,833**	**13,099**
Non-current liabilities			
Borrowings	6.1	231	318
Employee benefits	3.3	512	455
Total non-current liabilities		**743**	**773**
Total liabilities		**15,576**	**13,872**
Net assets		**25,471**	**24,774**
Equity			
Revaluation surplus	4.3	19,675	18,268
Contributed capital	SCE	11,532	11,532
Accumulated surpluses/(deficits)	SCE	(5,736)	(5,026)
Total equity		**25,471**	**24,774**

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

Statement of Changes in Equity

For the Financial Year Ended 30 June 22

	Note	Revaluation Surplus $'000	Contributed Capital $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2020		**18,268**	**11,532**	**(4,227)**	**25,573**
Net result for the year		-	-	(799)	(799)
Balance at 30 June 2021		**18,268**	**11,532**	**(5,026)**	**24,774**
Net result for the year		-	-	(710)	(710)
Other comprehensive income for the year		1,407	-	-	1,407
Balance at 30 June 2022		**19,675**	**11,532**	**(5,736)**	**25,471**

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

Cash Flow Statement

For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Cash Flows From operating activities			
Operating grants from government		28,673	20,223
Capital grants from government - State		863	598
Other capital receipts		577	450
Patient and resident fees received		1,509	5,518
GST Received from ATO		1,035	1,045
Recoupment from private practice for use of health services facilities		88	37
Other capital receipts		27	35
Other receipts		4,621	4,142
Total Receipts		**37,393**	**32,048**
Employee expenses paid		(29,712)	(24,794)
Payment for supplies & consumables		(6,180)	(5,112)
GST paid to ATO		(449)	(423)
Total payments		**(36,341)**	**(30,329)**
Net cash flows from/(used in) operating activities	8.1	**1,052**	**1,719**
Cash Flows From investing activities			
Purchase of Non-Financial Assets		(1,373)	(1,478)
Proceeds from disposal of property, plant and equipment		-	71
Net cash flows from/(used in) investing activities		**(1,373)**	**(1,407)**
Cash Flows from Financing Activities			
Proceeds from investments		54	-
Receipt of accommodation deposits		962	1,140
Repayment of accommodation deposits		(983)	(2,425)
Repayment of borrowings		(62)	-
Net Cash Flow from/(used in) Financing Activities		**(29)**	**(1,285)**
Net Increase/(Decrease) in Cash and Cash Equivilents Held		**(350)**	**(973)**
Cash and Cash Equivalents at Beginning of Year		9,564	10,537
Cash and Cash Equivalents at End of Year	6.2	**9,214**	**9,564**

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

Note 1: Basis of preparation

Structure

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

This section explains the basis of preparing the financial statements.

Note 1.1: Basis of preperation 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 authorised by the Assistant Treasurer.

Kilmore 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.

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

The financial statements are presented on a going concern basis (refer to Note 8.8 Economic Dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Kilmore District Health on 14 November 2022.

Note 1.2: Impact of COVID-19 pandemic

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

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

In response to the ongoing COVID-19 pandemic, Kilmore District Health has:

- introducing restrictions on non-essential visitors
- utilised telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- established and operated vaccine clinics
- implemented work from home arrangements where appropriate.

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

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

Note 1.3: Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4: Joint arrangements

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

Kilmore District Health has the following joint arrangements:

- Hume Rural Health Alliance (ICT Services)

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

Note 1.5: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.
The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

Note 1.6: Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: Insurance Contracts	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

Note 1.6: Accounting standards issued but not yet effective (continued)

Standard	Adoption Date	Impact
AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7: Goods and Services Tax (GST)

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

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

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

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

Note 1.8: Reporting Entity

The financial statements include all the controlled activities of Kilmore District Health.

Its principal address is:
1 Anderson Road
Kilmore
Victoria 3764.

A description of the nature of the Kilmore 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

Kilmore District Health's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians.

Kilmore District Health is predominantly funded by grant funding for the provision of outputs. Kilmore District Health also receives funding from the supply of services.

Kilmore 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

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was mainly attributable to the COVID-19 coronavirus pandemic.

This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

- COVID-19 grants to fund the management of COVID-19 vaccination and testing programs which included the cost of clinical, administrative and allied health staff as well as the cost of capital works and equipment.
- Additional elective surgery funding to support the Surgical Blitz program.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1: Revenue and income from transactions

Operating Activites	Total 2022 $'000	Total 2021 $'000
Revenue from contracts with customers		
Government Grants (State) - Operating	26,228	20,190
Government Grants (Commonwealth) - Operating	3,557	3,624
Patient and Resident Fees	1,516	1,877
Commercial Activities [1]	613	498
Contracted Throughput - Northern Hospital & Austin Hospital	3,508	3,373
Total Income from contracts with customers	**35,422**	**29,562**
Other sources of income		
Government Grants (State) - Capital	863	598
Other Capital purpose income	577	602
Assets received free of charge or for nominal consideration	1,041	351
Other Revenue from Operating Activities (including non-capital donations)	464	453
Total other sources of income	**2,945**	**2,004**
Total revenue and income from operating activities	**38,367**	**31,566**
Non-operating activites		
Income from other sources		
Capital Interest	27	35
Total other sources of income	**27**	**35**
Total Income from Non-Operating Activities	**27**	**35**
Total Income from Transactions	**38,394**	**31,601**

[1]Commercial activities represent business activities which Kilmore District Health enters into to support their operations.

