

Swan Hill District Health

# ANNUAL REPORT

2021-2022



# ACKNOWLEDGEMENT OF COUNTRY

Swan Hill District Health would like to acknowledge First Nations communities of the Wamba Wamba, Waddi Waddi, Barapa Barapa, Latji Latji and the Tatti Tatti people on whose land, we work and live. We pay respect to all Elders past and present and honour their connection to the land and water.



## RESPONSIBLE PERSONS DISCLOSURES

Swan Hill District Health was established as the Lower Murray District Hospital in 1860.

It was incorporated as the Swan Hill District Hospital on March 11, 1872. The Health Service is now incorporated under Section 31 of the Health Services Act 1988.

We are a public health service established under the Health Services Act 1988 (Vic). The responsible Minister is the Minister for Health:

From 1 July 2021 to 27 June 2022

**The Hon Martin Foley MP**

- Minister for Health
- Minister for Ambulance Services
- Minister for Equality

From 27 June 2021 to 30 June 2022

**The Hon. Mary-Anne Thomas MP**

- Minister for Health
- Minister for Ambulance Services

From 1 July 2021 to 11 October 2021

**The Hon. Luke Donnellan MP**

- Minister for Disability, Ageing and Carers

From 11 October 2021 to 6 December 2021

**The Hon. James Merlino MP**

- Minister for Disability, Ageing and Carers

From 6 December 2021 to 27 June 2022

**The Hon. Anthony Carbines MP**

- Minister for Disability, Ageing and Carers

From 27 June 2022 to 30 June 2022

**The Hon. Colin Brooks MP**

- Minister for Disability, Ageing and Carers

Four publications are produced which deal with the functions, powers, duties and activities of the Hospital. These publications can be obtained from Swan Hill District Health.

- The Constitution Objects and By-laws.
- Strategic Plan
- The Annual Report and Financial Statements.
- The Health Service Agreement.



# Our Vision

## Connected Care.

## Best Experience

Swan Hill District Health commit to meet the growing health care needs of our community through our new vision to provide better connected care and to achieve the best care experience

## Our Values



### Inclusive

We provide an experience that welcomes and values everyone.



### Accountable

We personally commit to taking responsibility for all of our decision and actions.



### Progressive

We continue to strive for the best experience outcomes.



### Compassionate

We respond to our people with understanding, empathy and kindness.

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# Chair & CEO – Year in Review

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Swan Hill District Health (SHDH) for the year ending 30 June 2022

We acknowledge that the communities served by SHDH are located on the traditional land of the Latji Latji, Tati Tati, Wamba Wamba, Barapa Barapa and the Wadi Wadi clans. We pay our respects to elders both past and present and thank them for their contribution to the development of our services. We also acknowledge other many diverse cultures that make up our community. SHDH is committed to Closing the Gap between the health outcomes and life expectancy of the Aboriginal and Torres Strait Islander people.

Swan Hill District Health (SHDH) has remained committed to meeting the health care needs and service demands of the community through the provision of effective and high quality health services that achieve broad and effective health outcomes for our catchment community.

Throughout the past 12 month reporting period, our team at SHDH has continuously battled through the unprecedented challenges brought about by what we hope to be, a once in a lifetime pandemic. During this time, there has been no greater challenge for health care workers in maintaining an effective level of quality services whilst facing crippling workforce shortages throughout.

Protecting the community from COVID and providing appropriate care for those affected by COVID has been, and continues to be a priority of our team.

The Board and the community are proud of the efforts of our local health service's response and also, in its support of our neighboring health services in our local regional area.

SHDH values and strives to provide the best care experience at every health care encounter. The values of compassion, accountability, inclusion and progress underpin our approach to the delivery of safe, effective and holistic care.

Our embedded and strong governance systems underpin our approach to the delivery of high quality care.

The Board has a focus on the key governing areas of quality care outcomes in a safe environment for our community, financial sustainability and growth, risk management, and community and cultural engagement. Board subcommittee functions are aligned with the strategic direction of SHDH.

The Board has progressively worked through its 2022 objectives of the 2022-2025 Strategic Plan which underpins SHDH future strategy based around its purpose to provide our community with connected & seamless health care episode designed to deliver the best experience possible.

# Chair & CEO – Year in Review

SHDH has continued its focus in ensuring that the quality & safety processes that oversee our clinical care services are robust and effective in their review and ongoing provision of care. This is achieved through such initiatives as an external clinical service review program; the setting of tolerance and control measures for key performance indicators reporting through the clinical governance dashboard, and the use of patient stories of their lived experience to improve the care and services we provide.

The Board is committed to a strong model of stewardship and as such, undertakes an annual formal assessment, and a strong focus on continuing education to ensure effective Board governance processes are achieved.

This year, the Board farewelled one member in Archana Patney who contributed strong leadership and support to the Board over many years most notably, a passionate community member as Chair of the Board Sub-Committee, Community & Cultural Engagement.

On behalf of the Board, we wish to congratulate and sincerely thank Archana for her dedication and commitment to SHDH.

The Board also acknowledges the contribution of its independent community members who contribute significantly to the work of the Board. Independent and community members play an important role in the provision of effective care and can contribute in many ways. The Board is seeking any interested person to come forward and take up one of these important positions.

The Board remain highly appreciative of the many volunteers, who contribute their valuable time to support health service provision. SHDH acknowledges that it has been an exceptionally difficult time for volunteers due to the COVID restrictions on visiting our services and sincerely wish to thank them for both their patience and also for their ongoing commitment to our services.

We acknowledge the Swan Hill District Health Friends of the Hospital for not only their continued financial support of SHDH, but also their contribution to the continued success of the Op Shop. This year, we were pleased to accept a wonderful donation from the Friends of the Hospital of \$100,000 to purchase a new anaesthetic machine. Remarkable effort given the disruptive year retail has had.

Also gratefully acknowledged is the work of the many other community groups who contribute and donate to SHDH in support.

Planning for the new Emergency Department development to be completed in 2025 has well and truly commenced with final detailed design phase now completed with commencement of early preparatory works later in 2022.

# Chair & CEO – Year in Review

SHDH wishes to acknowledge the support it has received from the Minister for Health, the Department of Health team and the Commonwealth Department of Health & Aged Care in supporting the ongoing development of SHDH.

We wish to recognise the Executive group and all staff for their dedication and commitment to the ongoing success of our services and consistently working towards SHDH's objectives.

The Board and the Executive Team are committed to supporting the future recruitment and retention of a local competent and experienced clinical workforce to support the complex care needs of the broader Mallee community. This year, the Board supported the implementation of a Mallee Clinical Medical training School in partnership with Charles Sturt University. This new Partnership augments SHDH's existing strong long term partnership with Monash University School of Rural Health in growing our approach to "growing our own" clinical workforce. SHDH wishes to acknowledge the dedication and commitment of local and visiting medical, clinical and ancillary practitioners.

In closing, we wish to acknowledge the dedication and commitment of the entire SHDH team and the support of the community in its response to the pandemic related to COVID-19 and the extreme workforce pressures and increase in demand for services that has followed, The SHDH team have and continue to do an outstanding job.

In accordance with the Financial Management Act 1994, we are pleased to present the report of operations for Swan Hill District Health for the year ending 30 June 2022.



Andrew Gilchrist  
Board Chair  
Swan Hill District Health  
30/06/2022



Chloe Keogh  
Acting Chief Executive Officer  
Swan Hill District Health  
30/06/2022

# Board of Directors

## Board Chair

Andrew Gilchrist

## Deputy Board Chair

Greg Kuchel

## Executive Member

Janice Kelly

## Directors

Archana Patney

Deb Colville

Julie Wiggins

Claris Bourne

Ajai Verma

## Corporate Governance (audit) Board sub-committee

Janice Kelly (Chair)

Greg Kuchel

Claris Bourne

## Clinical Governance Board sub-committee

Deb Colville (Chair)

Julie Wiggins

Ajai Verma

## Community & Cultural Engagement Governance Board sub-committee

Archana Patney (Chair)

Andrew Gilchrist

Helen Gell (Community Representative)

Vicki Clark (Community Representative)



## Executive Remuneration Governance Board sub-committee

Andrew Gilchrist (Chair)

Greg Kuchel

Janice Kelly

## AUDITOR AND BANK

### Auditor:

RSD Chartered Accountants  
(as agents of the Auditor General Victoria)

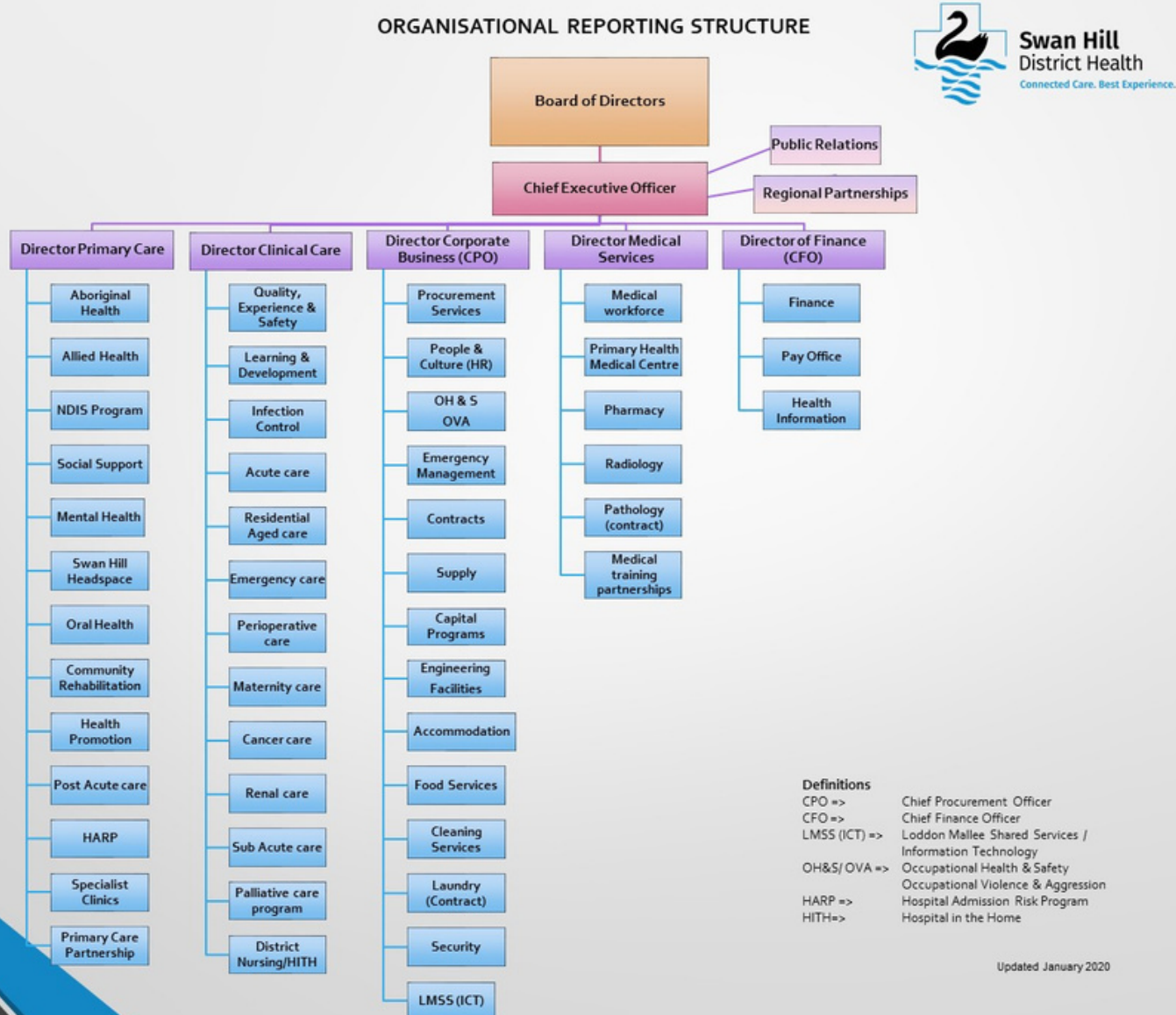
### Banks:

National Australia Bank  
Westpac Bank

### Internal Auditor:

AFS & Associates Pty Ltd. Bendigo

# Organisational Structure



# Executive Team

## **Peter Abraham - Chief Executive Officer**

Dip App Science Nursing, Dip Hlth Mgt.

Appointed June 2019

The Chief Executive Officer is responsible to the Board for leading the workforce to deliver on the vision and strategic objectives of SHDH. Key responsibilities include delivering appropriate health care within the parameters of Government policies, the development and implementation of operational plans, maximizing service efficiency, quality improvement and minimisation of risk.

## **Chloe Keogh - Director of Clinical Care**

*Acting CEO 19 June 2021 - 30 June 2021*

Ba.Nsg, Grad. Dip Mid, Grad. Dip MCH, Masters (Health Serv. Mgmt)

Appointed December 2019

The Director of Clinical Services is responsible for nursing professional standards across all services and has operational responsibility for Acute Inpatient Services, Maternity, Emergency Department, Perioperative Services, Renal Dialysis, District Nursing, Aged Care, Sub Acute, Palliative Care, Cancer Care and Oncology and Advance Care Planning. The Quality, Experience and Safety Unit is also headed by the Director of Clinical Services.