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

	Total 2022 $'000	Total 2021 $'000
Kilmore District Health desegregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At point in time	34,809	29,064
Over time	613	498
Total revenue from contracts with customers	**35,422**	**29,562**

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

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the Health Service:

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

If a contract liability is recognised, Kilmore District Health recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

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

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

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Kilmore District Health's goods or services. Kilmore 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 Kilmore District Health's revenue streams, with information detailed below relating to Kilmore District Health's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG). WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.
Other Government Grants	Block funding under the Small Rural Health Service funding model

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

Capital grants

Where Kilmore 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 Kilmore 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.

Commercial activities

Revenue from commercial activities includes items such as Meals on Wheels, Medical Imaging fees and Clinical Education. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

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.

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

	Total 2022 $'000	Total 2021 $'000
Personal Protective Equipment	1,041	351
Total fair value of assets received free of charge or for nominal consideration	**1,041**	**351**

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Personal protective equipment

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

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

Contributions

Kilmore District Health may receive assets for nil or nominal consideration to further its objectives.

The assets are recognised at their fair value when Kilmore District Health obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Kilmore District Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Kilmore District Health recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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 Kilmore District Health as a capital contribution transfer.

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

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Kilmore 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 Kilmore District Health as follows:

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

Note 3: The cost of delivering 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 our services increased during the financial year which was mainly attributable to the COVID-19 coronavirus pandemic.

Additional costs were incurred to:

- establish facilities within the health service for the testing of COVID patients resulting in an increase in employee costs, additional consumable costs and additional equipment purchases.
- implement COVID safe practices throughout the health service including increased cleaning, increased administration and the consumption of personal protective equipment provided as resources free of charge.
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional consumables purchased and additional equipment purchased.
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Kilmore District Health applies significant judgment when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Kilmore 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 Kilmore 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	Kilmore District Health applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from transactions

	Note	Total 2022 $'000	Total 2021 $'000
Salaries and wages		23,181	19,139
On-costs		2,188	1,744
Agency expenses		83	14
Fee for service visiting medical officer expenses		3,783	3,411
WorkCover Premium		526	662
Total employee expenses		**29,761**	**24,970**
Drug supplies		206	193
Medical and surgical supplies		2,105	1,372
Other supplies and consumables		1,518	1,516
Total supplies and consumables		**3,829**	**3,081**
Fuel, light & power		315	338
Repairs and maintenance		606	495
Medical indemnity insurance		453	419
Other administrative expenses		1,815	978
Total other operating expenses		**3,189**	**2,230**
Total operating expense		**36,779**	**30,281**
Depreciation and amortisation	4.5	2,344	2,208
Total depreciation and amortisation		**2,344**	**2,208**
Total non-operating expense		**2,344**	**2,208**
Total expenses from transactions		**39,123**	**32,489**

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 consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Other Operating Expenses

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

- fuel, light and power
- repairs and maintenance
- other administrative expenses
- expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

The Department of Health also makes certain payments on behalf of Kilmore 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 amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Other economic flows

	Total 2022 $'000	Total 2021 $'000
Net loss on disposal of property plant and equipment	(16)	(11)
Total net gain/(loss) on non-financial assets	(16)	(11)
Net gain/(loss) from revaluation of long service liability	35	100
Total net gain/(loss) on financial instruments at Armortised Costs	35	100
Total other gains/(losses) from other economic flows	**19**	**89**

How we recognise other economic flows

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

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

Net gain/ (loss) on financial instruments

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

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

Amortisation of non-produced intangible assets

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

Note 3.3: Employee benefits and related on-costs

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Annual leave		
– Unconditional and expected to be settled wholly within 12 months[(i)]	1,159	1,005
– Unconditional and expected to be settled wholly after 12 months[(ii)]	801	679
Long service leave		
– Unconditional and expected to be settled wholly within 12 months[(i)]	351	357
– Unconditional and expected to be settled wholly after 12 months[(ii)]	1,890	1,859
Accrued days off		
– Unconditional and expected to be settled wholly within 12 months[(i)]	43	29
	4,244	**3,929**
Provisions related to Employee Benefit On-Costs		
– Unconditional and expected to be settled wholly within 12 months[(i)]	221	200
– Unconditional and expected to be settled wholly after 12 months[(ii)]	289	272
	510	**472**
Total current employee benefits and related on-costs	**4,754**	**4,401**
Non-current employee benefits and related on-costs		
Conditional long service leave	457	406
Provisions related to employee benefit on-costs	55	49
Total non-current employee benefits and related on-costs	**512**	**455**
Total employee benefits and related on-costs	**5,266**	**4,856**

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

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

	Total 2022 $'000	Total 2021 $'000
Unconditional long service leave entitlement	2,511	2,483
Unconditional annual leave entitlements	2,195	1,886
Unconditional accrued days off	48	32
Total current employee benefits and related on-costs	**4,754**	**4,401**
Conditional Long Service Leave Entitlements	512	455
Total Employee Benefits and Related On-Costs	**5,266**	**4,856**
Attributable to:		
Employee benefits	4,701	4,335
Provision for related on-costs	565	521
Total employee benefits and related on-costs	**5,266**	**4,856**

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

	Total 2022 $'000	Total 2021 $'000
Carrying amount at start of year	**49**	**52**
Additional provisions recognised	6	-
Amounts incurred during the year	-	(3)
Carrying amount at end of year	**55**	**49**

How we recognise employee benefits

Employee benefit recognition

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

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because Kilmore 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 Kilmore District Health expects to wholly settle within 12 months; or
- Present value – if Kilmore 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 Kilmore 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 Kilmore District Health expects to wholly settle within 12 months; and
- Present value – if Kilmore District Health does not expect to wholly settle a within 12 months.

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2022 $'000	Total 2021 $'000	Total 2022 $'000	Total 2021 $'000
Defined benefit plans: [i]				
Health Super	18	34	-	-
Defined Contribution Plans:				
Aware	1,075	937	-	-
Hesta	714	541	-	-
Other	381	232		
Total	**2,188**	**1,744**	**-**	**-**

How we recognise superannuation

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

Defined Benefit Superannuation Plans

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

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

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

The name and details of the major employee superannuation funds and contributions made by Kilmore District Health are disclosed above.

Defined Contribution Superannuation Plans

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

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

Note 4: Key Assets to Support Service Delivery

Kilmore 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 Kilmore District health to be utilised for delivery of those outputs.

Structure

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life and residual value of property, plant and equipment	Kilmore District Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. This is used to calculate depreciation of the asset. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
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. Kilmore District Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Kilmore District Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Kilmore District Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, Kilmore 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 Services 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

	Total 2022 $'000	Total 2021 $'000
Land at fair value - Crown	2,658	1,251
Total land at fair value	**2,658**	**1,251**
Buildings at Fair Value	57,652	57,635
Less accumulated depreciation	37,973	36,183
Total buildings at fair value	**19,679**	**21,452**
Works in progress at cost	**79**	**-**
Total land and buildings	**22,416**	**22,703**
Plant & equipment at fair value	7,591	8,244
Less accumulated depreciation	3,682	5,088
Total plant & equipment at fair value	**3,909**	**3,156**
Motor vehicles at fair value	74	74
Less accumulated depreciation	50	46
Total motor vehicles at fair value	**24**	**28**
Total plant, equipment and vehicles at fair value	**3,933**	**3,184**
IT Equipment - Hume Rural Health Alliance	9	14
Less Accumulated Amortisation	3	4
Total IT Equipment - Hume Rural Health Alliance	**6**	**10**
Total property, plant and equipment	**26,355**	**25,897**

Note 4.1(b): Property, plant & equipment - Reconciliations of carrying amount by class of asset

	Crown Land	Buildings	Building works in progress	Plant & Equipment	Motor Vehicles	Right of use Assets HRHA	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	1,251	23,094	0	2,099	119	20	26,583
Additions	-	140	-	1,417	-	-	1,557
Disposals	-	-	-	-	(82)	-	(82)
Depreciation expense (note 4.3)	-	(1,782)	-	(360)	(9)	(10)	(2,161)
Balance at 30 June 2021	**1,251**	**21,452**	**0**	**3,156**	**28**	**10**	**25,897**
Additions	-	3	79	1,291	-	-	1,373
Disposals	-	-	-	(16)	-	-	(16)
Revaluation Increments/ (Decrements)	1,407	-	-	-	-	-	1,407
Depreciation expense (note 4.3)	-	(1,776)	-	(522)	(4)	(4)	(2,306)
Balance at 30 June 2022	**2,658**	**19,679**	**79**	**3,909**	**24**	**6**	**26,355**

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook a to re-value all of Kilmore 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 the assets could be exchanged between knowledgeable and willing parties in an arms length transaction. The valuation was based on independent assessments. The effective date of the valuation for buildings was 30 June 2019 and land 30 June 2022.

How we recognise property, plant and equipment

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

Initial Recognition

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

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

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Kilmore 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

Note 4.1(b): Property, plant & equipment - Reconciliations of carrying amount by class of asset (continued)

change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Kilmore District Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

- increase in fair value of land of 44%
- increase in fair value of buildings of 9%

As the cumulative movement was greater than 40% for land since the last independent revaluation an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

As the cumulative movement was less than 10% for buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2022.

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

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

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

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

Note 4.2: Right-of-use assets

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

	Total 2022 $'000	Total 2021 $'000
Right of use motor vehicles - Vicfleet	205	205
Less Accumulated Amortisation	67	32
Total right of use motor vehicles - Vicfleet	138	173
Total right of use motor vehicles - Vicfleet	**138**	**173**
Total right of use assets	**138**	**173**

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

	Right of use Assets Vicfleet	Total $'000
Balance at 1 July 2020	81	81
Additions	120	120
Disposals	-	-
Depreciation expense (note 4.3)	(28)	(28)
Balance at 1 July 2021	**173**	**173**
Depreciation expense (note 4.3)	(35)	(35)
Balance at 1 July 2022	**138**	**138**

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased vehicles	2 to 3 years

Initial Recognition

When a contract is entered into, Kilmore 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.