## **Kim Bennetts - Director of Corporate Business / Chief Procurement Officer (CPO)**

GradCertMgt, DipBus (Quality Auditing), Advcert (Food Technology), Cert (Security Operations), CertTrade (Cooking)

Appointed February 2020

The Director of Corporate Business is responsible for all Procurement Services, People and Culture, OH&S, Contracts, Supply, Digital Transformation, Engineering, Accommodation, Food Services, Cleaning and Laundry Services (Support Services) and Security Functions. The Director of Corporate Business role has oversight of Capital Projects, Legislative Compliance and Asset Management Accountability Framework compliance.

## **Paul Smith - Director of Primary Care**

Dip.App.Sc.(Pod.)

Appointed October 2002

The Executive Director of Primary Care leads a comprehensive range of Allied Health, Community and Primary Care Services including Alcohol and Other Drugs, Allied Health, Community Rehabilitation, Dental Services, Health Promotion, Community Nursing, Headspace, Social Support Groups, Aboriginal Liaison, and Strengthening Hospital Response to Family Violence initiative.

## **Rex Prabhu - Director of Medical Services**

MBBS.,DCH.,MPH., MHSc (Health.Serv.Mgmt).,MHSc (OHS).,FRACMA

Appointed February 2019

The Executive Director of Medical Services is responsible for medical workforce and governance within the health service and medical training partnerships with external agencies. This role oversees the operations of the Primary Health Medical centre , Pharmacy, Medico – Legal services including Freedom of Information (FOI) as well as contracted services of Pathology and Medical Imaging.

## **Cherie Bailey - Director of Finance**

CPA

Appointed July 2021

The Executive Director of Finance is responsible for Finance, Health Information Services and Payroll Services

# Senior Staff

## Medical Services

Dr. Ernan. Hession, Director of Medical Training  
Dr Emily Harrison, ED Clinical Lead & Medical Educator  
Dr Vasu Iyengar, O&G Clinical Lead  
Dr Manzoor Elahi, Hon Director of Anaesthetics  
Sarah Symes, Medical Services Manager  
Natalie Barnes, Acting Chief Medical Imaging Technologist  
Alexandra Sharpe, Director of Pharmacy  
Samantha Hellsten, Practice Manager

## Corporate Business

Ken Herman, Engineering Services Manager  
David McCallum, Supply Manager  
Kristy Coolahan, Food Production Manager  
Jodie Jones, Occupational Health & Safety Officer  
Alan Hollway, People & Culture Manager  
Toni Saunders, Environmental Services Manager

## Primary Care

Michelle Gadsby, Aboriginal Health Unit  
Kate Corrie, Health Independence Manager  
Jann Barkman, Counselling Services Manager  
Gayle Taylor, Dietitian/Health Promotion Manager  
Bruce Campbell, Occupational Therapy Manager  
Emma Pay, Physiotherapy Manager  
Stacey Worsnop, Podiatry Manager  
Jenelle Gorden, Speech Pathology Manager  
Kirsty Jacobs, headspace Manager  
Jeanette Healey, Dental Clinic Manager  
Jamie Garahy, Social Support Program Coordinator

## Clinical Services

(NUM – Nurse Unit Manager)  
Cheryl Beard, Nursing Coordinator  
Emily Miller, Nursing Coordinator  
Janine McGregor, Nursing Coordinator  
Jo Dillon, Nursing Coordinator  
Rose Hanns, NUM Acute Ward  
Catherine Kemp, Director of Nursing – Aged Care  
Lee Sullivan, NUM – Logan Lodge  
Sandra Savage, NUM – Jacaranda Lodge  
Kath Curran, NUM Emergency  
Donna Hartland, NUM Theatre  
Cheryl Delmenico, Acting NUM Midwifery  
Tania Cottrell, Acting NUM Midwifery (Feb–June)  
Maria Fox, NUM District Nursing / HITH  
Gillian Mays, NUM Dialysis & Oncology  
Di Ingusan, NUM – Sub Acute  
Merridee Taverna, NUM – Community based Palliative Care  
Quality, Experience & Safety Manager

- April McKenzie (July–Feb)
- Michael Blackmore (Acting Feb–June)

Jayne Stead, Education Manager  
Judy Deveraux, Infection & Prevention Control Coordinator  
Cynthia Holland, Social Worker  
Leanne Bibby, Breast Care Nurse  
Emma Brown, Cancer Care Coordinator

## Finance

Payroll Manager(s)

- Nicole Hawkins / Belinda Gardner (Joint)

Megan Leahy, Chief Health Information Manager

# Medical Staff

## **SHDH Primary Health Medical Centre**

Dr. Ernan Hession  
Dr. Svitlana. Kelada  
Dr. Reshma. Banskota  
Dr. Zeest. Naveed  
Dr Manzoor Elahi  
Dr Viraj Rajaguru  
Dr Nathalie Romond  
Dr Khutlo Gwaitwa "Blessed"  
Dr Tahira Saeed  
Dr Nathan Sturgess

## **Swan Hill Medical Group**

Dr. Stewart Booth  
Dr. Rahman. Talukder  
Dr. Bazel Lodhi

## **Cardiology**

Dr. G.P. Leidl

## **General Surgery**

Mr. Shantha. Tellambura  
Mr. Prasenjit. Modak.  
Dr. Kaushik. Joshi

## **Geriatric Medicine**

Dr Keith Kiew  
Dr James Wei

## **Obstetrics/Gynecology**

Dr. Mark. Jalland – Gynaecology  
Dr Vasu Iyengar  
Dr Nick Ellis  
Dr Monika Trivedi

## **Infectious Diseases**

Dr. Andrew. Mahony

## **Nephrology**

Dr Emily Butler

## **Oncology**

Dr. Mark. Warren  
Dr. Robert. Blum

## **Ophthalmic Surgery**

Dr. Saf. Bassili  
Dr Dujon Fuzzard

## **Orthopedic Surgery**

Mr. Neelika. Dayananda  
Mr. Simon. Holland

## **Otorhinolaryngology**

Mr. Paul. Paddle  
Mr. Ryan. De Freitas

## **Pathology**

Austin Pathology

## **Radiology**

Dr. D.M. Cleeve  
Dr. R. Jarvis  
Dr. S. Skinner  
Dr. J. Eng  
Dr. J. Wilkie  
Dr. J. Tamangani  
Dr. D. Arhanghelschi

## **Urology**

Ms. Janelle. Brennan

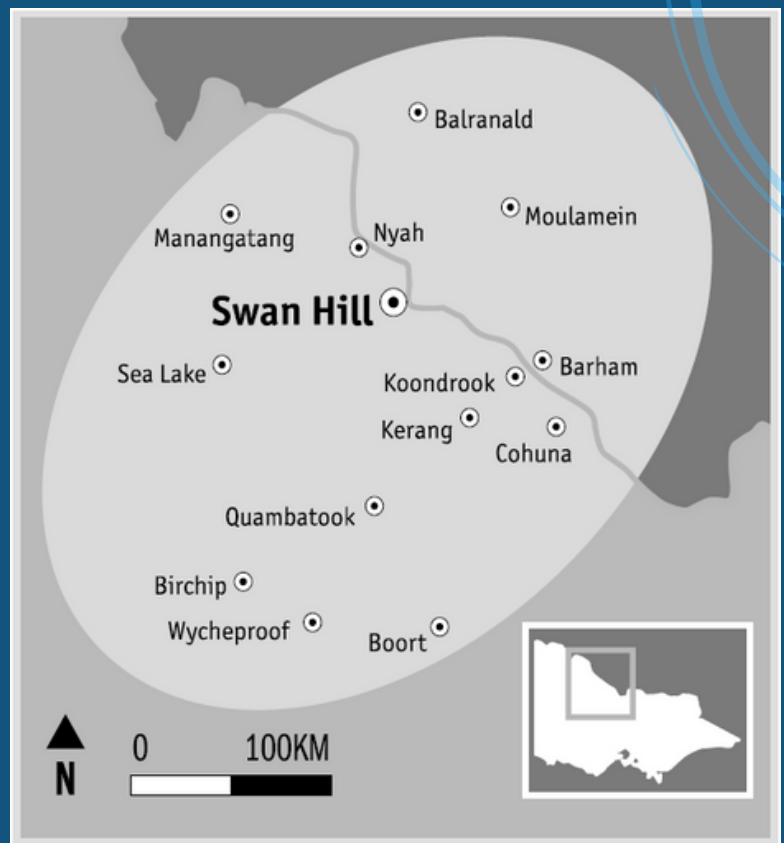
## **Dental Surgeons**

Dr Sajeve Koshy  
Dr Gomahal Sindhu Ravichandran

# Our Services

Aboriginal Liaison  
Acute Care  
Adult Day Service  
Advance Care  
Aged Care Residential  
Breast Care Nurse  
Cancer Care  
Cardiology  
Care Co-Coordination  
Chemotherapy  
Community Health Nursing  
Community Rehabilitation  
Continence Service  
Counselling Service, incl. Alcohol  
and Other Drug Services  
Dental  
Dietetics  
District Nursing  
Domiciliary Midwifery Service  
Emergency Department  
General Medicine  
General Surgery  
Geriatric Medicine  
GP – Primary Health Clinic  
Gynaecology  
Haemodialysis  
Hearspace  
Health Clinics  
Health Promotion  
Hospital Admission Risk Program  
Hospital in the Home  
Lymphoedema Service  
Meals on Wheels  
Midwifery Unit  
Nephrology  
Occupational Therapy  
Day Oncology  
Ophthalmology Surgery  
Orthopaedic Surgery

Otorhinolaryngology Surgery  
Paediatric Medicine  
Palliative Care  
Pharmacy  
Pharmacotherapy  
Physiotherapy  
Podiatry  
Post Acute Care Services  
Preparation for Childbirth  
Primary Health Medical Centre  
Radiology  
Speech Pathology  
Stomal Therapy  
Sub Acute  
Transitional Care  
Urology Surgery  
Vascular Services



# Report of Operations

## SUMMARY OF FINANCIAL RESULTS

	2021-22 (\$000)	2020-21 (\$000)	2019-20 (\$000)	2018-19 (\$000)	2017-18 (\$000)
Operating Result (\$m)	0	0	(0.56)	(2.7)	(0.016)
Total Revenue	89,074	81,573	77,384	69,542	63,404
Total Expenses	89,509	84,165	79,376	71,374	64,315
Net Results from transactions	(435)	(2,592)	(1,992)	(1,832)	(911)
Other Economic Flows	(58)	-	(318)	(330)	(184)
Net Results	(493)	(2,592)	(2,310)	(2,162)	(1,095)
Accumulated Surpluses	(2,163)	(1,670)	922	3,232	5,394
Total Assets	100,236	89,080	88,881	89,791	83,548
Total Liabilities	29,633	29,283	27,142	25,742	25,427
Net Assets	70,603	59,797	61,739	64,049	58,121
Total Equity	70,603	59,797	61,739	64,049	58,121

## RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT

	2021-2022 \$000
Operating result	0
Capital purpose income	4,005
Specific income	
COVID 19 State Supply Arrangements	
• Assets received free of charge or for nil consideration under the State Supply	960
State supply items consumed up to 30 June 2022	(834)
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for capital purpose	-
Depreciation and amortisation	(4,566)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	(435)

# Report of Operations

## CONSULTANCIES

### Details of Consultancies under \$10,000:

In 2021-2022 there were 4 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is \$ 23230 (excluding GST).

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

In 2021-2022 there were 3 consultancies where the total fees payable to the consultants was \$10,000 or greater.

The total expenditure incurred during 2021-2022 in relation to these consultancies is \$143,043.21 (excluding GST).

Consultant	Purpose	Start Date	End Date	Total approved project fee	Expenditure 2021-22 GST Excl.	Future Expenditure GST Excl.
Murray Verbeek	Digital Transformation	Apr-22	Dec-22	\$87,600	\$87,600	-
The trustee for workplace investigation service trust	Work cover	Dec-21	Jun-22	\$20,443.21	\$20,443.21	-
Leading Healthcare	Aged Care Strategic Review	Dec-21	Jun-22	\$35,000	\$35,000	-

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2021-2022 is \$1.32 million (excluding GST) with the details shown below:

Business as Usual (BAU) ICT Expenditure	Non-Business as Usual (non-BAU) ICT Expenditure		
Total (excl. GST)	Total =Operational, E=Expenditure and capital Expenditure (excl. GST)	Operational Expenditure (excl. GST)	Capital Expenditure (excl. GST)
1.226 million	0.179 million	0.00	0.179

# Report of Operations

## WORKFORCE DATA

Hospitals Labour Category	June current month FTE		Average Monthly FTE	
	2021	2022	2021	2022
Nursing	196.8	179.1	199.1	187.4
Administration and Clerical	95.0	99.8	91.4	98.2
Medical Support	25.4	15.7	27.2	26.1
Hotel and Allied Services	75.5	97.6	77.7	82.6
Medical Officers	3.2	3.3	2.5	3.2
Hospital Medical Officers	18.3	17.1	16.6	15.8
Sessional Clinicians	0.7	0.9	0.5	0.8
Ancillary Staff (Allied Health	58.4	50.1	56.8	49.9

## OCCUPATIONAL HEALTH & SAFETY

Swan Hill District Health is committed to ensuring the health, safety and welfare of its visitors, patients and staff and maintains its responsibilities under the Occupational Health and Safety Act 2004 (Vic) and subsequent Regulations. SHDH takes proactive measures to identify and implement mitigation strategies to reduce the risk of injury in consultation with employees, managers and other relevant consumers.