Kilmore District Health motor vehicle lease agreements contain purchase options which Kilmore District Health is not reasonably certain to exercise at the completion of the lease.

Kilmore District Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and the Health Service's dependency on such lease arrangements.

Subsequent measurement

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

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Note 4.3: Revaluation Surplus

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the reporting period	**18,268**	**18,268**
Revaluation increment		
- Land	1,407	-
Balance at end of the Reporting Period*	**19,675**	**18,268**
*** Represented by:**		
- Land	2,658	1,251
- Buildings	17,017	17,017
	19,675	**18,268**

Note 4.4: Depreciation and amortisation

	Total 2022 $'000	Total 2021 $'000
Depreciation		
Property, plant and equipment		
Buildings	1,776	1,782
Plant & Equipment	522	360
Motor Vehicles	4	9
Total depreciation - property, plant and equipment	**2,302**	**2,151**
Right-of-use assets		
Right of use assets		
IT Equipment - Leased Assets HRHA	4	10
VicFleet Vehicles - Leased Assets	36	28
Total depreciation - right-of-use assets	**40**	**38**
Total Depreciation	**2,342**	**2,189**
Amortisation		
Software	2	19
Total Amortisation	**2**	**19**
Total Depreciation and Amortisation	**2,344**	**2,208**

How we recognise depreciation

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

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

How we recognise amortisation

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

Note 4.4: Depreciation and amortisation (continued)

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

	2022	2021
Buildings		
– Structure Shell Building Fabric	45 to 60 years	45 to 60 years
– Site Engineering Services and Central Plant	30 to 40 years	30 to 40 years
Central Plant		
– Fit Out	20 to 30 years	20 to 30 years
– Trunk Reticulated Building Systems	30 to 40 years	30 to 40 years
Plant & Equipment	Up to 10 years	Up to 10 years
Medical Equipment	Up to 10 years	Up to 10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	Up to 10 years	Up to 10 years
Motor Vehicles	Up to 10 years	Up to 10 years
Intangible Assets	3 to 4 years	3 to 4 years

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

Note 4.5: Impairment of assets

How we recognise impairment

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

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

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Kilmore 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, Kilmore 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 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, Kilmore District Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Kilmore District Health did not record any impairment losses for the year ended 30 June 2022.

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Kilmore 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.
Classifying a sub-lease arrangement as either an operating lease or finance lease	Kilmore District Health applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease. Kilmore District Health considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if: • The lease transfers ownership of the asset to the lessee at the end of the term • The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term • The lease term is for the majority of the asset's useful life • The present value of lease payments amount to the approximate fair value of the leased asset and • The leased asset is of a specialised nature that only the lessee can use without significant modification. All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	Where Kilmore 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. Kilmore District Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Kilmore 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, Kilmore District Health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables and contract assets

	Notes	Total 2022 $'000	Total 2021 $'000
Current receivables and contract assets			
Contractual			
Inpatient Fees	7.1(c)	24	34
District nursing fees	7.1(c)	20	7
Aged care fees	7.1(c)	10	6
Department of Health	7.1(c)	1,970	-
Trade debtors	7.1(c)	1,476	1,318
Hume Rural Health Alliance	7.1(c)	48	37
Less allowance for impairment losses of contractual receivables	7.1(c)	(14)	(7)
Total contractual receivables		**3,534**	**1,395**
Statutory			
GST Receivable		95	46
Total statutory receivables		**95**	**46**
Total current receivables and contract assets		**3,629**	**1,441**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		1,260	1,206
Total contractual receivables		**1,260**	**1,206**
Total non-current receivables and contract assets		**1,260**	**1,206**
Total receivables and contract assets		**4,889**	**2,647**
Total receivables and contract assets		4,889	2,647
GST receivable		(95)	(46)
Total financial assets	7.1(a)	**4,794**	**2,601**

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

	Total 2022 $'000	Total 2021 $'000
Balance at beginning of year	(7)	(9)
Increase in allowances	(7)	2
Balance at end of year	**(14)**	**(7)**

How we recognise receivables

Receivables consist of:

- **Contractual receivables,** which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables,** which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised

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

and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Kilmore 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 of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.1 for Kilmore District Health's contractual impairment losses.

Note 5.2: Payables and contract liabilities

	Total 2022 $'000	Total 2021 $'000
Current payables and contract liabilities		
Contractual		
Trade creditors	2,523	962
Accrued salaries and wages	708	624
Deferred grant income	359	114
Inter hospital creditors	-	240
Amounts owing to governments and agencies	-	111
Hume Rural Health Alliance	87	334
Total contractual payables	**3,677**	**2,385**
Total current payables and contract liabilities	**3,677**	**2,385**
Total payables and contract liabilities	**3,677**	**2,385**
Total payables and contract liabilities	3,677	2,385
Deferred grant income	(359)	(114)
Total financial liabilities	**3,318**	**2,271**

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables,** which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Kilmore District Health prior to the end of the financial year that are unpaid.
- **Statutory payables,** which mostly includes amounts 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 Net 60 Days.