Swan Hill District Health collected performance indicators in the areas of Worker's Compensation, Injuries, Hazards and Near Misses, Occupational Health and Safety Audits, Meetings and Representation and Occupational Violence and Aggression Incidents.

In 2021/2022, a number of performance indicator targets were not met, largely due to COVID-19 influences and restrictions on promotional activities and education opportunities. Whilst the reported injuries target (decrease of 10%, 4.8 average.) with a result of 4.58 average per month, reported hazards were significantly under target (increase of 20%, 1.9 average) with a result of 0.4 average per month.

Occupational Health and Safety Audits, Meetings and Representation performance indicator targets were also not met due to COVID-19 restrictions. Improvement was experienced for the end of the reporting period in all areas, reflective of restrictions easing.

Worker's Compensation trends have remained consistent for 2021/2022, however average claim costs have increased significantly, predominantly due to delays in surgical interventions for compensable injuries, therefore delays in capacity to return to the workplace.

Occupational Violence and Aggression performance indicator targets were exceeded for 2021/2022, with the result indicating an increase in reporting from 190 incidents to 308 incidents. The strategic objective for Occupational Violence and Aggression is to increase incident reporting in the first instance. Once reporting is reflective of activity, trends will be analyzed and targets amended to reflect early intervention and proactive management of violence and aggressive occasions.

# Report of Operations

## OCCUPATIONAL HEALTH & SAFETY

Occupational Health & Safety Statistics	2021-2022	2020-2021	2019-2020
The number of reported hazards/incidents for the year per 100 FTE	50	30	32
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.65	0.43	0.66
The average cost per WorkCover claim for the year	\$150,356	\$25,074	\$25,815

## OCCUPATIONAL VIOLENCE

Occupational violence statistics	2021-2022
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.	308
Number of occupational violence incidents reported per 100 FTE	66.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	4.5%

### Definitions of occupational violence

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- **Accepted Workcover claims** – accepted Workcover claims that were lodged in 2021-2022.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Report of Operations

## DISCLOSURES

### Freedom of Information Act 1982

Freedom of information is the means whereby people may obtain access to information not normally available to them, in accordance with the terms of the Freedom of Information Act 1982.

The Principal Officer under the Act is the Chief Executive Officer; the authorised Freedom of Information Manager is the Director of Medical Services.

The public may seek access to any documents and records held by Swan Hill District Health by making a written request to the Freedom of Information Manager.

This year 184 requests for information were received which related to personal documents.

### Public Interest Disclosure Act 2012

Under the Public Interest Disclosures Act 2012 (Formerly Protected Disclosure Act 2012) Swan Hill District Health has a protocol, including policy, consistent with the requirements of the act that supports staff to disclose serious misconduct or corruption within the organisation and public health services in Victoria.

Swan Hill District Health received 1 notification during the 2021/22 financial year.

### Statement on National Competition Policy

SHDH complies with the building and maintenance provisions of the Building Act 1993, inclusive of the relevant provisions in the National Construction Code. All SHDH facilities maintain essential safety measures, maintenance and fire safety audits.

### Carers Recognition Act 2012

Swan Hill District Health takes all practicable measures to ensure that its employees, agents and persons who are in care relationships receiving services have an awareness and understanding of the care relationship principles. We reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

### Local Jobs First Act 2003

Swan Hill District Health acknowledges it is required to abide by the principles of the Victorian Industry Participation Policy Act 2003 (VIPP). In 2019/20 there were no projects commenced to which the VIPP applies. To ensure that all requirements are in place that assures compliance to the VIPP policy requirements, Swan Hill District Health has:

- Delegated the Swan Hill District Health Procurement Team the responsibility for Registration of future projects requiring ICN registration.
- VIPP requirements and statements are incorporated as part of our RFT documents

Swan Hill District Health has a nominated VIPP Authorised Administrator to ensure future Projects over \$1 million are appropriately captured and compliant with VIPP guidelines and requirements.

# Report of Operations

## DISCLOSURES

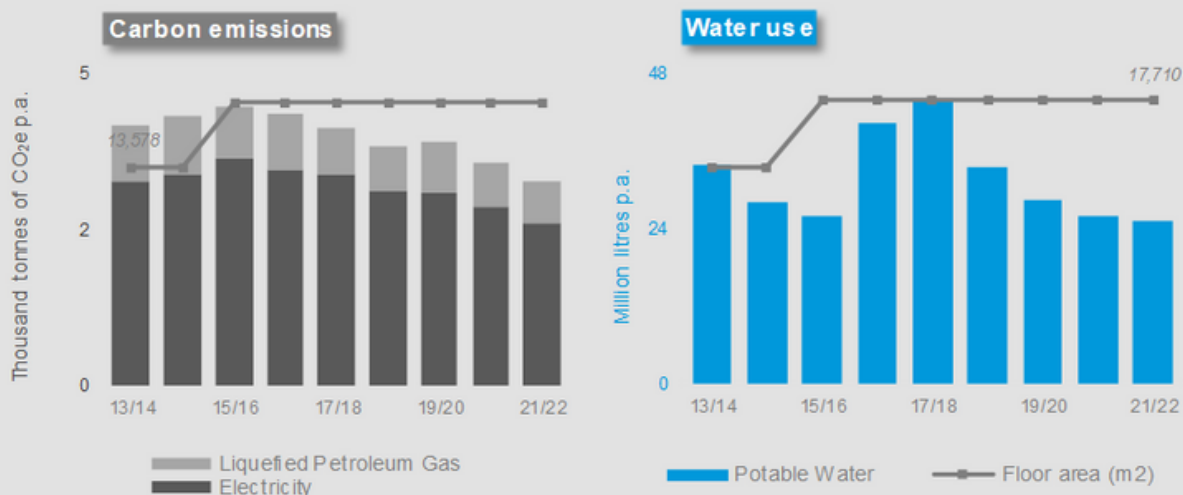
### Environmental performance

Swan Hill District Health strives to continually improve the health of the people in our community by providing health care in an environmentally sound and sustainable manner. Swan Hill District Health is committed to continual improvement in energy consumption to reduce its carbon footprint.

### Expenditure

	2020-21 (\$ thousand)	2021-22 (\$ thousand)	Change from previous year
Electricity	\$550	\$552	0.3%
Liquefied Petroleum Gas	\$160	\$269	68.3%
Potable Water	\$66	\$62	-6.3%
<b>TOTAL</b>	<b>\$776</b>	<b>\$883</b>	<b>13.7%</b>

### Environmental impacts



### Environmental impacts & energy use

	2019-20	2020-21	2021-22
<b>Energy use</b>			
Electricity (MWh)	2,819	2,724	2,672
Liquefied Petroleum Gas (kL)	489	432	405
<b>Carbon emissions (thousand tonnes of CO<sub>2</sub>e)</b>			
Electricity	3	3	2.43
Liquefied Petroleum Gas	1	1	0.63
Total emissions	4	3	3.06
<b>Water use (millions litres)</b>			
Potable Water	28	26	25.10

### Factors influencing environmental impacts

	2019-20	2020-21	2021-22
Floor area (m <sup>2</sup> )	17,710	17,710	17,710
Separations	7,206	6,648	6,351
In-Patient Bed Days	15,445	14,685	14,920
Aged Care Bed Nights	25,736	25,297	24,830

# Report of Operations

## DISCLOSURES

### Building Act 1993

Swan Hill District Health complies with the Building Act 1993.

### Gender Equality Act 2020

Swan Hill District Health is committed to the principles of diversity and equality in all aspects of our business and operations. In accordance with the Gender Equality Act 2020 we have developed and lodged a Gender Equality Action Plan 2022-2025 demonstrating our intention to positively impact upon diversity and inclusion and positive discrimination to remove gender bias and create sustainable improvement in gender representation from traditional disadvantaged groups.

Our strategy includes:

1. Implementation of a Gender Equality Committee to contribute, oversee and monitor progression of the Gender Equality Action Plan 2022-2025, including focusing on proactive measures to impact gender equality and inclusion in our workforce.
2. The Operational Director People and Culture, in consultation with key stakeholders, implement the Gender Equality Action Plan to ensure key milestones are achieved.  
Development of a strategy to obtain intersectional data of SHDH workforce –  
Analysis of intersectional data to assist in the development and achievement of strategies  
– Reengagement by the Operational Director People and Culture and Health Promotion in the Community particularly surrounding participation on the community diversity and inclusion committee harmonising strategies between SHDH and the community in order to maximise results.
3. The development of a training system to monitor and review the career development opportunities which will assist in the identification of any inequalities/disparities.
4. Creation of a central record of higher duties and secondments to facilitate the identification of any inequalities/disparities.
5. The development and implementation of strategies, throughout the employment lifecycle to assist in the achievement of our aspirational profiles i.e. Ethnicity/Inclusion.

### Safe Patient Care Act 2015

Swan Hill District Health has nil reports in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

# Report of Operations

## DISCLOSURES

### Additional information available on request

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

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

# Report of Operations

## ATTESTATIONS AND DECLARATIONS

### Financial Management Compliance attestation

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



Andrew Gilchrist  
Accountable Officer

### Conflict of Interest

I, Chloe Keogh, certify that Swan Hill 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 Swan Hill 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.



Chloe Keogh  
Accountable Officer

### Integrity, Fraud & Corruption

I, Chloe Keogh, certify that Swan Hill 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 Swan Hill District Health during the year.



Chloe Keogh  
Accountable Officer

### Data Integrity

I, Chloe Keogh certify that Swan Hill District Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance.

Swan Hill District Health has critically reviewed these controls and processes during the year.



Chloe Keogh  
Accountable Officer

# Report of Operations

## DISCLOSURE INDEX

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

Legislation	Requirement	Page Reference
<b>Ministerial Directions</b>		
<b>Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22	Manner of establishment and the relevant Ministers	i
	Purpose, functions, powers and duties	ii
	Nature and range of services provided	1
	Activities, programs and achievements for the reporting period	1
	Significant changes in key initiatives and expectations for the future	1
<b>Management</b>		
FRD 22	Organisational structure	5
	Workforce data/employment and conduct principles	12
	Occupational Health and Safety	13
<b>Financial Information</b>		
FRD 22	Summary of the financial results for the year	Appendix 2
	Significant changes in financial position during the year	Appendix 2
	Operational and budgetary objectives and performance against objectives	Appendix 1
	Details of consultancies under \$10,000	11
	Details of consultancies over \$10,000	11
	Disclosure of ICT expenditure	11
<b>Legislation</b>		
FRD 22	Application and operation of Freedom of Information Act 1982	14
	Application and operation of Public Interest Disclosure Act (Updated 2020-2021)	14
	Statement on National Competition Policy	14
	Application and operation of Carers Recognition Act 2012	14
	Summary of the entity's environmental performance	15
	Compliance with building and maintenance provisions of Building Act 1993	16
	Additional information available on request	17
<b>Other relevant reporting directives</b>		
FRD 25	Local Jobs First Act disclosures	14
SD 5.1.4	Financial Management Compliance attestation	18
SD 5.2.3	Declaration in report of operations	3
<b>Attestations</b>		
• Attestation on Data Integrity		18
• Attestation on Managing Conflicts of Interest		18
• Attestation on Integrity, Fraud and Corruption		18
<b>Other reporting requirements</b>		
• Reporting of outcomes from Statement of Priorities 2020-2021		Appendix 1
• Occupational Violence reporting		13
• Gender Equality Act 2020		16
• Reporting obligations under the Safe Patient Care Act 2015		16



**Swan Hill  
District Health**  
Connected Care. Best Experience.

Splatt Street, PO Box 483. Swan Hill, Vic 3585  
Phone: (03) 5033 9300  
[www.shdh.org.au](http://www.shdh.org.au)

ABN: 24 314 338 210

# Appendices

## Appendix 1

- Statement of Priorities 2021–2022: Part A, B & C

## Appendix 2

- Victorian Auditor-General's Office Report
- Financial Results for 2021–2022

# Statement of Priorities – Part A

Strategic Priorities	SHDH Strategy and Outcome
<p>Maintain a robust COVID-19 readiness and response which includes testing for community and staff and the vaccine immunisation program rollout.</p>	<ul style="list-style-type: none"> <li>• Swan Hill District Health has a well-developed Pandemic Management Plan that has undergone rigorous review and scenario testing. SHDH has conducted COVID-19 screening tests, vaccinations, and covid care at home through a virtual care program in Swan Hill throughout the reporting period.</li> <li>• SHDH has provided strong support to its sub regional and regional partners in responding effectively to COVID.</li> <li>• Became a Covid streaming hospital. Stepped the Hospital Incident Response Committee down to a Covid Coordination Group meeting to respond to ongoing challenges of the pandemic in a business as usual environment.</li> </ul>
<p>Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary “catch-up” care to support them to get back on track.</p>	<ul style="list-style-type: none"> <li>• Strong focus on accessing telehealth across primary and community care programs during lock downs. This included a Gestational Diabetic Management telehealth program with Bendigo Health and SHDH to help women get more specialised Diabetic care during pregnancy closer to home.</li> <li>• High Risk Accommodation Housing vaccination and support programs implemented to support at risk, vulnerable people to the conclusion of this program.</li> <li>• Targeted COVID and vaccination awareness and promotion program led by the SHDH Refugee Health and Health Promotion teams, undertaken in the CALD, Refugee, Asylum Seeker populations and disability homes in the local area.</li> <li>• Youth Mental health awareness program delivered through headspace Swan Hill.</li> <li>• The Loddon Mallee Health Network (LMHN) are leading the partnership implementation of the Reduction in Elective Surgery wait lists and Better at Home Initiative. Both funding sources have enabled SHDH to increase theatre patients operated on in 2021-22), Hospital In The Home (HITH) and Complex Care activity enabling more people with chronic conditions to receive timely access to care.</li> </ul>
<p>Initiatives to support Aboriginal Cultural Safety</p>	<ul style="list-style-type: none"> <li>• The SHDH Aboriginal Reconciliation Action Plan was developed by the Aboriginal Health Committee and adopted by the Community &amp; Cultural Advisory Committee.</li> <li>• A Cultural awareness eLearning module has been introduced with 90% of all employees having completed the module.</li> <li>• An Aboriginal Health Manager role has been commenced.</li> <li>• SHDH engaged in the NAIDOC week celebrations and preparations for First Nations Emergency Department art work made for three different areas within this unit when rebuilt. The SHDH CEO is chair of the Loddon Mallee Improving Aboriginal Cultural Safety in Health Services Committee.</li> </ul>

# Statement of Priorities – Part A

Strategic Priorities	SHDH Strategy and Outcome
<p>As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety.</p>	<ul style="list-style-type: none"> <li>• SHDH is the lead agency for headspace Swan Hill.</li> <li>• Strong partnership developed with Bendigo Health Community Mental Health team based in Swan Hill to better support patients with mental health conditions presenting to the ED.</li> <li>• Establishment of a Mental Health Practitioner position in the SHDH Primary Care Medical Centre and a Drug and Alcohol Nurse Practitioner who provides support across all SHDH service areas.</li> <li>• Frontline worker completion of Mental Health First Aid training offered.</li> <li>• The Board Clinical Governance Committee reviews the Aged Care clinical governance indicator suite bi-monthly.</li> <li>• Logon Lodge and Jacaranda Lodge Residential Aged care facilities underwent a support visit from a nurse advisor from Victorian Department of health to prepare for Accreditation visits and implementation of Royal Commission recommendations. Processes have been reviewed to ensure that we are addressing the additional reporting requirements with My Aged Care, NDIS Commission, VICNISS including the appointment of Infection Control champions across both facilities, including the COVID outbreak reporting</li> <li>• Both homes prepared for unannounced visits in early 2022.</li> </ul>
<p>Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.</p>	<ul style="list-style-type: none"> <li>• The SHDH CEO is a Board member of the Loddon Mallee Health Network (LMHN) and Chair of the LMHN Quality &amp; Safety Committee.</li> <li>• The SHDH Executive Director of Clinical Care attends the regional Executive Nursing group, the Covid streaming meetings, formally mentored two other health service executives from other health service during the period. The SHDH Director of Corporate</li> <li>• Business supports sub regional procurement activity and provides corporate support to Kerang District Health.</li> <li>• SHDH is an active member of the Murray Health and the Mallee Health Partnership.</li> <li>• SHDH has committed resources to the regional staff furloughing plan supporting both the Mildura and the Echuca communities.</li> <li>• SHDH provides outreach Specialist Geriatrician services to Kerang District Health, Cohuna District Hospital and Mallee &amp; District Aboriginal Service. An outreach model of Pharmacy support has been developed for Kerang District Health.</li> </ul>

# Statement of Priorities – Part B

HIGH QUALITY AND SAFE CARE		
Key performance measure	Target	Result
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	87.4%
Percentage of healthcare workers immunised for influenza	92%	90%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	97.5%
<b>Unplanned readmissions</b>		
Unplanned readmissions to any hospital following a hip replacement	≤ 6%	Minimum threshold for reporting not met
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤1.4%	2.2%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	0.00%
<b>Continuing Care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.257
<b>STRONG GOVERNANCE, LEADERSHIP AND CULTURE</b>		
<b>Organisational Culture</b>		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	69%	62%

# Statement of Priorities – Part B

HIGH QUALITY AND SAFE CARE		
Key performance measure	Target	Result
TIMELY ACCESS TO CARE		
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	99%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	93%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	84%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	3
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	100%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

EFFECTIVE FINANCIAL MANAGEMENT		
Key performance measure	Target	Result
Average number of days to pay trade creditors	60 days	14
Operating Result	0	0
Average number of days to receive patient fee debtors	60 days	24
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.17
Actual number of days available cash, measured on the last day of each month.	14 days	18.1
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	≤ \$250,000	\$3.742m

# Statement of Priorities – Part C

Funding type	2021-2022 Activity achievement
<b>CONSOLIDATED ACTIVITY FUNDING</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	6,902
<b>ACUTE ADMITTED</b>	
National Bowel Cancer Screening Program NWAU	8
Acute admitted DVA NWAU	89
Acute admitted TAC NWAU	43
<b>ACUTE NON-ADMITTED</b>	
Home Enteral Nutrition NWAU	4
<b>SUBACUTE/NON-ACUTE, ADMITTED &amp; NON-ADMITTED</b>	
Subacute WIES – DVA	30
<b>AGED CARE</b>	
Residential Aged Care	25,432
HACC hours	1,222
<b>PRIMARY HEALTH</b>	
Community Health / Primary Care Programs NWAU	8,107

# Appendix 2

## Financial Statements

Swan Hill District Health

24 314 338 210

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

# SWAN HILL DISTRICT HEALTH

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

The attached financial statements for Swan Hill 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 the financial position of Swan Hill District Health 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 statements for issue on 26 October 2022

### Board member



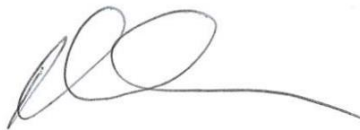
A. Gilchrist

Board Chair

Swan Hill

26 October 2022

### Accountable Officer



P. Abraham

Chief Executive Officer

Swan Hill

26 October 2022

### Chief Finance & Accounting Officer



E. Sheridan

Acting Chief Finance and  
Accounting Officer

Swan Hill

26 October 2022

# Independent Auditor's Report

## To the Board of Swan Hill District Health

<b>Opinion</b>	<p>I have audited the financial report of Swan Hill District Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>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 <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the 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.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**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  
11 November 2022



Dominika Ryan  
*as delegate for the Auditor-General of Victoria*

**Swan Hill District Health  
Comprehensive Operating Statement  
For the Financial Year Ended 30 June 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue and income from transactions</b>			
Operating activities	2.1	88,465	80,690
Non-operating activities	2.1	609	883
<b>Total revenue and income from transactions</b>		<b>89,074</b>	<b>81,573</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(65,046)	(62,012)
Supplies and consumables	3.1	(8,038)	(7,537)
Finance costs	3.1	(22)	(25)
Depreciation	4.4	(4,566)	(4,584)
Other administrative expenses	3.1	(6,005)	(4,402)
Other operating expenses	3.1	(5,832)	(5,605)
<b>Total Expenses from transactions</b>		<b>(89,509)</b>	<b>(84,165)</b>
<b>Net result from transactions - net operating balance</b>		<b>(435)</b>	<b>(2,592)</b>
<b>Other economic flows included in net result</b>			
Net gain on sale of non-financial assets	3.2	81	116
Net loss on financial instruments	3.2	(67)	(20)
Other loss from other economic flows	3.2	(72)	(96)
<b>Total other economic flows included in net result</b>		<b>(58)</b>	<b>-</b>
<b>Net result for the year</b>		<b>(493)</b>	<b>(2,592)</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.1(b)	11,299	650
<b>Total other comprehensive income</b>		<b>11,299</b>	<b>650</b>
<b>Comprehensive result for the year</b>		<b>10,806</b>	<b>(1,942)</b>

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

**Swan Hill District Health**  
**Balance Sheet**  
**As at 30 June 2022**

	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.2	24,823	22,630
Receivables and contract assets	5.1	1,286	1,397
Inventories	4.5	246	230
Prepaid expenses		377	219
<b>Total current assets</b>		<b>26,732</b>	<b>24,476</b>
<b>Non-current assets</b>			
Receivables and contract assets	5.1	1,127	1,298
Property, plant and equipment	4.1(a)	71,838	62,864
Right of use assets	4.2(a)	539	442
<b>Total non-current assets</b>		<b>73,504</b>	<b>64,604</b>
<b>Total assets</b>		<b>100,236</b>	<b>89,080</b>
<b>Current liabilities</b>			
Payables and contract liabilities	5.2	4,329	4,529
Borrowings	6.1	177	123
Employee benefits	3.3	11,486	10,878
Other liabilities	5.3	11,463	11,572
<b>Total current liabilities</b>		<b>27,455</b>	<b>27,102</b>
<b>Non-current liabilities</b>			
Borrowings	6.1	495	486
Employee benefits	3.3	1,683	1,695
<b>Total non-current liabilities</b>		<b>2,178</b>	<b>2,181</b>
<b>Total liabilities</b>		<b>29,633</b>	<b>29,283</b>
<b>Net assets</b>		<b>70,603</b>	<b>59,797</b>
<b>Equity</b>			
Revaluation surplus	4.3	54,694	43,395
Restricted specific purpose reserve	SCE	3,850	3,705
Contributed capital	SCE	18,072	18,072
Accumulated deficit	SCE	(6,013)	(5,375)
<b>Total equity</b>		<b>70,603</b>	<b>59,797</b>

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

**Swan Hill District Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2022**

	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Deficit \$'000	Total \$'000
<b>Balance at 1 July 2020</b>	<b>42,745</b>	<b>3,552</b>	<b>18,072</b>	<b>(2,630)</b>	<b>61,739</b>
Net result for the year	-	-	-	(2,592)	(2,592)
Other comprehensive income for the year	650	-	-	-	650
Transfer from/(to) accumulated surplus/(deficit)	-	153	-	(153)	-
<b>Balance at 30 June 2021</b>	<b>43,395</b>	<b>3,705</b>	<b>18,072</b>	<b>(5,375)</b>	<b>59,797</b>
Net result for the year	-	-	-	(493)	(493)
Other comprehensive income for the year	11,299	-	-	-	11,299
Transfer from/(to) accumulated surplus/(deficit)	-	145	-	(145)	-
<b>Balance at 30 June 2022</b>	<b>54,694</b>	<b>3,850</b>	<b>18,072</b>	<b>(6,013)</b>	<b>70,603</b>

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

**Swan Hill District Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2022**

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows from operating activities</b>			
Operating grants from State Government		57,314	53,451
Operating grants from Commonwealth Government		11,850	10,113
Capital grants from State Government		2,511	1,602
Capital grants from Commonwealth Government		18	44
Patient fees received		4,204	4,082
Private practice fees received		827	803
Donations and bequests received		1,460	177
GST received from ATO		5	(14)
Interest and investment income received		12	22
Recoupment from private practice for use of hospital facilities		1,840	1,787
Other receipts received		9,026	8,360
<b>Total receipts</b>		<b>89,067</b>	<b>80,427</b>
Employee expenses		(52,074)	(49,959)
Non salary labour costs		(12,448)	(11,312)
Payments for supplies and consumables		(8,053)	(7,884)
Payments for repairs and maintenance		(483)	(341)
Finance costs		(22)	(25)
Other payments		(11,612)	(8,026)
<b>Total payments</b>		<b>(84,692)</b>	<b>(77,547)</b>
<b>Net cash flows from/(used in) operating activities</b>	8.1	<b>4,375</b>	<b>2,880</b>
<b>Cash Flows from investing activities</b>			
Purchase of non-financial assets		(2,012)	(1,870)
Proceeds from sale of property, plant and equipment		85	161
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,927)</b>	<b>(1,709)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(39)	-
Repayment of principal portion of lease liabilities		(107)	(58)
Repayment of accommodation deposits		(5,731)	(2,789)
Receipt of accommodation deposits		5,622	3,300
<b>Net cash flows from/(used in) financing activities</b>		<b>(255)</b>	<b>453</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>2,193</b>	<b>1,624</b>
Cash and cash equivalents at beginning of year		22,630	21,006
<b>Cash and cash equivalents at end of year</b>	6.2	<b>24,823</b>	<b>22,630</b>

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

## **Note 1: Basis of presentation**

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

This section explains the basis of preparing the financial statements.

### **Note 1.1: Basis of preparation of the financial statements**

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

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

Swan Hill 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 have been prepared 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 Swan Hill District Health on 26 October 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 it 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.

### Note 1.2 Impact of COVID-19 pandemic (continued)

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

- introduced restrictions on non-essential visitors;
- implemented reduced visitor hours;
- utilised telehealth service;
- deferred elective surgery and reduced activity;
- performed COVID-19 testing;
- established and operated vaccine clinics;
- changed infection control practices; and
- implemented work from home arrangements where appropriate.

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

Note 2: Funding delivery of our services.

Note 3: The cost of delivering services.