Note 5.2(a): Deferred capital grant income

	Total 2022 $'000	Total 2021 $'000
Opening balance of deferred grant income	114	-
Grant consideration for capital works received during the year	359	114
Deferred grant revenue recognised as revenue due to completion of capital works	(114)	-
Closing balance of deferred grant income	**359**	**114**

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health to support the construction of Theatre refurbishment and Nurse Call sytem implementation. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Kilmore District Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Kilmore District Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Kilmore District Health expects to recognise all of the remaining deferred capital grant revenue for capital works by June 2023.

Note 5.3: Other Liabilities

	Total 2022 $'000	Total 2021 $'000
Current monies held in trust		
Monies held in trust*: Refundable accommodation deposits	6,040	6,143
Monies held in trust: HRHA PAS	208	
Total current monies held in trust	**6,248**	**6,143**
*** Represented by:**		
Cash Assets	6,248	6,143
	6,248	**6,143**

Refundable Accommodation Deposit (RAD)/ Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Kilmore 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/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997.*

Note 6: How we finance our operations

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

Telling the COVID-19 story

Our finance and borrowing arrangements 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
Determining if a contract is or contains a lease	Kilmore 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	Kilmore District Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. Kilmore district Health 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. Kilmore district Health 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 Kilmore District Health applies the short-term lease exemption.
Discount rate applied to future lease payments	Kilmore district Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for Kilmore District Health's lease arrangements, Kilmore 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.
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 Kilmore District Health Service is reasonably certain to exercise such options. Kilmore District Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: • If there are significant penalties to terminate (or not extend), the Health Service is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the Health Service is typically reasonably certain to extend (or not terminate) the lease. • The Health Service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Total 2022 $'000	Total 2021 $'000
CURRENT		
Advances from government (ii)	62	62
Lease Liability (i)	92	108
Total Current Borrowings	**154**	**170**
NON CURRENT		
Lease Liability (i)	52	76
Advances from government (ii)	179	242
Total Non-Current	**231**	**318**
Total Borrowings	**385**	**488**

(i) Secured by the assets leased.

(ii) These are unsecured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Kilmore District Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity analysis

Please refer to note 7.1(b) for the maturity analysis of borrowings.

Defaults and breaches

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

Note 6.1(a): Lease liabilities

Kilmore District Health's lease liabilities are summarised below:

	Total 2022 $'000	Total 2021 $'000
Total undiscounted lease liabilities	146	187
Less unexpired finance expenses	(2)	(3)
Net lease liabilities	**144**	**184**

Note 6.1(a): Lease liabilities (continued)

	Total 2022 $'000	Total 2021 $'000
Not longer than one year	93	110
Later than one year but not longer than five years	53	77
Minimum future lease payments	**146**	**187**
Less unexpired finance expences	(2)	(3)
Present value of lease liability	**144**	**184**
Represented by:		
Current liabilities	92	108
Non-current liabilities	52	76
	144	**184**

How we recognise lease liabilities

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

To apply this definition Kilmore District Health assesses whether the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Kilmore District Health and for which the supplier does not have substantive substitution rights;
- Kilmore 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 kilmore District Health has the right to direct the use of the identified asset throughout the period of use; and
- Kilmore District Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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

Type of asset leased	Lease term
Leased computers, equipment and vehicles	1 to 5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months.

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	Non-medical equipment Computer equipment

Seperation of Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Kilmore Dstrict Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 0% to 2%.

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

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

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

- Leased premises - 71 Williams Road, Shepparton

Note 6.1(a): Lease liabilities (continued)

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 Alliance and not by the respective lessor.

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

Subsequent measurement

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

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

Note 6.2: Cash and Cash Equivalents

	Total 2022 $'000	Total 2021 $'000
Cash at bank (excluding Monies held in trust)	2,960	3,421
Total cash held for operations	2,960	3,421
Cash at bank (Monies held in trust)	6,254	6,143
Total cash held as monies in trust	6,254	6,143
Total cash and cash equivalents	**9,214**	**9,564**

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

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

Note 6.3: Commitments for expenditure

	Total 2022 $'000	Total 2021 $'000
Capital expenditure commitments		
Less than one year	359	114
Total capital expenditure commitments	359	114
Total commitments for expenditure (exclusive of GST)	**359**	**114**

How we disclose our commitments

Our commitments relate to capital expenditure.

Expenditure commitments

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

Short term and low value leases

Kilmore 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 7: Risks, contingencies & valuation uncertainties

Kilmore 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 exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Hospital is related mainly to fair value determination.