### Note 1.3 Abbreviations and terminology used in the financial statements

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

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

### Note 1.4: Joint arrangements

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

Swan Hill District Health has the following joint arrangements:

- Loddon Mallee Rural Health Alliance

Details of the joint arrangements are set out in Note 8.6.

**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 Swan Hill District Health and their potential impact when adopted in future periods is outlined below:

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

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Swan Hill 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 activities of Swan Hill District Health.

Its principal address is:

48 Splatt Street  
Swan Hill, Victoria 3585

A description of the nature of Swan Hill 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

Swan Hill District Health's overall objective is to provide quality health services in the right setting by dedicated people with and for our community, as well as improve the quality of life to Victorians. Swan Hill District Health is predominantly funded by grant funding for the provisions of outputs. Swan Hill 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 partially attributable to the COVID-19 coronavirus pandemic.

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

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:

- High Risk Accommodation Response (HRAR) grants (2022: \$0.228m);
- Grants to support increased personnel expenses and healthcare worker wellbeing (2022: \$1.840m); and
- Support for our GP Respiratory Testing Clinic, isolation rooms and vaccination clinic (2022: \$1.301m).

Swan Hill District Health also received essential personal protective equipment free of charge under the state supply arrangement.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Swan Hill District Health applies significant judgement when reviewing the terms and conditions of funding agreements and contracts, to determine whether they contain sufficiently specific and enforceable performance obligations.  If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Swan Hill 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 the timing of revenue recognition	Swan Hill 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 the time of capital grant income recognition	Swan Hill 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

		2022 \$'000	2021 \$'000
<b>Operating activities</b>			
<b>Revenue from contracts with customers</b>			
Government grants (State) - Operating		48,976	41,619
Government grants (Commonwealth) - Operating		9,017	9,293
Government grants (State) - Dental health		1,191	1,336
Patient and resident fees		6,626	6,891
Commercial activities <sup>1</sup>		2,528	2,597
<b>Total revenue from contracts with customers</b>	2.1(a)	<b>68,338</b>	<b>61,736</b>
<b>Other sources of income</b>			
Government grants (State) - Operating		8,338	11,831
Government grants (Commonwealth) - Operating		2,833	820
Government grants (State) - Capital		2,511	1,602
Government grants (Commonwealth) - Capital		18	44
Non-cash contributions by Department of Health and Human Services		97	171
Other capital purpose income		1,465	160
Assets received free of charge or for nominal consideration	2.2	834	372
Other revenue from operating activities (inc. non-capital donations)		2,866	2,022
Jointly controlled operations	8.6	1,110	1,872
Property income		55	60
<b>Total other sources of income</b>		<b>20,127</b>	<b>18,954</b>
<b>Total revenue and income from operating activities</b>		<b>88,465</b>	<b>80,690</b>
<b>Non-operating activities</b>			
<b>Income from other sources</b>			
Capital interest		12	12
Assets received free of charge or for nominal consideration	2.2	126	171
Other income from non-operating activities		471	700
<b>Total other sources of income</b>		<b>609</b>	<b>883</b>
<b>Total income from non-operating activities</b>		<b>609</b>	<b>883</b>
<b>Total revenue and income from transactions</b>		<b>89,074</b>	<b>81,573</b>

1. Commercial activities represent business activities which Swan Hill District Health enters into to support their operations.

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

Swan Hill District Health disaggregates revenue by the timing of revenue recognition.

### Goods and services transferred to customers:

	2022 \$'000	2021 \$'000
At a point in time	18,171	18,781
Over time	50,167	42,955
<b>Total revenue from contracts with customers</b>	<b>68,338</b>	<b>61,736</b>

## How we recognise revenue and income from operating activities

### Government operating grants

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

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Swan Hill 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 accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Swan Hill District Health's goods or services. Swan Hill District Health 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.

## **Note 2.1(a) Timing of revenue recognition from contracts with customers (continued)**

This policy applies to each of Swan Hill District Health's revenue streams, with information detailed below relating to Swan Hill District Health's significant revenue streams:

<b>Government grant</b>	<b>Performance obligation</b>
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES)	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 over time.
	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.
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.
	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.
	The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.
	Revenue is recognised over time.
Department of Health Grants linked to Statement of Priorities	Funding is received from Department of Health that have performance obligations linked to the Statement of Priorities agreed upon between the health service and the Department of Health. These include but are not limited to Acute and Subacute admitted, Emergency, Health Independence Program, Residential Aged Care, Palliative Care and Non Admitted Community Care programs.
	The performance obligation is requirement to provide a stipulated number of service contacts or hours of service delivery.
	Revenue is recognised over time.
Commonwealth Residential Aged Care	Funding is provided for the provision of care for aged care residents within facilities at Swan Hill District Health.
	The performance obligations include provision of residential accommodation and care from nursing staff and personal care
	Revenue is recognised at the point in time when the service is provided within the residential aged care facilities.

## **Note 2.1(a) Timing of revenue recognition from contracts with customers (continued)**

### **Capital grants**

Where Swan Hill 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 Swan Hill 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 and the provision of services is satisfied. Accommodation charges are calculated daily and are recognised at a point in time, to reflect the period accommodation is provided.

### **Commercial activities**

Revenue from commercial activities includes items such as the Radiology business unit and the Dental Clinic. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

## **How we recognise revenue and income from non-operating activities**

### **Interest Income**

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

### **Other non-operating income**

Other non-operating income is recognised at a point in time and includes items such as catering, cafeteria and recoveries.

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

	2022 \$'000	2021 \$'000
Plant and equipment	126	171
Personal protective equipment and other	834	372
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>960</b>	<b>543</b>

### 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 Swan Hill District Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

#### Contributions

Swan Hill District Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Swan Hill 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, Swan Hill 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.

Swan Hill 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 Swan Hill District Health as a capital contribution transfer.

#### Voluntary Services

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

Swan Hill District Health did not receive any volunteer services and it does not depend on volunteers to deliver its services.

**Note 2.2 Fair value of assets and services received free of charge or for nominal consideration (continued)**

**Non-cash contributions from the Department of Health**

The DH makes some payments on behalf of Swan Hill District Health as follows:

Key judgements and estimates	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Swan Hill 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 our services

This section provides an account of the expenses incurred by Swan Hill District Health 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 included in net result
- 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 partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to:

- implement COVID safe practices throughout Swan Hill District Health including increased cleaning, increased security, consumption of personal protective equipment provided as free of charge and increased staffing to support concierge screening stations;
- operate a vaccination clinic to administer vaccines to staff and the community contributing to an increase in employee expenses;
- operate a GP Respiratory Testing Clinic including a drive-through COVID-19 testing site contributing to increased employee expenses and additional equipment purchases; and
- support our vulnerable communities, our Commonwealth Home Support Program and to provide a High Risk Accommodation Response (HRAR) resulting in increased employee expenses.

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements	Description
Classifying employee benefit liabilities	<p>Swan Hill District Health applies significant judgement when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Swan Hill 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.</p> <p>Employee benefit liabilities are classified as a non-current liability if Swan Hill 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.</p>
Measuring employee benefit liabilities	<p>Swan Hill District Health applies significant judgement when measuring employee benefit liabilities. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate 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.</p>

### Note 3.1 Expenses from transactions

		2022 \$'000	2021 \$'000
Salaries and wages		48,013	46,513
On-costs		4,585	4,187
Agency expenses		7,136	6,370
Fee for service medical officer expenses		4,556	4,506
Workcover premium		756	436
<b>Total employee expenses</b>		<b>65,046</b>	<b>62,012</b>
Drug supplies		2,692	1,843
Medical and surgical supplies (including Prostheses)		3,233	3,433
Diagnostic and radiology supplies		481	891
Other supplies and consumables		1,632	1,370
<b>Total supplies and consumables</b>		<b>8,038</b>	<b>7,537</b>
Finance costs		22	25
<b>Total finance costs</b>		<b>22</b>	<b>25</b>
Other administrative expenses		6,005	4,402
<b>Total other administrative expenses</b>		<b>6,005</b>	<b>4,402</b>
Fuel, light, power and water		926	869
Repairs and maintenance		483	341
Maintenance contracts		679	586
Medical indemnity insurance		194	127
Patient transport		1,455	1,284
Expenditure for capital purposes		188	192
Jointly controlled operations	8.6	1,073	1,834
Assets provided free of charge or Nominal Consideration	2.2	834	372
<b>Total other operating expenses</b>		<b>5,832</b>	<b>5,605</b>
<b>Total operating expenses</b>		<b>84,943</b>	<b>79,581</b>
Depreciation	4.4	4,566	4,584
<b>Total depreciation</b>		<b>4,566</b>	<b>4,584</b>
Long Service Leave Expense Loss		72	95
Bad and doubtful debt expense		67	20
Assets provided free of charge or Nominal Consideration	2.2	126	171
<b>Total other non-operating expenses</b>		<b>265</b>	<b>286</b>
<b>Total non-operating expenses</b>		<b>4,831</b>	<b>4,870</b>
<b>Total expenses from transactions</b>		<b>89,774</b>	<b>84,451</b>

### **Note 3.1: Expenses from transactions (continued)**

#### **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 and termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Workcover premiums; and
- Superannuation expenses.

##### **Supplies and consumables**

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

##### **Finance costs**

Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred).

##### **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; and
- 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 and Human Services also makes certain payments on behalf of Swan Hill 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 for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

### Note 3.2 Other economic flows

	2022 \$'000	2021 \$'000
Net gain/(loss) on disposal of property plant and equipment	81	116
<b>Total net gain/(loss) on non-financial assets</b>	<b>81</b>	<b>116</b>
Allowance for impairment losses of contractual receivables	(67)	(20)
<b>Total net gain/(loss) on financial instruments</b>	<b>(67)</b>	<b>(20)</b>
Share of net profits/(losses) of joint entities, excluding dividends	(1)	95
<b>Total share of other economic flows from joint arrangements</b>	<b>(1)</b>	<b>95</b>
Net gain/(loss) arising from revaluation of long service liability	(72)	(95)
<b>Total other gains/(losses) from other economic flows</b>	<b>(72)</b>	<b>(95)</b>
<b>Total gains/(losses) from other economic flows</b>	<b>(59)</b>	<b>96</b>

#### How we recognise other economic flows

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

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

#### Net gain/(loss) on non-financial assets

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

- net gain/(loss) on disposal of non-financial assets

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

#### 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; and
- disposals of financial assets and derecognition of financial liabilities.

### Note 3.3 Employee benefits and related on-costs

#### Current employee benefits and related on-costs

##### *Accrued days off*

Unconditional and expected to be settled wholly within 12 months<sup>i</sup>

2022 \$'000	2021 \$'000
133	120
<b>133</b>	<b>120</b>

##### *Annual leave*

Unconditional and expected to be settled wholly within 12 months<sup>i</sup>

Unconditional and expected to be settled wholly after 12 months<sup>ii</sup>

3,012	3,073
1,571	1,060
<b>4,583</b>	<b>4,133</b>

##### *Long service leave*

Unconditional and expected to be settled wholly within 12 months<sup>i</sup>

Unconditional and expected to be settled wholly after 12 months<sup>ii</sup>

593	879
4,791	4,563
<b>5,384</b>	<b>5,442</b>

##### *Provisions related to employee benefit on-costs*

Unconditional and expected to be settled within 12 months<sup>i</sup>

Unconditional and expected to be settled after 12 months<sup>ii</sup>

496	455
890	728
<b>1,386</b>	<b>1,183</b>

#### **Total current employee benefits and related on-costs**

<b>11,486</b>	<b>10,878</b>
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#### **Non-current employee benefits and related on-costs**

Conditional long service leave<sup>i</sup>

Provisions related to employee benefit on-costs<sup>ii</sup>

#### **Total non-current employee benefits and related on-costs**

1,475	1,500
208	195
<b>1,683</b>	<b>1,695</b>

#### **Total employee benefits and related on-costs**

<b>13,169</b>	<b>12,573</b>
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<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

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

	2022 \$'000	2021 \$'000
<b>Current employee benefits and related on-costs</b>		
Unconditional accrued days off	133	120
Unconditional annual leave entitlements	5,173	4,608
Unconditional long service leave entitlements	6,180	6,150
<b>Total current employee benefits and related on-costs</b>	<b>11,486</b>	<b>10,878</b>
<b>Non-current employee benefits and related on-costs</b>		
Conditional long service leave entitlements	1,683	1,695
<b>Total non-current employee benefits and related on-costs</b>	<b>1,683</b>	<b>1,695</b>
<b>Total employee benefits and related on-costs</b>	<b>13,169</b>	<b>12,573</b>
<b>Attributable to:</b>		
Employee benefits	11,560	11,183
Provision for related on-costs	1,609	1,390
<b>Total employee benefits and related on-costs</b>	<b>13,169</b>	<b>12,573</b>

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

	2022 \$'000	2021 \$'000
<b>Carrying amount at start of year</b>	1,390	1,283
Additional provisions recognised	715	570
Amounts incurred during the year	(496)	(463)
<b>Carrying amount at end of year</b>	<b>1,609</b>	<b>1,390</b>

### 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.

### **Note 3.3 Employee benefits and related on-costs**

#### **Annual leave and accrued days off**

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

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

#### **Termination benefits**

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

#### **Provision for on-costs related to employee benefits**

Provisions for on-costs, such as payroll tax, 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Defined benefit plans:<sup>i</sup></b>				
Health Super Fund	49	55	3	1
<b>Defined contribution plans:</b>				
Aware Super	2,572	2,665	81	21
Hesta	1,061	957	35	8
Other	792	654	27	5
<b>Total</b>	<b>4,474</b>	<b>4,331</b>	<b>146</b>	<b>35</b>

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

#### How we recognise superannuation

Employees of Swan Hill District Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

#### Defined benefit superannuation

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 Swan Hill District Health to the superannuation plans in respect of the services of current Swan Hill District Health's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Swan Hill 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 Swan Hill District Health.

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

#### **Note 4: Key Assets to support service delivery**

Swan Hill 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 Swan Hill 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
- 4.5 Inventories
- 4.6 Impairment of assets

##### **Telling the COVID-19 story**

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

##### **Key judgements and estimates**

This section contains the following key judgements and estimates:

<b>Key judgements and estimates</b>	<b>Description</b>
Estimating useful life and residual value of property, plant and equipment	<p>Swan Hill District Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>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.</p>
Estimating useful life of right-of-use assets	<p>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.</p> <p>Swan Hill District Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Swan Hill 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,</p> <ul style="list-style-type: none"> <li>• If an asset's value has declined more than expected based</li> <li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset;</li> <li>• If an asset is obsolete or damaged;</li> <li>• 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; and</li> <li>• If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## Note 4.1 Property, plant & equipment

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

	2022 \$'000	2021 \$'000
Land at fair value	6,465	4,831
<b>Total land at fair value</b>	<b>6,465</b>	<b>4,831</b>
Buildings at fair value	57,765	55,762
Less accumulated depreciation	(6)	(6,544)
<b>Total buildings at fair value</b>	<b>57,759</b>	<b>49,218</b>
Land improvements at fair value	339	339
Less accumulated depreciation	(75)	(50)
<b>Total land improvements at fair value</b>	<b>264</b>	<b>289</b>
Buildings under construction	1,911	2,506
<b>Works in progress at cost</b>	<b>1,911</b>	<b>2,506</b>
<b>Total land and buildings</b>	<b>66,399</b>	<b>56,844</b>
Plant and equipment at fair value	3,149	3,082
Less accumulated depreciation	(2,006)	(1,833)
<b>Total plant and equipment at fair value</b>	<b>1,143</b>	<b>1,249</b>
Motor vehicles at fair value	414	576
Less accumulated depreciation	(390)	(519)
<b>Total motor vehicles at fair value</b>	<b>24</b>	<b>57</b>
Medical equipment at fair value	6,907	6,806
Less accumulated depreciation	(4,332)	(3,782)
<b>Total medical equipment at fair value</b>	<b>2,575</b>	<b>3,024</b>
Computer equipment at fair value	2,074	1,895
Less accumulated depreciation	(1,641)	(1,454)
<b>Total computer equipment at fair value</b>	<b>433</b>	<b>441</b>
Furniture and fittings at fair value	2,610	2,453
Less accumulated depreciation	(1,419)	(1,291)
<b>Total furniture and fittings at fair value</b>	<b>1,191</b>	<b>1,162</b>
Assets from jointly controlled operations at fair value	177	173
Less accumulated depreciation	(104)	(86)
<b>Total interest in jointly controlled operations</b>	<b>73</b>	<b>87</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>5,439</b>	<b>6,020</b>
<b>Total property, plant and equipment</b>	<b>71,838</b>	<b>62,864</b>

**Note 4.1(b) Reconciliations of the carrying amounts of each class of asset**

		Land	Land	Buildings	Building	Plant &	Motor	Medical	Computer	Furniture &	Total
	Note	\$'000	Improvements	\$'000	works in	equipment	vehicles	Equipment	Equipment	Fittings	\$'000
		\$'000	\$'000	\$'000	progress	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>		<b>4,181</b>	<b>314</b>	<b>52,410</b>	<b>2,345</b>	<b>1,065</b>	<b>112</b>	<b>2,404</b>	<b>661</b>	<b>1,233</b>	<b>64,725</b>
Additions		-	-	87	161	428	-	985	130	79	1,870
Disposals		-	-	-	-	(5)	(11)	-	(28)	(2)	(46)
Assets provided free of charge		-	-	-	-	-	-	171	-	-	171
Revaluation increments/(decrements)		650	-	-	-	-	-	-	-	-	650
LMRHA joint operation plant and equipment		-	-	-	-	4	-	-	-	-	4
Net transfers between classes		-	-	-	-	-	-	-	-	-	-
Depreciation	4.4	-	(25)	(3,279)	-	(156)	(44)	(536)	(322)	(148)	(4,510)
<b>Balance at 30 June 2021</b>	4.1(a)	<b>4,831</b>	<b>289</b>	<b>49,218</b>	<b>2,506</b>	<b>1,336</b>	<b>57</b>	<b>3,024</b>	<b>441</b>	<b>1,162</b>	<b>62,864</b>
Additions		-	-	-	1,620	82	-	128	175	8	2,013
Disposals		-	-	-	-	-	(1)	-	-	(3)	(4)
Assets provided free of charge		-	-	-	-	-	-	-	-	126	126
Revaluation increments/(decrements)		1,634	-	9,665	-	-	-	-	-	-	11,299
LMRHA joint operation plant and equipment		-	-	-	-	4	-	-	-	-	4
Net Transfers between classes		-	-	2,161	(2,215)	-	-	-	7	47	-
Depreciation	4.4	-	(25)	(3,285)	-	(206)	(32)	(577)	(190)	(149)	(4,464)
<b>Balance at 30 June 2022</b>	4.1(a)	<b>6,465</b>	<b>264</b>	<b>57,759</b>	<b>1,911</b>	<b>1,216</b>	<b>24</b>	<b>2,575</b>	<b>433</b>	<b>1,191</b>	<b>71,838</b>

**Land and Buildings Carried at Valuation**

As at 30 June 2019 the Valuer-General Victoria undertook to re-value all of Swan Hill District Health's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. Subsequent revaluation of land and indexation of buildings as at 30 June 2022 has been necessary (refer to revaluation details on the following page).

## **Note 4.1 (b): Reconciliations of the carrying amounts of each class of asset (continued)**

### **How we recognise property, plant and equipment**

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

#### **Initial recognition**

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

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

#### **Subsequent measurement**

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

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

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

#### **Revaluation**

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

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

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

An independent valuation of Swan Hill 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 was greater than 40%
- increase in fair value of buildings of 21.04% (\$9,665k)

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2022.

As the cumulative movement was greater than 40% for land since the last revaluation, an independent interim revaluation was undertaken by the valuer general as at 30 June 2022 and an adjustment was recorded.

**Note 4.1 (b): Reconciliations of the carrying amounts of each class of asset (continued)**

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one 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

	2022 \$'000	2021 \$'000
Right of use motor vehicles at fair value	522	323
Less accumulated depreciation	(102)	(36)
<b>Total right of use motor vehicles at fair value</b>	<b>420</b>	<b>287</b>
Right of use medical equipment at fair value	176	176
Less accumulated depreciation	(57)	(21)
<b>Total right of use medical equipment at fair value</b>	<b>119</b>	<b>155</b>
<b>Total right of use motor vehicles and medical equipment at fair value</b>	<b>539</b>	<b>442</b>
<b>Total right of use assets</b>	<b>539</b>	<b>442</b>

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

	Note	Right of use motor vehicles \$'000	Right of use medical equipment \$'000	Total \$'000
<b>Balance at 1 July 2020</b>		<b>35</b>	-	<b>35</b>
Additions		288	176	464
Depreciation	4.4	(36)	(21)	(57)
<b>Balance at 30 June 2021</b>	4.2(a)	<b>287</b>	<b>155</b>	<b>442</b>
Additions		199	-	199
Depreciation	4.4	(66)	(36)	(102)
<b>Balance at 30 June 2022</b>	4.2(a)	<b>420</b>	<b>119</b>	<b>539</b>

## **Note 4.2 (b): Reconciliations of the carrying amount by class of asset (continued)**

### **How we recognise right of use assets**

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

Unless the lease is considered a short-term lease or a lease of 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. Swan Hill District Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right of use assets and their respective lease terms include:

<b>Class of right-of-use asset</b>	<b>Lease term</b>
Leased motor vehicles	1 to 3 years
Leased medical equipment	1 to 5 years

### **Initial recognition**

When a contract is entered into, Swan Hill 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.

Swan Hill District Health's motor vehicle and medical equipment lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

### **Subsequent measurement**

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use assets arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

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

### Note 4.3 Revaluation surplus

		2022 \$'000	2021 \$'000
Balance at the beginning of the reporting period		43,395	42,745
<b>Revaluation increment</b>			
- Land	4.1(b)	1,634	650
- Buildings	4.1(b)	9,665	-
<b>Balance at the end of the Reporting Period*</b>		<b>54,694</b>	<b>43,395</b>
<b>* Represented by:</b>			
- Land		4,960	3,326
- Buildings		49,734	40,069
		<b>54,694</b>	<b>43,395</b>

## Note 4.4 Depreciation

	2022 \$'000	2021 \$'000
<b>Depreciation</b>		
<b>Property, plant and equipment</b>		
Buildings	3,285	3,279
Leasehold improvements	25	25
Plant and equipment	188	156
Medical equipment	577	537
Motor vehicles	32	44
Computer equipment	190	321
Furniture and fittings	149	148
Right of use - motor vehicles and equipment	102	57
Depreciation from jointly controlled operations	18	17
<b>Total depreciation</b>	<b>4,566</b>	<b>4,584</b>
<b>Total depreciation</b>	<b>4,566</b>	<b>4,584</b>

### How we recognise depreciation

All 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.

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

	2022	2021
<b>Buildings</b>		
- Structure Shell Building Fabric	40 to 47 years	40 to 47 years
- Site Engineering Services and Central Plant	7 to 40 years	7 to 40 years
<b>Central Plant</b>		
- Fit out	8 to 25 years	8 to 25 years
- Trunk Reticulated Building Systems	8 to 25 years	8 to 25 years
Plant and Equipment	4 to 20 years	4 to 20 years
Medical Equipment	4 to 33 years	4 to 33 years
Computer and Communication	3 to 20 years	3 to 20 years
Furniture and Fittings	3 to 20 years	4 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

## Note 4.5 Inventories

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
Pharmacy supplies at cost	69	64
General stores at cost	177	166
<b>Total inventories</b>	<b>246</b>	<b>230</b>

### How we recognise inventories

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

## **Note 4.6: Impairment of assets**

### **How we recognise impairment**

At the end of each reporting period, Swan Hill 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 Swan Hill 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, Swan Hill 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, Swan Hill District Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Swan Hill District Health did not record any impairment losses for the year ended 30 June 2022 however a bad and doubtful debt expense of \$67,308 was incurred.

## Note 5: Other Assets and Liabilities

This section set out those assets and liabilities that arose from Swan Hill District Health'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 during the financial year as a result of the COVID-19 Coronavirus pandemic.

### Key judgements and estimates

This section contains the following key judgements and estimates:

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

## Note 5.1 Receivables and contract assets

	Notes	2022 \$'000	2021 \$'000
<b>Current receivables and contract assets</b>			
<b>Contractual</b>			
Inter hospital debtors		84	99
Trade receivables		65	63
Patient fees		672	891
Debtor - superannuation		2	0
Accrued Revenue			
<i>Other</i>		20	93
Amounts receivable from government and agencies		273	-
Receivables from jointly controlled operations		49	98
<i>Less allowance for impairment losses of contractual receivables</i>	5.1(a)	(54)	(27)
<b>Total contractual receivables</b>		<b>1,111</b>	<b>1,217</b>
<b>Statutory</b>			
GST receivable		175	180
<b>Total statutory receivables</b>		<b>175</b>	<b>180</b>
<b>Total current receivables and contract assets</b>		<b>1,286</b>	<b>1,397</b>
<b>Non-current receivables and contract assets</b>			
<b>Contractual</b>			
Long service leave - Department of Health		1,127	1,298
<b>Total contractual receivables</b>		<b>1,127</b>	<b>1,298</b>
<b>Total non-current receivables and contract assets</b>		<b>1,127</b>	<b>1,298</b>
<b>Total receivables and contract assets</b>		<b>2,413</b>	<b>2,695</b>
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>			
Total receivables and contract assets		2,413	2,695
Provision for impairment		54	27
GST receivable		(175)	(180)
<b>Total financial assets</b>	7.1(a)	<b>2,292</b>	<b>2,542</b>

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

	2022 \$'000	2021 \$'000
<b>Balance at the beginning of the year</b>	27	23
Increase in allowance	67	15
Amounts written off during the year	-	11
Reversal of allowance written off during the year as uncollectable	(40)	(22)
<b>Balance at the end of the year</b>	<b>54</b>	<b>27</b>

### 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 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.

Swan Hill 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 7.2 (a) for Swan Hill District Health's contractual impairment losses.