Structure

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Kilmore 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. Kilmore 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 Kilmore District Health's specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets 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 Kilmore District Health's furniture, fittings, plant, equipment and vehicles] are measured using this approach. • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Kilmore District Health does not this use approach to measure fair value. Kilmore District Health 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, Kilmore District Health 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. Kilmore 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. Kilmore District Health categorises non-specialised land and right-of-use concessionary land in this level. • Level 3, where inputs are unobservable. Kilmore District Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Due to the nature of Kilmore District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation.*

Note 7.1(a): Categorisation of financial instruments

2022	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	2,960	-	2,960
Trade debtors and accruals	5.1	4,794	-	4,794
Total Financial Assets [(i)]		**7,754**	**-**	**7,754**
Financial Liabilities				
Payables	5.2	-	3,318	3,318
Borrowings	6.1	-	385	385
Monies Held In Trust	5.3	-	6,248	6,248
Total Financial Liabilities [(i)]		**-**	**9,951**	**9,951**

2021	Note	Financial Assets at Amortised Cost $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	9,564	-	9,564
Trade debtors and accruals	5.1	2,601	-	2,601
Total Financial Assets [(i)]		**12,165**	**-**	**12,165**
Financial Liabilities				
Payables	5.2	-	2,385	1,692
Borrowings	6.1	-	488	404
Monies Held In Trust	5.3	-	6,143	7,451
Total Financial Liabilities [(i)]		**-**	**9,016**	**9,016**

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

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when Kilmore District health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Kilmore 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 cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets

Note 7.1: Financial Instruments (continued)

are not designated as fair value through net result:

- the assets are held by Kilmore District Health 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.

Kilmore District Health recognises the following assets in this category:

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

Financial assets at fair value through other comprehensive income

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the assets are held by Kilmore District Health to achieve its objective both by collecting the contractural cash flows and by selling the finanacial assets and
- the assets' contractural terms give rise to cash flows that are solely payments of principal and interest.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and Kilmore District Health has irrevocably elected at initial recognition to recognise in this category.

Kilmore District Health recognises the following assets in this category:

- investments in equity instruments.

Financial assets at fair value through net result

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

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

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

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

Categories of financial liabilities

Financial liabilities are recognised when Kilmore 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 fair value through net result

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result.

Changes in fair value are recognised in the net results as other economic flows, unless the changes in fair value relate to changes in Kilmore District Health's own credit risk. In this case, the portion of the change attributable to changes in Kilmore District Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

Financial liabilities at amortised cost

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

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

Kilmore District Health recognises the following liabilities in this category:

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

Derivative financial instruments

A derivative financial instrument is classified as a held for trading financial asset or financial liability. They are initially recognised at fair value on the date on which a derivative contract is entered.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Note 7.1: Financial Instruments (continued)

Any gains or losses arising from changes in the fair value of derivatives after initial recognition, are recognised in the consolidated comprehensive operating statement as an other economic flow included in the net result.

Offsetting financial instruments

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

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Kilmore 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, Kilmore 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.

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

Kilmore 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. Kilmore 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 Kilmore District Health. Credit risk is measured at fair value and is monitored on a regular basis.

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

In addition, Kilmore 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, Kilmore District Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Kilmore District Health will not be able to collect a receivable.

Note 7.2(a): Credit risk

Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Kilmore 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 Kilmore District Health's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

Kilmore 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 Kilmore District Health's and its investment in debt instruments.

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

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

Contractual receivables at amortised cost

Kilmore 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. Kilmore District Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Kilmore District Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

30 June 2022	Note		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate			0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables ($'000s)	5.1	3,548	2,413	958	177	0	0	3,548
Loss allowance			(14)	0	0	0	0	(14)

30 June 2021	Note		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate			0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables ($'000s)	5.1	1,402	953	379	70	0	0	1,402
Loss allowance			(7)	0	0	0	0	(7)

Statutory receivables and debt investments at amortised cost

Kilmore 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.

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

Note 7.2(b): Liquidity risk

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

Kilmore 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. Kilmore District Health manages its liquidity risk by:

- close monitoring of its short-term and long-term

Note 7.2(b): Liquidity risk

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.

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

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

				Maturity Dates			
2022	Note	Carrying Amount $'000	Nominal Amount $'000	Less Than 1 Month $'000	1-3 Months $'000	3 Months - 1 Year $'000	1-5 Years $'000
Financial Liabilities							
At amortised cost							
Trade creditors and accruals	5.2	3,677	3,677	3,677	-	-	-
Borrowings	6.1	385	385	-	-	154	231
Monies Held In Trust	5.3	6,248	6,248	-	665	2,355	3,020
Total Financial Liabilities		**10,310**	**10,310**	**3,677**	**665**	**2,509**	**3,251**
2021							
Financial Liabilities							
At amortised cost							
Trade creditors and accruals	5.2	2,274	2,274	2,274	-	-	-
Borrowings	6.1	488	488	-	-	170	318
Monies Held In Trust	5.3	6,143	6,143	-	676	2,395	3,072
Total Financial Liabilities		**8,905**	**8,905**	**2,274**	**676**	**2,565**	**3,390**

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

Note 7.2(c): Market risk

Kilmore District Health's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

Kilmore District Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Kilmore 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 1% up or down and
- a change in the top ASX 200 index of 15% 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. Kilmore District Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

Note 7.3: Contingent assets and contingent liabilities

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

Note 7.4: Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets
- Investment properties

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Kilmore 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.