## Note 5.2 Payables and contract liabilities

		2022 \$'000	2021 \$'000
<b>Current payables and contract liabilities</b>			
<b>Contractual</b>			
Trade creditors		137	477
Accrued salaries and wages		1,392	366
Accrued expenses		972	716
Contract liabilities	5.2(a)	1,441	2,676
Inter hospital creditors		1	27
Deposits on hire equipment		1	2
Jointly controlled operations payables		385	265
<b>Total contractual payables</b>		<b>4,329</b>	<b>4,529</b>
<b>Total current payables and contract liabilities</b>		<b>4,329</b>	<b>4,529</b>
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>			
Total payables and contract liabilities		4,329	4,529
Contract liabilities		(1,441)	(2,676)
Deposits		(1)	(2)
Total financial liabilities	7.1(a)	<b>2,887</b>	<b>1,851</b>

### 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 Swan Hill District Health prior to the end of the financial year that are unpaid; and
- **Statutory payables**, includes comprises Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

## Note 5.2(a) Contract liabilities

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Opening balance of contract liabilities</b>	2,676	616
Payments received for performance obligations not yet fulfilled	56,758	52,972
Revenue recognised for the completion of a performance obligation	(57,993)	(50,912)
<b>Total contract liabilities</b>	<b>1,441</b>	<b>2,676</b>
<b>* Represented by:</b>		
- Current contract liabilities	1,441	2,676
- Non-current contract liabilities	-	-
	<b>1,441</b>	<b>2,676</b>

### How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of Commonwealth Grant Funding and Contract Agreements with Monash University.

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

### Maturity analysis of payables

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

### Note 5.3 Other liabilities

	2022 \$'000	2021 \$'000
<b>Current monies held in trust</b>		
- Primary Care Partnership	103	399
- Residents - Nursing Home / Hostel	19	19
- Accommodation Bonds	11,340	11,150
- Simplified Billing	1	4
<b>Total current monies held in trust</b>	<b>11,463</b>	<b>11,572</b>
<b>Total other liabilities</b>	<b>11,463</b>	<b>11,572</b>
<b>Represented by:</b>		
- Cash assets	11,463	11,572
	<b>11,463</b>	<b>11,572</b>

#### How we recognise other liabilities

##### Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

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

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

##### Primary Care Partnership

Swan Hill District Health held funds for the Southern Mallee Primary Care Partnership with the aim to bring local health and community service providers together to improve access to services and provide continuity of care to the community.

## Note 6: How we finance our operations

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

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

### Structure:

- 6.1 Borrowings
- 6.2 Cash and Cash Equivalents
- 6.3 Commitments for Expenditure
- 6.4 Non-Cash Financing and Investing Activities

### Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements	Description
Determining if a contract is or contains a lease	<p>Swan Hill District Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> <li>• has the right-to-use an identified asset;</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset;</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>Swan Hill District Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Swan Hill 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 the health service's lease arrangements, Swan Hill 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.</p>

**Note 6: How we finance our operations (continued)**

Key judgements	Description
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Swan Hill District Health is reasonably certain to exercise such options.</p> <p>Swan Hill District Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"><li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li><li>• 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.</li><li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li></ul>

## Note 6.1 Borrowings

	Note	2022 \$'000	2021 \$'000
<b>Current borrowings</b>			
Lease liability <sup>(i)</sup>	6.1(a)	143	90
Advances from government <sup>(ii)</sup>		34	33
<b>Total current borrowings</b>		<b>177</b>	<b>123</b>
<b>Non-current borrowings</b>			
Lease liability <sup>(i)</sup>	6.1(a)	402	353
Advances from government <sup>(ii)</sup>		93	133
<b>Total non-current borrowings</b>		<b>495</b>	<b>486</b>
<b>Total borrowings</b>	7.1(a)	<b>672</b>	<b>609</b>

<sup>i</sup> Secured by the assets leased.

<sup>ii</sup> These are unsecured loans which bear no interest.

### How we recognise borrowings

Borrowings refer to interest bearing liabilities raised from motor vehicle and medical equipment leases. Advances from the Department of Health and Human Services bear no interest.

### 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 is financial liabilities at 'amortised

### Subsequent measurement

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

### Maturity analysis

Please refer to Note 7.2(b) for the 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

Swan Hill District Health's lease liabilities are summarised below:

	2022 \$'000	2021 \$'000
Total undiscounted lease liabilities	559	455
Less unexpired finance expenses	(14)	(12)
<b>Net lease liabilities</b>	<b>545</b>	<b>443</b>

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

	2022 \$'000	2021 \$'000
Not longer than one year	143	91
Longer than one year but not longer than five years	416	364
Longer than five years	-	-
<b>Minimum future lease liability</b>	<b>559</b>	<b>455</b>
Less unexpired finance expenses	(14)	(12)
<b>Present value of lease liability</b>	<b>545</b>	<b>443</b>
<b>* Represented by:</b>		
- Current liabilities	143	90
- Non-current liabilities	402	353
	<b>545</b>	<b>443</b>

### How we recognise lease liabilities

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

To apply this definition, Swan Hill District Health ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Swan Hill District Health and for which the supplier does not have substantive substitution rights;
- Swan Hill 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 Swan Hill District Health has the right to direct the use of the identified asset throughout the period of use; and
- Swan Hill 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.

Swan Hill District Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased equipment	3 years
Leased vehicles	3 years

### Note 6.1 (a) Lease liabilities (continued)

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

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

#### Separation of lease and non-lease components

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

#### Initial measurement

The lease liabilities have been 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 Swan Hill District Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 2.38% and 3.12%

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.

#### 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 subsequent 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

	2022	2021
Note	\$'000	\$'000
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	360	225
Cash at bank - CBS (excluding monies held in trust)	12,313	10,281
Cash in jointly controlled operations	686	551
<b>Total cash held for operations</b>	<b>13,360</b>	<b>11,058</b>
Cash on hand (monies held in trust)	1	1
Cash at bank (monies held in trust)	122	420
Cash at bank - CBS (monies held in trust)	11,340	11,151
<b>Total cash held as monies in trust</b>	<b>11,463</b>	<b>11,572</b>
<b>Total cash and cash equivalents</b>	<b>24,823</b>	<b>22,630</b>

7.1(a)

Swan Hill District Health has a bank overdraft facility with the NAB for the amount of \$1 million. The amount unused at 30 June 2022 was \$1 million.

### How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, 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, the cash flow statement includes monies held in trust.

### Note 6.3 Commitments for expenditure

	2022 \$'000	2021 \$'000
<b>Capital expenditure commitments</b>		
Less than one year	1,278	2,691
<b>Total capital expenditure commitments</b>	<b>1,278</b>	<b>2,691</b>
<b>Non-cancellable short term and low value lease commitments</b>		
Less than one year	50	94
Longer than one year but not longer than five years	9	59
<b>Total non-cancellable short term and low value lease commitments</b>	<b>59</b>	<b>152</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>1,337</b>	<b>2,844</b>
Less GST recoverable from Australian Tax Office	(122)	(259)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>1,216</b>	<b>2,585</b>

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

#### How we disclose our commitments

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

#### Expenditure commitments

Commitments for future expenditure include 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.

### Note 6.4 Non-cash financing and investing activities

	2022 \$'000	2021 \$'000
Acquisition of plant and equipment by means of Leases	199	464
<b>Total non-cash financing and investing activities</b>	<b>199</b>	<b>464</b>

## Note 7: Risks, Contingencies & Valuation Uncertainties

Swan Hill 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:

- 7.1 Financial Instruments
- 7.2 Financial Risk Management Objectives and Policies
- 7.3 Contingent Assets and Contingent Liabilities
- 7.4 Fair value determination

### Key judgements and estimates

This section contains the following key judgements and estimates:

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

## Note 7: Risks, Contingencies & Valuation Uncertainties (continued)

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

## 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 Swan Hill District Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

### Note 7.1(a) Categorisation of financial instruments

		Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
30 June 2022	Note			
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	24,823	-	24,823
Receivables and contract assets	5.1	2,292	-	2,292
<b>Total Financial Assets<sup>i</sup></b>		<b>27,115</b>	<b>-</b>	<b>27,115</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	2,887	2,887
Borrowings	6.1	-	672	672
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	11,340	11,340
Other Financial Liabilities - Patient monies held in trust	5.3	-	123	123
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>15,022</b>	<b>15,022</b>
<b>30 June 2021</b>				
<b>Contractual Financial Assets</b>				
Cash and cash equivalents	6.2	22,630	-	22,630
Receivables and contract assets	5.1	2,542	-	2,542
<b>Total Financial Assets<sup>i</sup></b>		<b>25,172</b>	<b>-</b>	<b>25,172</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	1,851	1,851
Borrowings	6.1	-	609	609
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	11,150	11,150
Other Financial Liabilities - Patient monies held in trust	5.3	-	422	422
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>14,032</b>	<b>14,032</b>

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

## **Note 7.1 (a): Financial Instruments (continued)**

### **How we categorise financial instruments**

#### **Categories of financial assets**

Financial assets are recognised when Swan Hill District Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Swan Hill 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 are not designated as fair value through net result:

- the assets are held by Swan Hill 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 interests on the principle 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.

Swan Hill District Health recognises the following assets in this category:

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

#### **Categories of financial liabilities**

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

#### Financial liabilities at amortised cost

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

Swan Hill District Health recognises the following liabilities in this category:

- payables (excluding statutory payables);
- borrowings (including lease liabilities); and
- accommodation bonds.

## **Note 7.1 (a): Financial Instruments (continued)**

### **Offsetting financial instruments**

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Swan Hill 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 Swan Hill 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
- Swan Hill 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
- Swan Hill 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 Swan Hill District Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Swan Hill District Health's continuing involvement in the asset.

### **Derecognition of financial liabilities**

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or 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, amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Swan Hill 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, Swan Hill 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.

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

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

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

In addition, Swan Hill 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, Swan Hill 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 Swan Hill District Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

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 Swan Hill 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 Swan Hill District Health's credit risk profile in 2021-22.

### **Impairment of financial assets under AASB 9**

Swan Hill 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 the health service's contractual receivables and its investment in debt instruments.

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

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

## Note 7.2 Financial risk management objectives and policies (continued)

### Contractual receivables at amortised cost

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

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

		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
<b>30 June 2022</b>							
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	50.0%	0.0%	
Gross carrying amount of contractual receivables ('000)	5.1	906	130	94	35	-	<b>1,165</b>
<b>Loss allowance</b>		-	-	-	<b>54</b>	-	<b>54</b>
	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
<b>30 June 2021</b>							
<b>Expected loss rate</b>		0.0%	0.0%	0.0%	50.0%	0.0%	
Gross carrying amount of contractual receivables (\$'000)	5.1	842	159	80	163	-	<b>1,244</b>
<b>Loss allowance</b>		-	-	-	<b>27</b>	-	<b>27</b>

### Statutory Receivables at Amortised Cost

Swan Hill 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.

The statutory receivables are considered to have low credit risk, taking into account the counter-party's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

## Note 7.2 (b) Liquidity risk

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

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

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

Swan Hill District 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 Swan Hill District Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1	1-3 Months	3 months -	1-5 Years	Over 5 years
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>								
<b>Financial Liabilities at amortised cost</b>								
Payables	5.2	2,887	2,887	2,887	-	-	-	-
Borrowings	6.1	672	672	-	-	177	495	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	11,340	11,340	-	-	1,329	7,458	2,553
Other Financial Liabilities - Patient monies held in trust	5.3	123	123	123	-	-	-	-
<b>Total Financial Liabilities</b>		<b>15,022</b>	<b>15,022</b>	<b>3,010</b>	<b>-</b>	<b>1,506</b>	<b>7,953</b>	<b>2,553</b>
		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1	1-3 Months	3 months -	1-5 Years	Over 5 years
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2021</b>								
<b>Financial Liabilities at amortised cost</b>								
Payables	5.2	1,851	1,851	1,851	-	-	-	-
Borrowings	6.1	609	609	-	-	123	486	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	11,150	11,150	-	-	1,386	8,637	1,126
Other Financial Liabilities - Patient monies held in trust	5.3	422	422	422	-	-	-	-
<b>Total Financial Liabilities</b>		<b>14,032</b>	<b>14,032</b>	<b>2,273</b>	<b>-</b>	<b>1,509</b>	<b>9,123</b>	<b>1,126</b>

<sup>i</sup> Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

### **Note 7.2(c) Market risk**

Swan Hill District Health's exposures to market risk are primarily through interest rate risk. Objectives, policies and processes used to manage this risk are disclosed below.

#### **Sensitivity disclosure analysis and assumptions**

Swan Hill district Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Swan Hill 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 rate of 0% down and 2% up.

#### **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. Swan Hill 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. Swan Hill District Health has minimal exposure to cash flow interest rate risks through cash and deposits.

### **Note 7.3 Contingent Assets and Contingent Liabilities**

At the date of this report the Board are not aware of any Contingent Assets or Contingent 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

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.

Swan Hill 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.

Swan Hill 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 Swan Hill 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 Fair value determination (continued)**

### **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 paragraph AASB 13 Fair Value Measurement paragraph 29, Swan Hill District Health has assumed the current use of a non-financial physical asset is its HBU, 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 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.

### **Non-specialised land and non-specialised buildings**

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

### **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, Swan Hill 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 and specialised buildings 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.

## **Note 7.4 Fair value determination (continued)**

### **Specialised land and specialised buildings (continued)**

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 Swan Hill 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 Swan Hill District Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation for specialised land is 30 June 2022 and specialised buildings is 30 June 2019.

### **Vehicles**

Swan Hill 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.