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

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

	Note	Carrying Amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 $'000	Level 2 $'000	Level 3 $'000
Specialised land	4.1(a)	2,658	-	-	2,658
Total land at fair value		**2,658**	-	-	**2,658**
Specialised buildings	4.1(a)	19,679	-	-	19,679
Total buildings at fair value		**19,679**	-	-	**19,679**
Plant and equipment	4.1(a)	3,909	-	-	3,909
Motor vehicles	4.1(a)	24	-	-	24
Total plant and equipment at fair value		**3,933**	-	-	**3,933**
Right of use assets	4.2(a)	138	-	-	138
Total right of use assets		**138**	-	-	**138**
Total non-financial physical assets at fair value		**26,408**	-	-	**26,408**

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

	Note	Carrying Amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 $'000	Level 2 $'000	Level 3 $'000
Specialised land	4.1(a)	1,251	-	-	1,251
Total land at fair value		**1,251**	-	-	**1,251**
Specialised buildings	4.1(a)	21,452	-	-	21,452
Total buildings at fair value		**21,452**	-	-	**21,452**
Plant and equipment	4.1(a)	3,156	-	-	3,156
Motor vehicles	4.1(a)	28	-	-	28
Total plant and equipment at fair value		**3,184**	-	-	**3,184**
Right of use assets	4.2(a)	173	-	-	173
Total right of use assets		**173**	-	-	**173**
Total non-financial physical assets at fair value		**26,060**	-	-	**26,060**

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, Kilmore District Health has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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, Kilmore 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 value.

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

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

For Kilmore 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 Kilmore District Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

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

Vehicles

Kilmore 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 of vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

Reconciliation of level 3 fair value measurement

	Crown Land	Buildings	Plant & Equipment	Motor Vehicles	Right of use Assets Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	1,251	23,094	2,099	119	81	26,644
Additions	-	140	1,417	-	120	1,677
Disposals	-	-	-	(82)	-	(82)
Depreciation expense (note 4.3)	-	(1,782)	(360)	(9)	(28)	(2,179)
Balance at 30 June 2021	**1,251**	**21,452**	**3,156**	**28**	**173**	**26,060**
Additions	-	3	1,291	-	-	1,294
Disposals	-	-	(16)	-	-	(16)
Revaluation Increments/ (Decrements)	1,407	-	-	-	-	1,407
Depreciation expense (note 4.3)	-	(1,776)	(522)	(4)	(35)	(2,337)
Balance at 30 June 2022	**2,658**	**19,679**	**3,909**	**24**	**138**	**26,408**

Reconciliation of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments (a)
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Heritage assets	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per square metre - Useful life
Infrastructure	Depreciated replacement cost approach	- Cost per square metre - Useful life
Road, infrastructure and earthworks	Depreciated replacement cost approach	- Cost per square metre - Useful life

Note 8: Other Disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities
8.2 Responsible persons disclosures
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date
8.7 Joint arrangements
8.8 Equity
8.9 Economic Dependency

Telling the COVID-19 story

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

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

	Note	Total 2022 $'000	Total 2021 $'000
Net result for the Year		(710)	(799)
Non-cash movements:			
Net (Gain)/Loss from Disposal of Plant and Equipment		16	11
Depreciation and amortisation		2,344	2,208
Hume Rural Health Alliance		(1)	(84)
Provision for doubtful debts	5.1(a)	7	(2)
Assets received free of charge	2.2	(183)	(55)
Movements in Assets and Liabilities:			
Change in Operating assets & liabilities			
(Increase)/Decrease in receivables		(2,249)	(639)
(Increase)/Decrease in other assets		-	(19)
Increase/(Decrease) in payables		1,292	693
Increase/(Decrease) in monies in trust		214	-
Increase/(Decrease) in employee benefits		410	427
(Increase)/Decrease in inventories		(88)	(22)
Net cash inflow from operating activities		**1,052**	**1,719**

Note 8.2: Responsible Persons Disclosures

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

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas MP	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas MP	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams MP	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellen MP	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 6 Dec 2021
The Honourable Anthony Carbines	6 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
K. Harris (Chairperson)	1/07/2021 - 30/06/2022
W. Kelly	1/07/2021 - 30/06/2022
B. Ling	1/07/2021 - 30/06/2022
K. Bell (Resigned)	1/07/2021 - 09/12/2021
J. Mazzeo	1/07/2021 - 30/06/2022
B. Schade	1/07/2021 - 30/06/2022
L Falvey	1/07/2021 - 30/06/2022
G. Leach	1/07/2021 - 30/06/2022
G. Thomson	1/07/2021 - 30/06/2022
J. Lovell	1/07/2021 - 30/06/2022
Accountable Officer	
A. Naresh (Chief Executive Officer)	30/05/2022 - 30/06/2022
J. Gilham (Acting Chief Executive Officer)	15/10/21 - 30/05/2022
D. Naughton (Chief Executive Officer)	01/07/2021 - 15/10/2021

Remuneration of Responsible Persons

The number of responsible persons are shown in their relevant income bands:

Income Band	Total 2022 No.	Total 2021 No.
$0 - $9,999	10	10
$10,000 - $19,999	1	-
$80,000 - $89,999	-	1
$90,000 - $99,999	1	-
$110,000 - $119,999	1	-
$160,000 - $169,999	-	1
Total Numbers	13	12
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$246,346**	**$289,993**

Note 8.2: Responsible Persons Disclosures (continued)

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

Note 8.3: Remuneration of Executives

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

	Total Remuneration	
Remuneration of executive officers (Including Key Management Personnel disclosed in note 8.4)	**2022 $**	**2021 $**
Short-term employee benefits	629,760	509,388
Post-employment benefits	56,966	42,584
Other long-term benefits	18,623	14,654
Termination benefits	-	-
Total remuneration [(i)(ii)]	**705,349**	**566,626**
Total number of executives	**6**	**4**
Total annualised employee equivilant (AEE) [(ii)]	**3.60**	**3.20**

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

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

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

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

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits (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.