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

		Carrying amount 30 June 2022	Fair value measurement at end of reporting period using:		
	Note	\$'000	Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		2,268	-	2,268	-
Specialised land		4,197	-	-	4,197
<b>Total land at fair value</b>	4.1(a)	<b>6,465</b>	<b>-</b>	<b>2,268</b>	<b>4,197</b>
Land improvements at fair value		264	-	-	264
<b>Total of land improvements at fair value</b>	4.1(a)	<b>264</b>	<b>-</b>	<b>-</b>	<b>264</b>
Non-specialised buildings		1,497	-	1,497	-
Specialised buildings		56,262	-	-	56,262
<b>Total buildings at fair value</b>	4.1(a)	<b>57,759</b>	<b>-</b>	<b>1,497</b>	<b>56,262</b>
Plant and equipment	4.1(a)	1,143	-	-	1,143
Motor vehicles	4.1(a)	24	-	-	24
Medical equipment	4.1(a)	2,575	-	-	2,575
Computer equipment	4.1(a)	433	-	-	433
Furniture and fittings	4.1(a)	1,191	-	-	1,191
Right of use - motor vehicles and medical equipment	4.2(a)	539	-	-	539
LMRHA joint operation plant and equipment	4.1(a)	73	-	-	73
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>5,978</b>	<b>-</b>	<b>-</b>	<b>5,978</b>
<b>Total non-financial physical assets at fair value</b>		<b>70,466</b>	<b>-</b>	<b>3,765</b>	<b>66,701</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

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

		Carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using: Level 1 <sup>i</sup> Level 2 <sup>i</sup> Level 3 <sup>i</sup> \$'000        \$'000        \$'000		
Non-specialised land		1,500	-	1,500	-
Specialised land		3,331	-	-	3,331
<b>Total land at fair value</b>	4.1(a)	<b>4,831</b>	<b>-</b>	<b>1,500</b>	<b>3,331</b>
Land improvements at fair value		289	-	-	289
<b>Total of land improvements at fair value</b>	4.1(a)	<b>289</b>	<b>-</b>	<b>-</b>	<b>289</b>
Non-specialised buildings		1,363	-	1,363	-
Specialised buildings		47,855	-	-	47,855
<b>Total buildings at fair value</b>	4.1(a)	<b>49,218</b>	<b>-</b>	<b>1,363</b>	<b>47,855</b>
Plant and equipment	4.1(a)	1,249	-	-	1,249
Motor vehicles	4.1(a)	57	-	-	57
Medical equipment	4.1(a)	3,024	-	-	3,024
Computer equipment	4.1(a)	441	-	-	441
Furniture and fittings	4.1(a)	1,162	-	-	1,162
Right of use - motor vehicles and medical equipment	4.2(a)	442	-	-	442
LMRHA joint operation plant and equipment	4.1(a)	87	-	-	87
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>6,462</b>	<b>-</b>	<b>-</b>	<b>6,462</b>
<b>Total non-financial physical assets at fair value</b>		<b>60,800</b>	<b>-</b>	<b>2,863</b>	<b>57,937</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

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

**Reconciliation of level 3 fair value measurement**

							Right-of-use	
							Assets -	LMRHA joint
		Land	Land	Buildings	Plant and	Motor	Medical	operation
	Note	Land	Improvements		Equipment	Vehicles	Vehicles and	Plant and
		\$'000	\$'000	\$'000	\$'000	\$'000	Medical	Equipment
							\$'000	\$'000
<b>Balance at 1 July 2020</b>		<b>2,883</b>	<b>314</b>	<b>50,920</b>	<b>2,875</b>	<b>112</b>	<b>2,404</b>	<b>35</b>
Additions/(Disposals)		-	-	87	602	(11)	1,156	464
<i>Gains/(Losses) recognised in net result</i>								
- Depreciation		-	(25)	(3,152)	(625)	(44)	(536)	(57)
<i>Items recognised in other comprehensive income</i>								
- Revaluation		448	-	-	-	-	-	-
Recognition of JV asset movements		-	-	-	-	-	-	3
<b>Balance at 30 June 2021</b>	7.4(b)	<b>3,331</b>	<b>289</b>	<b>47,855</b>	<b>2,852</b>	<b>57</b>	<b>3,024</b>	<b>442</b>
Additions/(Disposals)		-	-	2,215	262	(1)	128	199
Assets provided free of charge		-	-	-	126	-	-	-
Net Transfers between classes		-	-	(54)	54	-	-	-
<i>Gains/(Losses) recognised in net result</i>								
- Depreciation		-	(25)	(3,158)	(527)	(32)	(577)	(102)
<i>Items recognised in other comprehensive income</i>								
- Revaluation		866	-	9,404	-	-	-	-
Recognition of JV asset movements		-	-	-	-	-	-	4
<b>Balance at 30 June 2022</b>	7.4(b)	<b>4,197</b>	<b>264</b>	<b>56,262</b>	<b>2,767</b>	<b>24</b>	<b>2,575</b>	<b>539</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy

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

**Fair value determination of level 3 fair value measurement**

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-Specialised Land	Market approach	N/A
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments (i)
Non-Specialised Buildings	Market approach	N/A
Specialised Buildings	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 square metre - Useful life
Plant and Equipment	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 annual 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 Jointly Controlled Operations
- 8.7 Events occurring after the balance sheet date
- 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.

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

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Net result for the year</b>	(493)	(2,592)
<b>Non-cash movements:</b>		
(Gain)/Loss on sale or disposal of non-financial assets	(81)	116
Bad and doubtful debt expense	(67)	(20)
Assets received free of charge	(126)	(543)
Depreciation of non-current assets	4,566	4,583
(Gain)/Loss on revaluation of long service leave liability	72	143
<b>Movements in Assets and Liabilities:</b>		
(Increase)/Decrease in receivables and contract assets	282	(189)
(Increase)/Decrease in inventories	(16)	132
(Increase)/Decrease in prepaid expenses	(158)	28
Increase/(Decrease) in payables and contract liabilities	(200)	387
Increase/(Decrease) in employee benefits	596	835
<b>Net cash inflow from operating activities</b>	<b>4,375</b>	<b>2,880</b>

## Note 8.2 Responsible persons disclosures

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

	<u>Period</u>
The Honourable Martin Foley:	
Minister for Health	1 Jul 2021 - 27 Jun 2022
Minister for Ambulance Services	1 Jul 2021 - 27 Jun 2022
The Honourable Anthony Carbines:	
Minister for Disability, Ageing and Carers	1 Jul 2021 - 27 Jun 2022
The Honourable James Merlino:	
Minister for Mental Health	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas:	
Minister for Health	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	27 Jun 2022 - 30 Jun 2022
The Honourable Colin Brooks:	
Minister for Disability, Ageing and Carers	27 Jun 2022 - 30 Jun 2022
The Honourable Gabrielle Williams:	
Minister for Mental Health	27 Jun 2022 - 30 Jun 2022
<b>Governing Boards</b>	
Mr A. Gilchrist (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
Mr G. Kuchel (Deputy Chair)	1 Jul 2021 - 30 Jun 2022
Ms J. Wiggins	1 Jul 2021 - 30 Jun 2022
Ms A. Patney	1 Jul 2021 - 30 Jun 2022
A/Prof D. Colville	1 Jul 2021 - 30 Jun 2022
Dr A. Verma	1 Jul 2021 - 30 Jun 2022
Ms J. Kelly	1 Jul 2021 - 30 Jun 2022
Mrs C. Bourne	1 Jul 2021 - 30 Jun 2022
<b>Accountable Officers</b>	
Mr. P.S. Abraham (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

## Note 8.2 Responsible persons (continued)

### Remuneration of Responsible Persons

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

Income Band	Total Remuneration	
	2022 No	2021 No
\$0 - \$9,999	1	-
\$10,000 - \$19,999	6	8
\$20,000 - \$29,999	1	-
\$290,000 to \$299,999	-	1
\$340,000 to \$349,999	1	-
<b>Total Numbers</b>	<b>9</b>	<b>9</b>
	2022 \$'000	2021 \$'000
<b>Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:</b>	<b>462</b>	<b>411</b>

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report as disclosed in Note 8.4 Related Parties.

### 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.

#### Remuneration of executive officers

(including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration	
	2022 \$'000	2021 \$'000
Short-term benefits	1,006	1,022
Post-employment benefits	98	93
Other long-term benefits	56	16
Termination benefits	-	-
<b>Total remuneration<sup>i</sup></b>	<b>1,160</b>	<b>1,131</b>
Total number of executives	6	6
Total annualised employee equivalent <sup>ii</sup>	5.0	5.0

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Swan Hill District Healths under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

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

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

#### Short-Term Employee Benefits

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

#### Post-Employment Benefits

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

#### Other Long-term Benefits

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

#### Termination Benefits

Termination of employment payments, such as severance packages.

### Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members and personal business interests;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the LMRHA Alliance; and
- All health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Swan Hill District Health, directly or indirectly.

#### Key management personnel

The Board of Directors, Chief Executive Officer and the Executive Directors of Swan Hill District Health are deemed to be KMPs.

Entity	KMPs	Position Title
Swan Hill District Health	Mr A. Gilchrist	Chair of the Board
Swan Hill District Health	Mr G. Kuchel	Deputy Chair
Swan Hill District Health	Ms J. Wiggins	Board Member
Swan Hill District Health	Ms A. Patney	Board Member
Swan Hill District Health	A/Prof D. Colville	Board Member
Swan Hill District Health	Ms J. Kelly	Board Member
Swan Hill District Health	Mrs C. Bourne	Board Member
Swan Hill District Health	Dr A. Verma	Board Member
Swan Hill District Health	Mr P. Abraham	Chief Executive Officer
Swan Hill District Health	Ms K. Bennetts	Director of Corporate Business
Swan Hill District Health	Mr P. Smith	Director of Primary Care Services
Swan Hill District Health	Mrs C. Keogh	Director of Clinical Services
Swan Hill District Health	Mr R. Prabhu	Director of Medical Services
Swan Hill District Health	Ms C. Bailey	Director of Finance (CFO)
Swan Hill District Health	Ms C. Kemp	A/Director of Clinical Services

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

## Note 8.4: Related Parties

	2022 \$'000	2021 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	1,408	1,396
Post-employment Benefits	133	109
Other Long-term Benefits	81	37
Termination Benefits	-	-
<b>Total <sup>ii</sup></b>	<b>1,622</b>	<b>1,542</b>

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

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

### Significant Transactions with Government Related Entities

Swan Hill District Health received funding from the Department of Health of \$56,228,014 (2021: \$55,051,763) and indirect contributions of \$1,545,926 (2021: \$401,290). Balances outstanding as at 30 June 2022 are \$320,759 (2021: \$2,154,481)

Expenses incurred by Swan Hill 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 Swan Hill District Health to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

### Transactions with KMPs and other related parties

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

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

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

**Note 8.5: Remuneration of Auditors**

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	30	31
<b>Total remuneration of auditors</b>	<b>30</b>	<b>31</b>

## Note 8.6 Joint arrangements

		Ownership Interest	
		2022	2021
		%	%
Loddon Mallee Rural Health Alliance	Information systems	8.95	9.00

Swan Hill District Health interest in assets and liabilities of the above joint arrangement are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2022 \$'000	2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	685	551
Receivables	49	98
Prepaid expenses	218	135
<b>Total current assets</b>	<b>952</b>	<b>784</b>
<b>Non-current assets</b>		
Property, plant and equipment	74	87
<b>Total non-current assets</b>	<b>74</b>	<b>87</b>
<b>Total assets</b>	<b>1,026</b>	<b>871</b>
<b>Current liabilities</b>		
Payables	356	239
Other current liabilities	7	26
Unearned Income - DHHS Grants	21	-
<b>Total current liabilities</b>	<b>384</b>	<b>265</b>
<b>Total liabilities</b>	<b>384</b>	<b>265</b>
<b>Net assets</b>	<b>642</b>	<b>606</b>
<b>Equity</b>		
Accumulated surplus	642	606
<b>Total equity</b>	<b>642</b>	<b>606</b>

## Note 8.6 Joint arrangements (continued)

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

	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Revenue and income from transactions</b>		
Operating activities	1,110	1,872
Non-operating activities	-	-
<b>Total revenue and income from transactions</b>	<b>1,110</b>	<b>1,872</b>
<b>Expenses from transactions</b>		
Operating expenses	(1,073)	(1,834)
<b>Total expenses from transactions</b>	<b>(1,073)</b>	<b>(1,834)</b>
<b>Net result from transactions</b>	<b>37</b>	<b>38</b>
<b>Other economic flows included in the net result</b>		
Depreciation	(18)	(17)
Expenditure using capital purpose income	17	112
<b>Total other economic flows included in the net result</b>	<b>(1)</b>	<b>95</b>
<b>Comprehensive result for the year</b>	<b>36</b>	<b>133</b>

### Contingent liabilities and capital commitments

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

### **Note 8.7 Events occurring after the balance sheet date**

In October 2022 the Victorian floods event has occurred which has not as yet impacted upon Swan Hill District Health however the situation is being monitored as the prevailing conditions and circumstances occur.

There are no other events occurring after the Balance Sheet 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 Swan Hill District Health.

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

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

#### **Restricted Specific Purpose Reserve**

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

### **Note 8.9 Economic Dependency**

Swan Hill 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 Swan Hill District Health.