Termination Benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

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

- all key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members; and
- jointly controlled operations - A member of the Hume Rural Health Alliance and
- all health services and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Health Service and its controlled entities, directly or indirectly.

Key management personnel

The Board of Directors and the Executive Directors of the Health Service and it's controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
Kilmore District Health	K. Harris	Board Chair
Kilmore District Health	W. Kelly	Board Member
Kilmore District Health	B. Ling	Board Member
Kilmore District Health	K. Bell	Board Member
Kilmore District Health	J. Mazzeo	Board Member
Kilmore District Health	B. Schade	Board Member
Kilmore District Health	L. Falvey	Board Member
Kilmore District Health	G. Leach	Board Member
Kilmore District Health	G. Thomson	Board Member
Kilmore District Health	J. Lovell	Board Member
Kilmore District Health	A. Naresh	Chief Executive Officer
Kilmore District Health	D. Naughton	Chief Executive Officer
Kilmore District Health	J. Gilham	Director of Clinical & Aged Care Services
Kilmore District Health	K. Gilchrist	Director of Development & Improvement
Kilmore District Health	C. Clark	Director of Finance & Support Services
Kilmore District Health	K. Bishop	Director of People & Culture
Kilmore District Health	C. Miller	Director of Medical Services
Kilmore District Health	M. Duffy	Director of Medical Services

The compensation detailed below is reported in $'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs	**2022 $'000**	**2021 $'000**
Short term employee benefits	853,541	773,140
Post-employment benefits	73,972	62,107
Other long-term benefits	24,182	21,372
Termination benefits	-	-
Total	**951,695**	**856,619**

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

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

Note 8.4: Related Parties (continued)

Significant transactions with government-related entities

Kilmore District Health received funding from the Department of Health of $20.8 million (2020: $18.2 million).

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

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

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

Transactions with KMPs and Other Related Parties

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

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

There were no related party transactions required to be disclosed for Kilmore District Health Board of Directors and Executive Directors in 2022. (2021: none)

Note 8.5. Remuneration of Auditors

	2022	2021
Victorian Auditor-General's Office	**$'000**	**$'000**
Audit of the financial statements	27	15
Total remuneration of auditors	27	15

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after Balance Sheet Date.

Note 8.7: Joint arrangements

Name of Entity	Principal Activity	Ownership Interest 2022	Ownership Interest 2021
		%	%
Hume Rural Health Alliance	Information Systems	**5.3**	**5.0**

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

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	506	547
Receivables	47	37
Prepayments	11	12
Total current assets	**564**	**596**
Non-current assets		
Property, plant and equipment	6	9
Intagible assets	1	3
Lease asset	6	10
Total non-current	**13**	**22**
Total assets	**577**	**618**
Current liabilities		
Payables	87	334
Borrowings	1	2
PAS Monies In Trust	208	-
Total current liabilities	**296**	**336**
Non-current liabilities		
Borrowings	5	8
Total non-current liabilities	**5**	**8**
Total liabilities	**301**	**344**
Net assets	**276**	**274**
Equity		
Accumulated surpluses/(deficits)	276	274
Total equity	**276**	**274**

Note 8.7: Joint arrangements (continued)

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

Revenue	**2022**	**2021**
Revenue from Operating Activities	345	309
Revenue from Non-Operating Activities	1	1
Capital Purpose Income	19	16
Total revenue	**365**	**326**
Expenses		
Employee Benefits	117	103
Other Expenses From Continuing Operations	216	174
Capital Purpose Expenditure	18	28
Depreciation and Amortisation	12	40
Finance Charges	-	-
Total expenses	**363**	**345**
Net result	**2**	**(19)**

Contingent liabilities and capital commitments

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

Note 8.8: Equity

Contributed Capital

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

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

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

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

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

Note 8.9. Economic Dependency

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

KILMORE DISTRICT HEALTH
ABN 49 260 016 741

Kilmore District Health

Address: 1 Anderson Road, Kilmore, Vic, 3764
Postal: PO Box 185, Kilmore, Vic, 3764
Phone: (03) 5734 2000
Email: kilmoreweb@kilmorehealth.org.au

Caladenia Nursing Home

Address: Kilmore District Health
1 Anderson Road, Kilmore, Vic, 3764
Phone: (03) 5734 2155
Email: kilmoreweb@kilmorehealth.org.au

Dianella Village Hostel

Address: Kilmore District Health
1 Anderson Road, Kilmore, Vic, 3764
Phone: (03) 5734 2170
Email: kilmoreweb@kilmorehealth.org.au

www.kilmoredistricthealth.org.au